# A model of development for the Republic of Uganda

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Uganda has made significant progress since the economic and political disasters of the Milton Obote and Idi Amin regimes. Impressive strides have been made in HIV/AIDS prevention, primary education enrollment, and economic growth and poverty reduction. Overall, the country appears on track to meet the Millennium Development goals of eradicating extreme poverty, promoting gender equality, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability, and developing a global partnership for development.

In other areas it has not fared so well. Progress towards child mortality and maternal health is behind the MDG trajectory, primary education completion rates are low, physical infrastructure is dilapidated and insufficient, corruption is pervasive and widespread, and a high TFR threatens to exacerbate existing stresses on the country's infrastructure and resources.

In addressing these problems, three policy interventions are proposed: improving access to safe water, investing further in primary education, and reducing government corruption. If Uganda were to increase the number of people with improved access to clean water by 50% over the next twenty years, increase investment in primary education by 50% over the next twenty years, and increase the level of transparency in government by 100% over the next ten years, it is projected that the country would see dramatic improvements by the year 2040.

Forecasts estimate that the result of these policy interventions would be a reduction in infant mortality, a reduction in years of life lost to communicable diseases, a reduction in the TFR, a decrease in the number of malnourished children, and a decrease in the number of people living on less than a dollar a day. It is further projected that these interventions would result in an increase in human capital productivity, an increase in the GDP growth rate, and an increase in GDP per capita.

Like many sub-Saharan African nations, Uganda is a country in flux: indicating promise, but riddled with persistent roadblocks to sustained development. The country's governance trajectory between its independence in 1962 and Yoweri Museveni's 'National Resistance Movement' in 1986 has been a rollercoaster ride that witnessed a brief spell of economic growth in the 1960s, interspersed with almost two decades of bad governance, bloody conflicts, and economic collapse. This history of instability and upheaval is largely responsible for the lack of economic, physical and institutional infrastructure and, to a large extent, explains the Uganda of today.

Since the late 1980s, however, Uganda has experience a period of relative stability and has managed to move away from the fissures created by the political and economic disasters of the Amin and Obote regimes. Though the country has been plagued by intermittent clashes between rival armed groups – particularly in the north, Uganda has made promising steps forward in terms of governance and socioeconomic development. Museveni's NRM government has made considerable progress since 1986 in restoring political stability and order, and though its democracy is less than a decade old, the country shows signs of continuing its trend toward democratization.

Life expectancy in Uganda has increased, human rights have improved, and the country has been one of the most successful in Africa in fighting the HIV/AIDS pandemic. Since adopting macroeconomic policy reforms in the late 1990s, its economy has also shown consistent economic growth. With continued progress, Uganda appears likely to achieve the Millennium Development Goals (MDGs) of eradicating extreme poverty, promoting gender equality, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability, and developing a global partnership for development.

The country continues to face challenges, however. While its education system and overall level of primary school enrollment has improved, completion rates are low, and preparing the nation's rapidly expanding youth population with the skills to compete in the global economy is cause for concern. Progress towards child mortality and improving maternal health is also behind the MDG trajectory.

Debates about how best to pursue development goals have been a common theme for practitioners since the inception of multilateral organizations devoted to the subject. Most believe that 'development' is not exclusive to one domain or sector, but requires collaboration, understanding, and a 'working' rather than static hypothesis about how best to have a positive impact. Not only is an analysis of the actors appropriate, then, but also an analysis of the social and institutional structures in which they operate.

This purpose of this paper is to explain and analyze the characteristics of Uganda's development trajectory thus far, as well as propose some solutions as to how the country could achieve a higher development potential. It is not intended to be an exhaustive explication of all the challenges facing the country, as it does not address some areas that others may find useful to pursue – such as agriculture, food security, and the environment. Instead, it takes a clinical economics approach in analyzing the background, context, and current climate in the areas of demographics, health, education, economy, infrastructure, socio-politics, and governance, as these are the areas that appear to be most responsible for Uganda's current lack of development, and thus most deserved of our attention.

Uganda is located on the East African plateau, surrounded by Kenya to the east, the Democratic Republic of the Congo (DRC) to the west, Sudan to the north, and Tanzania to the south. The country lies completely within the Nile basin, and with an average elevation of roughly 1,100 meters (3,609 ft) it has a generally equatorial climate. Although landlocked, Uganda contains a number of large lakes, including Lake Victoria, Lake Kyoga, Lake Albert, Lake Edward and Lake George.

Of the estimated 33.34 million Ugandans, there are three main families of ethnic groups – Bantu, Nilotic, and Central-Sudanic.<sup>1</sup> The Bantu are the most numerous and generally reside in the central, southern, south-eastern and south-western parts of the country. According to a 2002 census conducted by the Ugandan government, the Bantu are made up primarily of Baganda peoples (17%),



as well as Basoga (8%), Banyankole (8%), Bakiga (8%), Bafumbira (6%), Banyoro (3%), Batooro (3%), Bagisu and Bahima (2%), and numerous other smaller ethnic groups.<sup>2</sup>

The Nilotic are the next most populous group, and its people are located mostly in the north. They include the Langi (6%) and the Acholi (4%), as well as the Lugbara (4%) and the Karamojong (2%). European, Asian, and Arab peoples also make up a small portion (roughly 1%) of the total population.

English is Uganda's official language due to the influence of the British Empire, which colonized the country in the late 19<sup>th</sup> century. There are roughly forty different vernacular languages in use, however, including Luganda, Luo, Runyankore, Ateso, Lumasaba, Lusoga, Lunyole, and Samia.

While ethnic identities play a major role in the lives of many Ugandans, so does religion. According to a 2008 Afrobarometer survey, 46% of Ugandans identified themselves as "active members" of a religious group.<sup>3</sup> According to a 2002 population and housing census conducted by the Ugandan government, more than 99% identified as belonging to a religion of one sort or another. The most common religions are Catholicism (41.9%) and Anglicanism (35.9%).

The roots of Uganda's civil society date back to the pre-Colonial era, when small farmers' cooperatives served as the locus of organized associations in the Kingdom of Buganda. The British Protectorate functioned largely as "imperial midwife"<sup>4</sup> during this time, encouraging the development of export-oriented agricultural organizations, trade associations, and social and religious missions, but also keeping a tight regulatory eye on them.

<sup>&</sup>lt;sup>1</sup> CIA Factbook. "Uganda".

<sup>&</sup>lt;sup>2</sup> Uganda Population and Housing Census – Main Report. Uganda Bureau of Statistics.

<sup>&</sup>lt;sup>3</sup> Afrobarometer 11.

<sup>&</sup>lt;sup>4</sup> Young et al 33.

Cotton experiments on the African continent led to the slow development of a ginning infrastructure around the turn of the 20th century, giving way in the interwar period to coffee production as the foundation of Uganda's colonial economy. While the country enjoyed significant economic growth during the colonial era, the fruits of locals' labor went largely to the colonizers – just as in much of the continent during the so-called 'Scramble for Africa'.<sup>5</sup>

By the end of World War II, however, anti-colonial sentiment in Uganda had reached a fever pitch, leading to riots in 1945 and 1949 that were due largely to agricultural prices. Buganda's rural farming population became more mobilized, and the formation of the Uganda Africa Farmers' Union (UAFU) in 1941 and its confrontation of the colonial government regarding fair crop prices in 1948 showed evidence that a "sufficiently well organized" civil society was becoming increasingly emboldened.<sup>6</sup> Organizations such as the UAFU and the Uganda Trade Unions Congress became "too strong to overtly repress,"<sup>7</sup> and along with new political parties, churches, and urban associations helped lead to Uganda's independence from Britain in 1962.

