

A large, stylized black and white bird in flight, with a yellow and red swoosh underneath, representing the Uganda Vision 2040 logo.

Uganda  
Vision **2040**



## NATIONAL ANTHEM

Oh Uganda! may God uphold thee,  
We lay our future in thy hand.  
United, free,  
For liberty  
Together we'll always stand.

Oh Uganda! the land of freedom.  
Our love and labour we give,  
And with neighbours all  
At our country's call  
In peace and friendship we'll live.

Oh Uganda! the land that feeds us  
By sun and fertile soil grown.  
For our own dear land,  
We'll always stand:  
The Pearl of Africa's Crown.



## FOREWORD

Over the last 50 years, Uganda has made significant development progress. Since the mid 1980's, the economy has moved from recovery to growth. A number of economic policies and programs such as the Structural Adjustment Programs (SAPs), Economic Recovery Program (ERP), Poverty Eradication Action Plan (PEAP) have been successfully implemented leading to a boost in economic growth. Since 2002, the economy grew consistently at an average of 6.4 percent and has since built sufficient momentum for takeoff.

In order to consolidate and accelerate this growth process, Government in 2007 approved the Comprehensive National Development Planning Framework policy (CNDPF) which provides for the development of a 30 year Vision to be implemented through: three 10-year plans; six 5-year National Development Plans (NDPs); Sector Investment Plans (SIPs); Local Government

Development Plans (LGDPs), Annual work plans and Budgets. Consequently, Cabinet approved the National Vision Statement, **"A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years"**. The National Planning Authority in consultation with other government institutions and other stakeholders has thus developed a Uganda Vision 2040 to operationalise this Vision statement.

Uganda Vision 2040 builds on the progress that has been made in addressing the strategic bottlenecks that have constrained Uganda's socio-economic development since her independence, including; ideological disorientation, weak private sector, underdeveloped human resources, inadequate infrastructure, small market, lack of industrialization, underdeveloped services sector, underdevelopment of agriculture, and poor democracy, among others.



It is therefore, with great pleasure that I now present the Vision 2040, whose aspirations are to change the country from a predominantly low income to a competitive upper middle income country within 30 years with a per capita income of USD 9,500. It sets out the goals and targets to be achieved to realise this desired socioeconomic transformation. The aspirations in Vision 2040 have been arrived at following a nation-wide consultation process, and it reflects the collective understanding, aspirations and determination of Ugandans.

The Vision 2040 is conceptualized around strengthening the fundamentals of the economy to harness the abundant opportunities around the country. The opportunities include; oil and gas, tourism, minerals, ICT business, abundant labour force, geographical location and trade, water resources, industrialisation, and agriculture. On the other hand, the fundamentals include: infrastructure for (energy, transport, water, oil and gas and ICT); Science, Technology, Engineering and Innovation (STEI); land; urban development; human resource; and peace, security and defence.

The implementation of Vision 2040 will depend on the actions and measures that we undertake as Government, private sector, civil society and as individuals through short and medium-term National Development Plans. Therefore, the commitment and dedication of all Ugandans towards its realization is of paramount importance. Fellow Ugandans, to achieve the aspirations as stated in this Vision, we need to have the right attitudes and mind-sets, particularly towards work, improving our competitiveness, and collective participation in its implementation.

I, therefore, call upon all Ugandans to take up the challenge as set out in this Vision 2040 to enable the country realize its full potential.

**FOR GOD AND MY COUNTRY**

Yoweri Kaguta Museveni

**PRESIDENT OF THE REPUBLIC OF  
UGANDA**



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## LIST OF ACRONYMS

BOP	Balance of Payment
BPO	Business Process Outsourcing
BTVET	Business, Technical and Vocational Education and Training
CAD/CAM	Computer Aided Design and Manufacturing
CIID	Criminal Intelligence and Investigations Directory
CNDPF	Comprehensive National Development Planning Framework
COMESA	Common Market for East and Southern Africa
DPP	Director of Public Prosecution
EAC	East African Community
EACCM	East African Community Common Market
ENR	Environmental and Natural Resources
EPRC	Economic Policy Research Centre
ERP	Economic Recovery Program
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investments
FGM	Female Genital Mutilation
GDI	Gender Related Development Index
GDP	Gross Domestic Product
GKMA	Greater Kampala Metropolitan Area
GMOs	Genetically Modified Organisms
HDI	Human Development Index
HPPs	Hydro Power Plants
HRD	Human Resource Development
ICT	Information Communications Technology
IDPs	Internally Displaced People
IRWR	Internal Renewable Water Resources
ISO	International Organization for Standardization
IT	Information Technology
ITES	Information Technology Enabled Services
kWh	Kilo Watt hour
LDCs	Low Developed Countries



LG	Local Government
LGDPs	Local Government Development Plans
LPG	Liquefied Petroleum Gas
M & E	Monitoring and Evaluation
MDAs	Ministries Departments and Agencies
MEAs	Multilateral Environmental Agreements
MGLSD	Ministry of Gender Labor and Social Development
MICE	Meetings Incentives Conferences and Events
MoFPED	Ministry of Finance Planning and Economic Development
MSMEs	Micro, Small and Medium sized Enterprises
MW	Mega Watt
NAPA	National Adaptation Plan of Action
NDP	National Development Plan
NDPs	National Development Plans
NESAP	New Economy Skills for Africa Programme
NPA	National Planning Authority
PEAP	Poverty Eradication Action Plan
R&D	Research and Development
S&T	Science and Technology
SADC	Southern African Development Community
SAP	Structural Adjustment Program
SEZs	Special Economic Zones
SGBV	Sexual and Gender Based Violence
SMEs	Small and Medium Enterprises
STI	Science Technology and Innovation
STEI	Science Technology Engineering and Innovation
TAI	Technology Achievement Index
UBOS	Uganda Bureau of Statistics
UMI	Upper Middle Income
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Fund for Population Activities
UNHS	Uganda National Household Survey
USD	United States Dollars



## EXECUTIVE SUMMARY

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Uganda Vision 2040 provides development paths and strategies to operationalize Uganda's Vision statement which is **"A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years"** as approved by Cabinet in 2007. It aims at transforming Uganda from a predominantly peasant and low income country to a competitive upper middle income country.

It builds on the progress that has been made in addressing the strategic bottlenecks that have constrained Uganda's socio-economic development since independence, including; ideological disorientation, weak private sector, underdeveloped human resources, inadequate infrastructure, small market, lack of industrialization, underdeveloped services sector, underdevelopment of agriculture, and poor democracy, among others.

The Vision 2040 is conceptualized around strengthening the fundamentals of the economy to harness the abundant opportunities around the country. The identified opportunities include: oil and gas, tourism, minerals, ICT business, abundant labour force, geographical location and trade, water resources, industrialisation, and agriculture among others that are to date considerably under-exploited. Achieving the transformational goal will thus depend on the country's capacity to strengthen the fundamentals including: infrastructure (energy, transport, water, oil and gas, and ICT); Science, Technology, Engineering and Innovation (STEI); land use and management; urbanisation; human resource; and peace, security and defence.

Projections indicate that Uganda will graduate into a lower middle income country by 2017, progressing to an up-



per middle income category by 2032 and attaining its target of USD9500 in 2040. Projections further indicate that Uganda will be a first world country in the next fifty years. To achieve this transformation the average real GDP growth rate will have to be consistent at about 8.2 per cent per annum translating into total GDP of about USD 580.5bn with a projected population of 61.3 million in 2040.

Uganda Vision 2040 identifies key core projects that need to be started including:

- A Hi-tech ICT city and associated ICT infrastructure;
- Large irrigation schemes in different parts of the country;
- Phosphate industry in Tororo;
- Iron ore industry in Muko, Kabale;
- Five regional cities ( Gulu, Mbale, Kampala, Mbarara, and Arua) and five strategic cities ( Hoima, Nakasongola, Fortportal, Moroto, and Jinja);
- Four international airports;
- A standard gauge railway network with high speed trains;
- Oil Refinery and associated pipeline infrastructure;
- Multi-lane paved national road network linking major towns, cities and

- other strategic locations;
- Globally competitive skills development centres;
- Nuclear power and hydro power plants (Ayago, Isimba, Karuma, and Murchison Bay);
- Science and Technology parks in each regional city;
- International and national referral hospitals in each regional cities

However, to achieve all this, some key strategies and policy reforms must take place. These include:

- Review the architecture of government service delivery system to act as a unit, harness synergies and deliver public services efficiently and effectively.
- Pursue policies aimed at leapfrogging especially in the areas of Science, Technology, innovation, and engineering; human resource development; public sector management; and private sector development.
- Develop and implement a National science technology and engineering system that will help in initiating, importing, modifying and diffusing new technologies.



- Front-load investments in infrastructure targeting areas of maximum opportunities with focus on oil, energy, transport and ICT.
- Accelerate industrialization through upgrading and diversification to effectively harness local resources, offshoring industries and develop industrial clusters along value chains.
- Make land reforms to facilitate faster acquisition of land for planned urbanisation, infrastructure development, and agricultural commercialisation among other developments.
- Pursue a planned urbanization policy that will bring about better urban systems that enhance productivity, livability and sustainability while releasing land for commercializing agriculture.
- Strengthen the three arms of government and ensure checks and balances and taking decisions that have national interest: first, ministers will not be members of Parliament to foster separation of powers; and second, the judiciary will be reformed to make it more independent and proactive.
- Develop and nurture a national value system to change citizens' mind sets, promote patriotism, enhance national identity and nurture a conducive ideological orientation.
- Accelerate government reforms in the education system and the curriculum to obtain a globally competitive human resource with skills relevant to the development paradigm.
- Review and strengthen the foreign policy to enhance collaboration in accordance with existing and future agreements, standards and protocols within the framework of East African Community, other regional blocs, African Union and global community, for the realisation of this Vision.
- Directly invest in strategic areas to stimulate the economy and facilitate private sector growth.
- Develop and implement a specific policy to attract and retain top rated professionals in the Universities to make Uganda a Center of Excellence in Education in the region.



- Establish a Uganda infrastructure fund to significantly lower the cost of infrastructure development.
- Develop a universal health insurance system through public private partnership.

The Vision implementation will be spearheaded by H.E The President but remains a responsibility of every citizen in government, private sector, civil society, political organisations and any other institutions. As already noted, it will be implemented in line with the comprehensive National Development Planning Framework. Interventions will be sequenced and detailed in the 5-year national development plans and annual budgets.

The financing of this Vision will be mainly by the government, CSOs, development partners and the private sector. Government will mobilise resources using conventional and innovative non-conventional means of financing. These will include; tax and non-tax revenues,

revenue from oil and gas, Public Private Partnerships, concessional loans and grants, borrowing from domestic and international markets. The revenue from oil and gas will be used to kick start major infrastructure development projects to enhance the country's competitiveness. The domestic and international borrowing shall include; domestic and sovereign infrastructure bonds, venture and investment funds.

There will be regular review, monitoring and evaluation of Vision 2040 in line with the mechanisms provided for in the Comprehensive National Development Planning Framework policy.





# Chapter 1

Kiprotich wins a gold medal and raises the Uganda Flag high at the London Olympics 2012



# Chapter 1

## INTRODUCTION

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### 1.1. Background

1. Uganda covers an area of 241,038 square kilometers of which about a third is covered by fresh water bodies and wetlands. It is mainly a plateau astride the equator with favorable tropical climate and average temperature ranging from 18 to 28 degrees centigrade. It is endowed with numerous natural resources.

2. The country has a relatively young population with about 60 per cent below 18 years of age and a total population estimated at 32 million people (UBOS 2010). About 51 per cent of this are female. Uganda is a peaceful, stable and secure country. It is under a multi-party democratic dispensation with a decentralized governance system.

3. Over the last three decades, the economy has moved from recovery to growth based on short-to-medium term planning and the country implemented a number of economic policies including the Structural Adjustment Programs(SAPs), Economic Recovery Program (ERP) and the Poverty Eradication Action Plan (PEAP). As a result the GDP growth has since 2002 been sustained at an average of 6.4 per cent. The macro-economy has remained relatively stable with inflation rates maintained at single digit level while public finance and monetary policies have been well managed.

4. A review of global development paths however, shows that long term planning is a key factor in propelling social-economic development and equitable distribution of wealth in many countries all over the world. A number



of Asian countries such as Malaysia, Singapore, South Korea and Thailand among others, adopted long term planning to guide their development paths. The long term planning helped to guide these Governments to intervene systematically and through multiple approaches to foster growth.

5. Uganda's planning has been characterized by different approaches. The mixed economy approach to development was a key feature of Uganda's economic development during 1962-1971. During this period, two medium-term plans were developed. However, this development planning path was interrupted by the "Economic War" in the 1970's. The early 1980's saw the introduction of the Structural Adjustment Program (SAP) and then the Economic Recovery Program (ERP) in 1987. Between 1997 and 2008, the Poverty Eradication Action Plan (PEAP) was the overarching planning framework for the country.

6. In 1999 and 2007, Uganda developed long term perspective development plans, Vision 2025 and draft Vision 2035, respectively. However, these were not operationalized mainly due

to absence of appropriate policy, legal and institutional framework, and lack of ownership at different levels of leadership. Furthermore, the development approach and the economic thinking at that time coupled with both external and internal factors could not allow their implementation.

## 1.2. Context and Rationale

7. In 2007, Government adopted a Comprehensive National Development Planning Framework which provides for the development of a 30-year Vision that will be implemented through: three 10-year plans; six 5-year National Development Plans (NDPs); Sector Investment Plans (SIPs); Local Government Development Plans (LGDPs); Annual work plans; and Budgets. The first five year National Development Plan operationalising this Vision was launched in April 2010.

8. In line with this policy, the Vision 2040 consolidates the previous efforts, lessons learnt and analysis of our past development strategies and future prospects. It takes into account emerging development opportunities including the discovery of oil and gas reserves, E-revolution, globalization and economic integration, among others.



9. It also gives a unified direction for the country, mobilises people and resources to achieve a common goal, and faster socio-economic transformation by focusing on specific areas of maximum opportunity. This Vision therefore, will assist the country to reposition herself within the global sphere.

### 1.3. The Vision

10. Uganda's Vision is "A transformed Ugandan society from a peasant to a modern and prosperous country within 30 years". This involves changing from a predominantly low income to a competitive upper middle income country within 30 years. It is envisaged that the country will graduate to the middle income segment by 2017 and reach a per capita of USD 9,500 by 2040.

11. The Vision attributes, which are consistent with the principles of the Constitution, are: (a) independence and sovereignty; (b) democracy and the rule of law; (c) stability and peace; (d) knowledgeable and skilled; (e) able to exploit and use its resources gainfully and sustainably; (f) in a strong federated East Africa with an effective African Common Market and a strong African Defence Mechanism.

12. To realize this Vision, Uganda will need to increase its GDP by over 30 times in the next 30 years to attain the level of development observed in Upper Middle Income (UMI) countries. An analysis of these countries' development paths and assessment of Uganda's development potential confirms that it is possible for the country to attain an upper middle income status within the next 30 years.

13. Vision 2040 is conceptualized on harnessing strategic opportunities by strengthening the relevant fundamentals capable of maximizing returns to the economy. The identified opportunities in this Vision include; oil and gas, tourism, minerals, ICT business, abundant labour force, geographical location and trade, water resources, industrialisation, and agriculture. On the other hand, the fundamentals include: infrastructure for (energy, transport, water, oil and gas, and ICT); Science, Technology, Engineering and Innovation (STEI); land use and management; urbanisation; human resource; and peace, security and defence.



#### 1.4. Challenges to Uganda's Development

14. Currently Uganda's development is constrained by a number of factors including;

a. Low Competitiveness; a country's competitiveness is the ability to produce goods and services that can be favourably traded on the global market. It positions a country at an advantage towards attracting investments. The factors that defines competitiveness include; institutions, policies, and factors that determine the level of productivity of a country. These are; Institutions; Innovation; Infrastructure; Microeconomic environment; Health and primary education; Higher education and training; goods market efficiency; Financial market development; Technological readiness; Market size; Labour market efficiency; and business sophistication. Based on these factors, Uganda was ranked 121 out of 142 countries in terms of overall competitiveness of its goods and services by the World Economic Forum in 2010. To develop a strong private sector and be able to attract Foreign Direct Investments, Uganda has to improve on the above factors.

b. Weak public sector management and administration; Public Sector Management and administration is characterised by weak policy, legal and regulatory frameworks; weak institutional structures and systems; oversized public administration; weak civil society and civic participation; inadequate data and information; inadequate standards and weak quality infrastructure; overlapping mandates; limited social protection and support systems; and weak management of environment and climate change. This is exacerbated a weak; decentralisation system, slow implementation characterised by long procurement cycles, poor enforcement of standards and regulations, and ineffective monitoring and evaluation.

c. Ideological disorientation; countries that have attained upper middle income status have clear and well defined national ideologies. Our political history has not provided clear ideological direction to guide the country's development path. This has led to failure to establish and implement a national value system. The value systems inculcate values such as; patriotism, work ethics, integrity, positive attitudes and



mind sets, national identity, and positive cultural practices. Thus, there is need for Uganda to have a well-defined ideology and a national value system which is subscribed to by every citizen.

d. Low industrialisation and value addition; Uganda's GDP is still largely dominated by primary products. This has led to unfavourable balance of payment, skills transfer, low levels of employment and high poverty levels. This is compounded by low Science, Technology, Engineering and Innovation (STEI) level compared to many developed countries.

e. Corruption remains one of Uganda's major challenges. It increases the cost of doing business and negatively affects service delivery. According to the Transparency International 2010 report, Uganda currently ranks 127 out of 178 countries surveyed.

f. Limited government investment in strategic and emerging industries; over time, government has not invested in strategic and emerging industries that stimulate the establishment of secondary and tertiary industries. These indus-

tries require large amount of capital, have high risk and long turn-around time and thus less attractive to private sector.

g. Slow accumulation of modern infrastructure; Uganda has not accumulated a sufficient infrastructure base (roads, railway, energy and water) to lower the cost of doing business and compete favourably for Foreign Direct Investments.

h. Inadequate human resource; Uganda has a large youthful labour force that is poorly educated and skilled. This has been largely due to inadequate education and health care. This can be addressed through emphasising skilling of the youth with globally competitive skills to attract Foreign Direct Investments (FDIs) and adequate remuneration of strategic human resource especially in the field of STEI.

i. Low level of saving and inadequate revenue collection; the inadequate revenue collection has hindered financing of public investments to the expectations of the citizenry. On the other hand, the low level of savings has



denied the country long term and cheap investment capital.

j. Unfavourable Demographics Profile; Uganda has one of the youngest populations in the world with nearly half of them aged below 15 years due to a historically high and constant fertility rate of about 6.7 children per woman. This has resulted in an unfavourable demographic profile made up largely of dependants. These dependants are either too young to work, and yet they consume the bulk of public services. In addition, the high growth rates arising out of the high fertility are putting pressure on delivery of services such as education and health.

fied opportunities and the fundamentals that need to be strengthened in order to harness these opportunities. Chapter Five discusses social transformation while chapter six covers the governance transformation required. The last Chapter covers implementation of these strategies over the Vision period.

## 1.5 Structure of the Document

15. Chapter one of this Vision covers the background, context, Vision thrust and also discusses the challenges to development that the country faces. The Second chapter looks at the Vision aspirations and targets, and policy reforms to be undertaken. Chapter three on the other hand covers the growth trends and key Macro-economic strategies. Chapter four presents the identi-



# Chapter 2







# Chapter 2

## THE VISION ASPIRATIONS, PRINCIPLES, TARGETS AND POLICY SHIFTS

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### 2.1. Aspirations

16. Nationwide consultations were conducted involving various stakeholders and consensus was reached on the following aspirations for Uganda's future development.

a. Ugandans aspire to live and work in a peaceful, secure, harmonious and stable country, and at peace with its neighbours, where the rule of law prevails and respect for fundamental human rights is observed. Ugandans want a corruption free nation with strong democratic structures and systems empowered to be in charge of their own destiny.

b. Ugandans aspire to have unity in diversity and equal opportunities irrespective of gender, tribe, ethnicity or religion. Ugandans aspire for a progressive and developmental culture that blends traditional beliefs and national values. Ugandans aspire for a future in which men, women, youth, children, and persons with disabilities are empowered to participate as equal partners in development.

c. Ugandans desire to be resourceful and prosperous nationals contributing to national development through gainful employment, savings and investments. Ugandans desire to earn high incomes and have a stable economic environment. They aspire to be part of a strong East African Federation.



d. Ugandans desire to have access to affordable quality health and education services. Ugandans aspire for a healthy, literate and well informed society. We desire to live in clean and well planned settlements with access to all social amenities. Uganda aspires to be a society free of hunger with strong social safety nets.

e. Ugandans desire to have world class infrastructure and services, and modern technology to improve productivity and production. Ugandans also aspire to have access to clean, affordable and reliable energy sources to facilitate industrialization.

f. Ugandans desire a green economy and clean environment where the ecosystem is sustainably managed and the liveability of the urban systems greatly improved.

g. Ugandans aspire for a highly moral and ethical society whose citizens are strong in religious and spiritual values, and instilled with the highest of ethical standards. A society in which people practise and profess their customs, cultures and religious beliefs and yet, feeling that they belong to one nation. A society with resourceful and stable family units.

17. These aspirations, as well as emerging development opportunities and global trends, provide a basis and foundation for the realisation of the Vision 2040.

## 2.2. Principles of Vision 2040

### 2.2.1 Ownership

18. The realisation of Vision 2040 requires the wholehearted support of all stakeholders. The same applies to the subsequent National Development Plans derived from this vision and intended to achieve its goals and objectives. The ownership is not only for the formulation process but also for a smooth and successful implementation of programmes, projects and other initiatives.

### 2.2.2 Political Will

19. Vision 2040 requires strong backing from the political leadership at all levels.

### 2.2.3 Good Governance

20. Good governance is the positive exercise of authority. It is characterized by citizen transformation and participa-



tion in governance, control of corruption, political stability, and respect for the rule of law, Government effectiveness, regulatory quality and effective knowledge management. It is a prerequisite for achieving the required growth rates and therefore social transformation. Good governance is therefore of paramount importance for successful implementation of Vision 2040.

#### 2.2.4 Resource Availability

21. It will be extremely important to ensure the availability of resources for implementing the planned programmes. This will require taking measures to eliminate wasteful spending, fighting corruption, intensifying accountability, improving the allocation of resources, increasing efficiency in the use of resources and giving more attention to effectiveness through monitoring and reviews. Mobilisation of domestic revenue will be enhanced.

#### 2.2.5 Balanced Development

22. While recognising that the economy will reflect Uganda's comparative advantage, implementation of the Vision 2040 will encourage the harnessing of key opportunities by strengthen-

ing the necessary fundamentals. In this way the country's targeted growth will not hinge on a few sectors, as many others will have the potential to contribute to growth.

23. The second dimension of balanced development is linked to ensuring that all regions of the country benefit from growth of the national economy by equitably using national resources, better infrastructure and other development projects to realise higher investments levels required to fight poverty, promote social equity and harmony. The other dimension of equity is promotion of gender and human rights. The Vision follows various international conventions and resolutions that promote equal opportunities and enjoyment of human rights for both men and women. Gender, disability and human rights mainstreaming are a core part of the planning process

#### 2.2.6 Behaviour Change

24. Behaviour change is needed in many public and private sector groups as well as in many citizens, and is crucial for rapid economic growth and transformation. The people will need to adopt a new attitude to public property, assets,



amenities and the environment and be patriotic to their country. They should demonstrate and exercise concern for other citizens, especially the elderly, the disabled, and children. This includes being committed to promoting gender equality so that men, women, boys and girls have equal opportunities and access to resources. Ugandans should start appreciating hard work, discipline, time management and patriotism.

### 2.2.7 Linkage with the National Planning Processes

25. The road to transformation will require careful planning and commitment of resources. This Vision 2040 is expected to be an all encompassing perspective plan for the thirty years, which will also act as a guide to any future planning. In essence, all ministries, departments and autonomous and semi-autonomous entities will realign their development priorities with the Vision.

### 2.2.8 Sustainable and Equitable Development

26. Sustainable development is about using resources to meet human needs while preserving the environ-

ment. For several decades, development has concentrated on improvement and advancement of economic, social cultural and political conditions and less on preserving the environment. This has resulted into global warming and other adverse environmental conditions associated with climate change. Less focus on gender inequalities has also often promoted discrimination against the female sex. The implementation of the Vision should ensure sustainable and equitable development.

27. The design and implementation of the Vision emphasizes sustainable development through preservation of natural resources such as forests and wetlands. Access to basic needs such as education, health services, food, housing and the equitable distribution of incomes among all citizens shall be promoted. As part of implementing sustainable development, every person shall be assured of a life of dignity, including a life in a society that respects and helps realize human rights.



### 2.2.9 Effective Implementation, Monitoring and Evaluation Mechanism

28. In the course of the implementation of the various Vision 2040 initiatives, it will be important to determine whether or not the country is on course towards achieving its goals and objectives, whether or not progress is being made and success being registered. An effective implementation mechanism should lead to the achievement of the goals and objectives. To this end, effective monitoring and evaluation will be undertaken to provide relevant information which will be used to fine-tune, re-

orient, or otherwise alter the proposed initiatives. Effective M&E is important for measuring and reporting progress towards the planned objectives and related targets.

