

# Uganda Vision 2040



*"A transformed Ugandan society from a peasant to a modern and prosperous country within 30 years"*

(DRAFT)

# UGANDA VISION 2040

**Accelerating Uganda's Socioeconomic Transformation**

DRAFT

## FACT SHEET

### GENERAL

<b>Location</b>	East Africa and neighbouring; Kenya to the east, Tanzania to the south, Rwanda to the south-west, Democratic Republic of the Congo to the west, and South Sudan to the north.			
<b>Area</b>	Total : 241 038sq km; Land: 197,100sq km; Water: 43 938sq km			
<b>Population</b>	<b>Year</b>	<b>2007</b>	<b>2010</b>	<b>2011</b>
	Total	30 263 000	31,848,169	32,939,800
	Female	51 per cent	51.2 per cent	51.2 per cent
	Male	49 per cent	48.8 per cent	48.8 per cent
<b>Capital</b>	Kampala. Time zone: GMT+3			
<b>Land use</b>	Arable land (21.57 per cent); permanent crops (8.92 per cent); other (69.51 per cent)			
<b>Independence Day</b>	9 October 1962			

### ECONOMIC AND OTHER INDICATORS

GDP (Nominal) Billion US\$	17 billion (2010/11)
GDP per capita Growth rate	2.6 percent (2010/11)
Real GDP Growth Rate	6.3 percent (2010/11)
Budget deficit	10.6 percent (2010/11)
Long-term debt (DOD, current US\$)	4.76 billion (2010/11)
Workers' Remittances Received (US\$)	79 million per month (2009)
Trade Exports US\$	2.43 billion (2010/11)
Imports (US\$)	4.544 billion (2010/11)
Foreign Direct Investment US\$	883.8Million (2010/11)

## ACRONYMS

ASCAs	Accumulated Savings and Credit Associations
ATMs	Automated Teller Machines
BTVET	Business, Technical and Vocational Education and Training
CAD/CAM	Computer Aided Design and Manufacturing
CBOs	Community Bases Organizations
CNDPF	Comprehensive National Development Planning Framework
EAC	East African Community
EACCM	East African Community Common Market
ERP	Economic Recovery Program
FAO	Food Agricultural Organization
FDI	Foreign Direct Investments
FIA	Financial Institutions Act
GDP	Gross Domestic Product
HDI	Human Development Index
HRD	Human Resource Training
ICT	Information Communications Technology
IT	Information Technology
ITES	Information Technology Enabled Services
Km	kilo meters
kWh	Kilo Watt hour
LG	Local Government
MDIs	Micro Deposit Taking Institutions
MFA	Micro Finance Act
MICE	Meetings Incentives Conferences and Events
MoFPED	Ministry of Finance Planning and Economic Development
MRA	Microfinance Regulatory Authority
MW	Mega Watt
NDP	National Development Plan
NDPs	National Development Plans

NGOs	Non-Governmental Organizations
NPA	National Planning Authority
NRM	National Resistance Movement
OECD	Organization for Economic Cooperation and Development
PEAP	Poverty Eradication Action Plan
RD	Research and Development
ROSCAs	Rotated savings and Credit Associations
SACCO	Savings Credit and Cooperative Company
SAP	Structural Adjustment Program
SMEs	Small and Medium Enterprises
STIE	Science Technology Innovation and Engineering
UBOS	Uganda Bureau of Statistics
UNHS	Uganda National Household Survey
USD	United States Dollars
VSLAs	Village Savings and Loan Associations

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## CHAPTER 1: INTRODUCTION

### 1.1. Background

1. Uganda covers an area of 241,038 square kilometers with about a third covered by fresh water bodies and wetlands. It is mainly a plateau astride the equator with favorable tropical climate and average air temperature ranging from 18 to 28 degrees centigrade. It is endowed with variety of flora and fauna species as well as natural resources.
2. The country has a relatively young population with about 60 per cent below 18 years of age and the total population estimated at 32 million people (UBOS 2010) of which 51 percent are female, with diversity of culture and religion. 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. However, experience 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.
4. 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 Plan 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.
5. In 1999 and 2007, Uganda developed long term perspective development plans, Vision 2025 and Vision 2035, respectively. However, these were not operationalized mainly due to absence of appropriate policy, legal and institutional frameworks. In addition, 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

6. In 2007, Government approved the 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.
7. The long term planning framework 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.