A series of coups and counter-coups followed, and included the regimes of Milton Obote from 1962-1971, Idi Amin from 1971-1979, Obote again until 1985, General Tito Okello until 1986, and the military dictatorship of the National Resistance Army (NRA) operating under the leadership of Yoweri Museveni, who remains in power to this day. Elected democratically for the first time in 2006, Museveni currently acts as both head of state and head of the government.

Idi Amin's eight-year rule was among the most tyrannical and oppressive regimes the continent has known, and an estimated 300,000 Ugandans' lives were lost during this time. Amin forcibly removed many immigrants as well, taking particular aim at the Indian minority, which devastated the economy for a number of years.

Although the education system also suffered the effects of economic decline and political instability during this time, it continued to function with an administrative structure based on regional offices, a national school inspectorate, and centralized, nationwide school examinations. Enrollments and expenditures also increased slowly and steadily during this time. The physical infrastructure was lacking, however, and the quality of education soon suffered as a result.

In more recent years, education, health, and the economy have shown significant improvement, due largely to the macroeconomic reforms implemented under the Poverty Eradication Action Plan.<sup>8</sup>

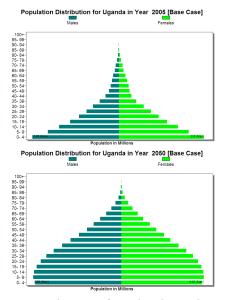
<sup>&</sup>lt;sup>5</sup> See Ugandan Penal Code of 1950.

<sup>&</sup>lt;sup>6</sup> Mamdani 181-2.

<sup>&</sup>lt;sup>7</sup> Dicklitch 49.

<sup>&</sup>lt;sup>8</sup> Enacted in 1997, the PEAP is a joint development agenda agreed to by the Ugandan government and the IMF. The first PEAP was initiated in 1997 but has seen a number of revisions since its inception.

Uganda is a very young nation, with those under age fifteen constituting over half of the total population.<sup>9</sup> An age structure of this type not only skews the overall population distribution downward but also has significant implications for future population growth trends.



First, it has a built-in momentum for growth, suggesting that as the younger population reaches reproductive age, high population growth rates are likely to persist for years to come. This growth is also likely to occur among the poorest and most rural populations.<sup>10</sup>

Data collected from a 2006 Demographic and Health Survey suggests that this is in part due to embedded cultural norms, which reflect a high

degree of patriarchy. The survey found, for example, that men are more likely than women to want additional children. "35 percent of currently married women wanted another child after two years, 16 percent wanted to wait for less than two years to have another child, and 41 percent declared that they did not want to have any more children at all or were sterilized." (2006 Uganda Demographic & Health Survey 99 (hereafter 'D & H Survey')). Men, on the other hand, were more likely to want another child "soon or after two years." However, the proportion of both women *and* men wanting another child decreased with an increasing number of living children.

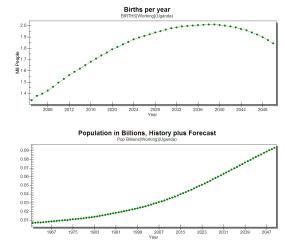
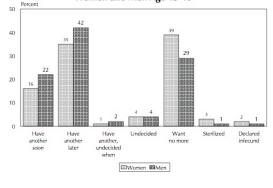


Figure 8.1 Fertility Preferences among Currently Married Women and Men Age 15-49

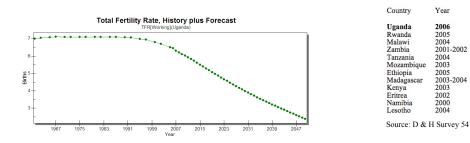


TFR

6.7 6.1 6.0 5.9 5.7 5.5 5.4 5.2 4.9 4.8 4.2 3.5



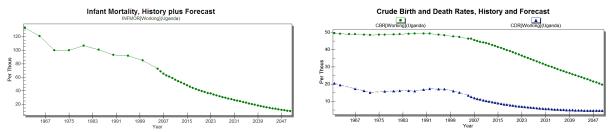
Uganda also has among the highest total fertility rates (TFR) in the world, even compared to other sub-Saharan African countries. Uganda's TFR rests somewhere between 6.5 and 6.7 children per woman. By comparison, total fertility rates in the OECD countries average 1.7 children per woman.



<sup>&</sup>lt;sup>9</sup> Uganda Demographic and Health Survey – Main Report.

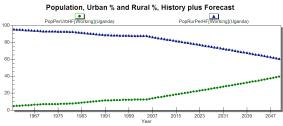
<sup>&</sup>lt;sup>0</sup> All unidentified graphics are from the International Futures software, version 6.36.

The D & H survey also found that the TFR in urban areas is much lower than the TFR in rural areas (4.4 and 7.1, respectively). Because of the small proportion of the urban population, however, the lower urban fertility rate appears to have only a minimal impact on the TFR for the country as a whole.



Despite Uganda's comparatively high TFR and crude birth rate, both factors have seen a steady decline in recent years. Infant mortality and crude death rates have improved as well, due largely to increases in the availability of modern medicine. While these improvements are likely to lead to a drop in Uganda's population growth in the long run, the country will probably continue its high population growth rate for some time to come.<sup>11</sup>

Uganda's population is still predominantly rural, though just as in much of the developing, world the country has experienced rapidly accelerating urban migration. Estimates of the annual urban growth rate from 2000–2008 are approximately 4.1%.<sup>12</sup>



Population density is highest in the south, especially

in the capital city of Kampala and the areas surrounding Lake Victoria. The north is much sparser, due largely to the ongoing conflict between the Uganda People's Defense Force (the armed forces of the Ugandan government, or UPDF) and a sectarian religious and military group called the Lord's Resistance Army (LRA).

As Uganda's young population ages out of dependency and as fertility rates drop, the amount of dependents as a percentage of the total population will also likely decline in the long run. Dependent Population as Percent of Total PopoSPlustive Population as Percent of Total Popul

Uganda has enjoyed significant success in reducing HIV infection rates since 1990. A USAID-funded

scheme to increase condom use through social marketing helped to boost their use "from 7% nationwide to over 50% in rural areas and over 85% in urban areas," according to estimates by the World Health Organization.<sup>13</sup> Besides international NGOs, the Ugandan government and private sector have been instrumental in offering sales of condoms at subsidized prices or for free.

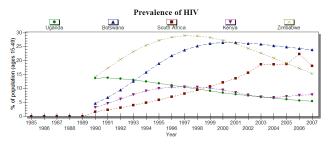
Same-day voluntary counseling and HIV testing services also began in 1997, while sex education programs took place in schools and on the radio, focusing "on the need to negotiate safe sex and

<sup>&</sup>lt;sup>11</sup> UNICEF statistics put the average growth rate at roughly 3.2%.

<sup>&</sup>lt;sup>12</sup> UNICEF. "Uganda statistics."

<sup>&</sup>lt;sup>13</sup> WHO. Health: A Key to Prosperity. Success Stories from Developing Countries, 5.

encourag[ing] teenagers to delay the age at which they first have sex."<sup>14</sup> The country's high degree of religious participation has likely aided in the success of such abstinence-only education initiatives.