### 2.3. Vision 2040 Targets

29. In line with Vision 2040 and having benchmarked it with selected Upper Middle Income (UMI) countries that have achieved similar level of development status, a number of socio-economic indicators and targets have been developed for Uganda. Table 2.1 presents the baseline and desired targets. These development targets are reference points

**Table 2.1: Baseline Status and Vision Targets**

No.	Development Indicator	Baseline Status: 2010	Target 2040
	Per capita income	USD 506	USD 9500
	Percentage of population below the poverty line	24.5	5
	Income distribution(GINI Coefficient)	0.43	0.32
	Sectoral composition of GDP (%)	Agriculture	10.4
		Industry	31.4
		Services	58.2



Labor force distribution in line with sectoral contribution (%)	Agriculture	65.6	31
	Industry	7.6	26
	Services	26.8	43
% share of national labor force employed		70.9	94
Manufactured exports as a % of total exports		4.2	50
Gross Capital Formation as % of GDP		24.1	30
Saving as a % of GDP		14.5	35
ICT goods & services as a % of total export		0	40
Technology up-take & diffusion (Technology Achievement Index (TAI))		0.24	0.5
Public expenditure as a % share of R&D to GDP		0.1	2.5
Innovation as measured by patents registered per year		3	6000
Electricity consumption (kWh per capita)		75	3668
% population with access to electricity		11	80
Water consumption (m <sup>3</sup> per capita)		26	600
% population with access to safe piped water		15	100
% of standard paved roads to total road network		4	80
% of cargo freight on rail to total freight		3.5	80



% of population in planned settlements	Urban	51	100
	Rural	0	100
% level of urbanization		13	60
Labor Productivity (GDP per Worker - USD)	Agriculture	390	6,790
	Industry	3,550	24,820
	Services	1,830	25,513
	Total	1,017	19,770
Life expectancy at birth (years)		51.5	85
Infant mortality rate per 1000 live births		63	4
Maternal mortality rate per 100,000 live births		438	15
Under 5 mortality rate per 1000		96	8
Child stunting as a % of under 5s		33	0
Literacy Rate (%)		73	95
Gender Related Development Index (GDI)		0.51	0.9
Population growth rate		3.2	2.4
Forest Cover (% land Area)		15	24
Wetland Cover - % of total area		8	13
Corruption Perception Index		2.5	7.1

Source: NPA projections and bench marked data from various sources.



to indicate the desired level of development and social-economic transformation.

#### 2.4. Required Policy Reforms and Shifts

30. Over the Vision period, the planning approach will be based on harnessing strategic opportunities by strengthening the relevant fundamentals that facilitate maxima returns from the opportunities. This will be coupled with increasing the level of the country's competitiveness to enable production of globally competitive goods and services. In addition, efforts will be geared towards improving social development indicators while strengthening governance systems and structures. To attain this Vision all development plans at all levels shall follow this planning approach to foster faster socio-economic transformation.

31. A quasi-market approach, which includes a mix of Government investments in strategic areas and private sector market driven actions, will be pursued. The private sector will remain the engine of growth and development. Government will continue its facilitating role in provision of conducive policy,

regulatory and institutional framework. Government will also promote and encourage public-private partnerships in a rational manner. Furthermore, Government will invest in strategic areas and areas of national interest. In addition, the Government will continue to pursue outward-oriented policies by encouraging foreign investments and exports with high value addition, as well as pursuing sound macroeconomic policy and management.

32. There shall be continuous review and change of the architecture of Government service delivery system to enable Government act as a unit and deliver public services that are responsive to the needs of the people and cognizant of the global dynamics. Government will adopt a "business approach" in the implementation of this Vision. The local government service delivery system will be reviewed and restructured for better service delivery and wealth creation. Continuous institutional restructuring will be implemented and the country will adopt new public management techniques immediately. This will enable Government to deliver services more efficiently and effectively while harnessing synergies.





33. Government will make land reforms to facilitate faster acquisition of land for planned urbanisation, infrastructure development, and agricultural commercialisation among other developments.

34. To achieve faster socio-economic transformation, Government will invest in better urban systems that enhance productivity, liveability and sustainability. These urban areas will be centres of industrial development, financial, trade, education and other services that will foster economic productivity. Uganda will strengthen urban infrastructure and public service facilities, increase the overall carrying capacity of cities and towns and raise the level of urban management and services. Government will adhere to scientific planning and strict management. The promotion of urbanization will enable Government to provide better services like basic physical infrastructure, housing and social amenities. It will also free up land for mechanized and commercial agriculture.

35. Government will employ and support policies aimed at leapfrogging many areas of the economy. The focus of leapfrogging will be in the areas of science, technology, engineering and

innovation, human resource development, public sector management, and private sector development. In addition, a national Innovation system will be developed and supported over the Vision period.

36. To provide the necessary impulse to the economy, Government will embark on front-loading of investments in infrastructure. The key infrastructure areas will be in oil and gas, energy, transport, water for production, STEI and ICT.

37. Government will reform and optimize the industrial structure while establishing a modern industrial system that will give impetus to industrial transformation. Efforts will be geared to transforming and upgrading manufacturing industries and technology upgrading in enterprises. Uganda will accelerate the cultivation and development of strategic emerging industries including the next generation IT industries, aerospace industries, integration of telecommunication network and internet. Government will give impetus to the development of industries in areas of new materials industries, bio-technology, heavy industries and equipment manufacturing.



38. A policy on the national value system will be developed and implemented to address the current ideological disorientation, citizens' attitudes and mind sets, non-progressive cultural practices to nurture patriotism and national unity. This will produce a responsive and productive citizenry required for transformation. There is need to foster a sense of optimism, unyielding spirit and a call to fulfil our constitutional duties and responsibilities as citizens using every available opportunity.

39. Government will review and strengthen foreign policy to enhance collaboration in accordance with existing and future agreements, standards and protocols within the framework of East African Community, other regional blocs, African Union and global community, for the realisation of this Vision.

40. To strengthen the three arms of government and ensure checks and balances, and taking decisions that have national interest: first, ministers will not be members of Parliament to foster separation of powers; and second, the judiciary will be reformed to make it more proactive.

41. Government will review development financing policies to facilitate faster accumulation of development infrastructure. The sources of funding will include; tax and non-tax revenues, Public Private Partnerships (PPPs), concessional loans and grants, revenue from oil and gas and borrowing from domestic and international markets. Initially, government will make extra effort to increase domestic tax revenue as the main mode of financing Government expenditure. Government together with Development Partners will also explore alternative financing mechanisms to access significant funds from commercial and investment banks at concessional terms for front-loading infrastructure development. One of the alternative financing mechanisms is to use grants to subsidize and lower the interest rates of commercial loans.



# Chapter 3

Industrialisation will be critical in absorbing the country's labour force.



# Chapter 3

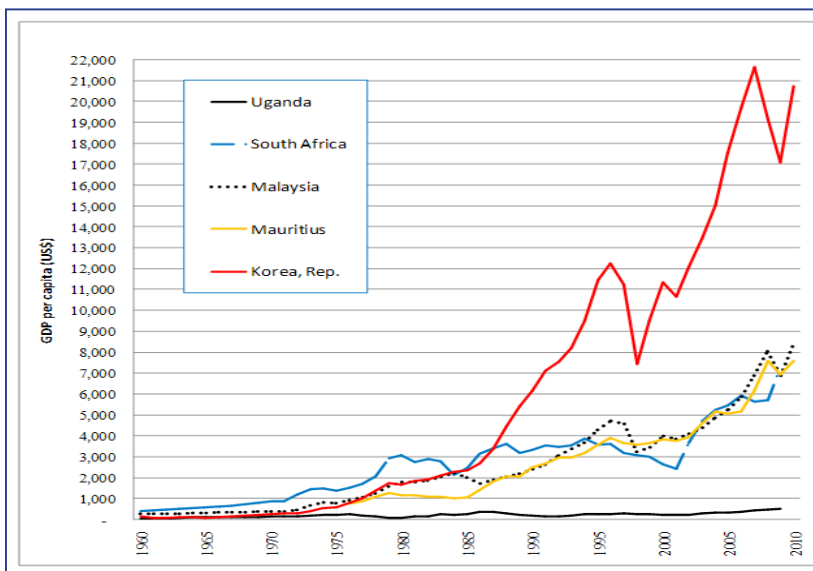
## GROWTH TRENDS AND MACROECONOMIC STRATEGIES

### 3.1. Growth Trends

42. Uganda's economic growth performance since the 1960(s) has been relatively slow compared to some of the

East Asian countries which were at the same level of development, for example, South Korea and Malaysia (see figure 3.1). Over a period of nearly 50 years, Uganda's GDP per capita increased

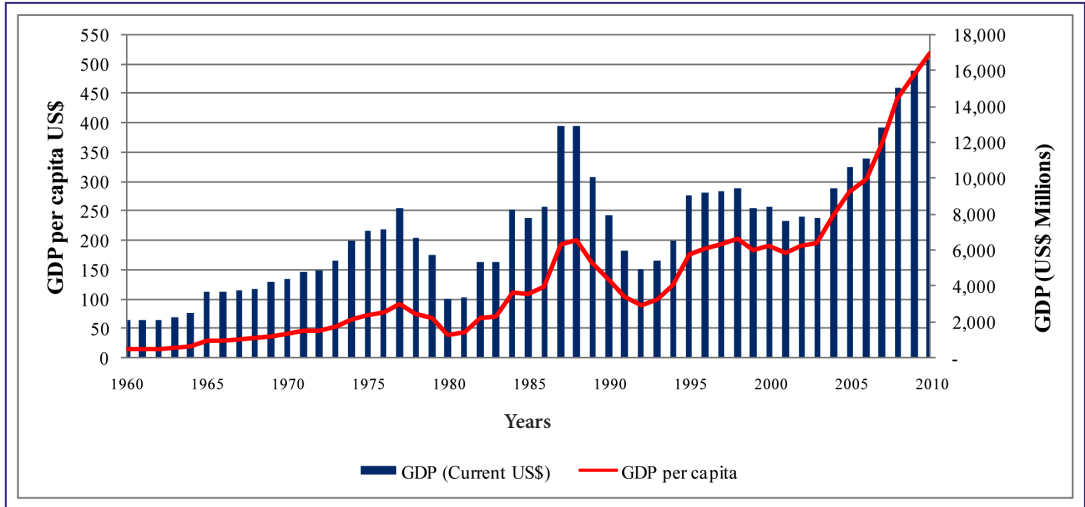
**Figure 3.1: Uganda's Comparative Growth Performance with Selected UMI Countries**



Source: World Bank online database



Figure 3.2: GDP & GDP Per-Capita Trends (1962 - 2010)



Source: World Bank online database

from USD 63.8 in 1962 to only USD 506 in 2010. On the other hand, South Korea GDP per capita increased from USD103 to USD 21,000 over the same period.

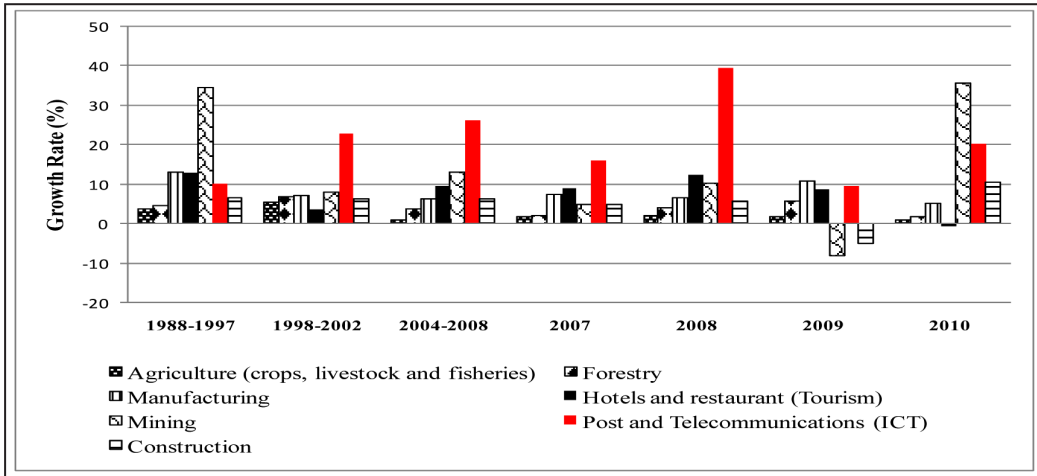
43. The GDP growth has varied over the period with the highest average growth experienced between 2005 and 2010 as shown in figure 3.2. Although growth in per capita income has been slow, the real GDP (billions of Dollars) has been steadily increasing since 1986 except for period of 1988 to 2002 due to re-basing. Since 2003, the cumulative growth gradient has been steeper an indication that the country is in a clear stage of take-off.

44. The main drivers of the growth as depicted in figure 3.3 have been posts and telecommunications, construction and mining sectors. More recently, the growth of the telecommunication and mining sectors have been instrumental in the country's growth largely driven by technology improvements in ICT and investments in oil and gas sector.

45. Uganda's exports both by composition and value have been growing for the last ten years. However, the imports have been increasing at faster rate mainly due to importation of high value consumer and investment goods thus widening the trade deficit. As a result the trade balance has more than dou-



Figure 3.3: Growth Rates of Key Sectors

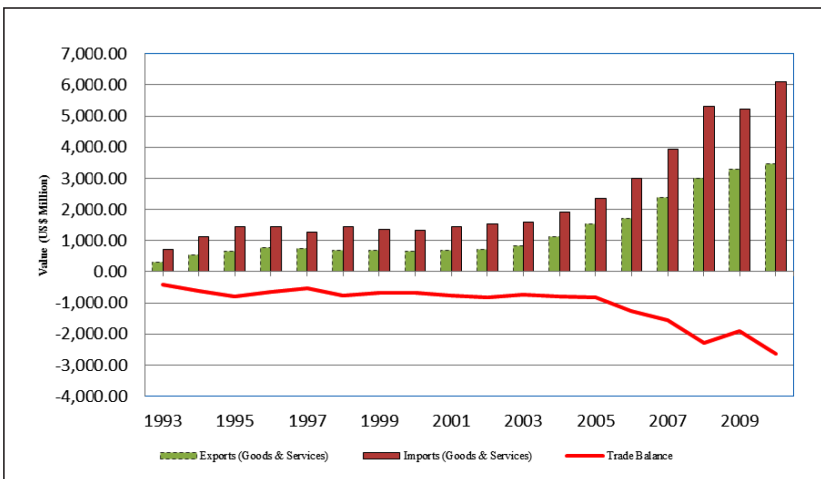


Source: UBOS (Statistical Abstracts)

bled from USD1.2b in 2006 to USD2.6b in 2010. The trend of the trade deficit as presented in figure 3.4. The balance of payments has also been unfavourable with a deteriorating trend in recent years

partly due to low demand for Uganda’s exports in advanced economies. These exports are mainly characterized by primary, low value and non-hi-tech products.

Figure 3.4: The Trade Balance (1990 - 2010)



Source: UBOS (Statistical Abstracts)



**Table 3.1: Destination of Uganda’s Exports (% of total exports)**

Region	2003	2004	2005	2006	2007	2008	2009	2010
COMESA	27.7	26.8	30.7	33.1	53.5	58.3	61.3	59.0
Other Africa	8.6	5.7	4.8	4.0	6.8	5.1	5.6	5.2
European Union	26.3	27.3	31.1	17.7	17.4	18.2	14.6	16.9
Other Europe	14.8	17.1	10.1	3.3	4.9	6.3	4.1	3.2
North America	2.7	2.9	2.3	1.1	1.3	0.8	1.6	1.1
Middle East	3.5	5.6	10.8	13.3	10.2	5.5	4.1	6.1
Asia	9.3	8.9	7.5	5.0	3.9	3.9	4.3	4.8
South America	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.1
Rest of the World	0.4	0.0	0.1	0.0	0.0	0.1	0.1	0.2
Unknown	6.6	5.7	2.5	2.4	2.0	1.9	4.2	3.4

Source: UBOS (Statistical Abstracts various issues)

46. Table 3.1 indicates that regional trade is taking an increasing share of Uganda’s exports, while the Middle East is also emerging as a major export destination. The European Union which in the past was the leading destination for Uganda’s exports now accounts for about one quarter of total exports.

47. The revenue collection performance measured by tax to GDP ratio has varied. The ratio stood at about 12.6 per cent in 1970/71 declining to 6.5 per cent by 1989/90. Revenue performance has since improved, peaking at 15.8 per cent in 2006/07 before declining to 13.1 per cent in 2008/09 (UBOS). This is still below the Sub-Saharan Africa average of about 20 per cent and still lower than Tanzania and Kenya at 17 per cent and 19.5 per cent, respectively (World Bank

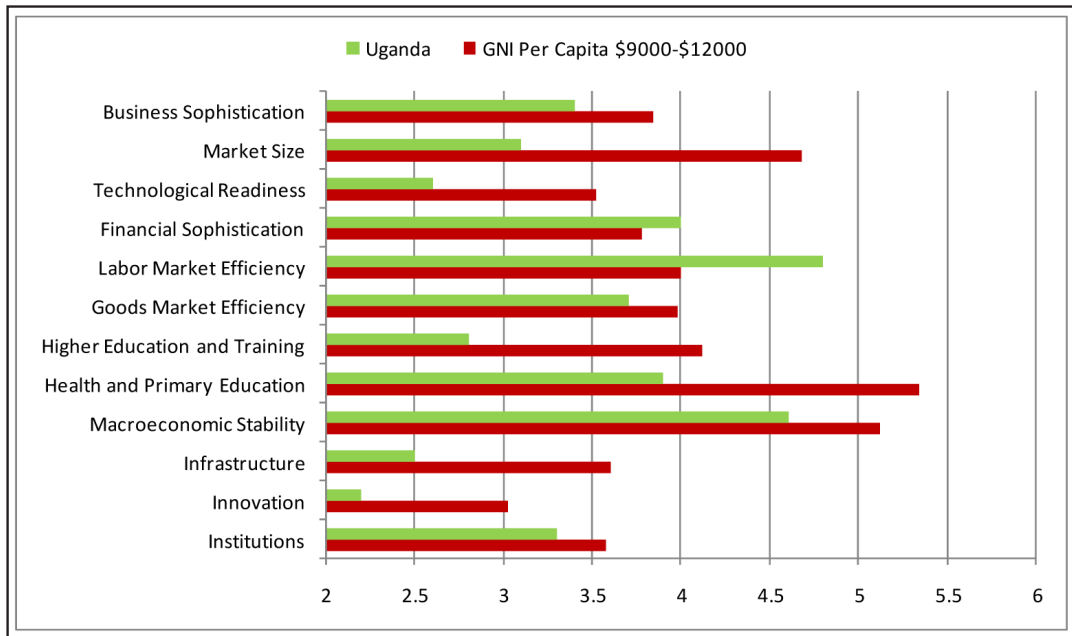
online database). Domestic resources are very critical because they help the country to mitigate the adverse impact of volatility and uncertainty in aid flows.

### 3.2. Uganda’s Competitiveness

48. The country’s competitiveness measured by the competitiveness of its goods and services is one of the biggest challenges to foster transformation. According to the World Economic Forum Global Competitive Index 2010 ranks Uganda number 121 out of 142 countries. In comparison with countries Uganda is benchmarking, our level of competitiveness is still very low, especially in key transformational indicators such as infrastructure, technological readiness, innovation and higher education and training.



Figure 3.5: Uganda's Competitiveness in Comparison with Upper Middle Income Countries



Source: World Economic Forum, 2009/10

49. The World Economic Forum, Global Competitiveness Report 2009/10 ranks Uganda 112th out of 183 countries on a wide range of business indicators. This ranking is based on identified factors that affect the business environment in a country including; registering properties, trading across borders, protecting investors, starting a business, enforcing contracts and getting credit. The major constraints affecting doing business in Uganda include; poor access to finance, corruption, high tax

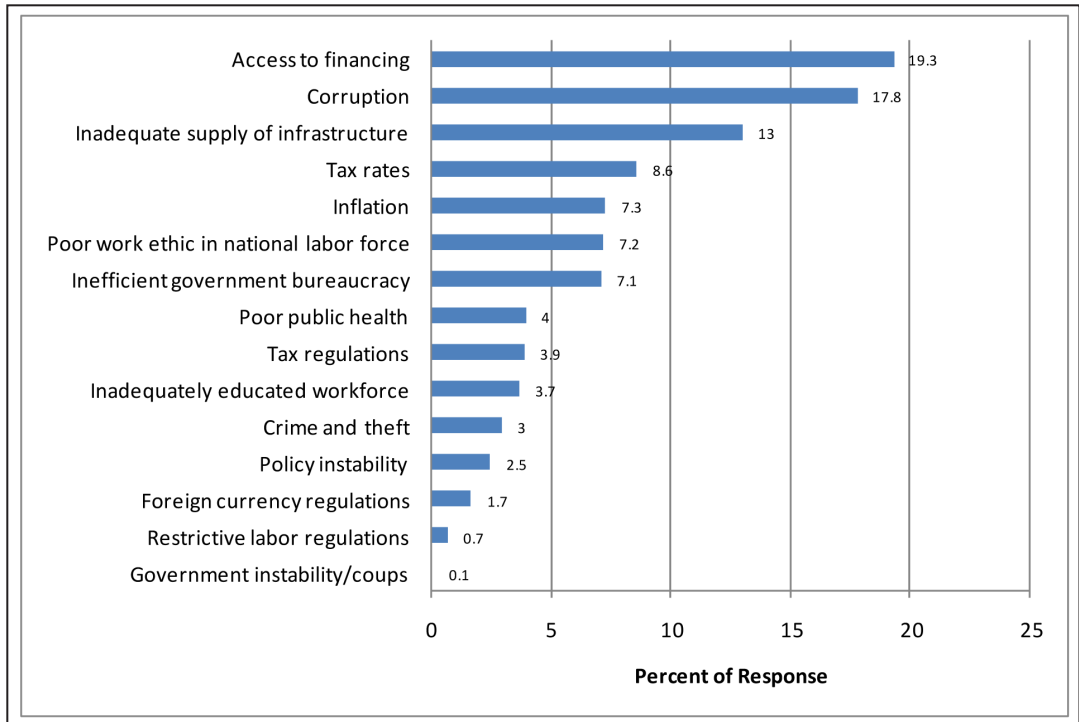
rates, inadequate supply of infrastructure, poor work ethic and Government bureaucracy, as shown in figure 3.6.

50. These constraints have hindered the growth of Uganda's private sector. It is still weak and has been struggling to respond to the challenge of becoming the engine of growth in the country. As of 2010, it is estimated that nearly 90per cent of the private sector are micro and small enterprises yet employing over 80per cent of the total workforce in the





Figure 3. 6: Most Problematic Factors for Doing Business



Source: World Economic Forum, Global Competitiveness Report 2009-2010

country and producing largely for the domestic market. Other bottlenecks to private sector growth include: limited access and use of modern technology; insufficient engineering manpower; negative attitude towards work leading to low labour productivity; limited access to credit; insufficient incentives; high production costs; low productivity; and low profitability.

51. The labour force in agriculture slightly reduced from 71.6per cent in 2005/06 to 65.6 per cent in 2009/10, though significant reduction was experienced in the sector share contribution to GDP. The labour force in the industrial sector remained nearly the same over the period. There was a slight increase in the labour force employed in the services sector but this is not commen-



surate with the increase in the sector's contribution to GDP. This inability of the industrial and service sectors to absorb the country's labour force is a challenge that shall be addressed for effective transformation.

### 3.3. Unemployment

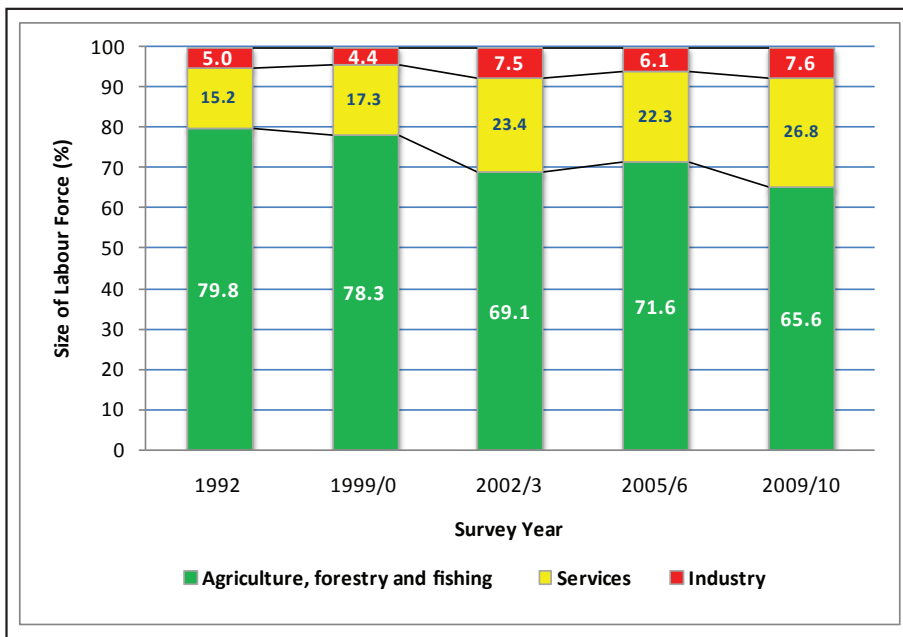
52. Uganda has a big challenge of a labour force that is largely under or unemployed due to inappropriate skills and the slow labour absorptive capacity of the economy. The result has been a large number of unemployed youth who

are becoming a social and economic threat. The failure to match the skills needed in the economy creates a gap in the human capital which is critical for economic and social transformation.

### 3.4. Growth Strategy

53. The thrust of Uganda's growth strategy for the realization of this Vision is anchored around harnessing of opportunities by strengthening the fundamentals.