## 1.3. The Vision

8. The National 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. The theme of the Vision is, **“Accelerating Uganda’s Socioeconomic Transformation”**.
9. 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.
10. To realize this Vision, Uganda will need to increase its GDP 30 folds 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 potential confirms that it is possible for the country to attain an upper middle income status within the next 30 years.
11. The Vision is conceptualized around harnessing the opportunities, improving competitiveness and strengthening the fundamentals for transformation. The opportunities include; oil and gas, tourism, minerals, ICT business, abundant labour force, geographical location, water resources, off-shoring of industries and services, and agro-based industries. On the other hand, the fundamentals include: physical infrastructure; ICT infrastructure; Science, Technology, Innovation and Engineering (STIE); and human resource.

## CHAPTER 2: THE VISION ASPIRATIONS AND TARGETS

### 2.1. Aspirations

12. 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 where the rule of law prevails and respect for all human rights observed. Ugandans want a corruption free nation with strong democratic structures and systems.
  - 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.
  - 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 facilitate production and improve productivity. Ugandans also aspire to have access to clean, affordable and reliable energy sources to facilitate industrialization. Ugandans desire a green economy and clean environment where the ecosystem is sustainably managed.
  - f. Ugandans aspire for a morally upright God fearing society with values of fairness, justice, respect, truth, responsibility and patriotism.

### 2.2. Vision Targets

13. Inline with the Vision and its theme, and having benchmarked with selected UMI countries that have achieved similar level of development status, a number of socio-economic indicators and targets have been developed. Table 2.1 presents the

baseline and desired targets. These development targets are reference points to indicate the desired level of development and social-economic transformation.

**Table 2. 1: Baseline and Vision targets**

No.	Development Indicator	Baseline Stat us: 2010	Target 2040	
1.	Per capita income	USD 506	USD 9500	
2.	Percentage of population below the poverty line	24.5	5	
3.	Income distribution(GINI Coefficient)	0.43	0.32	
4.	Sectoral composition of GDP (%)	Agriculture	22.4	10
		Industry	26.5	31
		Services	51.2	58
5.	Labor force distribution in line with sectoral contribution (%)	Agriculture	65.6	31
		Industry	7.6	26
		Services	26.8	43
6.	% share of national labor force employed	70.9	94	
7.	Manufactured exports as a % of total exports	4.2	50	
8.	Gross Capital Formation as % of GDP	24.1	30	
9.	Saving as a % of GDP	14.5	35	
10.	ICT goods & services as a % of total export	0	40	
11.	Technology up-take & diffusion (Technology Achievement Index (TAI))	0.24	0.5	
12.	Public expenditure as a % share of R&D to GDP	0.1	2.5	
13.	Innovation as measured by patents registered per year	3	6000	
14.	Electricity consumption per capita(kWh)	75	3668	
15.	% population with access to electricity	11	80	
16.	Water consumption per capita(m <sup>3</sup> )	26	600	
17.	% population with access to safe piped water	15	80	
18.	% of standard paved roads to total road network	4	80	
19.	% of cargo freight on rail to total freight	3.5	80	
20.	% of population in planned settlements	Urban	51	100
		Rural	0	100
21.	% level of urbanization	13	60	
22.	Labor Productivity (GDP Agriculture	390	6,790	

	per Worker - USD)	Industry	3,550	24,820
		Services	1,830	25,513
		Total	1,017	19,770
23.	Life expectancy at birth (years)		51.5	85
24.	Infant mortality rate per 1000 live births		63	4
25.	Maternal mortality rate per 100,000 live births		310	15
26.	Under 5 mortality rate per 1000		96	8
27.	Child stunting as a % of under 5s		33	0
28.	Literacy Rate (%)		73	95
29.	Gender Related Development Index (GDI)		0.51	0.9
30.	Population growth rate		3.2	2.4
31.	Forest Cover (% land Area)		15	24
32.	Wetland Cover - % of total area		8	13
33.	Corruption Perception Index		2.5	7.1