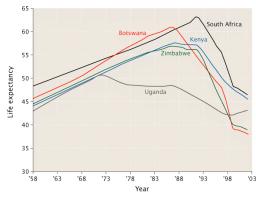


Compared to other East African nations, Uganda's HIV-reduction initiatives have been a great success. Just as in these other nations, however, the AIDS epidemic has set back development and reduced life expectancy. While much of sub-Saharan Africa still struggles with a high number of AIDS deaths, life expectancy in Uganda has begun to rebound. Life expectancy in 2005 was 50.2 years for females and

49.1 years for males, but by 2007 it had improved to 52.4 and 51.4 years, respectively.<sup>15</sup> A 2008 estimate put the number at an average of 53 years.<sup>16</sup>

The improvement in Uganda's life expectancy is not due solely to its successful HIV-reduction initiatives. In 2001 the state eliminated user fees at state health facilities, resulting in an 80% increase in the number of visits – over half of which came from the poorest 20% of the population.<sup>17</sup>

Measures such as these have been cited as a major factor in helping Uganda achieve significant progress toward the Millennium Development Goal of combating HIV/AIDS, malaria, and other diseases.<sup>18</sup>



Source: World Development Indicators, 2004

#### Education

The current structure of Uganda's education system has existed since the early 1960s. It consists of seven years of primary school followed by six years of secondary school (which includes four years of lower secondary and two years of upper secondary school). Higher education in Uganda consists of both public and private universities, as well as a growing number of technical schools. There are currently five public universities, 22 private universities and just over 130 tertiary institutions in total. The oldest of these, Makerere University, was founded in 1922 and accounts for about 60% of enrollment at the university level.

In 1996 the Museveni government removed primary school fees, resulting in what has been termed the "big bang" to universal primary education in the country.<sup>19</sup> One year later, a Universal Primary Education (UPE) program was introduced, and enrollment expanded even further. The UPE program abolished tuition in public primary schools, as well as eliminated mandatory uniforms, which is thought to have hindered attendance by poorer children.

<sup>&</sup>lt;sup>14</sup> WHO. *Health: A Key to Prosperity. Success Stories from Developing Countries*, 5.

<sup>&</sup>lt;sup>15</sup> UNDP. Human Development Report 2009, 183.

<sup>&</sup>lt;sup>16</sup> UNICEF. "Uganda statistics."

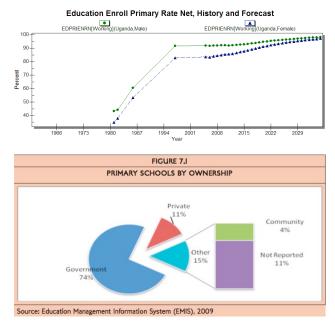
<sup>&</sup>lt;sup>17</sup> WHO. The Elimination of User Fees in Uganda: Impact on Utilization and Catastrophic Health Expenditures.

<sup>&</sup>lt;sup>18</sup> Melamed et al 3.

<sup>&</sup>lt;sup>19</sup> World Bank. Fall out from the "Big Bang" Approach to Universal Primary Education: The case of Uganda.

Between 1996 and 2009 total enrollment tripled, from roughly 2.7 million to 8.2 million. The number of qualified teachers also increased during this time, from approximately 74,000 in 1995 to 158,110 in 2009.<sup>20</sup>

The program also shifted a large part of the cost of education away from households towards the public sector. Since the early 1990s, Uganda's education budget has increased significantly, supported by donations of foreign aid and HIPC (Heavily Indebted Poor Countries) as well as Poverty Reduction Fund initiatives earmarked specifically for education purposes. Between 2000-2007, the expenditure on education as a percentage of total government expenditure was 18.7%.<sup>21</sup> In the interest of attaining the second MDG of universal primary education, more than 60% of the country's education budget now goes to this sub-sector.



Source: Uganda National Development Plan 2010

Investments in physical infrastructure have also increased. Since 2003, the education development budget (which funds school construction and maintenance) has increased more than six-fold.<sup>22</sup>

A 2006 report by the World Bank's Independent Evaluation Group (IEG) suggested, however, that the UPE initiative has not been accompanied by sufficient resource planning, and despite significant donor agency support the basic conditions for effective learning are not present in many Ugandan villages.<sup>23</sup> Countries that have taken the so-called 'big bang' approach to primary school access (like Uganda and its neighbor Kenya) have expanded so rapidly that they have often been unable to deliver basic educational services effectively.

The rate of survival from enrollment to the last primary grade, for example, is lower than overall school attendance. Survey data from 2003–2008 puts the level of school attendance at 83% for boys and 82% for girls, while the level of completion is a mere 72%.<sup>24</sup> A recent report from the African Peer Review Mechanism (APRM) suggests that the overall educational framework in Uganda is also insufficient to meet the needs of the country's employers. While enrollment in universities has seen a slow and steady increase, "Ugandan enterprises are in crucial need of technically skilled and industrially trained workers, rather than university graduates."<sup>25</sup> To support this need, the NRM government has placed an increasing focus on Business, Technical, Vocational Education and Training (BTVET) programs.

This system is comprised of "craftsman level training offered by technical schools and institutes, technician level training offered by technical colleges, and Graduate Engineer level training offered

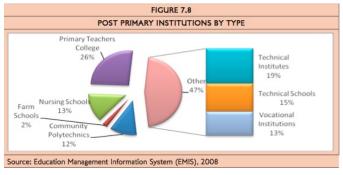
- <sup>24</sup> UNICEF. "Uganda Statistics."
- <sup>25</sup> APRM 46.

<sup>&</sup>lt;sup>20</sup> IMF. Uganda: Poverty Reduction Strategy Paper, 223.

<sup>&</sup>lt;sup>21</sup> Education spending as a percentage of GDP was at 5.2 %. (UNDP. *Human Development Report 2009*, 201).

<sup>&</sup>lt;sup>22</sup> APRM 34.

<sup>&</sup>lt;sup>23</sup> World Bank Independent Evaluation Group. *From Schooling Access to Learning Outcomes: An Unfinished Agenda.* 



Source: Uganda National Development Plan 2010

by universities.<sup>26</sup> It consists of 133 public institutions, roughly 600 private training service providers, and 17 apprenticeships and enterprise-based training programs. Between 2006 and 2009 alone, "enrollment in BTVET programs increased by 14.5% from 25,682 (25% female and 75% male) to 30,009 (39% and 61% male).<sup>27</sup> This has been attributed to the priority placed on such schools.

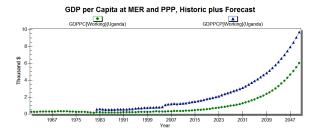
While the country has seen an overall improvement in primary, secondary, and tertiary institution enrollment, further reform is necessary. To bolster the MDG goal of universal primary education, the IEG report recommends refocusing support around improving learning outcomes as well as access. "The temptation to make a trade-off between quantity and quality can be resisted," they suggest.<sup>28</sup> Doing so, however, "requires high levels of political and material commitment, plus government efforts to control the rate of expansion, provide essential material and teaching resources, improve education efficiency, and account for results."

The government has identified its goals for primary education to be to "increase access and equity," to "improve quality and relevance," and to "improve effectiveness and efficiency."<sup>29</sup>

#### Economy & Infrastructure

GDP growth rates in Uganda have increased consistently in recent years – showing 7% increases in 2008 and 2009, even amidst the global economic downturn and regional instability.