Figure 3.7: Labor Force Distribution by Sectors



Source: UBOS (National Household Surveys-various years)



54. As a result of globalization and the unpredictability of many macro-economic variables, it is a challenge to estimate the macro-economic parameters over a thirty year period with a fair degree of accuracy. This strategy provides for a broader perspective of direction based on empirical forecasts and benchmarking with selected UMI countries.

55. Based on the analysis of experiences of UMI countries, global trends, Uganda's available opportunities, current growth trends and projected population growth rate, Uganda will achieve a target of USD9500 per capita by 2040.

56. The projected growth over the period will have a lower bound of USD6200 and an upper bound of USD12000. All efforts will be geared towards enabling the country to reach the upper bound of USD9500 as seen from fig. 3.8. The upper bound scenario is associated with per capita income of about USD12,000, that is, the borderline between the upper middle and high income country status. The likely scenario is where the per capita income is USD9500, the average of the upper middle income countries whose per capita is at least USD 6,200. The lower

bound scenario is where per capita income is USD 6,200, the average of all upper middle income countries. The target for this Vision therefore is to achieve the likely scenario of USD9,500 and with this scenario the country's total GDP is expected to be about USD580bn by 2040.

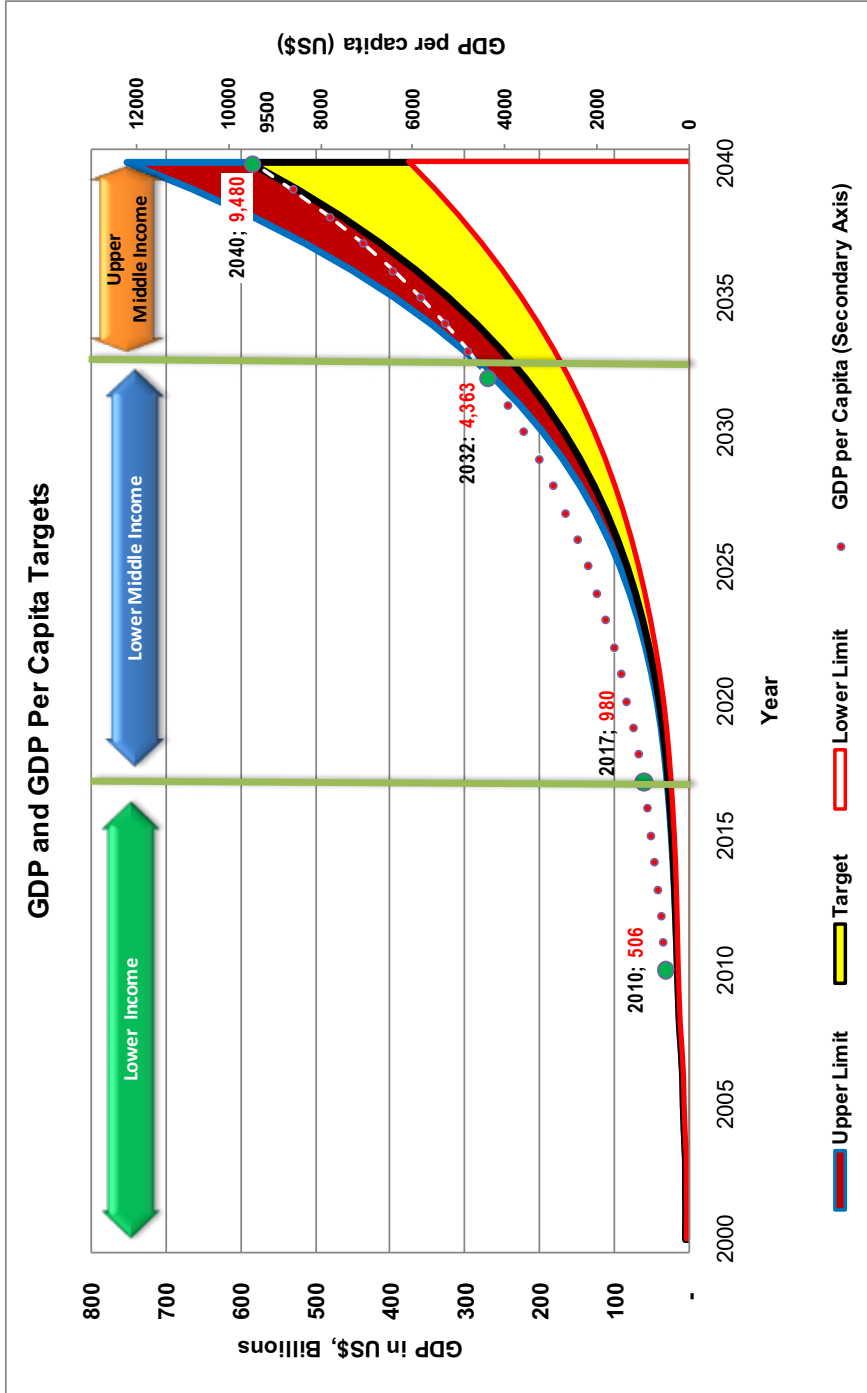
57. As shown in the figure 3.8, Uganda will graduate into a lower middle income country by 2017, progressing to an upper middle income category by 2032 and attaining its target of USD9500 in 2040. Projections therefore indicate that Uganda is likely to attain a first world status within the next fifty years.

58. The projected population growth assumes implementation of the national population policy and other policy changes in education and health among others will result into a gradual slow-down in population growth rate from the current 3.2 percent to 2.4 percent per annum resulting in a population of about 61million by 2040.

59. Table 3.2 indicates estimates of nominal GDP and associated real growth rates at which the economy is likely to grow, to achieve the USD9500



Figure 3.8: The Growth Path to the Upper Middle Income Status by 2040



Source: NPA Estimates



per capita. Under this scenario economic growth rate is expected to rise from the current 5.7 per cent to a five year average of 8.4 per cent per annum by the year 2025 before it gradually declines to an average of 7.8 per cent in the last five years of the Vision. What is critical in this scenario is having the ability to sustain this growth with some inbuilt momentum for high real growth during the period. Uganda's nominal income will grow faster through the Vision period with GDP projected to multiply by 1.5 (2015-2020) to 2.6 (2035-2040) times every five years.

60. The projected growth trend of the GDP is achievable since other countries have been able to achieve even higher growth in income at five year intervals. Data available from World Bank indicated that many countries were able to double their output every five years in the recent years. Between 2000 and 2010 the countries such as Zambia, Ghana, Azerbaijan, Sudan, Angola, Kazakhstan, Indonesia, India, China, Kuwait, and Qatar were able to double their GDP every five years for over 10 years. This therefore demonstrates the viability of Uganda's projected growth and consolidates support for Uganda's bid to develop its capability to sustain

high output growth every five years in the Vision period.

61. As noted in table 3.2, agriculture will grow at an average rate of about five per cent, while industry and services sectors will grow at an average of over nine per cent. Uganda will achieve this by sustaining growth in the industrial sector between 8 and 10 percent per annum as a result of upgrading the industrial structure, changing factor endowments, introducing new technologies and realignment of infrastructure to the new economic realities. While priority will be on facilitating the entry of new firms in industries that are in line with the country's existing comparative advantage, new ones will be developed in strategic areas such as the petrochemical industries as offshoots from the oil refining industry. Agriculture will be supported to trigger agro based industries, food and nutrition security.

62. Achieving these growth targets require targeted investment in the key sectors of the economy like the oil and gas, manufacturing, tourism among other sectors. In addition, sustaining these growth rates will require continued implementation of prudent fiscal, monetary and exchange rate policies.



**Table 3.2: The GDP Trend and Growth Rates Over the Vision Period**

Economic Sector	Nominal GDP at Market Prices (USD, Billions)							Real GDP Growth Rates					
	2010	2015	2020	2025	2030	2035	2040	2012-2015	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040
Total GDP	17.0	24.2	41.2	83.6	167.2	319.6	580.5	8.44	8.58	8.35	8.22	8.07	7.83
Agriculture	3.8	5.3	7.8	13.6	23.4	38.5	60.1	5.24	5.37	5.15	5.02	4.88	4.65
Industry	4.5	6.7	12.0	25.1	51.4	99.6	182.6	9.67	9.52	9.05	8.71	8.40	8.04
Services	8.7	12.1	21.5	44.9	92.5	181.5	337.8	9.30	9.35	9.05	8.85	8.65	8.37

Source: NPA, Estimates

Significant reforms will continuously be implemented in the financial sector in order to increase resource mobilization and access taking into account global dynamics. Further reforms will be needed in the trade sector and in resource mobilization and management with the view to reducing overhead, and overall cost of doing business. Government will invest in collecting and providing information in support of private investment decision making in regard to new prod-

ucts and technologies. Government will further facilitate coordination of investments and provide compensation for externalities for firms that take risks and invest in new but strategic areas, without compromising the rights and responsibilities of the citizens.

63. In the early years of this Vision, the exploitation of the oil and gas resources will be crucial to spur economic growth and development in the country.



However, for the country to fully benefit from the oil and gas resources and to achieve its Vision will require fiscal prudence in the use of revenues from these resources.

64. Investment in key infrastructure such as energy generation, road and rail, and social infrastructure and investment in technology enhancing production processes will spur productivity and hence the overall growth of the economy.

### 3.5. Key Sectors that will influence GDP Growth over the Vision period

65. Figure 3.9 shows structural change in sector contribution to GDP that is likely to take place up to 2040, based on the likely growth trends scenario. It shows that the services sector is currently the largest contributor to GDP and will continue to dominate up to the year 2040, followed by industry and agriculture sectors. The major transformation will however be achieved with further movement of labour force from agriculture to industry and service sectors. This will require a major policy shift in the development of the industrial sector and investment in human capital in Uganda. The continued growth of sec-

tors such as the telecommunication, construction and mining will be crucial in driving the growth of the country.

66. The structural transformation of the economy will continue with the services sector contributing the highest proportion to GDP, followed by industry and agriculture. In line with this, a drastic change is to occur in the percentage shares of the labour force employed in these sectors, with faster redistribution from the current 65.6% in agriculture to the other sectors. Government will foster increased mobility of labour through creation of incentives for an increase in relevant training and skills re-orientation and provision of greater incentives for not only higher innovation at firm level but also increased factor productivity.

### 3.6. Macroeconomic Strategies

67. Over the long-term, Government will expand and exploit the productive potential of the economy by ensuring that there is appropriate growth in investment spending as a proportion of national income, increase in growth of private capital and labour utilization and productivity. Incentives will be provided to increase the size of the productive labour by fostering labour mobility, in-



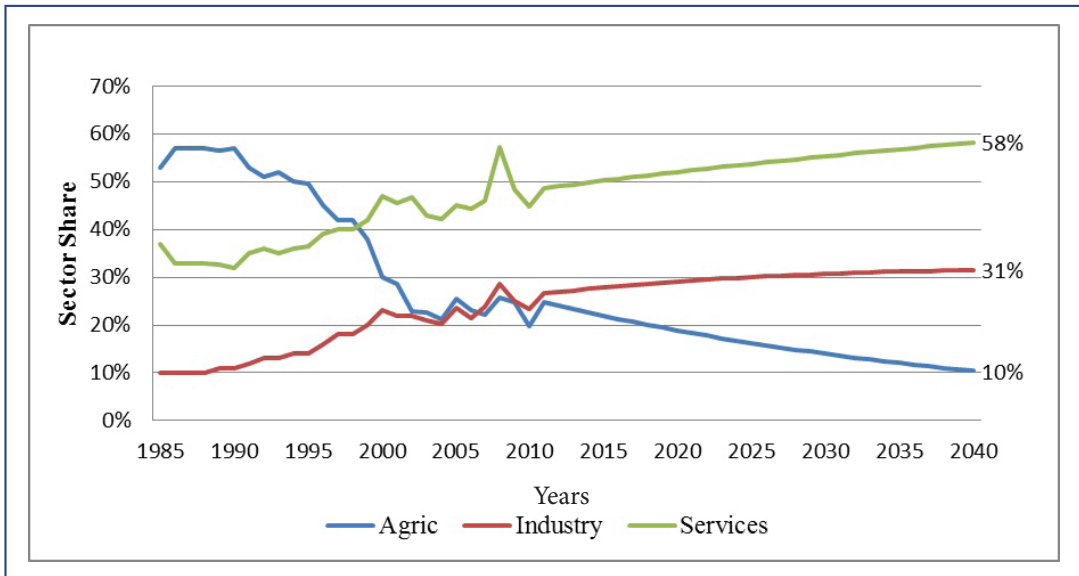
crease research and development activities and the utilization of research and innovation products.

68. Maintaining macroeconomic stability will be critical for the implementation of Vision 2040 managed through short and medium term instruments. Macro-economic stability is a necessary but not sufficient condition to achieve the desired growth. Improving efficiency and increasing total factor productivity as indicated above will be the core to achieve Vision 2040 growth targets.

### 3.6.1. Savings and Investments

69. Government will ensure that there are mechanisms to increase gross national savings from the current level of 14.5 percent to about 35 percent of GDP by 2040. As a source of investment finance, Government will among other things rationalize pension funds management. Strategies will be developed to promote a savings culture and create diverse saving opportunities in the country.

Figure 3. 9: Sector Shares of GDP (Actual and Forecasts)







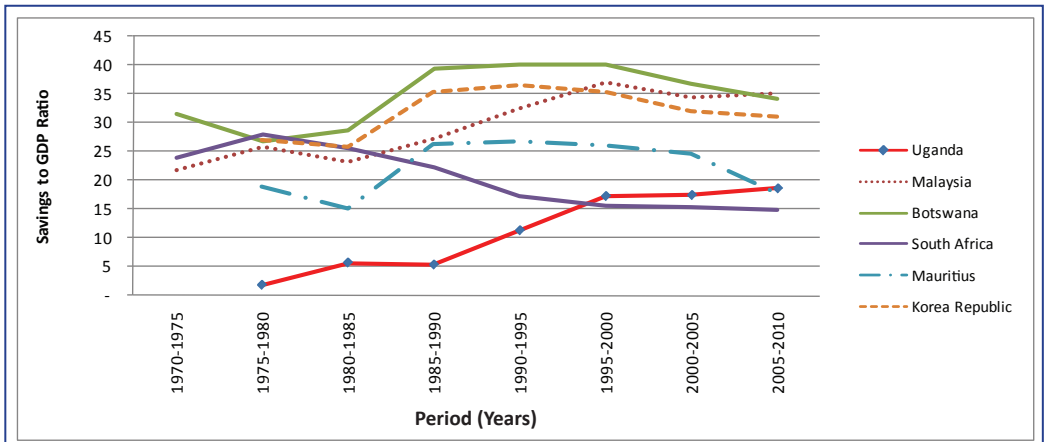
70. Over the Vision period, Government investment expenditure will increase well beyond the current levels of about 24 percent of GDP and the areas of investments will include; infrastructure and human capital development.

### 3.6.2. Financial Services

71. Access to financial services still remains low, for example by 2009, only 28 percent of the population had access to formal financial services. Most small and medium scale enterprises in the country still obtain credit from informal financial service providers. This is a serious challenge to access to finance for development, particularly affordable long term finance.

72. There continues to be insufficient financial services infrastructure across the country, limited number of bank branches and poor access to rural financial services. Due to low saving culture, there is a shortage of development finance and the available funds are extremely expensive. On the demand side, the levels of creditworthiness and enterprise management capacity contribute to the high cost of credit. On the supply side, there are still high intermediation costs, including the cost of monitoring and enforcement of loan contracts. There are high risks and uncertainties that make development finance expensive. These factors affect access to financial services yet there are market and institutional fail-

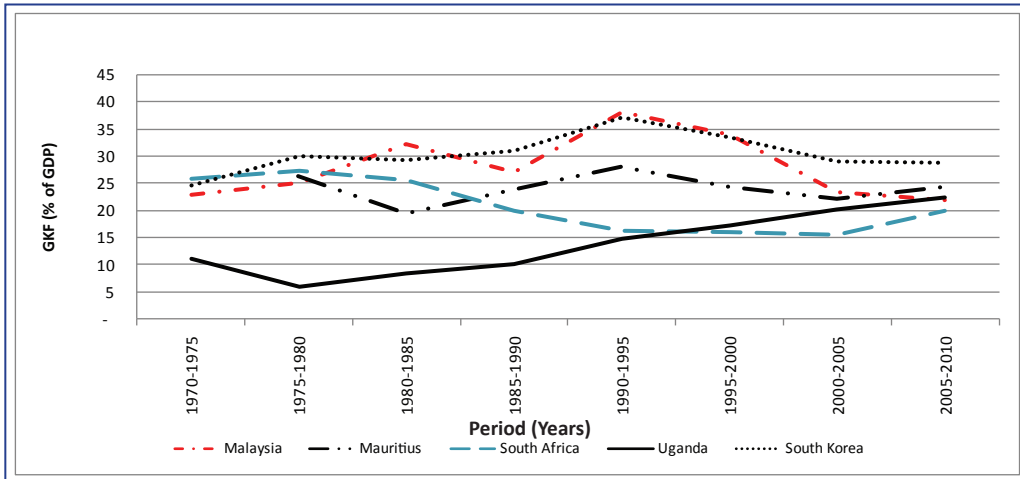
**Figure 3.10: Savings to GDP Ratio of Selected Countries**



Source: World Bank, 2011



Figure 3.11: Gross Capital Formation as a Percentage of GDP



Source: World Bank Online Database, 2011

ures all of which need to be addressed. In order to develop the financial sector, consideration will have to be made in regard to short and long-term market exchanges, the level of monetization of the economy and the generation of sufficient savings. Capitalisation of the capital market institutions and creation of financial literacy will be promoted.

73. In line with the economic integration process, Government will over the Vision period focus on achieving the following goals:

i. Ensure increased access to credit by putting in place measures

to reduce the cost of doing business. These measures will include; strengthening collateral registration and the credit rating bureau system, individual identification (by establishing a national identity system), supervision to minimize collusion in the financial sector and promoting public-private-partnerships in favor of rural financial transformation.

ii. Increased availability of long-term development finance by implementing reforms in the pension sector;

iii. Increased credibility of the financial systems in the country by strengthening anti-money laundering institu-



tions and building capacity in the sector to adhere to acceptable international financial governance standards including enhanced financial sector supervision;

iv. Promoting Capital Market development in the country by enhancing the capacity of institutions regulating and participating in activities of the sector;

v. Deepening and broadening of the financial sector by promoting research in financial development;

vi. Becoming a regional center of excellence in international financial services.

vii. Strengthening regulatory mechanisms for efficient and fair functioning of the financial sector.

### 3.6.3. Balance of Payments (BOP)

74. The strategy to improve trade balance is to: increase and diversify exports and ensure stable supply to meet market targets; identify new export destinations in regional and emerging markets; ensure that the exports are competitive and meet international standards; develop an effective incen-

tive system to attract and expand investments in export commodities. The incentive system will facilitate productivity enhancement in production for exports. Particular emphasis will be placed on encouraging exports of high value and Hi-Tech products to high end markets.

75. During the Vision period, manufacturing of consumer, investment and Hi-Tech goods, and value addition to agricultural products will be promoted. The manufacturing of consumer goods will reduce on the import bills and increase trade revenues. A deliberate policy to encourage the manufacture of alternative consumer and investment goods and participation in international value chains will be promoted.

76. Trade policies will be reviewed with the aim of facilitating efficient exchange and management of the quality and value of imports. In addition, appropriate policies and incentive schemes will be put in place to attract capital inflows (FDI, Short-term portfolio flows and remittances) with the aim of improving capital account component. Policy adjustments will be part of the long-term strategy to encourage re-investment of capital by investors resident in the country.



### 3.6.4. Public Finance

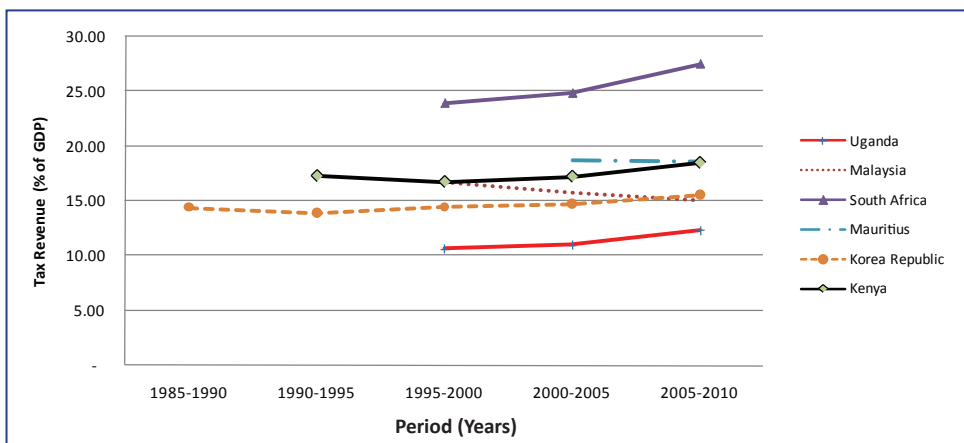
77. Maintaining a prudent fiscal policy is crucial for macroeconomic stability and private sector growth. Government will ensure that the bulk of the expenditures are financed by domestic revenues. In addition, public expenditure will be managed to ensure public debt sustainability. Given that the country has considerable infrastructure deficiency, the revenues generated from oil and gas resources during the first years will largely be used to close these infrastructural gaps.

78. In order to ensure that public investment responds to meeting the long-term development objectives gov-

ernment will increase expenditure in priority areas in line with this Vision without compromising macroeconomic stability. Budget policy will aim at increasing efficiency in allocation while facilitating leapfrogging in key areas through public investments.

79. Uganda will develop its capacity to maintain a strong revenue effort. Revenue to GDP ratio is to increase from the current 13 per cent to over 25 per cent by 2040. The increase in tax revenue will be achieved through; diversification of tax sources, introduction of new taxes in an effort to widen the tax base especially in areas that are currently not taxed at all. This will also call for major institutional and tax policy

Figure 3.12: Tax Revenue as a Percentage of GDP for Selected Countries



Source: World Bank, 2011



reforms in tax policy development and tax management and administration.

80. Over the Vision period, donor support is expected to decline from the current 27 per cent of GDP to less than 5 per cent by 2040. The Government will ensure that the present value of public debt, as the sum of short-term external debt plus the discounted sum of total debt service payments due on public, publicly guaranteed, and private non guaranteed long-term external debt over the life of existing loans, as a percentage of gross national income, remains low and sustainable.



# Chapter 4

Modern road  
infrastructure envisioned  
by 2040



# Chapter 4

## STRENGTHENING FUNDAMENTALS FOR HARNESSING OPPORTUNITIES

81. Uganda's Vision of achieving faster socio-economic transformation is dependent on her capacity to strengthen the fundamentals for harnessing the opportunities. The chapter highlights the key opportunities and strategies to efficiently harness them. It also presents the fundamentals that need to be strengthened.

82. Over the Vision period, the planning approach will be based on harnessing strategic opportunities by strengthening the relevant fundamentals that facilitate maxima returns from the opportunities. This will be coupled with increasing the level of the country's competitiveness to enable production of globally competitive goods and services. In addition, efforts will be geared towards improving social development indicators while strengthening governance systems and structures. To attain

this Vision all development plans at all levels shall follow this planning approach to foster faster socio-economic transformation.

### 4.1 Opportunities

83. The opportunities include; abundant labour force, minerals, oil and gas, agriculture, tourism, knowledge and ICT, industrialization, water resources, geographical location and trade.

#### 4.1.1 Tourism

84. Uganda is endowed with various tourism attractions including diverse nature based, faith based, culture and heritage, eco-tourism and MICE attractions. The main potential lies in nature based tourism where there is variety of flora and fauna and beautiful sceneries. It is estimated that the country has 50



per cent of the world's mountain gorillas, 7 per cent of the world's mammal species including the unique tree climbing lions and white rhinos, 11 per cent of the world's bird's species (1061 bird species), and variety of butterflies. Other unique attractions include chimpanzees and golden monkeys. The country has beautiful mountain ranges including the snow-capped Rwenzori Mountain ranges, 2nd largest fresh water lake, third deepest lake and a source of the world's longest river with beautiful waterfalls and unique water scenery in the world.

85. The main tourism products include; gorilla tracking, bird watching, eco-tourism, faith based tourism, water sport, mountain climbing, chimpanzee watching, nature guided walks, community walks, butterfly viewing, viewing golden patas monkeys, cultural and heritage sites viewing, MICE, visual arts and white water rafting. This presents the country with numerous tourism opportunities to stimulate economic growth and earning significant revenues from strengthening primary, secondary and tertiary tourism industries.



A Mountain Gorilla in Bwindi Impenetrable Forest National Park, one of the unique tourist attractions. Uganda has 50 per cent of the world's mountain Gorillas and 7 per cent of mammal species





86. By 2011 tourism contributed 14.6 per cent of total employment (630,830 jobs) and the sector contributing 23 percent of the total registered businesses (hotels restaurants, recreational and personal services) in the country. Tourism continues to be a major foreign exchange earner for the country contributing USD 662 million in 2011 representing 11.4 percent of the total foreign exchange earnings. This performance is attributed to strategic advertising in the source market, increased variety in the products, tapping of the domestic market (nationals) and attracting regional and international conferences and meetings.