### 2.3. The Vision Strategy

14. The approach will be to harness opportunities by strengthening the fundamentals. The level of the country's competitiveness will be improved 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 provide guidance for attainment of the Vision.
15. Review and change the architecture of government service delivery system to enable government act as a unit and deliver public services efficiently and effectively. Government will adopt a "business approach" in the implementation of this Vision. Continuous institutional restructuring will be implemented and the country will adopt new public management techniques immediately. Several reforms will be implemented including: deregulation of cumbersome bureaucratic rules and procedures; improving the public delivery system; deepening and strengthening the consultative machinery between the private and public sectors; and deepening the smart partnership programmes in nation building efforts. This will enable government to deliver services more efficiently and effectively while harnessing synergies.
16. 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.
17. Government will re-visit the land question in the constitution to facilitate acquisition of land for development purposes by government.
  18. To achieve faster socio-economic transformation, government will invest in better urban systems that enhance productivity, livability 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.
  19. Government will employ and support policies aimed at leapfrogging many areas of the economy. The focus of leapfrogging will be in the areas of innovation, technology and science, engineering, 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.
  20. 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, energy, transport and ICT.
  21. Government will pursue the strategy of industrialization. Uganda will adjust 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, 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.
  22. To realize this vision, citizens' attitudes and mind sets, as well as the national values shall be nurtured to develop more patriotic, responsible and productive citizens that will drive the country to the required levels of transformation. Efforts will be geared towards overcoming anachronisms, outdated attitudes and non-progressive cultural practices in order to advance rapidly, relative to the ever advancing global economy. There is need to foster a sense of optimism, unyielding spirit and a call to fulfill our

constitutional duties and responsibilities as citizens using every available opportunity.

23. Government will collaborate with its neighbors in the implementation of this Vision and in accordance with existing and future agreements, standards and protocols within the framework of East African Community, other regional blocs and African Union.
24. Government will require substantial amount of funds to finance the investments envisaged over the Vision period. 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.