As Uganda is a landlocked country, it depends heavily on Kenya for access to international markets. Post-election violence in Kenya in 2008 temporarily disrupted the trade link between the two countries, but its largest impact appears to have been on domestic fuel prices. Demand for Uganda's exports have also been affected by the global recession and regional political tensions.



As reported in the African Economic Outlook, "exports as a percentage of GDP are estimated to have decreased from 16.4% in 2008 to 15.7% in 2009, while imports dropped from 24.5% of GDP in 2008 to 23.4%." Overall, the trade deficit during that time decreased, "from 8.1% of GDP in 2008 to 7.7% in 2009."

Uganda's stock of international reserves remains healthy, however, amounting to roughly five months' imports of goods and services (as of the end of 2009).<sup>30</sup> The country is also part of the African Union, the East African Community, the Commonwealth of Nations, the Organization of the

 <sup>&</sup>lt;sup>26</sup> IMF. Uganda: Poverty Reduction Strategy Paper, 227.
 <sup>27</sup> IMF. Uganda: Poverty Reduction Strategy Paper, 228.

 <sup>&</sup>lt;sup>27</sup> IMF. Uganda: Poverty Reduction Strategy Paper, 228.
 <sup>28</sup> World Paper, "A look inside the report," Available at ht

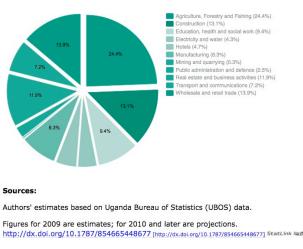
World Bank. "A look inside the report." Available at <u>http://www.worldbank.org/ieg/education/findings.html</u>.

<sup>&</sup>lt;sup>29</sup> IMF. Uganda: Poverty Reduction Strategy Paper, 233-237.

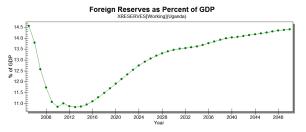
<sup>&</sup>lt;sup>30</sup> African Economic Outlook. "Uganda: Overview."

Islamic Conference, and a potential member of the planned East African Federation, which is likely to help its efforts to increase the amount of international trade.

Figure 2: GDP by sector, 2008 (percentage)



Source: African Economic Outlook

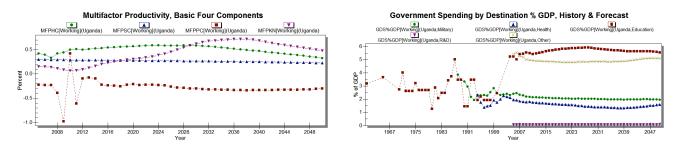


While the agriculture sector used to account for over half of Uganda's GDP, it was recently surpassed by the industrial and service sectors. According to recent data from the World Bank, more than half of Uganda's GDP now comes from the service sector.<sup>31</sup> This was due in part to advances in Uganda's industrial and service sector capacity and productivity, but also because agriculture in the country is highly susceptible to fluctuations in commodity prices. In 1999 a strain of fungus called 'wheat stem rust' was also discovered in Uganda.<sup>32</sup> Ug99 can bring up to 100% crop loss, as has been the case for some of Kenya's wheat yields. Thus, Uganda's agricultural decline also appears to have been influenced by the arrival of Ug99.

Projections for the amount of capital per worker and overall investment have also forecasted a continuance of this trend.

Applying a Cobb-Douglas analysis to Uganda's production profile reveals its highest level of productivity to be in human capital, while its lowest level of productivity is in physical capital.

This is also reflected in an examination of the government's expenditure preferences. In keeping with the Millennium Development Goals, the state has prioritized investment in education and other areas that primarily affect its Human Development Index (HDI).<sup>33</sup>



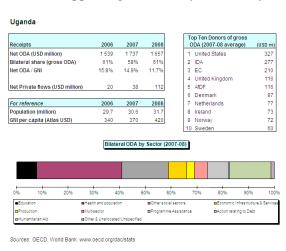
<sup>&</sup>lt;sup>31</sup> World Bank. "Uganda at a Glance."

<sup>&</sup>lt;sup>32</sup> This strain of fungus is called Ug99, named after the country of its origin. It has subsequently spread to a number of other East and North African nations.

<sup>&</sup>lt;sup>33</sup> The HDI calculates standards of living based on life expectancy, education and per-capita GDP, as opposed to GDP alone.

As identified by Uganda's 2010 National Development Strategy paper, "partner governments and international organizations... [have] played an important role in supporting the country's recovery,

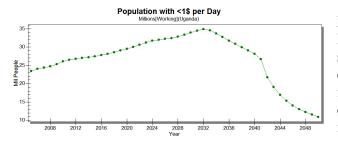
growth, and poverty eradication efforts."<sup>34</sup> Foreign aid actually makes up nearly half of the government's budget.<sup>35</sup> Between 2003 and 2007, no less than 43 different partners disbursed aid to the country, including 29 bilateral partners and 14 multilateral partners. Of the US\$6.7 billion disbursed in those years, more than half came from only three partners: The World Bank and IMF, the U.S., and the U.K. While critics point out that such aid sometimes acts as a disincentive to domestic reform, Uganda has shown good progress toward reducing its overseas debt obligations and has proclaimed a desire to avoid excessive public indebtedness and dependence on aid in the long term.



Source: World Bank, 'Uganda at a Glance'

Leading up to the year 2000, and as a result of a combination of IMF and other international debt relief initiatives, the Ugandan government was indebted to the tune of \$2 billion. By 2006, however, it had cancelled its debt to the Paris Club and made significant payments to its largest lender, the IMF.<sup>36</sup> While the government suggests it will continue to depend on external sources of funding in the short and medium term, it plans to reinvest profits from nationally and privately co-owned oil projects surrounding Lake Albert into public projects and investments. Whether Uganda will avoid the so-called 'resource curse' remains to be seen.

One noticeable impediment to Uganda's economic development is its uneven distribution of income. Despite an average annual growth of "2.5% between 2000 and 2003, poverty levels are estimated to have increased by 3.8% during that time."<sup>37</sup>



Predictably, a forecast for the amount of Ugandans living on less than \$1 a day shows an increase in the short and medium term. This is likely due to a combination of factors, but is undoubtedly influenced by the combination of a high Gini coefficient and high population growth, especially in the poorer rural areas.<sup>38</sup>

Another persistent challenge for the Ugandan economy is its history of high inflation. Variations in domestic factors such as money supply, output, and exchange rate over the course of Uganda's turbulent political and economic policy history have all contributed to the country's inflation

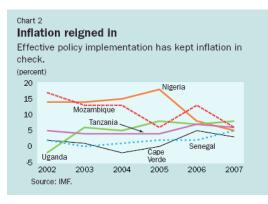
<sup>&</sup>lt;sup>34</sup> IMF. Uganda: Poverty Reduction Strategy Paper, 67.

<sup>&</sup>lt;sup>35</sup> Mwenda. Foreign Aid and the Weakening of Democratic Accountability in Uganda.

<sup>&</sup>lt;sup>36</sup> Through the Heavily Indebted Poor Countries (HIPC) assistance program, Uganda received \$1.3 billion from the IMF and World Bank and another \$145 million from The Paris Club, a consortium of 19 of some of the world's biggest economies.
<sup>37</sup> Melamed et al 2

<sup>&</sup>lt;sup>38</sup> The Gini coefficient actually decreased from 2003 to 2006, from .428 to .408. These improvements, however, were overwhelmingly concentrated in urban rather than rural areas.