87. Uganda has shown an impressive performance in the tourism sector with the total number of annual tourist arrivals of 945,899 in 2011 representing 17 percent increase from the previous year. Tourists visiting wildlife protected areas increased by 20 percent from the previous year. However this is still on the low side compared to the long haul destinations such as China, Mexico and Malaysia accounting for 47, 22 and 16 million annual visitors respectively. Compared to other African countries, Egypt and South Africa are the leading tourist destinations accounting for 14

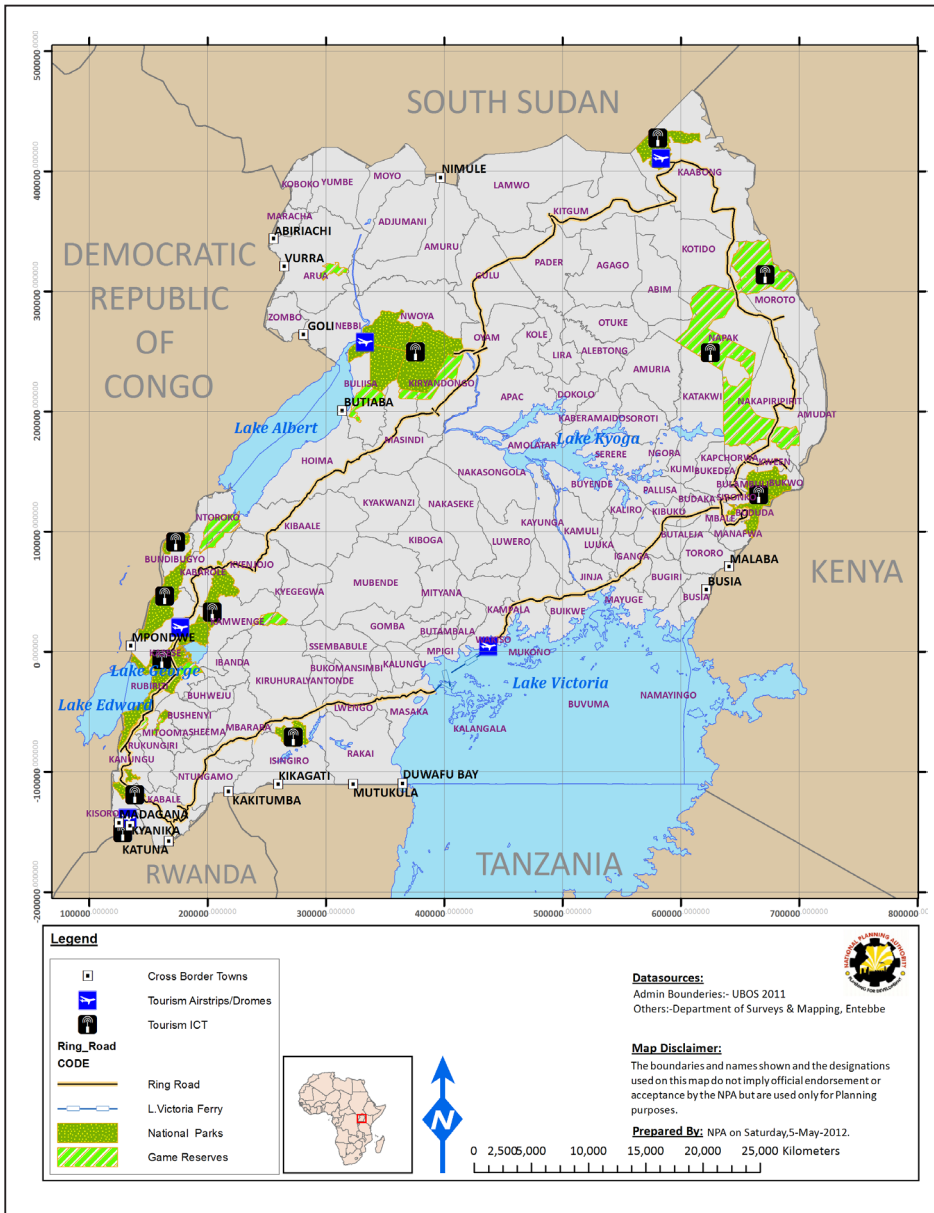
and 8 million tourist arrivals respectively.

88. The tourism industry is expected to play a major role in the economy and a major contributor to GDP by 2040. It will provide enormous employment opportunities directly and in related service industries and earn USD 12bn by 2040. In addition to the direct benefits the industry will spur the growth of the associated secondary and tertiary industries.

89. Although the sector is recognized to be one of the fastest growing service sectors of the economy and a major foreign exchange earner for the country, Government has not strategically invested and mainstreamed tourism in all Government activities to boost the sector. This is in contrast to many countries in the region and beyond that have significantly invested in this sector thus benefited from the high rates of return associated with tourism industry.

90. The tourism support infrastructure and services will be improved to effectively facilitate the tourism industry. This will include transport networks and connectivity by improving and expand-

Figure 4. 1: Infrastructure needs for Tourism Development





ing Entebbe International Airport, upgrading five tourism aerodromes, and improving domestic air transport. In addition, the multilane standard paved roads and modern water transport system forming a tourism circuit will be developed (figure 4.3). The electricity grid and ICT infrastructure will be extended to all major tourism attractions. Furthermore, other supporting tourism infrastructure like hotel industry, electric cables on mountains, tourist trails and rescue facilities, will be put in place.

91. The tourism sector is to become the mainstay of the economy contributing highest in foreign exchange earnings, tax and non-tax revenue, employment and to GDP as a whole. We project that Uganda will be one of the top five tourist destination in Africa and among the top 10 long haul tourist destination in the world. Per capita expenditure per tourist will also increase to match other leading tourist destinations. To achieve this, the country will invest in strategic tourism infrastructure, human resources, research and development, strategic marketing in traditional and emerging sources, and improvement and diversification of products.

92. In addition, emphasis will be put on the development of a globally competitive tourism human resource. The relevant training institutions such as the Hotel Tourism Training Institute and Uganda Wildlife Training Institute will be upgraded into centres of excellence. New training facilities will also be established and certified.

93. Over the years efforts will be geared towards maximizing the existing tourism potential by exploiting the variety within the wildlife products and also improving the cultural, community, faith based and Meetings, Incentives, Conferences and Events (MICE) tourist products.

94. With improvement in research and development efforts will be geared towards diversifying tourism products to meet the needs for the tourism sector. This will include the development of the souvenir art and craft industry, tangible and intangible heritage, water-based tourism resources, cultural centres, butterfly viewing, bird watching, caving, canopy walk, and wilderness camping among others.



95. To improve the image and position the country as a leading tourist destination, Uganda will research on emerging trends and markets, and advertise aggressively in domestic, regional and international markets. To improve the coordination, marketing and development of tourism, a corporate Uganda Tourism Authority will be established to replace the Uganda Tourism Board with ability to generate its own revenue and reduce pressure on national budget.

96. Government will secure and protect all tourist attractions and destinations to ensure their integrity as well as eliminate the problem of wildlife dispersal. The sector will develop and continuously improve the policy, legal and regulatory framework.

97. Over the Vision period, efforts will be made to develop domestic tourism as a way of ensuring sustainable utilisation of tourism infrastructure and



A tree climbing lion in Isha-sha, Queen Elizabeth National Park, a unique tourist attraction in Uganda.



services. Local governments and communities will be sensitised on the benefits of tourism.

#### 4.1.2 Agriculture

98. Agriculture is the main stay of the Ugandan economy employing 65.6 per cent (UBOS 2010) of the labour force and contributing 21 percent to the GDP. In addition, by 2007 the sector accounted for 47 percent of total export earnings. Its contribution to the GDP has been declining but remains very important to provide a basis for growth in other sectors.

99. Agricultural production in Uganda is mainly dominated by smallholder farmers engaged in food and industrial crops, forestry, horticulture, fishing and livestock farming. The country is one of the leading producers of coffee and bananas in the World. It is also a major producer of tea, cotton, tobacco, cereals, livestock and fishing products among many others.

100. However, agriculture productivity of most crops has been reducing over the last decade mainly due to a number of factors including: high costs of inputs, poor production techniques,

limited extension services, over dependency on rain fed agriculture, limited markets, land tenure challenges and limited application of technology and innovation.

101. The opportunity for value addition through agro processing is enormous. This will enhance Uganda's competitiveness on the world market, boost foreign exchange earnings and employment. It can also reduce wastage, enhance food security, improve livelihoods for low-income groups and empower disadvantaged groups of society like rural women, youth and the disabled.

102. Uganda aspires to transform the agriculture sector from subsistence farming to commercial agriculture. This will make agriculture profitable, competitive and sustainable to provide food and income security to all the people of Uganda. It will also create employment opportunities along the entire commodity value chain of production, processing and marketing. Specific emphasis will be put on promotion of aqua culture and livestock farming.

103. As a way of increasing agricultural productivity, Government will do



Uganda aspires to transform the Agriculture sector from subsistence to commercial agriculture through mechanisation and introduction of modern irrigation systems



the following: invest in the development of all major irrigation schemes in the country; ensure continued investment in technology improvement through research for improved seeds, breeds and stocking materials; invest in the development of the phosphates industry in Tororo to reduce the cost of fertilizer.

104. Furthermore, Government will also: reform the extension system in the country to increase information access, knowledge and technologies to the farmers; ensure that land fragmentation is reversed to secure land for mechanization; collect adequate agricultural statistics; improve weather information and its dissemination and intensify environmental control measures to halt the decline in soil fertility.

105. Government will strengthen and harmonise the legal, regulatory and institutional framework and ensure the sector client charter is developed, popularised and enforced. Appropriate human resource in agriculture will also be developed, retooled and motivated.

106. In order to enhance market access and value addition, Government will: improve capacity for regulation and enforcement especially in safety stand-

ards and quality assurance; attract private sector participation in value addition activities and investments; improve access to credit through the development of rural financing schemes and markets; expand the network of market infrastructure including appropriate structures to reduce post-harvest losses; strengthen cooperatives in order to build capacity of farmers in management, entrepreneurship and group dynamics. This will enable the farmers to engage in value chain activities especially collective marketing.

107. Agriculture specific industrial clusters will be supported in various regions to add value to agricultural products.

#### 4.1.3 Oil and Gas

108. Uganda has commercially viable oil and gas deposits in the Albertine Graben. In terms of potential capacity, the reserves are estimated at 3.5 billion barrels of oil equivalent. More commercially viable oil and gas deposits are expected to be discovered as continuous explorations are being carried out in the Albertine Graben and other potential areas.



109. This presents the country with opportunity to spur economic growth, create employment, foster technology transfer and generate revenues for investments in development of other strategic sectors such as infrastructure and human resource development.

110. Government will ensure value addition to these resources by construction of a refinery which will enable the country to achieve maximum multiplier effect through stimulation and strengthening the associated secondary and tertiary industries. In addition, employment will be created in the secondary and tertiary industries.

111. To effectively harness the opportunity and further develop the industry, relevant fundamentals will be strengthened and efforts devoted on developing the oil and gas sector. The fundamentals will include; specific infrastructural development, appropriate technology, peace and security, and human resources and the governance of the sector. Over the Vision period, Government will strengthen the policy, legal, institutional and regulatory framework to foster transparency, protect environment and good governance in the oil and gas sector.

112. Government will construct pipeline infrastructure to deliver the refined products to the domestic, regional and international markets. Other essential infrastructure will be constructed to enable effective harnessing of the opportunity and this will include roads leading to the refinery and production areas, linking to Tororo - Pakwach railways, airport near the refinery area, and appropriate water supply infrastructure.

113. Government will establish and appropriately manage petroleum reserves in strategic towns for energy security and price stability.

114. To encourage the use of Liquefied Petroleum Gas (LPG), Government will in collaboration with neighbouring countries construct a gas pipeline to and from the gas fields within the region to supplement Uganda's energy needs while conserving the environment.

115. In addition, Government will support the citizenry to take up the opportunities through enterprise development, strengthening the private sector associated with the oil and gas industry, capacity building and establishment of local area development fund. These will be in the entire value chain most especially in the secondary and tertiary





Government will ensure value addition to the oil and gas by construction of a refinery which will enable the country achieve maximum multiplier effect through stimulation and strengthening the associated secondary and tertiary industries



industries. The secondary industries include; plastics, agro chemicals, fertiliser lubricants, paint, bitumen, thermal power generation among others. On the other hand the key tertiary industries that are likely to develop among others include; machinery, transport, hotel, construction, real estate and communication.

116. Government will transform the human resource and build a critical mass of scientists, engineers and technicians in the oil and gas sector, and ensure that they are equipped through application of the latest science and technology. A specialized oil and gas research development centre will be established. In addition, special programs to train in highly specialized oil and gas areas of geoscience and engineering in other international institutions will be pursued.

#### 4.1.4 Minerals

117. Uganda has favourable geological environments that host a wide range and a variety of minerals which provide an opportunity to develop a strong mining industry. The airborne geophysical survey, geological mapping and geochemical sampling estimates over 27 types of minerals in sig-

nificant commercial viable reserves. For example Iron ore deposits in Kabale and Kisoro areas are estimated to be over 50 million tonnes. Other minerals include; Beryl, Bismuth, Columbite Tantalite, Copper, Chromite, Diamond, Gold, Tin (cassiterite), Wolfram(Tungsten), Asbestos, Clay, Diatomite, Feldspar, Granite Gneiss, Graphite, Gypsum, Kaolin, Kyanite, Limestone, Marble, Mica, Phosphates, Rock Salt, Silca Sand, Talc, Cobalt, Lead, Zinc, Platinum Group Metals (PGM), Uranium, Vermiculite and Nickle among others, See map in figure 4.1. Government will continuously carry out geological explorations in the various parts of the country to assess the viability of the various mineral potentials.

118. Uganda has the opportunity to build a strong mining industry that will be a source of revenue, employment, and economic lifeline industries. Steel which is processed from iron ore is a significant input to the manufacturing, construction and infrastructure development. Uranium on the other hand will be used to facilitate generation of electricity from nuclear energy; whereas Phosphates are used for producing fertilizers to support agriculture production. On the other hand, rare earth minerals are a strong input to the manufacturing of IT and electronic products.



119. It is projected that the industry will be a major driver in employment creation and GDP growth over the Vision period. In addition the lifeline industries will spur growth in the manufacturing, infrastructure development, agriculture and ICT industries.

120. To effectively exploit these opportunities and build a strong mining industry, specific fundamentals will be strengthened including infrastructure development, human resources science and technology and good governance including labour standards.

121. Government will facilitate and nurture human resource and skills development to support the geo-science industry. Emphasis will be put on research and development, acquisition of modern scientific knowledge and technology, and building of knowledge networks. This is aimed at building a critical mass of geo- scientists, engineers, geo-economists, technicians and artisans with globally competitive skills. This will be done through partnership with local and International institutions.

122. To promote local beneficiation, the country will ensure value addition on the minerals and provide manufacturing feedstock. This will help estab-

lish an industrial base for local production of consumer and industrial goods. Government will establish processing industries for Phosphates in Tororo, Limestone in Karamoja and Iron ore in Kabale.

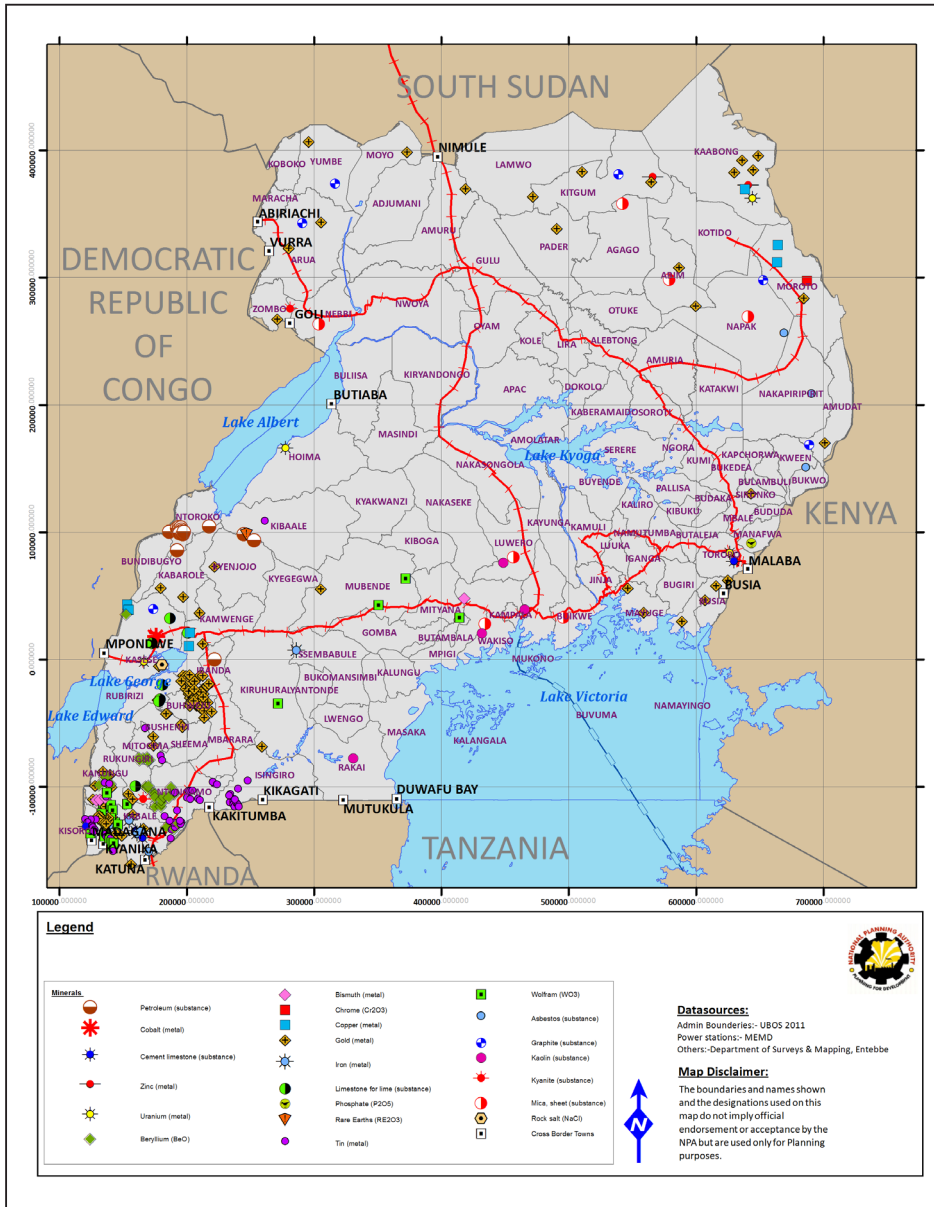
123. Government will provide specific infrastructure including roads, railway, electricity and water to facilitate exploitation of these minerals. To enable bulk transportation of heavy minerals and/or their products, the railway will be extended to areas where enormous deposits have been found. The electricity grid will be connected to support the mining and processing of these minerals.

#### 4.1.5 Abundant Labour Force

124. It is estimated that currently over 56 per cent of Uganda's population is below 18years of age implying that the country has and will continue to have a very young population over the Vision period. The youthful population means that the country is blessed with the potential for an abundant and cheap labour force that can drive the envisaged growth and transformation. Under the current demographic profile, however, this potential is neutralized by a high dependency burden arising



Figure 4.2: Proposed Infrastructure for Mineral Development





out of a high fertility rate. Compared to many developed and fast developing countries, Uganda's demographic transition, that is progress towards lower fertility and mortality, is delayed.

125. A positive aspect of the delayed demographic transition is that the current Country Population Programme interventions are likely to result into drastic reductions in fertility. The fertility reduction will mean progressively smaller child cohorts being added to the population compared to the much larger cohorts entering the labour force. The change will bring about a shift in the age structure, during the Vision period, with a preponderance of productive age groups which will greatly reduce the dependency ratio.

126. This development is known as a demographic dividend, defined as "a rise in the rate of economic growth due to a rising share of working age people in a population". It has been argued that the demographic dividend played a major role in the "economic miracles" of the East Asian Tigers and in the economic boom in Ireland in the 1990s (the Celtic tiger).

127. During this demographic window of opportunity, output per capita

is expected to rise and Uganda will have more savers and tax payers than dependants. The Government will thus have more money to spend on infrastructure and other development projects because considerably less will be required to be spent on health and education. The labour force therefore stands out as a big opportunity that will have to be harnessed during the Vision period.

128. In addition, the dividend presents an opportunity for the emergence of a strong middle class which will play a critical role as major consumers, increase production efficiency and re-balancing the economy. The current population of about 32 million people presents another opportunity to the country in terms of market of locally produced goods and services.

129. The young population presents opportunity for leapfrogging in technology, innovation, speed, and dexterity. This will help to enhance and improve productivity. In addition to this, the young population provides a potentially big domestic and local market which if well nurtured can act as an incentive for industrialization and urbanisation. Similarly, this will help to spur econom-



ic growth, create employment, foster technology transfer and generate revenues for investments in development of other strategic sectors. Furthermore, the young population provides an opportunity for the development of sports as a business.

130. To effectively harness this opportunity, these young generations will be equipped with globally competitive skills, relevant knowledge and positive attitudes. Government will build centres of excellence in health, education, and social infrastructure including training institutions and schools with all facilities and amenities such as science and ICT laboratories and workshops among others.

#### 4.1.6 Industrialisation

131. Review of development paths of developed and emerging economies show that except for a few oil-exporting countries, there is a strong positive correlation between industrialisation and rapid development. Experience from the recent global financial crisis has shown the need to have a strong industrial base to cushion the economy from external shocks. A strong and competitive industrial base is therefore, important to create employment, advance technology and a resilient economy.

132. Analysis of the experiences from East Asian countries, such as Korea and Malaysia provide good lessons of a pos-



A Vehicle manufacturing plant; the country has an opportunity to leapfrog in technology to advance industrialisation



sible industrialisation path that Uganda can take to build a stronger competitive industrial base. As in many of these countries, Uganda has to directly establish and sustain key strategic/ lifeline industries as well as nurture and develop a strong STEI sector to further industrialisation.

133. There are many opportunities for Uganda to develop her industrial base. There is an opportunity to attract labour-intensive manufacturing industries which are being relocated from fast emerging economies as a result of rapid wage increases. For example, China will free up 85 million labour-intensive manufacturing jobs, compared to 9.7 million jobs released by Japan in the 1960's and 2.3 million by Korea in the 1980s (Lin 2011c). In addition, the emergence of large market economies such as Brazil, Russia, India, China and South Africa (BRICS) are providing a big source of markets. Furthermore, there is also opportunity to leap frog in technology to advance industrialisation.

134. Currently, the industrial base in Uganda is largely dominated of metallurgical, food processing, leather and leather products, textile, clothing and garments, building and construction, paper printing and packaging, and

chemical and pharmaceutical products industry. Most of these industries use out-dated technology leading to production of low quality products that are not globally competitive.

135. To build a stronger and more competitive industrial base over the Vision period, the approach will include; i) developing industries that utilise the local potential, ii) attracting industries that can be relocated from fast emerging economies, iii) offshoring industries, iv) establishing economic lifeline industries, and v) investing in strategic industries. The geese approach to industrialisation will be followed where appropriate.

136. In the first ten years of implementing this Vision, emphasis will be put in the establishment of economic lifeline industries including; agro-based industries, iron and steel industry, oil and gas industry and building a strong STEI foundation that will be a springboard for advanced industrialisation. Government will also establish a Hi-Tech city as a hub for digital industries. For the subsequent years, emphasis will be on developing and upgrading electronic and micro-electronic industries, machine tools, higher technology industries (transport and automobile),



aerospace industry, nano and bio-technology industries. In addition, continuous development and upgrading of the Research and Development (R&D) base will be a cornerstone in building a strong and competitive industrial sector, see table 7.1.

137. To effectively exploit the opportunities presented by industrialization, specific fundamentals will be strengthened including infrastructure development, human resource development, science and technology and good governance. Specific efforts will be geared towards attracting leading multi-national corporations in key industries that will stimulate faster technology transfer.

138. To ensure coordinated development of the industrial sector, Government will gazette and support the development of sector-specific cluster-based industrial zones in various parts of the country to tap the abundance of natural resources. In addition, viable industrial clusters will be developed in line with the country's competitive advantage to minimise costs of production and lower transaction costs to compete in the global market. Further still, Special Economic Zones (SEZs) will be set up as important tools for long-term indus-

trial and economic development. These will create a sustainable environment for foreign and domestic direct investment and build targeted industries aimed at developing strategic industrial capabilities and industrial regions. In designating these SEZs, factors such as proximity to raw materials and key infrastructure like energy, transport; geo-positioning, geo-seismic, tourism and other potentials, will be considered.

139. To provide a conducive legal environment for the industrial sector development, Government will put in place and support outward oriented policies to attract FDI. In addition, an appropriate policy framework will be instituted to facilitate private sector development.

140. Emphasis will also be put on supporting the development of micro, small and medium sized manufacturing industries that range from agricultural based MSMEs, handcrafts to automated hi-tech industries that are well distributed throughout the country. In this regard, a national institution for coordinating, development and implementation of MSME development programmes and initiatives will be established. This will be guided by appropriate policy and legal frameworks.





141. The Government in partnership with private sector and use of the country's network of overseas embassies will promote and rebrand the country as a top destination for offshore industries. To improve the management, supervision and support to the industrial sector, a reliable industrial databank with all the country's industrial establishments mapped out on the global positioning system, will be developed.

#### 4.1.7 Knowledge and ICT sector


142. ICT and ICT Enabled Services (ITES) industry has enormous opportunities that Uganda can exploit to transform the economy and peoples' lives through job creation, accelerated economic growth and significantly increased productivity. According to the World Bank's NESAP-ICT project, the current global potential of ICT/ITES outsourcing is estimated at USD500 billion annually, of which less than USD100 billion has so far been tapped. This potential is estimated to rise to USD1.6 trillion by 2020.