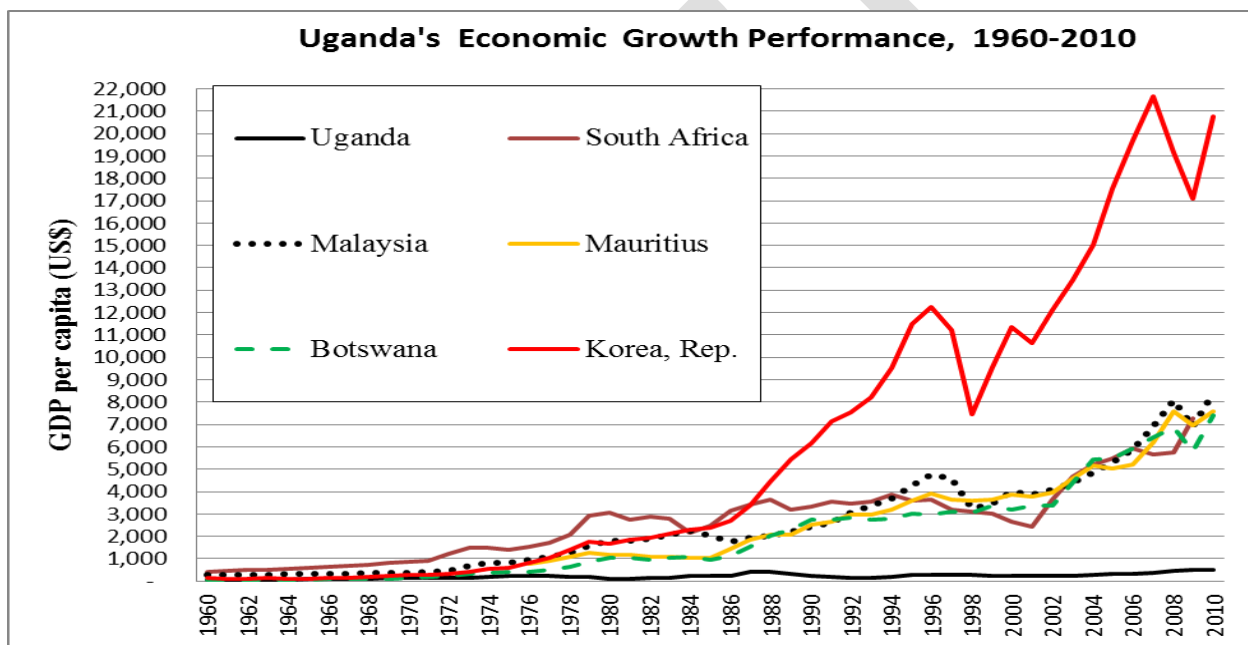


## CHAPTER 3: GROWTH TRENDS AND MACROECONOMIC STRATEGIES

### 3.1. Growth Trends

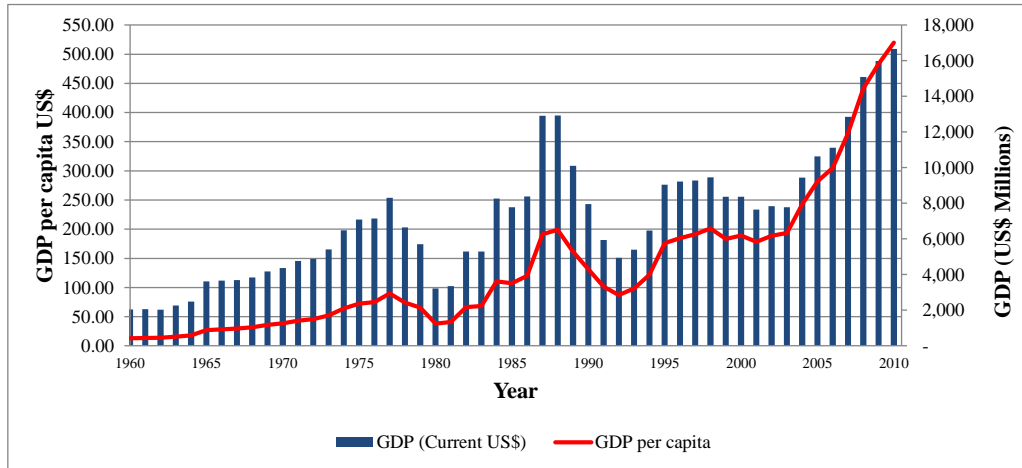
25. Uganda's economic growth performance since the sixties has been relatively slow compared to some of the East Asian countries which were at the same level of development, for example, South Korea and Malaysia (see figure 3.1). Over a period of nearly 50 years, Uganda's GDP per capita increased from 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.

Figure 3. 1: Growth Patterns of some selected Middle Income Countries



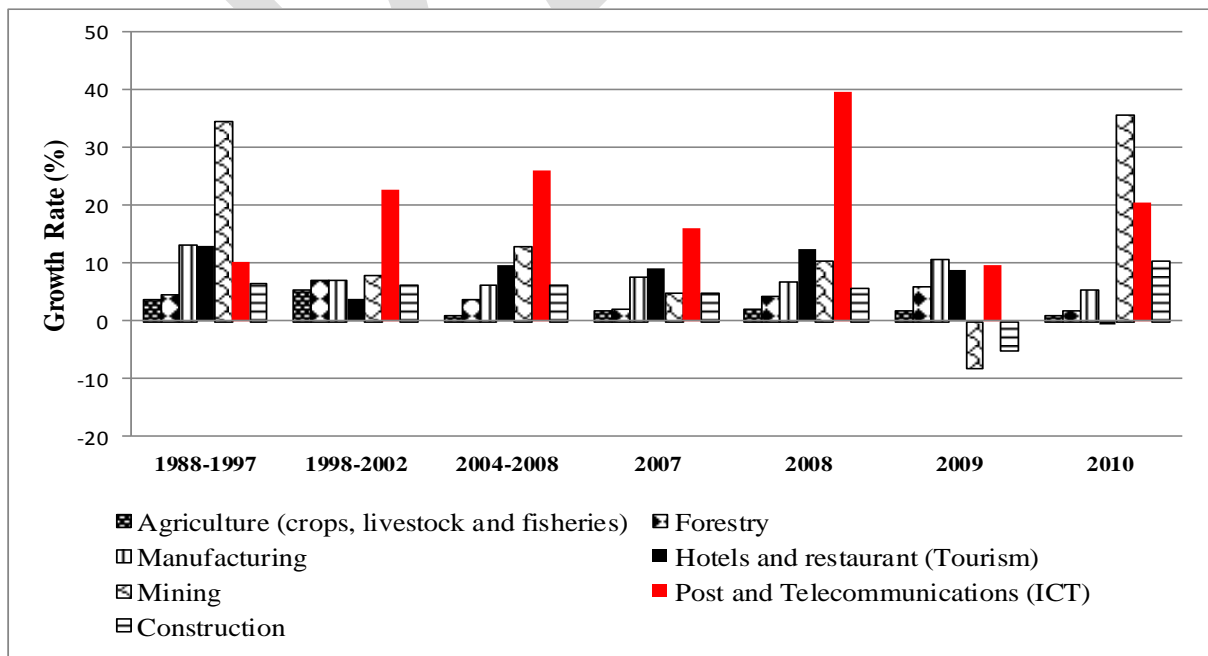
26. The GDP growth has varied over the period with the highest average growth experienced between 2005 and 2010 as shown in figure 3.2. Although growth in per capita income has been slow, the real GDP (billions of Dollars) has been steadily increasing since 1986 except for period of 1988 to 2002 due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