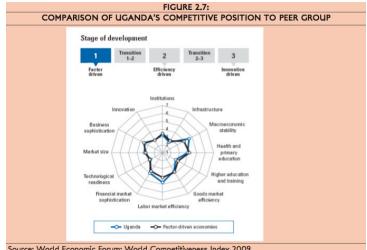
episodes. In the late 1990s, due most notably to the macroeconomic policy initiatives outlined in the PEAP. inflation began to stabilize. External factors have also played a role, however, as evidenced by a spike in rates since the onset of the recent economic downturn. Inflation in 2009 alone averaged above 11% due to high fuel and food prices. According to the Bank of Uganda, a key target of its monetary policy is to limit inflation to single digits.<sup>39</sup> In keeping with the policies promoted in the PEAP, it seeks "to continue reducing core inflation back towards [a] target of 5 percent and to ensure that external stability is not undermined."40



Source: IMF: Uganda, Sixth Review under the PSI

Uganda's tax efforts remain limited, as domestic taxes amounted to roughly 11.9% of GDP in 2009. By comparison, the average in sub-Saharan Africa is about 23%. This appears to be due primarily to the lack of a tax mobilization strategy, which has hindered efforts to regulate and tax informal areas of the economy. Tax evasion and lingering inefficiencies in tax administration also hinders progress. The country has taken measures to improve tax collection, however, including the use of e-taxation, which has increased compliance rates.<sup>41</sup>

Despite Uganda's commendable economic performance in recent years, the country continues to be hampered by poor physical infrastructure – particularly in areas that are most immediately complimentary to its productive capacity, such as energy and transport.



The World Bank's Country Competitiveness Index recently ranked Uganda 108<sup>th</sup> out of 133 countries, placing it behind many of its regional competitors (such as Tanzania (100<sup>th</sup>), Kenya (98<sup>th</sup>), Namibia (74<sup>th</sup>), Botswana (66<sup>th</sup>), and South Africa (45<sup>th</sup>)).<sup>42</sup> As the report indicates, the rapid increase in Uganda's urban populations has not been matched by the necessary improvements in basic physical infrastructure, housing, and other social amenities. Overcrowding, traffic congestion, poor sanitation, and the growth of slums is an unfortunate consequence of this.

Source: World Economic Forum: World Competitiveness Index 2009

Source: Uganda National Development Plan 2010

Uganda also has among the lowest levels of electricity consumption per capita in the world, amounting to a mere 75kwh/capita.<sup>43</sup> This is due less to inadequate demand than to inadequate capacity to meet the growing population's energy needs. Access to electricity is also low, amounting

43 This is compared to Malaysia (at about 3,668 kWh/capita and Korea at about 8,502 kWh/capita). (IMF. Uganda:

Poverty Reduction Strategy Paper, 33).

<sup>39</sup> Bank of Uganda website. "Monetary Policy Stance and Actions in August 2010."

<sup>40</sup> IMF. Uganda: Sixth Review Under the Policy Support Instrument, 30.

<sup>41</sup> Allafrica.com. "Uganda: New Tax System Can't Be Beaten."

<sup>42</sup> Uganda National Development Plan 2010.

to a penetration rate of approximately 11% nationwide and a mere 1% in some rural areas.<sup>44</sup> Ugandans also pay more due to higher tariffs and an inadequate transmission and distribution network.<sup>45</sup> Investments in ICT infrastructure have spiked due to recent liberalization of the sector, but access is heavily concentrated in the capital city of Kampala. Mobile phone connection fees are also expensive – at approximately USD 14 cents per minute.

Appropriately, however, the government has emphasized a desire to improve infrastructure, with a specific focus on roads and energy.<sup>46</sup> Such investments, the government hopes, will increase the country's agricultural exports and remove some of the infrastructural bottlenecks that impede further growth. The government summarized its most important macroeconomic goals in the following way: "[T]o increase production, improve productivity, and reduce poverty by making investments in infrastructure for sustainable growth."<sup>47</sup>

In keeping with its trend of improving the accessibility and delivery of health services, the country

has also increased its number of health facilities, thanks to complementary efforts by the government, NGOs, and private sector. Uganda now appears within reach of the MDG of combating HIV/AIDS, malaria and other diseases. Access to safe water, however, is still only at roughly 60% for the entire country, and is even less in the rural areas. The available data suggests that a full 30-40% of the population has no access to a safe water supply.

	TABLE 7.5											
HEALTH FACILITIES (2004 - 2006)												
Year 2004 2006 2010												
INDICATOR	COVT	PNFP	PRIVATE	TOTAL	GOVT	PNFP	PRIVATE	TOTAL	GOVT	NGO	PRIVATE	TOTAL
Hospitals	55	42	4	101	59	46	8	4	64	56	9	129
Health centre IV	151	12	2	165	148	12	1	161	164	12	I	177
Health centre III	718	164	22	904	762	186	7	955	832	226	24	1082
Health centre II	1055	388	830	2273	1332	415	261	2008	1562	480	964	3006
Total	1979	606	858	3443	2301	659	277	3237	2622	774	998	4394
Source: Ministry of Healt	Source: Ministry of Health, Infrastructure Division, 2004 and 2006 and 2010											

Source: Uganda National Development Plan 2010

### Socio-politics & Governance

Since Museveni's National Resistance Army took over power from a short-lived military dictatorship in January 1986, the government has shown both promising improvements and disappointing setbacks in its march towards an effective and efficient government and enabling socio-political environment.

Upon Museveni's coming to power, the NRM party issued a proclamation largely accepting the authority of the 1967 constitution, including its ban on multi-party politics.<sup>48</sup> A constitutional referendum in July 2005 cancelled the long ban on multi-party participation, but also removed the "limits on the tenure of office of the President," allowing Museveni to not only win the 2006 election with an estimated 60% majority, but to remain in power for an unlimited amount of time.<sup>49</sup>

An abstract of the Parliamentary debate on June 22, 1967 is available at <u>http://www.kituochakatiba.co.ug/kafir.htm</u>.

Karekezia & Kimania. *Have power sector reforms increased access to electricity among the poor in East Africa?* Rates in Uganda are approximately USD 22 cents per kWh, while its neighbors Kenya and Tanzania pay only USD 13

cents and USD 8 cents, respectively. (IMF. Uganda: Poverty Reduction Strategy Paper, 33).
 <sup>46</sup> IMF. Uganda: Poverty Reduction Strategy Paper; Uganda Ministry of Finance, Planning and Economic Development.
 5-year National Development Plan for Uganda.

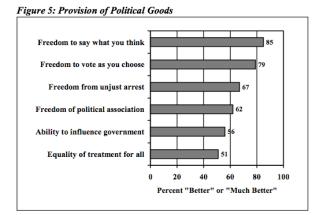
<sup>&</sup>lt;sup>47</sup> IMF. Uganda: Sixth Review Under the Policy Support Instrument, 30.

<sup>&</sup>lt;sup>49</sup> The Amendment declared "any person is free to stand for an election as a candidate, independent of a political organization or political party" (2005 Constitution Amendment Act § 16(4)).