143. ICT provides an opportunity to improve national productivity by making Government and business enterprises more efficient, effective and globally

competitive. There is potential to improve availability of digital content and e-products, automation of Government processes and inter-agency connectivity, innovation, bridging the gap between industry and the academia, and commercialization of research and development.

144. Currently, limited manufacturing of ICT products is taking place in Uganda and as such, there are no exports in this area. This makes Uganda a net importer of ICT products. This is in contrast to emerging economies that have relied on ICT to change export orientations with substantial increases in the proportion of ICT goods to total exports estimated at 56 percent in Philippines, 45 percent in Singapore, and 45 percent in Malaysia.

145. This industry is expected to greatly contribute to the national GDP and creating employment opportunities. The multiplier effect of associated secondary and tertiary industries will have tremendous impact on the economy. There is low level of business automation and use of ICT in industrial development (CAM/CAD) and low local digital content.



The country shall continuously build robust ultra-high speed, pervasive, intelligent and trusted high speed ICT infrastructure all over the country in line with the changing technologies

146. Uganda shall develop, improve and retool its ICT talent building mechanism by adopting globally-benchmarked, industry-rated skills assessment, and training and certification standards. The curricula and learning content will also be progressively reviewed and developed in order to align what students are taught and what industry globally requires. These efforts will be coupled with international industry collaboration in testing and certification standards. ICT shall be mainstreamed in education to take advantage of ICT-enabled learning and to prepare future generations of ICT-savvy

workers, and ensure their effective utilization.

147. Uganda shall continuously build robust ultra-high speed, pervasive, intelligent and trusted high speed ICT infrastructure all over the country in line with the changing technologies. For evacuation of international bandwidth, several alternate routes and networks shall be developed and connected to the submarine fibre optic cable networks around Africa. To enhance reliability Uganda will construct its own sub-marine sea cables over the Vision period. In addition, satellite access will be improved in key strategic areas.



148. The Government shall foster and support the BPO business activities by implementing necessary policies and developing the supporting regulatory framework. This will ensure Uganda deepening and sustaining the momentum of the BPO business interventions made so far. With a good pool of ICT talent profile, favourable policies and regulatory framework and high speed robust Internet backbones Uganda shall claim a good slice of the global ICT-ITES outsourcing business by 2040.

149. Government will encourage innovation to harness the full potential of the digital economy and technology innovation. Government, in partnership with the ICT industry actors and the academia, will use technology demonstrator hubs to build innovative services and processes. Uganda shall utilize the power of ICT to stimulate growth innovation and employment creation through: Digital Content Creation; software development for the local and regional markets; creative industries and the multimedia; and Computer Aided Design and Manufacturing (CAD/ CAM) technology; and emerging technologies.

150. To ensure effective interoperability of processes and/or systems across Government, the private sector, civil society, other Governments, and development partners, Uganda shall develop and enforce open standards for software development that will be regularly updated to meet the varying environments.

151. The Government will develop platforms on which the private sector can co-create with the Government, offering new value-added services to the public. Government shall develop collaborative platforms that foster the creation of new ideas by tapping on the creativity and dynamism of innovative individuals and companies.

152. Ultimately, Uganda shall catalyse a “whole-of-Government” transformation by putting as many as feasible public services online as possible, automating work functions and reducing paperwork for greater internal operational efficiencies (building capacity, enabling better services, creating knowledge, collaborating effectively, investing optimally, encouraging innovation). The expected result of this is better delivery of services, open engagement of Gov-



ernment, and significant improvement in Government operations.

153. Over the Vision period government will promote the development of a hi-tech industry. In this regard, land will be designated and appropriate infrastructure developed for the establishment of a hi-tech city. Government will support private sector investment in hi-tech industries. Regional cities will have well developed ICT and BPO parks and software incubation centres.

154. One approach will be to attract the world's leading technology corporations while providing fertile ground for thousands of Ugandan bred small innovative start-ups to grow into multi-billion shilling global businesses. The Hi-Tech city shall be a hub for high-growth, highly innovative companies of the future capable of creating thousands of technology jobs and greatly expand the country's tax base. The hi-tech city shall be modelled on the Silicon Valley in the United States and/or East London Tech City. Uganda Government shall develop a blueprint for technology designed to make Uganda the most attractive place in the region to start and invest in innovative technology companies.

155. The hi-tech city shall have a concentration of companies involved in Information and Communications Technology (ICT) based industries, including; software development, internet services, hardware assembly and manufacturing, creative and media industries. The presence of the world's leading industries shall spur technical innovation and expose the trending global hi-tech industry scientific research.

156. With that setting, the hi-tech city shall be formed as a milieu of innovations by the convergence on one site of new technological knowledge; a large pool of skilled hi-tech professionals, engineers and scientists from major Ugandan/global universities; funding from the Government and leading technology firms; the availability of affordable capital for start-ups; and, in the early stages, the institutional leadership of Government of Uganda.

157. In collaboration with banking institutions the Government shall create a facility to provide specialist banking/financing services to technology companies based in the hub. A superfast broadband shall be rolled-out in the hub area. World leading companies such as Cisco Systems, Google, Dell, HP, Ap-



ple, Microsoft, Intel and Facebook shall be facilitated to establish innovation hubs' creative spaces for researchers, talented developers and entrepreneurs to work with Uganda developers and academics. Emphasis shall be placed on technical excellence in developing next-generation applications and services and creation of an accelerator space for spinout companies, establish research labs focusing on new areas such as performance computing and new emerging technologies. World leading universities in hi-tech shall be facilitated to establish a bridge between academia and industry in the Hi-tech centre. Government shall create special-purpose visas for foreign entrepreneurs who start businesses in the hubs.

158. Government will review all legal and regulatory framework in the ICT sector to allow for efficient operationalisation, enforcement and improvement of cyber laws, and enhance information security.

#### **4.1.8 Geographical Location and Trade Opportunities**

159. Uganda is located along the equator and within zone 36 degrees north. It borders Kenya to the East,

Tanzania and Rwanda in the South, Democratic Republic of Congo to the West and South Sudan in the North. This puts her at the heart of Africa which provides it with great opportunities and leverage to participate as a strategic partner in the regional and international economic and political engagements.

160. The country's location provides it an opportunity to be a member of a number of regional trade blocs such as East African Community, COMESA, SADC and African Union providing it with a wider market and associated membership benefits. Similarly, Uganda's location makes it a regional hub for industrial production, trade and transit, and air transport. The hub creates a potential to facilitate connectivity and access to the world's super highway and air transport network that connects all major cities in the world and sea routes from Asia, Arab world, Africa, Europe and North America.

161. To ably exploit these opportunities, Government will invest heavily in integrated state of the art infrastructure development and maintenance in the areas of energy generation, road and railway infrastructure connecting to all major border points. This will



Figure 4.3: Proposed Economic Zones and Trade Areas





be achieved in partnership with her neighbours Southern Sudan, Kenya, DRC, Rwanda and Tanzania. To further strengthen cross border trade key strategic trade zones will be established.

162. Government will develop air transport infrastructure across the country with a view to opening up many entry and exit ports. It will invest in the expansion of Entebbe International Airport and the development of at least four other new international airports namely; Arua, Nakasongola, Kasese and Soroti.

163. The country will pursue strategic membership to regional blocs to exploit the opportunities that they present through strengthening legal and regulatory frameworks and institutions, and domestication and operationalization of the protocols.

164. To realize the 30-year Vision of a modern and prosperous country, Uganda aspires to become a major player in the East Africa Community block, COMESA and the global markets in general. It is expected that by 2040 the East African Monetary Union and Political Federation will be a reality. In addition, Uganda will embrace being

a member of a strong African Defence Mechanism.

#### 4.1.9 Water Resources

165. Uganda has abundant fresh water resources that provide numerous opportunities which can foster faster socio-economic transformation. The fresh water resources cover over a third of Uganda's surface area with large active storage capacity in lakes Victoria, Albert, Kyoga, George, and Edward. Uganda has a vast network of rivers that connect to these various lakes. Lake Victoria is the source of River Nile which is the longest river in Africa and its flow exceeds 25 cubic kilometers per year. The Nile is an important resource for the 12 beneficiary Nile Basin countries. Uganda also has ground water renewable resources estimated at 29 km<sup>3</sup> per year. The total renewable water resources amount to 43.3 billion cubic metres per year of which only 13.6 billion cubic metres per year is the internal renewable water resources.

166. Uganda receives significant amount of rainfall with the highest of 2500 mm (Lake Victoria basin), mean of about 1200 mm and lowest of about 500 (North East Uganda) mm per annum.



The country also has extensive wetland areas covering about 11 per cent of the total land surface which has a marked effect on Uganda's hydrology.

167. This potential provides the country with opportunity to stimulate social economic transformation through development and utilisation of water resources. These opportunities include; irrigation, livestock rearing, fisheries and aqua-culture, hydro power generation, domestic water consumption, industrial development, water transport and tourism. Uganda's positioning as

an up-stream and downstream country with reference to River Nile provides it with geo-political and economic leverage.

168. The current consumptive utilization rate of internal renewable water resources (IRWR) stands at 2.8 percent. This consumptive rate is relatively low and is attributed to limited engagement in water consumptive economic activities. The irrigation potential exploited is about 3.6 percent (14,418 out of 400,000 hectares). Similarly, national urban water coverage is estimated at



The proposed bridge across River Nile in Jinja





66 percent in 2008 and rural coverage ranges. It is also estimated that only 15 percent of hydro power potential is utilized in Uganda.

169. The water related economic activities are expected to generate revenue for the country over the Vision period. It is projected that it will provide employment and more jobs are expected in the secondary and tertiary industries associated to this. Impact is expected on the health of the population due to reduction of hygiene and sanitation related diseases that are currently contributing over 70 per cent of the disease burden.

170. To effectively harness the opportunities presented by water resources, government will strengthen the relevant fundamentals to facilitate sustainable utilisation. Since this is a finite but renewable resource, the management of the water resources will be improved and strengthened during this period.

171. To improve the health, sanitation, hygiene, promote commercial and low consumption industrial setups, Government will construct and extend piped water supply and sanitation systems to all parts of the country. Bulk water treatment and supply systems that cover significant areas will be promoted. The

extension of piped water supply system will take into consideration the urbanisation strategy that government is promoting over the Vision period.

172. To generate affordable electricity, Government will develop all the hydro-power potential which is estimated at 4500MW along the various rivers. This will include small, mini and large hydro power plants. In addition, government will put in place mitigation measures, especially protection of water catchments, to ensure that the water resources are sufficient to produce the power.

173. To promote commercial agriculture Government will sustainably use water resources for irrigation, livestock watering, fisheries and aquaculture. Bulk water transfer systems will be built to cover long distances and large areas to provide water for multi-purpose use. Analysis shows that with even full exploitation of irrigation potential only 14.1 per cent of Internal Renewable Water Resources will be utilised. To mitigate local scale shortages large and medium water reservoirs will be developed.

174. To improve water security and mitigate adverse effects of floods and droughts, large and strategic water res-



ervoirs will be constructed and maintained in appropriate areas around the country.

175. To ensure optimal and sustainable utilisation of the water resources Government will strengthen and manage water resources at the lowest appropriate levels. This will be at water management zones and water catchment zones.

176. Government will support the development of water for industrial purposes by putting in place the necessary infrastructure to support the re-use of water. The nuclear and oil refining industries require considerable amount of water for cooling of which strict adherence to water cooling standards must be done.

177. Water use efficiency, water recycling and water re-use will be key strategies to optimally use this resource. Strategies will be put in place to ensure efficient use of water especially in water consumptive economic activities. The appropriate technology to support this will be developed. The design of all future water supply systems must take into consideration all these three important aspects of water sustainability.

The concept of virtual water and water footprint will be considered during this Vision period.

178. Emphasis will be on development of agriculture that fully utilises the abundant water resources. Government will facilitate the construction of large and small scale irrigation schemes. In addition, livestock watering activities will be constructed to facilitate livestock farming. In addition to facilitating fisheries, emphasis will be on aqua culture taking into consideration of social economic and environmental benefits.

179. The irrigation potential is estimated at 410,000 hectares (FAO 1989) and the hydro power potential is 4500 mega watts. The geographical position also places Uganda as an upstream and downstream country in addition to being the source of the Nile. The Nile water being a very important resource for the 12 beneficiary Nile basin countries provides Uganda geo-political leverage to maximize political and economic benefits. Only 2.8 per cent of the internal water resources are utilised.



Matuga power sub-station; energy is one of the key fundamentals that is required to harness the country's opportunities



## 4.2 Fundamentals for Development

180. The fundamentals that must be strengthened to harness the opportunities include; Human resource, Transport infrastructure and services, Energy, Science, Technology, Engineering and Innovation, Urban Development, Land and Peace, Security and Defence.

### 4.2.1 Human Resource

181. Uganda's human resource development strategy is anchored on the premise of maximizing the benefits of the demographic dividend. The country will continue to provide strategic leadership in preparation for the arrival of the dividend in terms of proper policies and skilling and tooling of potential workers. In line with this, a national resource planning programme will be developed and regularly operationalized to take stock of the skills needs within the economy.

182. Countries like the Asian Tigers that have had phenomenal growth over the last decades have strategically used their human resource to transform. They acquired and applied the latest skills, technology, and training as was used in

America, Japan and Western Europe to foster economic growth as well as positive attitudes and cultural strengths to facilitate their own social transformation. They also adopted and adapted systems and structures that supported continuous learning and development while keeping pace with trending global technological and scientific development.

183. Uganda will adopt a similar approach for it to take off and reach an upper middle income country level by 2040. This will help to address the critical skills gap, technology deficiency, lack of creativity and innovativeness, low productivity and negative attitudes towards work, to spur faster development.

184. In order to harness the expected potential of abundant labour force, Uganda will build a modern world class education system that provides students with first rate education, compared to that offered by developed and emerging economies. Government will attract top rated universities in specialized fields from advanced countries such as United States of America and United Kingdom to set up their campuses in Uganda in those fields especially



engineering, human medicine, geo sciences, management, space exploration, Nano and bio technology, ICT. Students will attend modules from each of the university to allow cross fertilization. In addition, exchange programmes will be emphasized for students from the mother universities. Government will set up virtual replicas of these foreign universities in various parts of the country.

185. In addition, Government will institute and support a national training programme for promising Ugandan students to train in leading Universities and other training institutions abroad. Priority will be given to strategic and emerging fields which will leverage leapfrogging in industries.

186. To promote international and relevant research, top private companies such as Shell, Exxon-Mobil, Siemens, Microsoft, and Intel will be invited and facilitated to set up research and development centres within those university premises. These companies will carry out research in these university premises using students and other researchers.

187. Government will also review the policy, legal, institutional and regula-

tory framework to support the development of skilled human resources at all levels. Policies and programmes such as BTNET and other skills development programmes will be enhanced to equip this young population with life and hands-on skills which are not only globally competitive but are also local in nature and customized.

188. Partnerships with renowned training institutions in leading countries like Japan, Israel and Germany in the area of BTNET will be established to enable the country acquire the relevant state-of-the-art skills for faster development and transformation.

189. Government will promote and support the development of sports and creative arts through public-private partnerships. This will be done through strengthening the institutional and regulatory frameworks, construction of sports facilities across the country, development of sports academies for effective tracking and nurturing of talents.

190. Government will also support externalization of surplus labour by putting in place relevant legal and institutional frameworks and sign cooperation agreements with other countries where our people would work.



#### 4.2.2 Transport Infrastructure and Services

191. Countries that have attained rapid socio-economic development have adopted and adapted transport modes and technologies, and accumulated sufficient quality stock of transport infrastructure. This has enabled them to lower the cost of doing business and improve the investment climate. China and India have built massive railway infrastructure which has resulted into reduced production cost thus improving their competitiveness. Similarly, other countries in the western world such as the US and UK accumulated a critical mass of transport infrastructure network that spurred their growth.

192. Uganda must urgently attain an integrated transport infrastructure network to spur its own economic growth. This will entail development of a highly interconnected transport network and services optimizing the use of rail, road, water and air transport modes.

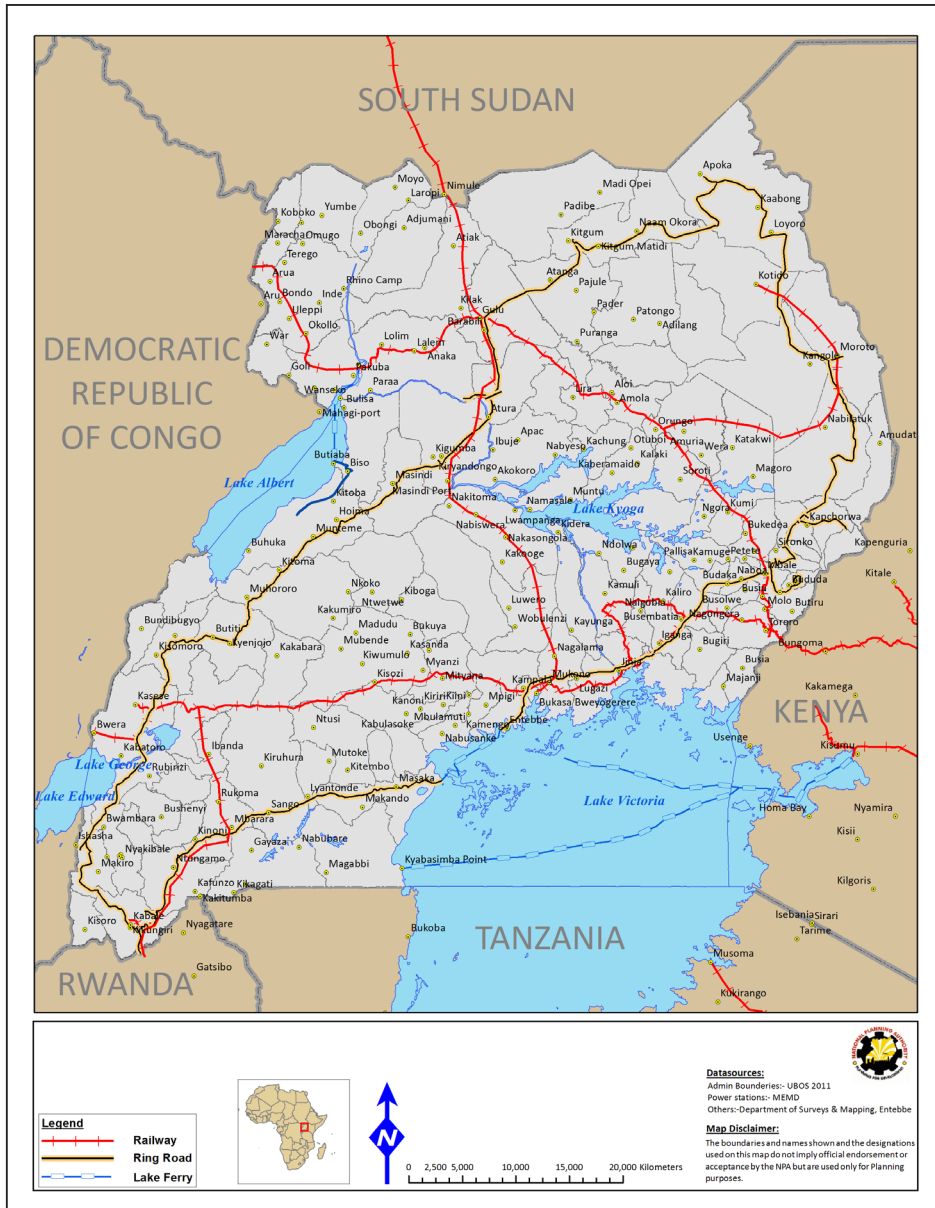
193. By 2040, Uganda will have a multi-lane standard gauge railway system with high speed trains using the latest technology for both passenger transport and cargo freights. This will form the backbone of East Africa Regional railway system. The standard gauge network will link Uganda to at least four routes to the sea through Mombasa, Dar-es-salaam, Djibouti and Tanga Ports connecting to the world su-



The proposed Entebbe express highway; country will develop the road infrastructure to improve transport connectivity, effectiveness and efficiency



Figure 4.4: Proposed Railway Network





per highway. It will connect Mombasa to Kampala, Kasese, Kigali (Rwanda) and Kisangani (DRC). It will also link Tororo to Gulu, Nimulle, Juba and Djibouti . There will also be a link from Bukasa port on Lake Victoria to Musoma (Tanzania) and Kisumu (Kenya) linking to Tanzania and Kenya railway systems respectively. A link from Kasese to Pakwach will serve the oil producing and tourism areas of West and North west Uganda. Furthermore, connections will be done to other productive areas within the country. For the regional projects, joint implementation programmes will be done with the sister countries. In addition, a railway development agency will be established to undertake the development of rail infrastructure.

194. The country will develop the road infrastructure to improve transport connectivity, effectiveness and efficiency to comparable levels of the developed countries. The target is to have an average of paved road density of 100 KM per 1000 Sq. KM. The main strategies will include: development of highways connecting Uganda to the neighbouring countries and the major productive centers within the country; improvement of road infrastructure within the Greater Kampala Metropolitan Area and other

urban areas. Multi-lane express ways and superhighways connecting major cities, exit ports and economic zones will be built.

195. By 2040, GKMA will be one of the most attractive cities in the world, offering its citizens and visitors a safe and efficient transport system based on high quality public transport and a complementary non-motorised transport network. The strategy will be driven by heavy rails, new light rail systems and bus rapid transit and trams. The light rail system will be developed and extended to cover the present GKMA, Wakiso, Mukono and Entebbe. Special and dedicated rail-lines connecting GKMA to Entebbe International Airport will be built. In addition, light rails will be developed in the other four proposed regional cities of Mbarara, Mbale, Arua and Gulu. Government will also facilitate the development of mass buses and trams.

196. Uganda will capitalize on its geographical positioning to develop Entebbe International Airport as the regional hub. This requires transforming the airport to class A standards by improving the associated infrastructure. To consolidate this strategy Uganda will put in





place a national carrier to increase connectivity to various destinations. Furthermore, Uganda will upgrade four aerodromes to exit ports. Government will use PPPs to increase domestic flights to various parts of the country. The Nakasongola airport will be developed to a world standard class A International Airport for strategic reasons.

197. To reduce the cost of transportation and increase connectivity, efforts will be geared towards increasing the volume of passenger and cargo traffic by marine transport. Government will establish navigable routes and put in place adequate marine infrastructure.

198. To lower the cost of infrastructure development and facilitate rapid accumulation of the stock and quality infrastructure, public private partnership will be encouraged. Uganda Infrastructure Fund will be established to provide another avenue for utilising private capital for infrastructure development. Furthermore, the East African Development and Uganda Development Bank will provide infrastructure development credit facilities that will reduce the cost of finance for infrastructure developers. For trans-boundary infrastructure government will promote partnership with

the other countries to increase the economic viability of the infrastructure.

### 4.2.3 Energy

199. Energy and in particular electricity is a driver of socio-economic transformation of a nation. Countries like Malaysia, Singapore, South Korea that have attained faster growth have used modern energy to drive industrialization and service sectors. This necessitated generation and development of sufficient sources of energy to drive those economies. For Uganda to shift from a peasantry to an industrialized and largely urban society, it must be propelled by electricity as a form of modern energy.

200. To achieve the targets of this Vision, Uganda will develop and generate modern energy to drive the industry and services sectors. It is estimated that Uganda will require 41, 738 MW by 2040 thus increasing its electricity per capita consumption to 3,668 kWh. Furthermore the access to the national grid must significantly increase to 80 per cent.

201. The required capacity will be generated from different energy sources namely: hydro power (4500MW); geo-



thermal (1500MW); nuclear (24000MW); solar (5000MW); biomass (1700MW); peat (800MW) and thermal (4300MW). The source of energy and its contribution will be determined after detailed feasibility studies of energy mix. The main emphasis will be on use of energy source that will provide a competitive tariff compared to other countries.

202. Due to climate change, emphasis will be on other renewable forms of energy including; wind, solar and biogas will be harnessed and promoted. Government will invest in R&D and provide incentives to encourage use of renewable energy.

203. To reduce the energy deficit, emphasis will be put on the development of nuclear power preferably from the available uranium deposits in the country. Government will invest massively in the development of human resource in this specialized area and other necessary infrastructure to support the early development and use of nuclear power to generate electricity.

204. To improve access and availability of electricity to the rural and urban areas, especially to economic zones and other productive areas, new transmis-

sion lines to evacuate power will be built and rural electrification programmes accelerated. Government will provide incentives to lower the cost of electricity infrastructure, facilities and equipment.

205. Over the Vision period emphasis will be put on improving energy efficiency by promoting use of energy efficient technologies. Government will support upgrading of industrial technologies to less energy consuming technologies.

206. Science and technological changes will determine the energy sources to be used to generate electricity over the Vision period. The strategy therefore will be to continuously review the energy sources with a view of using the most cost effective source that will provide a competitive tariff compared to other countries.

207. To reduce energy footprint, importation of power from neighbouring countries under the Power Trade arrangement, and development of nuclear power and other renewable energy sources will be pursued to complement the existing energy sources.

208. To achieve this investment, Government must support the human

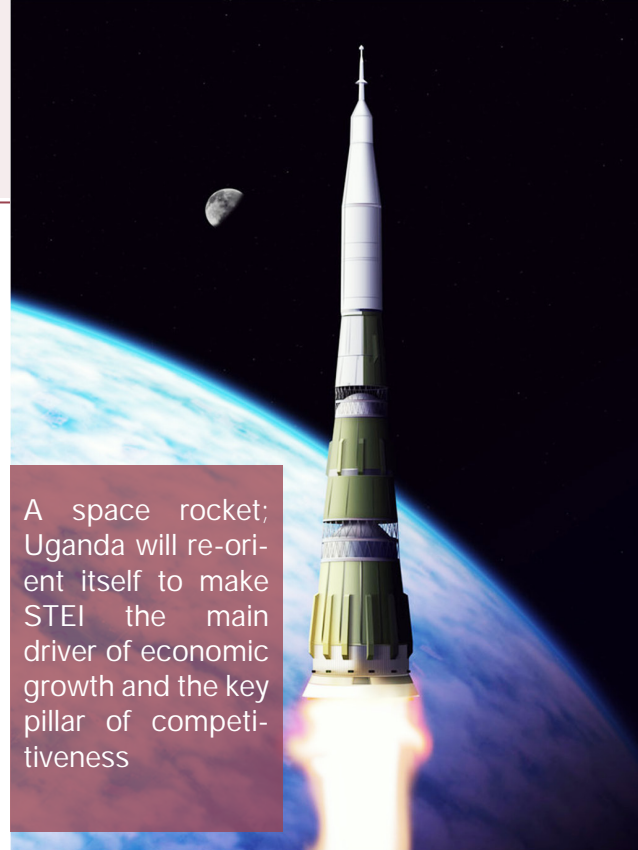


resource development especially in areas of nuclear energy and other energy sources. In addition, the country will invest in energy technologies and R&D.

#### 4.2.4 Science, Technology, Engineering and Innovation

209. Developed and fast developing countries have used Science, Technology Engineering and Innovation (STEI) to meet their healthcare needs, develop industries and overcome economic challenges. Cuba for instance has made biotechnology part of its healthcare system, Brazil has developed one of the most successful aircraft manufacturing industries and South Africa has become one of the top producers of pharmaceuticals in the world. In the developed world, STEI has driven the economy and provided them with the competitive edge for the last 5 decades and led to the discovery of many products including transistors, semi-conductors, software and biotechnology. It is a significant factor largely responsible for the trading imbalances between the less developed and developed world.

210. In an open and highly competitive global economy, the productive sector can only survive by competing through quality, novelty, and a diversity



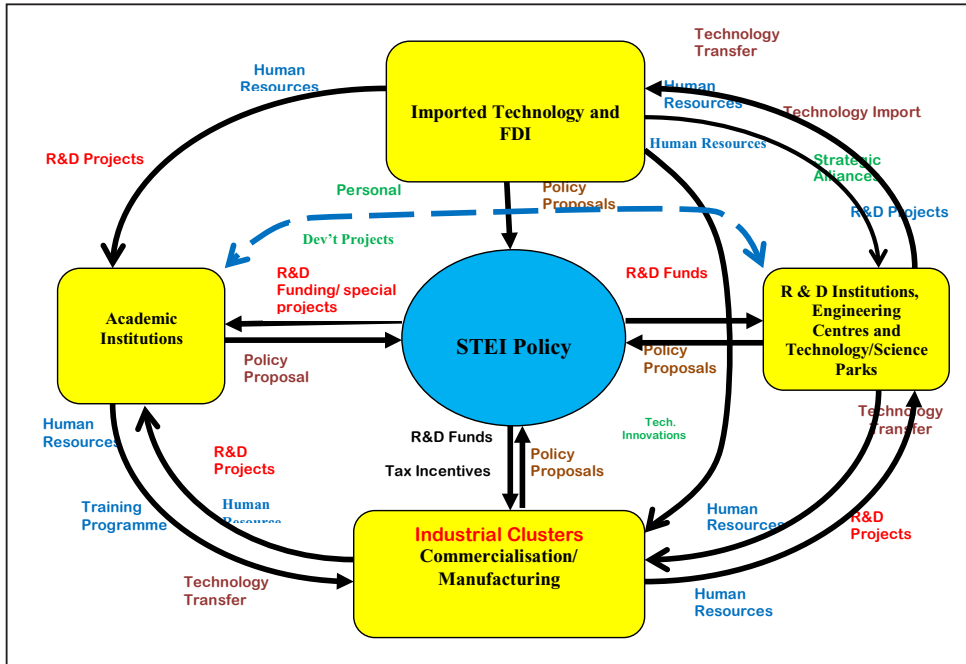
A space rocket; Uganda will re-orient itself to make STEI the main driver of economic growth and the key pillar of competitiveness

of products and services that can only be generated through innovation and continuous technological change.

211. Available evidence shows that S&T has higher rates of returns on investment both in the private and social sectors estimated at 20-30 percent and 50 percent rate of returns respectively. S&T and innovation has led to prosperity as exemplified by Korea, Taiwan and Singapore cases. This however needs to be in the functional national STEI system especially as the world moves to a knowledge based economy.

212. Uganda lags behind significantly and has not effectively participated in any technological revolutions. The first

**Figure 4.5: Proposed Framework for STEI System**



Source: Various Studies

revolution (1780-1840), the second (1840-1900), the third revolution (1900-1950) and the fourth (1950-present) have already passed without Uganda significantly participating. The fifth revolution (2010-ongoing) is expected to have a base in developing nations such as China, India and Brazil, and will culminate in fields related to nanotechnology and molecular manufacturing. This has been as a result of lack of funding by donors and Governments and the

skills needed to navigate complex regulatory requirements and generate the data that is crucial for registering and protecting the products. This technology lag has limited the ability of the S&T sector to contribute significantly to the economy and provide the competitive edge.

213. Over the Vision period, Uganda will re-orient itself to make innovation the main driver of economic growth and



the key pillar of competitiveness in trade. This will necessitate drastic change of approach to education and STEI sector with full support from Government so that the linkage between STEI and economic development is strengthened.

214. Government will also establish a National Science, Technology and Innovation System which will define the complex relationship between the network of institutions in the public and private sectors whose activities and interactions initiate, import, modify and diffuse new technologies. In addition a special fund to support STEI will be set up. The STEI sector will receive a minimum of 2 percent of GDP every year. The proposed national STEI will be as indicated in figure 4.6.

215. To enhance the academia- industry- Government cooperation; Government will promote cooperation through joint projects and programs of mutual interest to R&D centers, SMEs and large firms to spur innovation and entrepreneurships. Government ministries will be required to budget and implement STEI joint initiatives between their R&D departments, academia and industry. Government will specifically attract reputable international firms which have high R&D content to set-up

research centers in the country in specific fields and utilize local talents. Strategic R&D partnership will be developed with leading companies.

216. Government will invest heavily in its education system with a focus to STEI and R&D to produce globally competitive human resource in this field. To promote international and relevant research, top private companies like Shell, Total, Exxon-Mobil, Siemens, Microsoft and Intel will be invited and facilitated to set up research and development centres within the country.

217. Also partnership with influential training institutions in Japan, Israel and Germany in the area of BT&VET will be established to facilitate acquisition of relevant and competitive skills for faster development.

218. To expedite the formation of critical skills to facilitate faster take off, special programmes to train in relevant skills in emerging industries and technology will be undertaken. Special programmes for Nano technology, space exploration, nuclear technology, bio sciences, ICT and engineering will be put in place to facilitate Ugandans study in top international universities but will be bonded by Government.



219. Government will setup science and technology parks, engineering centres, technology and business incubation centers that meet international standards. These will reduce the cost of product development and innovations.

220. The fifth revolution the world is witnessing is in the field of Nano technology which will provide the ultimate convergence of computers, networks, and biotech, and create products that were never before imagined. The Nano devices will be invisible, intelligent, and powerful-will be used in every industry redefining the limits of what's possible especially in areas of energy, bio-technology, manufacturing, ICT, defence and security, health and education. Nano-science and nanotechnology are at the intersection of almost all disciplines, including biology, engineering, medicine, physics and chemistry. Government will support special Nano science- nanotechnology programme by training the appropriate human resource in world class universities and on return be deployed and bonded in appropriate fields.

221. Uganda has a fair advantage in the area of bio-sciences and will specially be developed accordingly. The bio

science innovation will be key in the areas of agriculture, health and medicine, and bio-energies. Specific research programs in these areas will be instituted.

222. Government will support Innovation financing by introducing special grants, loan and guarantee for start-ups and new firms as well as subsidies and tax incentives to stimulate research and development in the public and private sectors.

223. There is need to encourage greater interest in careers in science and technology at an early stage of human capital development. A special science and math awareness program to discover science and engineering programmes will be instituted from pre-primary to higher education levels to interest the young generations to encourage young people to pursue careers in science, engineering and technology.

#### 4.2.5 Urban Development

224. Urbanization plays a key role in the development process. Highly urbanized countries such as Malaysia, Singapore and China tend to have higher income levels, stable economies and stronger institutions. These countries



have attained high levels of urbanization through integrated physical planning and investment which has led to establishment of commercial and industrial functional zones. These zones have attracted populations and in the process relieved pressure on the available land for other economic activities such as commercial agriculture.

225. Uganda's level of urbanization is about 15 percent with GKMA contributing up to 10 percent. The urbanization process in Uganda has been characterized by uncoordinated planning and developments leading to unrestricted sprawling of the major cities and towns.

The over concentration of development in Kampala has led to primacy putting enormous pressure on the overall functioning of the cities itself compared to other urban settlements across the country.

226. Over the Vision period four additional regional cities will be established namely; Gulu, Mbale, Mbarara and Arua. In addition, other strategic cities will include; Hoima (oil), Nakason-gola (Industrial), Fort Portal (Tourism), Moroto (Mining) and Jinja (Industrial). Consideration for other emerging urban centres with the requisite conditions for city status will be accorded.



Proposed freeway in Kampala; mass public transport will be developed to facilitate efficiency and reduce congestion and pollution

Figure 4.6: Proposed Strategic Cities & Road Network

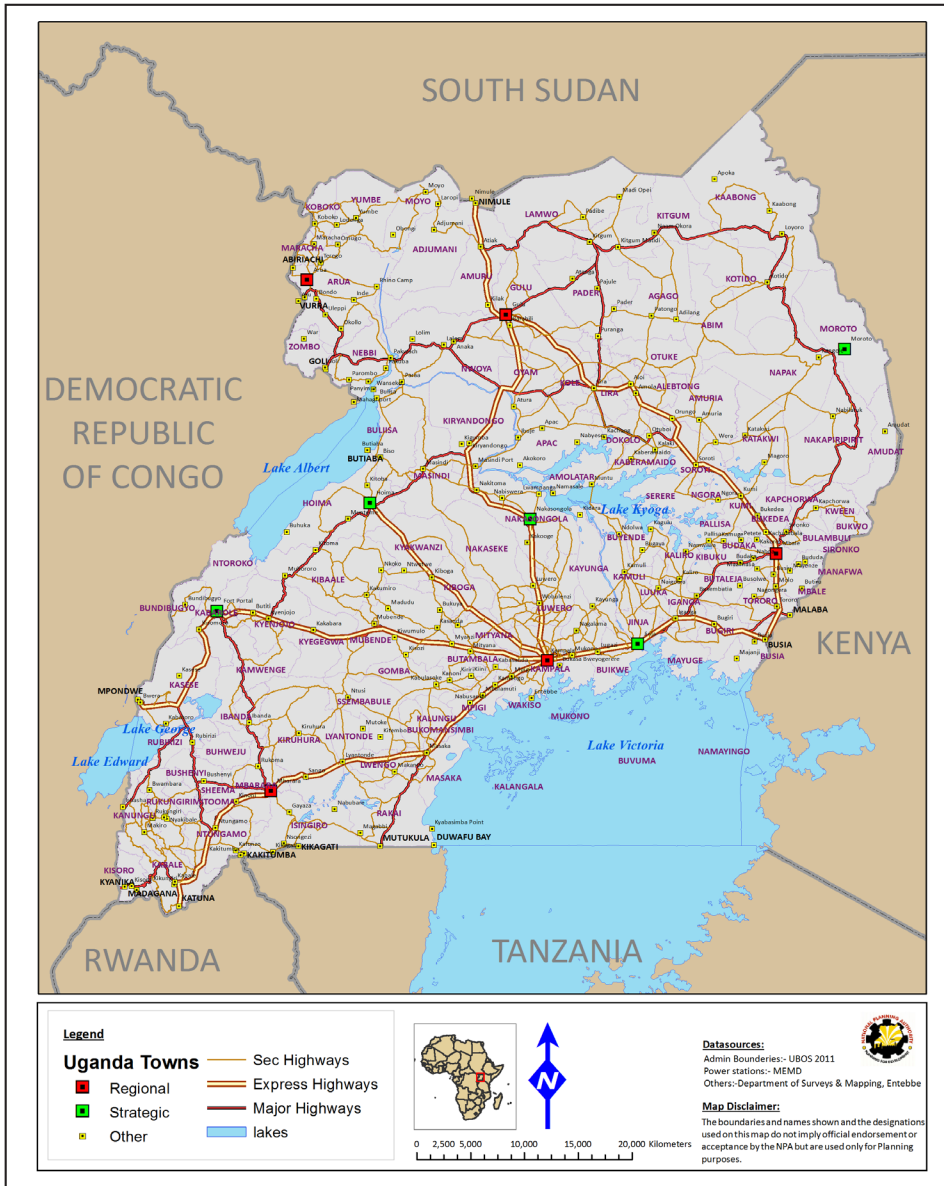
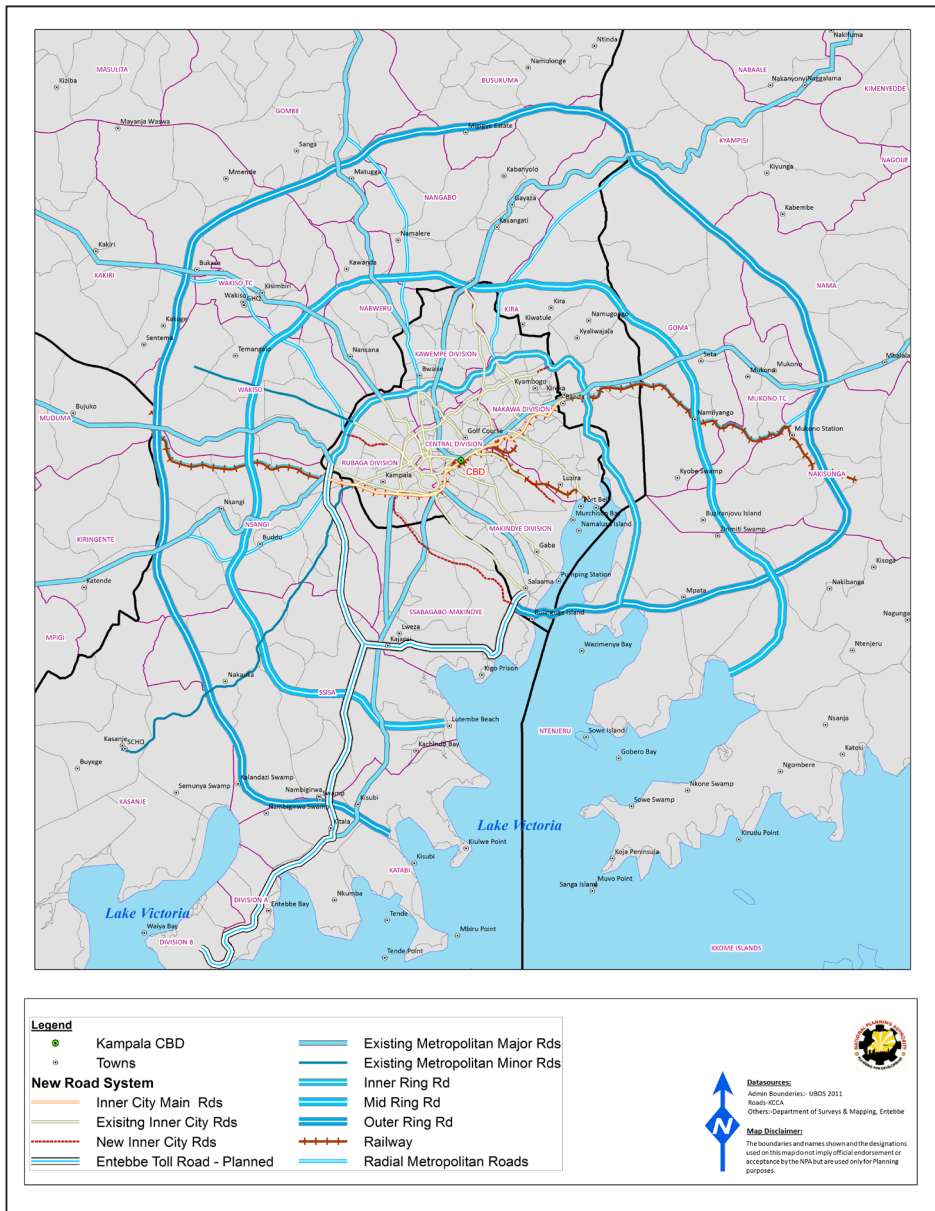






Figure 4.7: The planned road network for Greater Kampala Metropolitan Area





227. Government will control urban sprawling through legislation, integrated physical planning and strict development control and increasing density of settlement by construction of high rise buildings. This will involve adopting well-planned high density settlement for Kampala and medium density settlement for the regional and strategic cities.

228. Government will develop and ensure implementation of the area physical master plans to guide the establishment and development of GKMA, regional and strategic cities, and other urban centres. This will take into consideration provision of social amenities such as education and health, and recreational facilities.

229. In addition, traffic and transportation management within the cities and other urban centres will be based on the national transport master plan as earlier envisioned in section 4.2.2. In Kampala, envisioned to remain the main Capital City in the country, several ring roads are planned to help evacuate traffic and ease congestion, and improve traffic flow. Traffic flow for other cities will also be well planned quite before the envisaged development.

230. Over the Vision period, environment and waste management will be emphasized in line with the integrated physical planning models. This will entail strict control of pollution, wetland management, waste management and promotion and protection of green areas, open spaces and corridors.

#### 4.2.6 Land

231. Land, as a factor of production, is a crucial resource for transformation through various business ventures and provision of public utilities. The 1995 Uganda Constitution decreed that "Land belongs to the people". For the proposed investments to materialize, both the Government and other investors must have easy access to land for that purpose. Currently the land holding in Uganda is characterized by multiple land tenure systems (freehold, mailo, leasehold and customary land) and multiple land rights for the same land holding.

232. Only 20 per cent of the land is titled and 80 per cent is under customary tenure system. To ensure that land ownership facilitates development, Government needs to roll out a systematic land demarcation and survey the entire country over the Vision period.



233. Undertake policy reforms to ensure that land facilities, land use regulation and land development enhance economic productivity and commercial competitiveness for wealth creation and overall social economic development in an integrated and sustainable manner. Government will computerise the Land registration system to ensure efficient and effective land management.

234. Government will, as much as possible, ensure that land acquisition is driven purely by market forces, within the framework of the zoning laws and with minimum distortion. In the case of customary land holding or in cases where people holding land under other tenure systems are unwilling to sell, massive sensitization programmes and negotiations will be promoted under the auspices of the Government or other mutually trusted organizations or persons to ensure that the interests of all parties are duly protected. In order to promote a culture of trust and fair play, land tribunals will be activated to provide redress for people or organizations that will feel aggrieved in land matters.

235. Government will make land reforms to facilitate faster acquisition of land for planned urbanisation, infrastructure development, and agricultural

commercialisation among other developments.

236. As per the constitution, Government or local government shall continue to hold in trust natural lakes, rivers, wetlands, forest reserves, game reserves, national parks and any land to be reserved for ecological and touristic purposes for the common good of all its citizens.

237. Over the Vision period, Government will put in place a mechanism to ensure that district and international borders are secured and any disputes addressed.

#### **4.2.7 Peace, Security and Defence**

238. Peace, security and defence are prerequisites for a sustainable socio-economic transformation, democracy and national unity. National defence and security will entail ensuring: national security for the people and their property; cooperating with civil authority in emergency situations; and in cases of disaster, fostering harmony, understanding between the defence forces and civilians; participating in regional and international operations; and engaging in productive activities contributing to national development.



239. The society fabrics at individual, household, community and national levels must be at peace for any development to take place. Uganda therefore needs to promote tolerance, benevolence, constructive dialogue and openness towards others in order to have a peaceful society that supports rapid economic and social development.

240. Uganda will consolidate a secure and stable society operating on the principles of justice, equality and the rule of law. The country will foster good governance through democracy, equal representation, equity, tolerance, constructive dialogue and openness to

wards others at local, national and international levels.

241. Over the Vision period, the current peace and security that the country enjoys shall be consolidated, promoted and developed. Focus will be on security of the country from any form of aggression, peace-building and conflict management. Government will strengthen the national defence systems, ensure a professional army and a reserve force ready to defend the country. In addition, government will ensure peace in the country and peaceful co-existence with the neighbours and the international community. Priority shall be placed on anti-terrorism measures.



The Country will strengthen the national defence systems, ensure a professional army and a reserve force ready to defend the country



242. To ensure security of all persons and property throughout the country, Government will implement the following strategies; promoting public-private cooperation and civil/community involvement for improved safety and security; deepening policy, legal and institutional reforms for improved enforcement of law and order; promoting processes for national and inter-community dialogue among ethnic and other interest groups; and Peace building and reconciliation through increased access to information by the population, enhancing counselling services, establishment of mechanisms for intra/inter communal and national conflict resolution, strengthening local governance and informal leadership structures and reinforcing the socioeconomic reintegration of ex-combatants.

243. To keep pace with global challenges and demands for defence and security the country will invest in increasing its capabilities in line with technological changes.

244. Uganda will also need to enhance its important and constructive regional role, especially within the framework of the EAC, Great lakes region, IGAD, and the African Union. Uganda will strive to be an active member of the international community which contributes to its economic development, peace and security.



# Chapter 5

Over the Vision period, efforts will be made to inculcate the spirit of patriotism, national identity and the value for a common good.



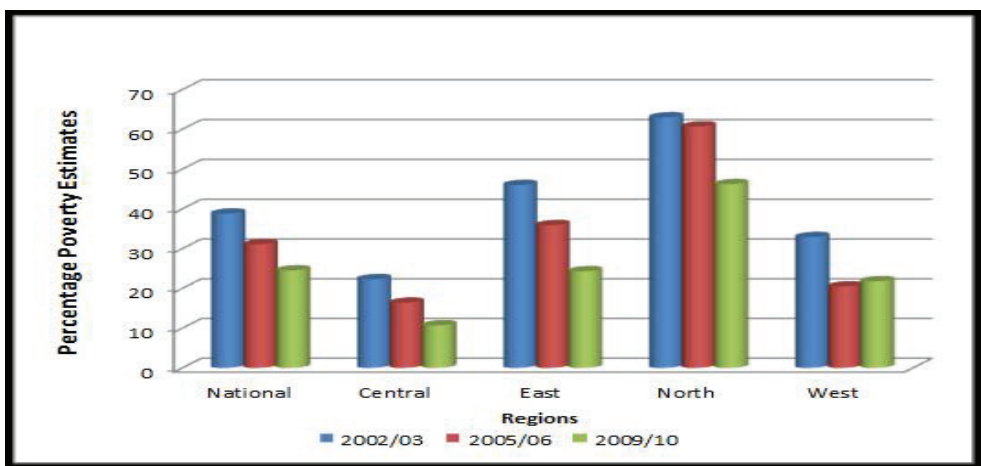
# Chapter 5

## SOCIAL TRANSFORMATION

245. As Uganda aspires to see her citizens enjoying a high quality standard of living, it will focus on improving; the quality of its population, health and nutrition status, literacy and numeracy, housing, water and sanitation conditions and provision of social protection for the citizenry. Focus will also be put on reducing the number of people living in absolute poverty.

246. Uganda has registered a significant reduction in the proportion of the population living below the poverty line declining from 56 per cent in 1992 to 24.5 per cent in 2010. However, it still remains high compared to less than 6per cent in Malaysia and South Korea. The figure 5.1 presents the poverty headcount trends over the years and across regions.

Figure 5. 1: National and Regional Poverty Estimates



Source: UBOS



### 5.1. Population:

247. To emerge into a strong middle-income economy in the coming decades, available evidence suggests that Uganda will have to take into account population factors as part of the development equation. Uganda's population is its biggest and one of the most important resources which must be harnessed to facilitate faster socio-economic transformation. Currently estimated at about 32 million with slightly more females than males, the population is growing at an annual rate of about 3.2 per cent, the third highest in the World. At this growth rate, the population is projected to reach 93.4 million in the next 30 years. The high growth rate has been attributed to the high fertility rate of about 6.7 children per Ugandan woman.

248. Uganda population size by itself is not the problem but rather the quality of the population which is dominated by unproductive age groups. In the next 30 years therefore, it is estimated that with the gradual decline in the growth rate from 3.2 per cent up to 2.4 per cent in the next 30 years, the projected population will be lowered to 61 million by 2040. In the declining fertility projection,

there will be complete transition from high fertility (6.7 children per woman) to low fertility (4 children per woman) over the 30-year projection period.

249. As a result of this high fertility rate, Uganda has one of the youngest populations in the world with nearly half of them aged below 15 years. This young population presents an opportunity that the country can capitalize on to increase its competitiveness.

250. To improve the quality of the population over the Vision period, Uganda will focus on creating a more sustainable age structure by reducing the high fertility rate through increased access to quality reproductive health services, keeping all children of school going age in school with more emphasis on the girl child. In addition, Government will focus on building an efficient health services delivery system. These strategies will be supplemented with incentive oriented population control policies and laws as has been the case in the developed economies.