Not surprisingly, Freedom House ranks Uganda as "partly free"<sup>50</sup>, and Transparency International's Corruption Perceptions Index ranked Uganda 130<sup>th</sup> out of 180 countries, down from 126<sup>th</sup> in 2008.<sup>51</sup> Although a 2005 constitutional amendment opened the door for multi-party participation, the institutionalization of opposition parties is weak, as evidenced by the NRM party's monopoly of Parliamentary seats.<sup>52</sup> Amongst both the NRM and opposition parties, corruption and clientelism is persistent.

Overall, participation in civic life and volunteerism is high, particularly in the rural areas. DENIVA's CSI Index and the World Values Survey estimate that the amount of Ugandans who volunteer in some capacity is between 75-80%,<sup>53</sup> and when asked whether they had ever joined with others to raise an issue, 63% of respondents said yes, compared to an average among other African nations of 44%.<sup>54</sup>

Political values, however, are mixed. Many believe in the idea of holding the government accountable, but also appear to have a strong respect for authority. Due partly to the influence of the church and partly because of the nation's political history. "few civil society organizations have either a consistent level of engagement in the policy process or make a significant difference to policy outcomes."55 Democratic procedures and government accountability are therefore only marginally addressed by civil society organizations. Corruption was actually ranked as a relatively low priority by the 2003 Afrobarometer survey, and 64% of Ugandans surveyed in the DENIVA report said that the role of civil society in promoting democracy at the community level was 'limited' or 'moderate'.<sup>56</sup>



Comparing our present system of government with the former system of government under the old Constitution (that is, before 1995), are the following things worse or better now than they used to be, or about the same?

Source: Logan et al 19.

When Ugandans were asked about their own role with respect to government, however, responses were contradictory. The 2003 Afrobarometer survey found that "82% of all respondents... agree more with the statement that 'As citizens, we should be more active in questioning the actions of our leaders," whereas only 18% thought that 'In our country these days, there is not enough respect for authority.<sup>57</sup> Yet when asked to choose between two other statements, 59% agreed that "People are like children; the government should take care of them like a parent,' while just 40% believe[ed] that 'the government is an employee; the people should be the bosses who control the government."<sup>58</sup>

<sup>&</sup>lt;sup>50</sup> Freedom House. *Country Report: Uganda*.

<sup>&</sup>lt;sup>51</sup> On a scale of 1-10, with 10 being the most free, Uganda scores a 2.5. (Transparency International. *Corruption Perceptions Index* 2010).

<sup>&</sup>lt;sup>52</sup> Of the 319 seats in the National Assembly, the NRM holds 205, with the next largest share at a mere 37.

<sup>&</sup>lt;sup>53</sup> DENIVA 27; World Values Survey.

<sup>&</sup>lt;sup>54</sup> Logan et al 21.

<sup>&</sup>lt;sup>55</sup> Robinson & Friedman. Civil Society, Democratization, and Foreign Aid: Civic Engagement and Public Policy in South Africa and Uganda, 643.

<sup>&</sup>lt;sup>56</sup> DENIVA 56.

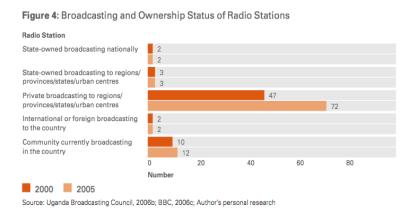
<sup>&</sup>lt;sup>57</sup> Logan et al 16.

<sup>&</sup>lt;sup>58</sup> Logan et al 16.

While Ugandans are active in social causes, the vast majority are not active politically.<sup>59</sup> This is due partly to government constraints on political activity, but appears to be reinforced by cultural norms. A history of weak and unreliable governance has left many Ugandans distrustful of the government's usefulness in providing services that the developed world takes for granted. Many Ugandans' political perspectives thus appear caught between an authoritarian past and a more participatory present.

The overall picture of the media in Uganda is one of increased privatization and decentralization. The monopoly of the state over the media largely ended with the onset of the NRM government, and media freedom has been furthered by legislative measures such as the Press and Journalists Act (1995), Electronic Media Act (1996), and Access to Information Act (2004). Radio is the most widely utilized media source in the country, and though the government still owns a small number of outlets, this has not prevented the independent media from sometimes being openly critical of the NRM. There are government-supervised regulatory bodies in which the NRM occasionally exerts pressure, however, including the Uganda Broadcasting Council (UBC) and the Uganda Media

Council. The NRM also "continues to detain and charge journalists under repressive sedition [laws] and 'publishing false news' legislation."<sup>60</sup> Intimidation tactics such as these lead many to suggest that the press often practices selfcensorship. The African Parliamentarians Network Against Corruption (APNAC) notes that this is partly due to a "lack of media houses or personnel who specialize in corruption related issues and lack of political will."<sup>61</sup>



Source: African Media Development Initiative, 'Uganda context'

Women's organizations have seen an explosion of membership in recent years. The National Association of Women's Organizations in Uganda (NAWOU), for example, lists 98 separate groups as members.<sup>62</sup> Organizations such as Women and Law in East Africa, the National Association of Women Judges, and the Federation of Women Lawyers have had influence in crafting gender equity laws and other legal reformations. The government has also imposed quotas for women in government: by law, one-third of local council seats must now go to women.

While these organizations have been instrumental in recent advancements, however, Uganda remains a highly paternalistic culture. In many areas of the country, women can "neither own nor inherit property, nor retain custody of their children under local customary law."<sup>63</sup> Domestic violence is also widespread. To combat this, a Domestic Relations Bill was introduced to Parliament in 2003 to address issues of polygamy, domestic abuse, widow inheritance, and marriage age requirements.<sup>64</sup>

<sup>&</sup>lt;sup>59</sup> According to the 2008 Afrobarometer survey, when asked whether they had ever attended a demonstration or march, 64% of Ugandans responded that they would "never do that." (Afrobarometer 12).

<sup>&</sup>lt;sup>60</sup> DFID. "Uganda country profile."

<sup>&</sup>lt;sup>61</sup> APNAC Uganda report.

<sup>&</sup>lt;sup>62</sup> NAWOU member list, available at <u>http://www.wougnet.org/wo\_dir.html</u>.

<sup>&</sup>lt;sup>63</sup> DENIVA 40.

<sup>&</sup>lt;sup>64</sup> An excerpt of the bill is available at <u>www.chr.up.ac.za/undp/domestic/docs/legislation\_19.pdf</u>.

Unfortunately, since the bill's first introduction to Parliament in 2003, it has been rejected four times, the last of which was in June 2008.

Many of the cultural values behind gender inequity are also noticeable in the pervasiveness of neopatrimonialism. "There is a growing body of evidence to suggest that neo-patrimonial political practice is regaining prominence in Uganda… [as well as] the personalization of rule, the misuse of public resources for private and communal gain, and associated rise of corruption and political fragmentation along ethno-clientelist lines."<sup>65</sup>

In October of 2009, the Ugandan Parliament proposed an anti-homosexuality bill that would broaden the criminalization of homosexuality by introducing the death penalty for certain kinds of sexual acts.<sup>66</sup> Homosexuality has long been a taboo subject in Uganda, and is considered by many in the country to be an affront both to local culture and religion, both of which play a strong role in family life. While this criticism brings up valid concerns about state sovereignty and the need for a government to represent the will of its own people, the NRM government is on shaky ground in both respects. Critics of the bill contend that it would cripple the country's civil and social development efforts, weaken the Constitution and justice system, further isolate the country from the international community, and damage its recent strides in building a more peaceful and democratic society.<sup>67</sup>

The violence in Northern Uganda also continues to be a scourge on the country, as it has resulted in widespread human rights violations since the LRA insurgency began in 1987. The U.S. government estimates that there are up to 2 million internally displaced persons in Northern Uganda, Southern Sudan, and the DRC, and that up to 12,000 people have been killed in the region, including more than 400 since Christmas 2008.<sup>68</sup> A recent report from the U.N. Office for the High Commissioner of Human Rights (UNHCR) also accused the Ugandan military of various war crimes in the DRC, extending the breadth and number of those affected to an ever-widening area.<sup>69</sup> The violence has largely been focused in Northern Uganda but has also bled into parts of Sudan and the Central African Republic as well. The human and economic costs of the violence have been devastating, and have impacted not only raw demographic data but migration patterns and economic performance as well.