### 5.2. Health and Nutrition

251. Good health is instrumental in facilitating socio-economic transfor-





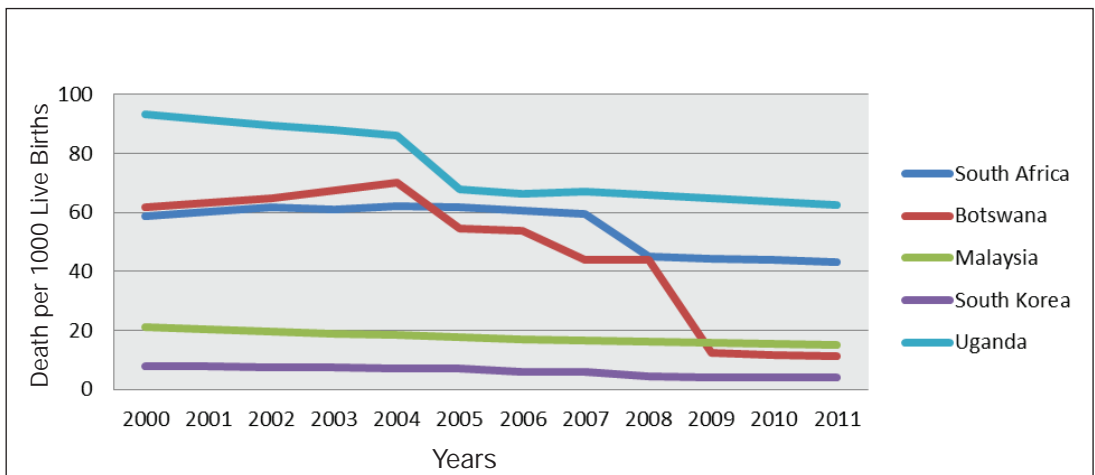
mation. Over the years, Uganda has made some progress in improving the health conditions of the population. The country has registered improvement in key health indicators: life expectancy at birth improved from 52 years in 2008 to 54 years in 2011; maternal mortality ratio reduced from 435 to 325 per 100,000 live births in 2006 and 2011 respectively; and infant mortality rate reduced from 76 in 2006 to 63 per 1000 live births in 2011. However, as compared to other countries this progress is still slow as demonstrated in figure 5.2.

252. The slow progress is mainly attributed to the current health service delivery system which is facility-based.

During the Vision period, there will be a paradigm shift from facility-based to a household based health delivery system. The main thrust of this paradigm is an empowerment of households and communities to take greater control of their health by promoting healthy practices and lifestyles. This shift will be anchored on preventive over curative health service delivery approaches.

253. The preventive health system is considerably cheaper to run and hence by far more sustainable. Similarly, it is built on readily available primary health care providers as opposed to highly skilled professionals. This is the type of health system that developed countries,

**Figure 5.2: Infant Mortality Rates Over Time (/1000 Live Births) of Selected Countries**



Source: CIA, World fact book 2010.



Government in partnership with the private sector and other advanced countries will also focus on building highly specialized health care services.

such as United States of America, depended on in the initial years to deliver health standards of expectation of life at birth of 70 years.

254. Another key health strategy will be to improve the nutrition status of the population especially for young children and women of reproductive age. In addition, a school feeding policy will be developed and implemented. It is projected that this strategy will reduce the number of maternal deaths by over 6,000 and child deaths by over 16,000 every year; and increase national economic productivity, both physical and intellectual, by an estimated UGX 130

billion (USD 65 million) per year at present value; and provide a strong return on public investment – for every one thousand shillings invested, an estimated six thousand shillings worth of increased productivity will result from reduced child stunting, improved maternal health, enhanced micronutrient intake, and improved nutritional care.

255. Uganda's current health service delivery system is expensive, inefficient and not sufficiently responsive to the health needs of the different categories of the population. Addressing these challenges calls for a policy shift in the health delivery system from mainly pub-



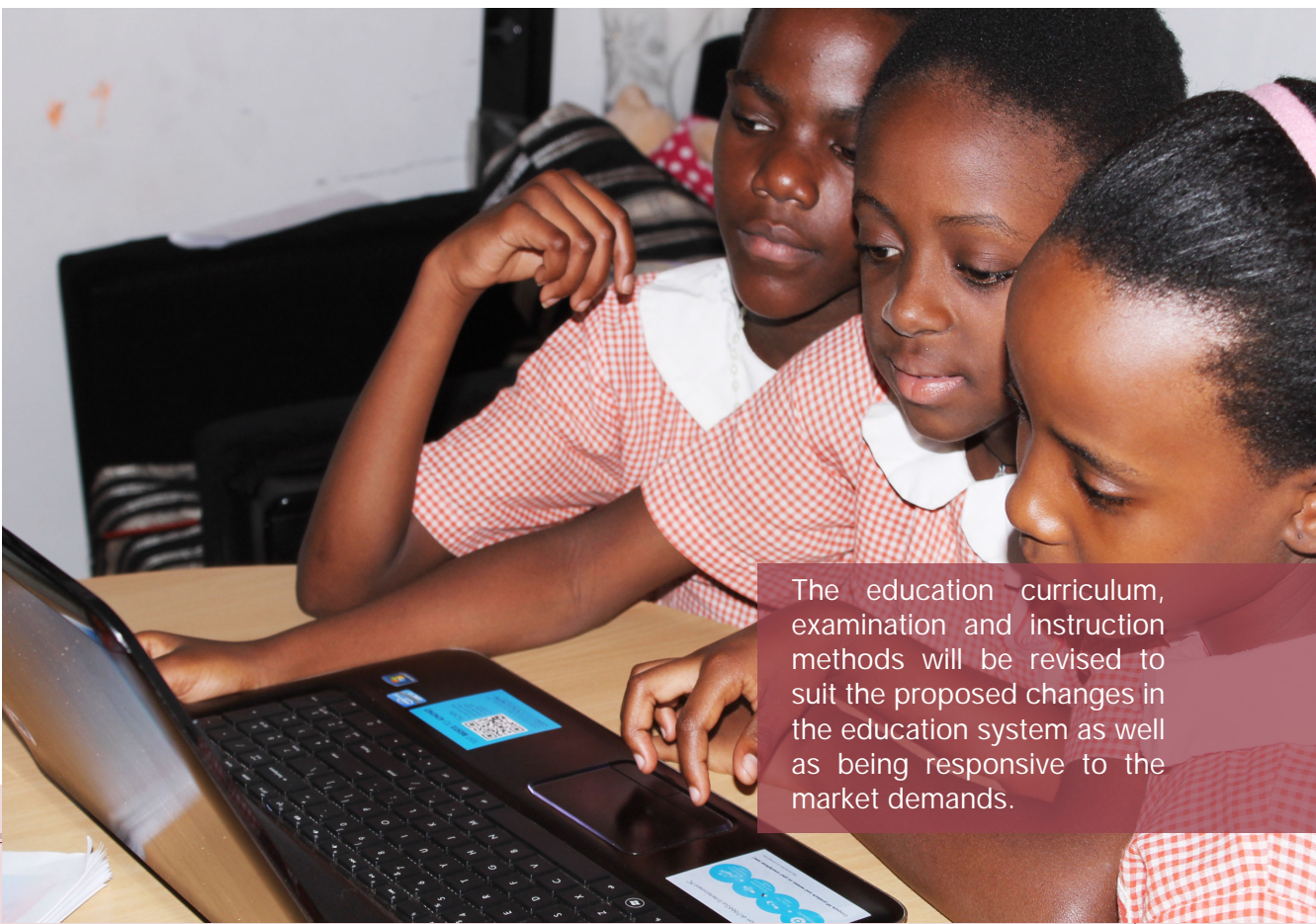
lic centered to a public-private-partnership arrangement. One of the key strategies will be to adopt a universal health insurance system.

256. While the primary health care services will be provided at community level the non-communicable diseases will be managed at health sub-district level as the lowest level of specialized treatment. Government in partnership with the private sector and other advanced countries will also focus on building highly specialized health care services. This way Uganda will be able to treat specialized medical conditions

that are currently being treated outside the country. This strategy will also position Uganda as a regional hub for quality health care provision. Specialized training and increasing remuneration of health professionals will be an integral component of this strategy. Government in collaboration with the private sector will establish international and national hospitals in each regional city.

### 5.3. Education and Literacy

257. Over the last 15 years, Uganda has made tremendous progress in improving literacy levels of the citizenry.



The education curriculum, examination and instruction methods will be revised to suit the proposed changes in the education system as well as being responsive to the market demands.



The literacy rate for persons aged ten years and above increased from 69 per cent in 2006 to 73 percent in 2010 with that of males being higher than females. This is attributed to the implementation of universal primary and secondary education policies and programs.

258. Over the last fifteen years, the total primary school enrolment has grown to about 8.7 million pupils, representing over 90 per cent of the primary school age going population. On the other hand, secondary school enrolment increased by 25 per cent from 814,087 in 2006 to 1,088,744 in 2008 with girls constituting 46 per cent.

259. Retention in primary school on the whole is low and exhibits gender disparities with 53 per cent of boys and 42 per cent of girls completing primary school as by 2006.

260. Over the Vision period, the provision of universal primary and secondary education will be considered as a human right and consolidated as basic education. Primary school years will be maintained at seven years while the secondary school years will be reduced to four. During that time, emphasis will be on character formation and talent identification.

261. All Government-supported tertiary education will be devoted to skills development according to the talents and aptitudes identified. Students will be accorded opportunities to excel in whichever skills area they are placed. These will range from sports and the arts, to technical and vocational research and academic pursuit.

262. In addition, national service will be introduced to promote work ethics, patriotism and voluntarism. The entire education system will be changed to emphasize practical skills, aptitude and moral values. Undergraduate courses will include a full year of internship in addition to course specific industrial training in order to produce a human resource that is ready for the workplace.

263. The education curriculum, examination and instruction methods will be revised to suit the proposed changes in the education system as well as being responsive to the market demands. Talent identification will be an on-going exercise throughout the education system so that the system is robust enough to capture and nurture excellence and innovation at point.



264. Emphasis will be placed on keeping girls in school and improving their completion rates through addressing both institutional, gender and cultural barriers in collaboration with social, cultural and community groups.

#### 5.4. Care and Protection for the Vulnerable Population Groups

265. The state recognizes the need to provide assistance to people who are vulnerable either by age, social class, location, disability, gender, disaster or do not earn any income.

266. According to UNHS 2009/10, 38 percent of the children in Uganda are vulnerable. In addition there are about 1.3 million older persons of which only 7.1 percent have access to pension with 60 per cent being male. Overall, 7 per cent of the population in Uganda has disabilities of which 47.6 per cent have permanent disability.

267. During the Vision period a system of universal pension for every citizen above the age of 65 years will be adopted. The case for the assistance to the orphaned children, the disabled and the destitute is equally justified. Government will also develop and implement

social protection systems to respond to the specific needs of these vulnerable groups. For the vulnerable youth and other able bodied persons, social protection interventions will be channelled through public works schemes.

#### 5.5. Housing Development

268. Social transformation entails access to decent shelter by the population in both rural and urban settings. Housing is essential for the well-being of mankind and the conditions of the house are important in improving the sanitation status of a household. In addition, the condition of a structure could be a proxy indicator of the welfare status of a household. Available data indicates that about 60 per cent of the population live in relatively decent shelters with iron sheets roofing and brick walls.

269. In terms of household facilities, the UNHS 2009/10 indicates that the majority in Uganda still use rudimental facilities. The "Tadooba" remains the most commonly used source of lighting used in 66 per cent of households with only 12 per cent using electricity. As regards to cooking facilities, nearly all households (95 per cent) still use wood fuels (wood and charcoal) as a main



source of energy. Firewood is most commonly used by the rural household (86 per cent) while charcoal is commonly used by urban households (70 per cent). In addition, water and sanitation condition in households are still lacking. As of 2010, 86 per cent of the households in Uganda still used a pit latrine. Majority of households (82 per cent) use toilets that do not have hand washing facilities while only 8 per cent have hand washing facilities with water and soap.

270. Access to an improved water source has increased from about 21 per cent in 1991 to 65 per cent in rural areas while in the urban centres it rose to 66 per cent in 2009. Rural-urban differentials show that urban households travel 0.2 Km to the main source of water compared to those in rural areas (0.8Km). Although access to improved water source has increased, only 15 per cent access tapped water.

271. Over the Vision period, Government will expand the rural electrification programme to cover the whole country. In addition, alternative energy sources such as solar, natural gas and biogas will be promoted.

272. All Ugandans will have access to safe piped water and modern toilet facilities. As part of the urbanization drive, Government in partnership with the private sector will promote planned movement of people from scattered rural to planned settlements to ease delivery of utilities and other services.

273. In line with the projected fertility decline, Uganda will need about 12.6 million new housing units in the next thirty years. This means that Government in partnership with the private sector will invest in constructing appropriate housing estates in planned urban and rural areas to provide decent urban settlements.

## 5.6. National Culture

274. Many developed countries have evolving ideological frameworks based on the shared values concept. These frameworks help to evolve and anchor a national identity by incorporating various elements of the country's cultural heritage, attitudes and values.

275. Culture is a symbolic communication of a nation's skills, knowledge, attitudes, values, and motives learned and deliberately perpetuated in a so-



ciety through its institutions to propel socio-economic transformation. The lack of a shared Ugandan culture and national value system has created divergence in perceptions, mindsets and attitudes given the diverse nature of Ugandan people. It has thus, limited unity, spirit of patriotism, national identity and constrained integrity and lack of appreciation and value for the common good.

276. Uganda lacks a national culture; a system of shared beliefs, values, customs, behaviours, and artefacts that citizens should use to identify them as a Ugandan people and refinement of the individual and fulfilment of national aspirations. This partly accounts for Uganda's lag behind countries that were at the same level of development with it in the early 90s and is one of the constraints to Uganda's socio-economic transformation efforts.

277. In the next 30 years therefore, Uganda will develop and popularize a national value system based on a shared national Vision to guide the behaviour and culture of the Ugandan people. This will facilitate the convergence of various cultures and strengthen unity in diversity of the Ugandan people. By so doing,

the nurturing of a progressive national culture with positive attitudes, values and mind-sets will be a fundamental element of Uganda's development process.

278. The development of policies and programmes that will define national culture, behaviour and ethical conduct of the citizens will also follow suit. This will be combined with rule of law and rule of virtue in running the nation to raise ideological, moral standards and scientific development.

279. In addition, deliberate programmes with a specific focus on creating a shift in thinking and practices amongst the Ugandan people and more especially the young people will be developed and implemented. The values that will be inculcated will include acknowledging our national destiny, putting the nation first, unity, respect for each other, and the respect for human rights, good governance, transparency and accountability. This way, the nation will create a population that cares about its country and masses who are well informed about their roles, duties and obligations in nation building.



280. The need for a national service programme to mobilise and sensitize all citizens, especially the youth, to appreciate and participate in the transformation process cannot be underestimated. This will facilitate development of a common identity and enhance civic responsibility. It is important that young men and women as the country's most important resource are equipped and developed to play a meaningful role in the reconstruction and development of the country.

### **5.7. Gender Equality and Women Empowerment for Socio-economic Transformation**

281. Over the years, Uganda has made effort to promote Gender equality and empower women to participate as equal partners in development. Uganda's Constitution guarantees equality between women and men before the law. In line with this, a policy of affirmative action was adopted to partly address gender inequalities and promote women empowerment in political, social and economic spheres. The National Gender Policy and National Action plan on women were also formulated to support the implementation of the Constitutional and Policy provisions. In addition, Gender mainstreaming has been

high on Government's agenda in a bid to integrate gender issues in development plans and programmes.

282. As a result, positive outcomes have been realised in all spheres at various levels and these include; increased women participation in governance, with about 33 per cent representation in the national legislature, 28 per cent in the executive and continued women occupation of key positions in the judiciary and public service.

283. Gender gaps in education have also been lowered through Universal Primary and Secondary Education Programmes, with an enrolment rate of 84 per cent for both girls and boys at primary level (MGLSD, 2007). The proportion of the adult literacy rate for women to that of men has also greatly improved.

284. However, the conditions that depict gender inequality are still salient in Uganda's economy and these mainly include: gender disparities in access and control over productive resources like land; limited share of women in wage employment in non agricultural sectors; sexual and gender-based violence; limited participation in household, community and national decision-making.





285. Considering that women constitute over 51.2 percent of Uganda's population, it will be paramount in the next 30 years to reduce gender inequalities as a prerequisite for accelerating and sustaining socio-economic transformation. Women and men of Uganda will thus be treated as equal partners in development right from the household to the Country level.

286. Over the next 30 years therefore, effort will be made to ensure gender responsive policies, programmes and actions. Because of our history of women being left behind the development process due to socio-cultural factors, deliberate effort will be made to enable women to equally participate in education and skills development, business, agriculture and industry as well as their equal political representation at all levels among other development aspects.

287. Furthermore, because of women's unique biological and gender roles especially of child bearing and rearing, measures, deliberate policies and programmes will be put in place, to facilitate them to equally participate in the development process. Such means will include among others; policies for flexible working conditions to enable fami-

lies with young children to work from home or have flexible working hours.

288. The challenges faced by women, the minority groups and other marginalized groups in accessing and using land for production will also be addressed through land reforms and domestic relations laws and programmes. This way, women and other marginalized groups will effectively use land to support the agriculture production and productivity goals for the realization of this Vision.

289. The total elimination of harmful and non-progressive socio-cultural practices that affect the health, wellbeing and progress of both men and women will be tackled during the 30 year period to allow and give opportunity to every Ugandan to fulfil their desired potential and live a life of dignity. These include among other; the elimination of practices such as female genital mutilation (FGM), Gender based violence, early marriages, child sacrifice, denial of the right to education and participation in employment.

290. To facilitate the goal of reduction of fertility among Ugandan women to about 4 children per woman, deliberate effort will be made to keep all girls and



boys of school going age in school and ensure that they are absorbed in the job market immediately after their education. Such effort will include putting in place policies like affirmative action for girls and other poor children to keep in school and facilitating all the youth to get absorbed into the job market. This will help to reinforce other population policies.

### **5.8. Environment and Natural Resources (ENR)**

291. Uganda's environmental endowment is largely constituted by its water resources and wetlands, biodiversity and ecosystem health, land resources, fisheries resources, forests and oil and gas resources. The state of these resources has been facing increasing challenges including: rapid deterioration of the quantity and quality of the natural resource base mainly due to increased pressure from high population growth and economic activities; poor disposal of solid and liquid waste from industries and human settlements among others; additions of electronic waste, radioactive waste, plastics and polythene materials, industrial wastes and medical waste to the traditional organic wastes, noise pollution, invasive alien species,

use of Genetically Modified Organisms (GMOs); imported chemicals (petroleum products; agriculture chemicals; cosmetics; drugs and chemicals embedded in electronic gadgets among others) and bio fuels. This has led to loss of biodiversity and environmental degradation in general.

292. In the past three decades, Government has put in place elaborate ENR policies, laws, regulations and standards to guide the management of the environment including: the National Environment management Policy (1994); Uganda Forestry Policy (2010); the Energy Policy for Uganda (2002); National Environment Act (Cap 153); National Forestry and Tree Planting Act (Act 8 of 2003), etc. However, the level of compliance to these ENR policies, laws, regulations and standards is still very low leading to misuse and degradation of the environment.

293. Over the Vision 2040 period efforts will be undertaken to attain a green and clean environment with no water and air pollution while conserving the flora and fauna and restoring and adding value to the ecosystems. Sustainable utilization of the ENR will be addressed in line with Uganda's commitment to the



principles of the Rio Declaration on Environment and Development, the Programme for the Further Implementation of Agenda 21 and the Plan of Implementation of the World Summit on Sustainable Development (Johannesburg Declaration on Sustainable Development) among others. Uganda will take urgent measures to protect the environment and natural resources and ensure their future sustainability.

294. In addition the concept of the green economy will be considered in the context of sustainable development and poverty eradication as one of the important tools available for achieving sustainable utilization of the ENR sector in Uganda. The green economy will contribute to eradicating poverty as well as sustaining economic growth, enhancing social inclusion, improving human welfare and creating opportunities for employment and decent work for all, while maintaining the healthy functioning of the ecosystems.

295. Efforts will be made to restore and add value to the ecosystems (wetlands, forests, range lands and catchments) by undertaking re-forestation and afforestation on public land, promoting participation of the population in tree planting on both private and public

land and enhancing private investment in forestry through promotion of commercial tree planting on private land and adoption of green agriculture practices. This will lead to restoration of forest cover from the current 15 per cent of the total land area to 24 per cent.

296. Restoration of degraded wetlands, hill tops, rangelands and other fragile ecosystems will be achieved through the implementation of catchment-based systems, gazetting of vital wetlands for increased protection and use, and monitoring and inspecting restoration of ecosystems (wetlands, forests, catchments).

297. Conservation and wise use of ENR and cultural diversity for collective benefit of the present and future generations and adoption of patterns of production, consumption and reproduction that safeguards the environment will be undertaken as a matter of urgency.

298. Government will promote the development, adoption and equitable transfer of environmentally sound technologies and assist the population to internalize the full environmental and social cost of goods and services.



299. Furthermore efforts will be directed towards the creation of effective partnership and cooperation with the international community on environmental sustainability. This is to be achieved through ensuring that agreed commitments related to Uganda's development needs made at various UN Summits and Conferences are observed and implemented by the international community.

300. The role of the civil society and the importance of enabling all members of civil society to be actively engaged in sustainable development will be fundamental in managing the environment. Government will improve the participation of civil society in ENR management by, inter alia, strengthening access to information, building civil society capacity and creating the enabling environment for their participation.

301. The role of women in managing the ENR is critical and therefore the Government will promote gender equality and women's empowerment to ensure their full and effective participation in the development and implementation of policies, programmes and decision-making at all levels.

302. The institutional framework for environment and natural resources management that responds coherently and effectively to current and future challenges and efficiently will be strengthened. This institutional framework will bridge gaps in the implementation of programmes and policies in the ENR sector. Government will ensure that the institutional framework integrates the three dimensions of sustainable development in a balanced manner and enhance implementation by, inter alia, strengthening coherence, coordination, avoiding duplication of efforts and reviewing progress in implementing sustainable development.

## 5.9. Climate Change

303. Climate Change is a change in the statistical properties of the climate systems when considered over long periods of time regardless of the cause ((UNFCCC, 1994). No country is immune to the impacts of Climate Change and this poses a great challenge to Uganda and the world albeit LDCs are more vulnerable because of their limited capacity to cope. It is certain that Uganda is experiencing signs and effects of Climate Change as manifested by: the change in rainfall patterns which are low and



poorly distributed, prolonged drought; emergence of diseases like malaria in areas that were previously mosquito free; loss of soil fertility emanating from heavy overrun; frequent floods; and higher temperatures which provides a fertile impetus for pests and diseases.

304. Climate Change affects all sectors of the economy making the need for preparedness inevitable. It affects infrastructure through wash away of bridges, prolonged droughts reduce water levels thus affecting the volume of water required to run the turbines that produce Hydroelectricity, floods result into epidemics like cholera and malaria while high temperatures affect the productivity of temperature sensitive crops like coffee and cotton. This implies that sectors and local Governments must plan to adapt to climate change while undertaking mitigation measures in some cases. Critical measures to prevent erosion of climate security, including viable food production and personal health need to be assured.

305. Over the years, Government has responded in form of policies, programmes, projects and interventions to alleviate the impacts of Climate Change. Uganda is signatory to the United Na-

tions Framework Convention on Climate Change (UNFCCC) and ratified the Kyoto protocol, and is privy to a number of Multilateral Environmental Agreements (MEAs) that have strong links with climate change. National plans and policies include the National Adaptation Plan of Action (NAPA 2007), National Development Plan (NDP 2010/11 – 2014/15), the Renewable energy Policy (2007), the Disaster Management and Preparedness Policy inter alia.

306. There is however, still poor understanding of climate change and variability in Uganda and hence inadequate adaptation and mitigation measures currently in place in the country. There is insufficient attention being given to climate change initiatives by the Government, the private sector, the civil society and at community levels. At the global level, the issues of mitigation and adaptation which affect Uganda like other LDCs are still being neglected.

307. Over the Vision 2040 period, Government will develop appropriate adaptation and mitigation strategies on Climate Change to ensure that Uganda is sufficiently cushioned from any adverse impact brought by climate change. The use of the guidelines for



incorporating climate change in sector, and local Government plans and budgets will be popularized.

308. Appropriate adaptation and mitigating strategies on climate change will be developed in all sectors to increase the country's resilience to the impacts of climate change. To this effect, knowledge and information sharing with the relevant stakeholders on climate Change and variability will be the starting point in this endeavour.

309. Government will develop policies and organizational structures to address climate change. Emphasis will be on strengthening coordination systems at both national and local levels and building the capacity of local governance and decision making bodies. In addition enabling strategies with legal instruments will also be put in place.

310. Government will increase capacity to cope through upsurge of funding to climate change initiatives in a bid to reduce the level of vulnerability. This will be through liaison with development partners who will be identified and programs developed to strengthen partnership arrangements. Government will continue to participate in, and benefit from, international arrangements on climate change and variability and in particular focus on how to tap on the available global climate change funding mechanisms.

311. A comprehensive Monitoring and Evaluation mechanism to observe the implementation of national guidelines will be established. The strategy will have clear milestones and analytical tools



# Chapter

# 6

The Uganda Crested Crane is the country's official bird. It is a friendly, gentle and peace loving bird, characteristics which are certainly true of the Ugandan people. Uganda has 1061 bird species reflecting 11 per cent of the total world bird species



# Chapter 6

## GOVERNANCE

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### 6.1. State of Governance

312. Good Governance is the backbone on which the development processes are based to ensure services are delivered to citizens and that peace reigns in the nation. This Vision aims at consolidating the tenets of good governance which include constitutional democracy; protection of human rights; the rule of law; free and fair political and electoral processes; transparency and accountability; Government effectiveness and regulatory quality; effective citizens participation in development processes; and peace, defence and security of the citizens and the country.

313. The current Uganda was formed from existing indigenous Kingdoms, chiefdoms and sedimentary societies existing in the region. The current boundaries of Uganda were demar-

cated in 1894. Uganda attained independence in 1962 signifying the birth of a sovereign and democratic state. Since then Uganda has made progress in consolidating democracy and good governance. Progress was achieved in the areas of promulgation of a people centred Constitution, periodic election of leaders at all levels, collective decision making through the decentralised system of governance, rule of law, respect and protection of human rights, and institutional reforms to strengthen the three arms of Government.

314. Similarly, Uganda has faced challenges in its desire to consolidate good governance and democracy including: abrogation of the 1962 Constitution, military coups, political instability, rebellions, unstable regimes, lack of national unity, and lack of a coherent and distinct political ideology. Over this



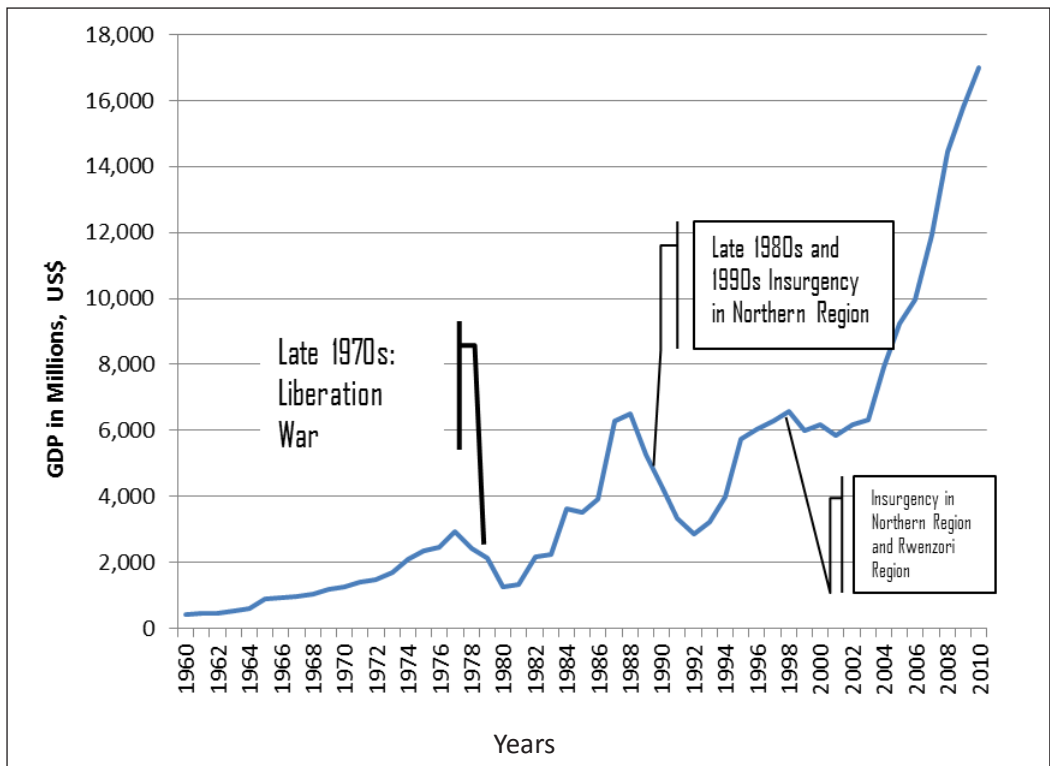


period the formulation of public policy has not been entirely by the people as envisaged in a republic setup and therefore shifted with the various regimes. This affected the development of a national agenda that could be sustained over a long period regardless of regime change, consolidation of good governance and sustainable development. There is a positive correlation between socio-economic gains and periods of

relative peace, stability and good governance as illustrated in figure 6.1.

315. Democracy supports economic development by providing stable political conditions and composite policies in line with national development agenda, and reliable investment climate. Similarly democracy may slowdown development when the policies do not support economic uplift due to conflict with so-

**Figure 6.1: Impact of instability on GDP Trends in Uganda**





cial traditions and public expectations. A review of the development paths of various countries in relation to the type of democracy and level of governance shows that there is no robust relationship between development and governance. During the Vision period, democracy shall be strengthened based on national values, aspirations, and a progressive national culture acceptable to the people of Uganda in conformity with the constitution, aimed at uplifting their standards of living and socio-economic transformation. The level of development in a country determines the nature of democracy adopted. Therefore Uganda will adopt a developmental democracy suited for its own circumstances.

316. In the context of this Vision governance will entail strengthening the traditions and institutions by which authority in Uganda is exercised. This includes (a) the process by which Governments are selected, monitored and replaced; (b) the capacity of the Government to effectively formulate and implement sound policies; (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them; and (d) the protection of Human Rights in the country.

317. The tenets of a sound democracy will be upheld during the Vision period including: constitutional democracy; protection of Human Rights; the rule of law; political and electoral processes; transparency and accountability; Government effectiveness and regulatory quality; and peace, defence and security.

## 6.2. Constitutional Democracy

318. Uganda is a constitutional democracy and all the legislative Acts of Government will be enacted in conformity with the Constitution which is both the supreme law at the domestic level and the foundation on which the exercise of all powers within the state is based. Measures shall be undertaken to ensure separation of powers of the three arms of Government that is Parliament, Judiciary and the Executive. The mechanisms for enabling independent and effective functioning of each one of them and maintaining the public's confidence in courts of law shall be strengthened.

319. All citizens of Uganda shall be made aware of the Constitution and their rights and obligations therein, to ensure they are law abiding. We shall



The Uganda Parliament is a symbol of constitutional democracy

enforce national unity and cohesion as a means of upholding the constitution. Swahili as a national language will be promoted and integrated in education curriculum. The Swahili version of the National Anthem will be promoted. All public service delivery systems, including decentralised governance, will be reoriented to enforce national unity and cohesion. A compulsory National Service System for citizens' ideological re-orientation to foster national unity and development will be set up. This will be a pre-condition for entrance to vocational and tertiary institutions. It will also be a pre-condition for Government employment at any leadership position at all levels from the village to the Presidency.

320. Measures will be taken to reintroduce the community spirit of togetherness that will bring people residing in the same location to discuss issues of development, security and cleanliness. This collective community spirit will be used as a spring board for the development of the national agenda to inculcate national values. Strengthening of village level administration (local councils) and the family unit.

321. In order to foster separation of powers the Ministers will not be members of either house of Parliament. In addition, the Judiciary will be strengthened through independence in recruitment and financing.



### 6.3. Protection of Human Rights

322. Over the Vision period, the respect for human rights and its fundamental principles shall be at the core of development planning. It shall incorporate the National objectives and Directive Principles of state policy and Bill of rights as enshrined in the Constitution and international bill of rights and other human rights treaties that Uganda is party to. This states that the legal obligation to respect and promote human rights lies with the state, however, it is a duty and obligation of all citizens to promote and protect these rights.

323. Government shall ensure that the human rights based approach to development is integrated in policies, legislation, plans and programs. This approach will strengthen the capacity of the duty bearers to respect, fulfil and protect human rights; and that of the rights holders to know, claim and realize their rights. Additionally, interventions that will respond to the needs of vulnerable and marginalized groups in society shall be prioritized. Human rights education shall be integrated to develop the capacity of citizens to undertake informed participation at all levels in line with the principle of equality and non-

discrimination. Measures will be put in place for implementing and monitoring progressive fulfilment of the rights and obligations.

324. Policies and systems shall be put in place to ensure management of emigration and control of immigration. Additionally, data on population will be regularly updated and a national identification system established to track the demographic changes. Measures to ensure rights of refugees and internally displaced people (IDPs) are protected will be strengthened. In addition, disaster mitigation and management measures shall be strengthened.

325. Government in collaboration with the private sector will continue to build the capacity of the media to enable it to meaningfully participate and support the country's socio-economic transformation. This will entail the development of the media industry, promotion of freedom of speech and access to public information.

### 6.4. Rule of Law

326. The rule of law and the supremacy of the Constitution will be upheld to ensure that all individuals are subject to and treated equally according to the



law, and that no one is exposed to arbitrary treatment. This means that all citizens and authorities, including armed forces and security forces, obey the law and have equal access to justice.

327. The independence of the Judiciary will be strengthened. The President will appoint judges at the court of appeal and Supreme Court level, while from the high court and lower are appointed by Judicial Service Commission. The Judicial Service Commission shall be enabled to set competitive remuneration for judicial officers. Judgements of courts will be respected by all arms of government and enforced.

328. Over the Vision period the capacity, security of tenure and the inde-

Prosecution (DPP) will be strengthened. To ensure the effectiveness of the DPP there is need for a well-trained, facilitated, equipped and effective police. The capacity of the police will be strengthened and police colleges will be equipped to offer specialized training for criminal and forensic investigations to ensure prevention and detection of crimes. The police training will ensure that the rate at which the capacity of police is developed is higher than the rate at which crime is getting sophisticated in the global context. There will be emphasis on prevention of crime through establishing community policing in Uganda. The conditions of service shall be improved to match the global standards.



Commercial Court; A Temple of Justice



## 6.5. Electoral and Political processes

329. The will of the people of Uganda shall be the basis of the authority of Government; this shall be expressed through periodic and free and fair elections which shall be by universal and equal suffrage and shall be held by secret vote. In order to build lasting peace and empower the disadvantaged, inclusive public participation will be upheld.

330. Regular free and fair elections, as one of the principal means for ensuring popular participation in the formation of Government and the monitoring of its performance, shall be conducted every 5 years. This will confer legitimacy on political systems by vesting them with the mandate from the citizens.

331. During the Vision period, the country will focus on enacting and operationalizing the necessary legal and institutional frameworks to support issue-based political processes. In this regard, therefore, Government will implement the following strategies; enhancing the legal and regulatory framework covering the electoral process; review composition and structure of the Electoral Commission to ensure that non-partisan, in-

dependent and professional people are selected; developing an informed and active population through conducting of regular civic education programmes and enriching the quality of Parliament's debates; and strengthening the laws on non-discrimination to promote inclusion of women, the youth and other disadvantaged groups in electoral and political processes.

332. Also efforts will be made to strengthen the use of ICT in the electoral processes including; ultra-high speed pervasive internet connectivity, biometric authentication mechanisms, electronic voting, and updating the voters' register. The ICT aided electoral process shall be linked to the national identification system.

## 6.6. Transparency and accountability

333. During the Vision period the policy, legal and regulatory framework to support transparency and accountability will be strengthened. Appropriate measures will be put in place to ensure strong implementation and monitoring mechanisms for effective service delivery. The institutions include; the Inspectorate of Government, Anti-



Corruption Court, the Judiciary, DPP, Criminal Intelligence and Investigations Directorate (CIID), Office of the Auditor General, and Directorate of Ethics. The Whistleblowers Protection Act and Leadership Code will be implemented. A value system that socially and institutionally promotes Zero tolerance to corruption, will be developed. Additionally, it shall recognise the associated danger signs and risk factors.

334. Measures will be put in place to strengthen Public Sector Management and Administration by ensuring that the public officials are fully responsible and accountable for all the resources under their control. A business approach will be introduced in the delivery of public services where Heads of institutions and ministries shall be fully responsible for managing their human resources, financial, and capital assets. The Government will undertake reforms to consolidate the gains made in Public Financial Management in order to improve efficiency and effectiveness of public expenditure management. The National Identification System will be implemented and the Anti Money Laundering law will be enacted.

335. Government will review, pass and operationalize necessary policy, legal and institutional frameworks to strengthen public transparency. The specific strategies will involve; E-Government which will ensure all workflow processes are computerised and improve responsiveness and reduce corruption, computerization of information systems to increase administrative efficiency; strengthening the legal framework for ethics and integrity; promoting result-based management within the public service; strengthening parliament's legislative oversight capacity; and encouraging public access to information and data including special measures to overcome barriers to access.

336. The citizenry will be empowered to demand for better service delivery from Government. This will lead to better utilization of resources and significantly reduce the incidence of corruption. Government will also ensure the ratification and domestication of the relevant codes and standards. These will be relevant not only for benchmarking good practices for improving good governance and sustainable development but also enhancing the country's competitiveness through participation in key economic organizations.



## 6.7. Government Effectiveness and Regulatory Quality

337. Over the Vision period, government shall adopt the business approach for public service delivery where efficiency, effectiveness and economy will be the main basis of decision making. This will include high quality public services, efficient civil service and independence from political interference, quality of policy formulation and implementation, and the credibility of the Government's commitment to such policies. All public services shall be available to all Ugandans without any form of discrimination.

338. Coordination, implementation, monitoring and evaluation systems shall be strengthened to ensure that all at national, sector and local governments are fully harmonised. In doing this government shall ensure the participation of all players including private sector, media, civil society, cultural leaders, religious leaders and citizens.

339. Achievement of the national Vision calls for an efficient and effective public administration which depends on well-functioning institutional structures as much as on skilled, dedicated and highly motivated public service.

During this period therefore, Government will introduce various innovations that entail not only changes in structure and processes but also fundamental attitudinal and behavioural changes that are precepts of socio economic transformation. Focus will be on reducing the cost of public administration. In addition focus will be on implementing performance measurement techniques, improving pay and incentive systems of the public sector, total quality systems in public service, ISO certification for all public offices, and promotion of e-Government. To ensure good governance and harmonious development, Government will revitalize and strengthen the coordination and implementation of Government policies and programmes so as to harness inter-sectoral linkages and synergies.

340. The country will focus on strengthening the devolved power to local Governments by increasing their tax base so that local communities depend less on central Government actions and more on their own initiatives and organizational capacity. Government will re-orient local Governments from being mere service delivery vehicles to agents of wealth creation and local economic development of their localities.






Government will also promote formal and informal civic education and action programmes to increase participation as well as promoting open engagement between Government and civil society with free flow of information.

341. Government shall formulate and implement sound policies and regulations that permit and promote private sector development. This will focus on reducing regulatory costs and risks associated with obtaining business licenses, and on simplifying compliance procedures for small and medium enterprises. Government will promote awareness on the framework of the

East African Community Common Market, COMESA, African Union, and the Global community, and ensure effective consular services. This will also entail putting in place measures to ease doing business, harmonise laws in order to guarantee competitiveness and encourage increased investments.

342. Uganda will review and put in place laws and regulations that favour business development. In addition, government shall ensure that businesses observe internationally acceptable standards in production and business processes.



# Chapter 7

The Buffalos are a common sight in most of Uganda's national parks



# Chapter 7

## IMPLEMENTATION, MONITORING AND EVALUATION STRATEGIES

### 7.1. Implementation

343. Implementation of the Vision 2040 starts in the year 2010 and is a responsibility of every citizen of Uganda. The Presidency, Parliament, Judiciary, Ministries, Departments and Agencies, Local Governments, Private Sector, Media, Civil Society and Political Organizations will align their plans and strategies to achieve this Vision.

344. To effectively implement this Vision, every Ugandan must fulfill his/ her Constitutional duties and obligations including: being patriotic and loyal to Uganda and promoting its well-being; engaging in gainful work for the good of the individual, the family, community and to contribute to national development. Furthermore, realization of this Vision will require promoting responsible parenthood; fostering national unity and living in harmony with others. Each Citi-

zen will have a duty to promote democracy and the rule of law; and acquaint himself or herself with the provisions of the Constitution and to uphold and defend the Constitution of the Republic of Uganda. The citizens will be educated on their roles in the implementation of this Vision and mobilised to perform their key roles.

345. To facilitate ownership and implementation of this Vision, mechanisms will be instituted to ensure that every Ugandan understands and supports the achievement of this Vision. It will be translated, simplified and continuously disseminated to all Ugandans in various fora to rally all Ugandans to participate in national development. It will also be incorporated in the educational curricula at all levels. Civil society and the media will be key partners in the dissemination and popularization of the Vision.



346. The overall responsibility for implementation of this Vision will be with the President of the Republic of Uganda. The President will ensure that all policies, programmes and projects to be formulated and implemented under his/her tenure will be focused on the realization of the Uganda Vision 2040. The institution in charge of national development planning and that of monitoring and evaluation will be tasked to ensure effective coordination and implementation of the Uganda Vision 2040.

347. The implementation of this Vision is within the framework of the Comprehensive National Development Planning Framework (CNDPF) as adopted by Government in 2007. In this regard, three 10-Year National Development Plans; six 5-Year National Development Plans; Sector Master Plans and Strategies; Local Government Development Plans; and Annual Plans/Budgets will be developed and implemented to realize this Vision (see Figure 7.1). All operational and strategic actions of government, private sector, civil society and media shall be directed to the implementation of the Vision. An appropriate policy, legal and institutional framework will be instituted to ensure all government and non-government actors implement this Vision.

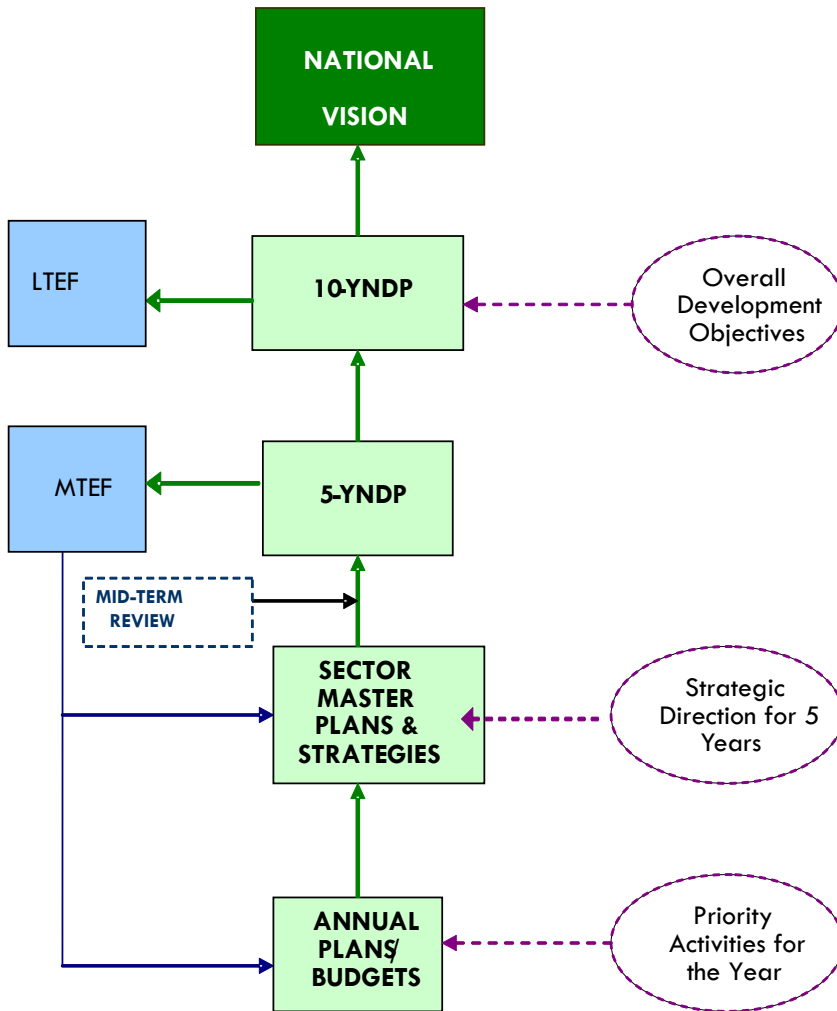
348. Vision 2040 interventions will be prioritised and sequenced in the subsequent NDPs in line with the country's development strategy described in this Vision. In addition to providing a conducive investment climate (reducing cost of production by investing in infrastructure, human resource development and deepening governance) government will promote the development of resource based industries in the first national development plan and move to light and high tech industries in the later years of Vision 2040 (see fig 7.2)

349. A project mode of implementation will be employed for key strategic projects identified in the Vision in order to fast track their implementation.

350. To ensure coordinated and harmonized implementation of this Vision, government will regularly engage the private sector, the civil society and the media in the planning, implementation and monitoring and reporting of the progress in the realization of the Vision targets. The government will develop a mechanism that will facilitate the participation of all non-state actors in the implementation of this Vision.

351. To ensure a coordinated and harmonized implementation of develop-

**Figure 7.1: The Framework for Implementation of the National Vision**



ment projects, a National Spatial Plan will be developed. This will help achieve organized, equitable, sustainable, efficient and cost effective development. This spatial plan will facilitate public policy and actions that will influence

the geographical location of projects in economically viable areas.

352. The implementation of this Vision will be undertaken through the existing central and local government



**Figure 7.2: Proposed sequencing of National Vision 2040 priorities**

	AGRO INDUSTRIES	MACHINE TOOLS	HIGHER TECHNOLOGY	HIGHER TECHNOLOGY	HIGHER TECHNOLOGY
	ICT CITY	FERTILISERS	INDUSTRIAL CHEMICALS	AERO SPACE INDUSTRIES	AERO SPACE INDUSTRIES
WATER FOR PRODUCTION	IRON AND STEEL	PETRO CHEMICALS	HITECH SERVICES	HITECH SERVICES	HITECH SERVICES
OIL & GAS (REFINERY)	FERTILISERS	MODERNISE INDUSTRIES	MODERNISE INDUSTRIES	NANO & BIO TECHNOLOGY	NANO & BIO TECHNOLOGY
ICT BUSINESS	OIL & GAS (PIPE LINE)	IRON & STEEL	ELECTRONICS	MICRO ELECTRONICS	MICRO ELECTRONICS
PUBLIC SERVICE REFORM	R&D & INNOVATION	R&D & INNOVATION	R&D & INNOVATION	R&D & INNOVATION	R&D & INNOVATION
ICT INFRASTRUCTURE					
FINANCIAL SECTOR DEVELOPMENT					
HEALTH SYSTEMS DEVELOPMENT					
HUMAN RESOURCE DEVELOPMENT (EDUCATION)					
DEEPENING GOVERNANCE					
TRANSPORT INFRASTRUCTURE					
ENERGY INFRASTRUCTURE					
NDP 1	NDP 2	NDP 3	NDP 4	NDP 5	NDP 6

systems and structures in line with the decentralization policy. The effective implementation of this Vision will require review of policy, legal and institutional frameworks periodically to enhance efficiency and effectiveness.

## 7.2. Financing

353. The financing of this Vision will be mainly by the government, the private sector, development partners and

CSOs. Government will mobilise resources using conventional and innovative non-conventional means of financing. These will include; tax and non-tax revenues, revenue from oil and gas, Public Private Partnerships, concessional loans and grants, borrowing from domestic and international markets. The revenue from oil and gas will be used to kick start major infrastructure development projects to enhance the country's competitiveness. The domestic and



international borrowing shall include; domestic and sovereign infrastructure bonds, venture capital and investment funds. In addition an infrastructure fund will be established.

354. The private sector shall contribute to the financing of the Vision through Public Private Partnerships, direct domestic and foreign investments, remittances from the diaspora, domestic savings and pension funds. The government shall introduce deliberate mechanisms to attract major multi-national corporations in strategic sectors of the economy. Government will put in place mechanisms to ensure availability of affordable credit from the financial institutions.

355. The Civil Society Organizations, Faith Based Organisations and other Non-Government Organizations will play a role in resource mobilization and funding interventions towards the realization of this Vision.

356: Development partners will continue to play a critical role in the development of the country over the Vision period by financing key interventions as proposed in Vision 2040. The efforts of development partners will be well coor-

inated to ensure priority areas are financed to minimize the impact on the macro economy and ensure that implementation mechanisms are in line with existing international development support protocols and agreements.

### 7.3. Monitoring and Evaluation

357. Monitoring and evaluation of Vision 2040 shall be undertaken within the mechanisms of the Comprehensive National Development Planning Framework (CNDPF). The National Development Plans shall periodically outline the policy changes and strategies required for cost-effective achievement of results aimed at realizing the country's Vision. The Vision monitoring and evaluation mechanisms shall cover all sectors within the four blocks of the economy, namely: the public sector; the private sector; the financial services sector; and civil society.

358. The President shall have overall oversight responsibility for achievement of the Vision targets sequentially falling during his/her term of office. He/she will therefore institute the necessary mechanisms for improved monitoring and evaluation of the Vision. A committee chaired by the President shall



be instituted for purposes of reviewing progress of the Vision implementation annually.

359. Parliamentary oversight functions shall be strengthened to ensure robust and comprehensive oversight of the Vision implementation.

360. All plans and political party manifestos shall be linked to the achievement of the Vision through interventions, indicators and targets that are consistent with the strategies, outcomes and outputs elaborated in the Vision. In collaboration with the department charged with the responsibility for overseeing the implementation of the Vision, the body responsible for producing development plans shall produce annual and other ad hoc progress reports required for assessing the implementation of the Vision.

361. The MDAs and local governments shall be responsible for production of regular reports on the Vision

progress. Government will put in place strong data capture and management systems.

362. The private sector and civil society shall participate in independent assessments of the country's performance towards realization of the Vision.

363. Monitoring and evaluation of the Vision shall focus on assessment of performance of the ten-year perspective plans, five-year NDPs, the sector investment plans (SIPs) and local government plans. A balance score card framework will be developed for all implementing sectors and agencies to follow in line with SIPs. The Vision monitoring and evaluation framework shall also make use and support production and analysis of data from national surveys and reports on government performance and performance of the entire economy.