As 2006 marked the first year for multi-party elections in Uganda, its democracy is still very much a work in progress. Along with the provision for multi-party participation, for example, came a lifting of term limits, allowing for the man who banned multi-party politics in 1986 to potentially remain in power for the foreseeable future. Even under a mechanical democracy, Museveni has sometimes used authoritarian tactics to retain his party's power, suggesting that Uganda's democratic transition may have been an exit strategy for a one-party state seeking increased legitimacy. New elections are just around the corner, however.<sup>70</sup> The full extent of the country's adoption of the principles of effective and efficient governance and a participatory socio-political environment will therefore become clearer in the coming months.

<sup>&</sup>lt;sup>65</sup> Community Development Resources Network 21.

<sup>&</sup>lt;sup>66</sup> "Marriage between persons of the same sex is prohibited." The Constitution (Amendment) Act, 2005; The Anti-Homosexuality Bill, 2009.

<sup>&</sup>lt;sup>67</sup> Ake, Claude. "Rethinking African Democracy."; Tamale, Sylvia. "A Human Rights Impact Assessment of the Anti-Homosexuality Bill."

<sup>&</sup>lt;sup>68</sup> BBC News. "Christmas massacres 'killed 400'." December 30, 2008.

<sup>&</sup>lt;sup>69</sup> Human Rights Watch, *Democratic Republic of the Congo: UN Report Exposes Grave Crimes*.

<sup>&</sup>lt;sup>70</sup> Both Parliamentary and Presidential elections will be held in 2011.

On the whole, Uganda's progress has been encouraging. While a large percent of the population still lives below the poverty line, that number has been declining steadily. Results from a 2006 national survey showed an improvement in the total percent of those living on less than \$1/day from 56.4% in 1992/93 to 31.1% in 2005/06. While Uganda's Gini coefficient increased from 1993 to 2003 (from .365 to .428), it has since declined (from .428 to .408). Accordingly, there has been an absolute decrease in the number of Ugandans living in extreme poverty – from 9.8 million in 1992/93 to 8.4 million in 2005/06.<sup>71</sup> These figures suggest that the implementation of the PEAP and other policies designed to lift Uganda's HDI have helped improve living conditions in the country overall.

However, many of these improvements have been diminished by other challenges. Uganda's recent economic growth has been limited by poor infrastructure, particularly in roads and energy. Improvements in the HIV/AIDS rate have increased life expectancy, but infant mortality in the region is still among the highest on the continent.<sup>72</sup> There has been an increase in the number children enrolled in primary education, but completion rates are significantly lower. The country recently celebrated its first democratic election, but other socio-political factors limit the levels and types of participation enjoyed by all citizens.

The country also shows some dangerous trends. Uganda's fertility rate is extremely high, which has contributed to the country's ballooning population and high rate of urban migration. Cultural factors appear to encourage this, particularly in the rural areas. For the most part, Uganda's political leadership dismisses the obvious challenges that this poses, passively referring to Uganda's huge population under the age of fifteen as its 'greatest resource.'

Corruption is also widespread, and does not appear to have improved with the country's recent democratization successes. Transparency International's Corruption Perceptions Index actually ranked the country as more corrupt in 2010 than in 2008.<sup>73</sup> While the 2006 multi-party election was considered a 'credible' one by international monitoring agency standards, intimidation tactics of opposition candidates is prevalent. Tax evasion and use of public funds for private benefit is also common among government bureaucrats.

In addressing these problems, this paper proposes a step-by-step ground-up approach, as building a solid foundation is important before other (and often more visible) challenges can be addressed. Three such interventions are therefore proposed: improving access to safe water, investing further in primary education, and reducing government corruption.

For development efforts in Uganda (and the rest of the world), there is no such thing as a silver bullet, and deciding which problems to address first is often a 'chicken or the egg' exercise. Other factors, such as the high TFR and infrastructural issues are also of concern. Fertility preferences are deeply embedded in Ugandan culture, and such culturally embedded factors are often difficult to affect in the short term. Whether the large number of Ugandan children turns out to be a more of a resource than a burden will largely depend on what kind of life they are able to make for themselves. A more effective policy, then, would be to improve the primary education system so that these

<sup>&</sup>lt;sup>71</sup> Uganda Bureau of Statistics. *The Uganda National Household Survey* 2005/06.

<sup>&</sup>lt;sup>72</sup> Infant mortality in Uganda is at 84.5 per 1000 live births. By contrast, its African neighbors are at the lower rates of 80.5 (Kenya), 79.69 (DRC), 69.65 (Sudan), and 66.8 (Tanzania).

<sup>&</sup>lt;sup>73</sup> Uganda's Corruption Perceptions Index score moved from 2.8 in 2008 to 2.5 in 2010.

children (and the ones that will follow) will make more informed decisions about child-bearing (as well as many other things).

Similarly, the country's poor infrastructure frustrates its ability to grow economically, and so increasing the amount of funding for road-building and electric grid expansion would go a long way in aiding the flow of economic activity. If the government is an ineffective delivery mechanism, however, an improvement in the level of corruption would be a more immediate necessity.

## How do we get there?

Since the implementation of the PEAP, the number of Ugandans who have access to a safe water supply has been gradually increasing. Roughly 60% of the population now has access to safe water, indicating that the country is within reach of the MDG goal of halving the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015. In September of this year, a new piped water system was installed in the areas of Masafu, Busembatia and Namutumba, providing access to an additional 24,000 people.<sup>74</sup> The system is part of Uganda's "Output-Based Aid" (OBA) pilot program, one of the first such schemes in Sub-Saharan Africa.

The number of people with access to safe water is much lower in rural than urban areas, however. It is estimated that 30-40% of the total population still has no reliable or regular access. If the government were to build upon the OBA program and others, setting a relatively modest goal of increasing the number of people with improved access by 50% over the next twenty years, it would not only decrease the number of Ugandans with no access to safe water, but would also reduce the infant mortality rate, reduce the years of life lost to communicable disease, and dramatically reduce child malnutrition.

It is widely projected that the benefits of increasing investment in primary education would also be significant and far-reaching. According to the World Bank's IEG, educated mothers are 50% more likely to immunize their children than mothers with no schooling.<sup>75</sup> According to UNESCO's 2010 Global Monitoring Report, there also is a strong correlation between the acquisition of literacy and numeracy and lower fertility rates. Furthermore, the quality of the labor force (as measured by mathematics and science scores) appears to be an important determinant of growth, and thus has the potential to help reduce poverty levels.<sup>76</sup> Another study using International Adult Literacy Survey data shows a strong relationship between measures of literacy in the labor force and economic growth.<sup>77</sup> The same study also showed high private returns to primary education, as long as it is measured in terms of attainment of basic skills and not simply years spent in school.

The second proposed policy intervention would therefore be to increase investment in primary education by 50% over the next twenty years, with the specific goals of increasing access and equity, improving quality and relevance, and improving effectiveness and efficiency.<sup>78</sup>

Lastly, one of the major impediments to effective and efficient public policy in the country is its high level of corruption. The perceived deterioration of governance and increase in corruption threatens

<sup>&</sup>lt;sup>74</sup> Allafrica.com. "Uganda: WB connects over 24,000 to safe water."

 <sup>&</sup>lt;sup>75</sup> World Bank Independent Evaluation Group. "Facts About Primary Education."
 <sup>76</sup> UNESCO. *EEA Clobal Maniforma Ranaut 2010: Ranabian the Manifolizad*

<sup>&</sup>lt;sup>76</sup> UNESCO. *EFA Global Monitoring Report 2010: Reaching the Marginalized*.

<sup>&</sup>lt;sup>77</sup> Boissiere. *Rationale for Public Investment in Primary Education in Developing Countries*.

<sup>&</sup>lt;sup>78</sup> This mirrors the country's own goals. (IMF. *Uganda: Poverty Reduction Strategy Paper*, 233-237).

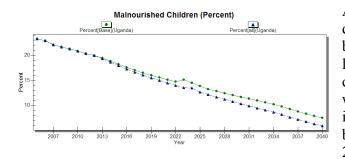
to tarnish Uganda's image and challenge its future development efforts. Clientelism is persistent and widespread, service delivery is often poor and ineffective, and many Ugandans have little faith in the government's ability to provide useful services at all. Uganda needs to decisively address increasing petty corruption, the growing culture of impunity for grand corruption and pervasive "quiet corruption" (the failure of public servants to deliver goods or services paid for by governments, such as unchecked teacher and health worker absenteeism). The third proposed intervention is therefore to increase the level of transparency in government over the next 10 years (or next two election cycles), from its current rating of 2.5 on the Transparency International scale to 5.0.

Implementing these three policies beginning in 2011 would have a small impact in some areas in the short term, but a major impact in many key areas in the long term.

Under current conditions, the country's population is projected to more than double by the year 2040, from just over 33 million to over 77 million. A forecast for the results of the proposed policy

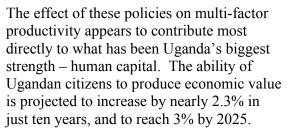
interventions estimate that the percent of people with no access to clean water would decrease from 18.8% to 12.1% by 2040, meaning that about 5.2 million more people would have clean water.

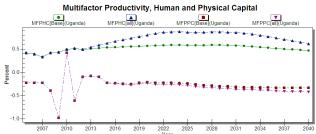
<u>Variable</u>	Dimension 1	Year	Value (base case)	Value (intervention)
WATSAFE	Uganda	2010	37.43602	37.43602
WATSAFE	Uganda	2040	18.84018	12.09547



As a result of this, infant mortality would potentially decrease by a factor of 3.4 – from 18.49 deaths per 1000 births to 15.09 within the same time frame. Years of life lost to communicable diseases would also likely decrease – from 3.004 to 2.512, meaning Ugandans would live an average of six months longer. Most impressively, the IFs model estimates that there would be 1.2 million less malnourished children in the year 2040 alone.

It is also estimated that the effect of the proposed interventions on TFR would be a difference of .251 (from 3.212 with no such intervention to 2.961 by 2040). While this does not appear to be significant, it would actually be a cumulative difference in the total population of roughly 5.44%. Given Uganda's projected population trends, that means approximately 4.23 million less people – most of whom would have been born under the poorest of circumstances.

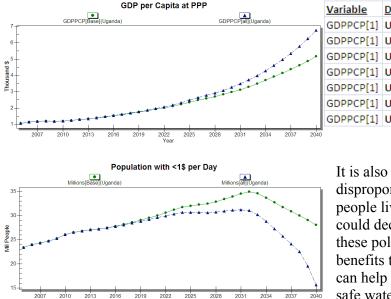




The impact of this increased productivity on the economy as a whole is substantial.

	GDP grov	wth rate					
	GDP Growth Rate[Base](Uganda)	GDP Growth Rate[all](Uganda)	<u>Variable</u>	Dimension 1	Year	Value (base case)	Value (intervention)
12-		h + + + + + + + + + + + + + + + + + + +	GDPR[1]	Uganda	2010	5.21084	5.21084
E 🖈		to a set and and	GDPR[1]	Uganda	2015	9.75863	9.987009
	A States		GDPR[1]	Uganda	2020	10.09701	10.85672
4 8	Y F		GDPR[1]	Uganda	2025	10.59059	11.84898
6			GDPR[1]	Uganda	2030	9.760279	11.61713
Æ	$\mathcal{M}$		GDPR[1]	Uganda	2035	11.20904	13.17929
2007	2010 2013 2016 2019 202	22 2025 2028 2031 2034 2037 2040	GDPR[1]	Uganda	2040	10.75314	13.02683
		'ear					

The GDP growth rate, for example, could potentially exceed the already high projections by up to 2.3% per annum. When compounded over the next thirty years, that could amount to an additional \$691.61 billon. Projections for the amount of GDP per capita are also optimistic, as there would be more money to go around for less people. By 2040, there could be a difference from the base case in GDP per capita by as much as 31%.



Variable	Dimension 1	<u>Year</u>	Value (base case)	Value (intervension)
GDPPCP[1]	Uganda	2010	1.199159	1.199159
GDPPCP[1]	Uganda	2015	1.468281	1.472159
GDPPCP[1]	Uganda	2020	1.840863	1.875531
GDPPCP[1]	Uganda	2025	2.355075	2.483735
GDPPCP[1]	Uganda	2030	2.970203	3.271858
GDPPCP[1]	Uganda	2035	3.919125	4.610159
GDPPCP[1]	Uganda	2040	5.164473	6.767541

It is also projected that this economic growth would disproportionately benefit the poor. The number of people living on less than a dollar a day, for example, could decrease by up to 12.4 million by 2040. While these policy interventions can in no way *predict* the benefits that their implementation would have, they can help to demonstrate the benefits of prioritizing safe water access, education, and corruption first.

As another major challenge is the country's overall lack of physical infrastructure, a complementary policy that helps to alleviate this bottleneck to growth – particularly in the areas of energy and transport – would likely make the above projections even more optimistic. In the road sector, for example, which carries 96.4% of the total cargo freight, only 4% of it is paved. The rail network also carries 3.5% of the freight cargo but only 26% of it is functional. This contrasts with China and India where over 90% of the cargo is transported by rail. The cost of cargo freight by road is roughly three times more than the cost of using rail, which means that the cost of doing business in Uganda is higher than it could be. Reducing the cost of business would likely incite domestic business to grow, attract foreign investment, and increase employment.

There is no one policy or set of policies that will fix all of Uganda's problems, of course. This paper has merely attempted to present one possible scenario for how the country could address some of its more pressing challenges. If Uganda were to start by increasing the number of people with improved access to clean water by 50% over the next twenty years, increasing investment in primary education by 50% over the next twenty years, and increasing the level of transparency in government by 100%

over the next ten years, the country could be well on its way to mirroring its success in HIV/AIDS prevention and becoming an example for the rest of sub-Saharan Africa.

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