Figure 3.2: GDP Per-capita Trends



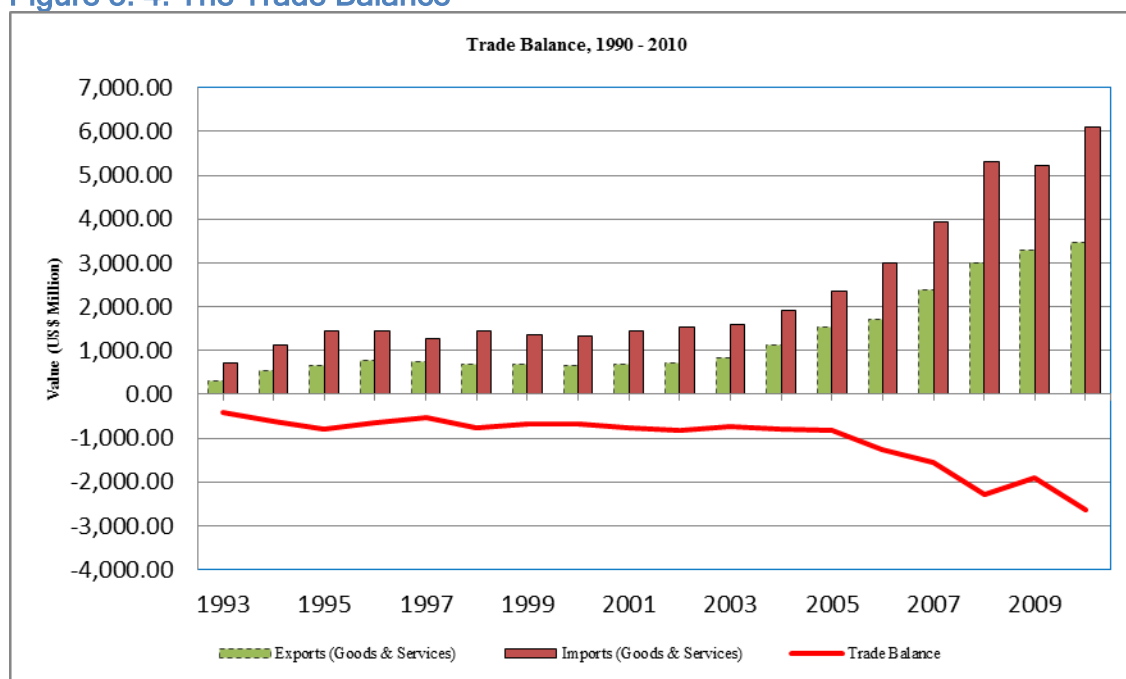
27. The main drivers of the growth as depicted in figure 3.3 have been posts and telecommunications, construction and mining sectors. More recently, the growth of the telecommunication and mining sectors have been instrumental in the country's growth largely driven by technology improvements in ICT and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

Figure 3. 3: Growth Rates of Key Sectors



28. Uganda's trade deficit has been widening despite improvements in the composition and value of exports. The trend of the trade deficit as a percentage of GDP is as presented in figure 3.4. The balance of payments has also been unfavorable 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**



29. 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.

**Table 3. 1: Destination of Uganda's Exports**

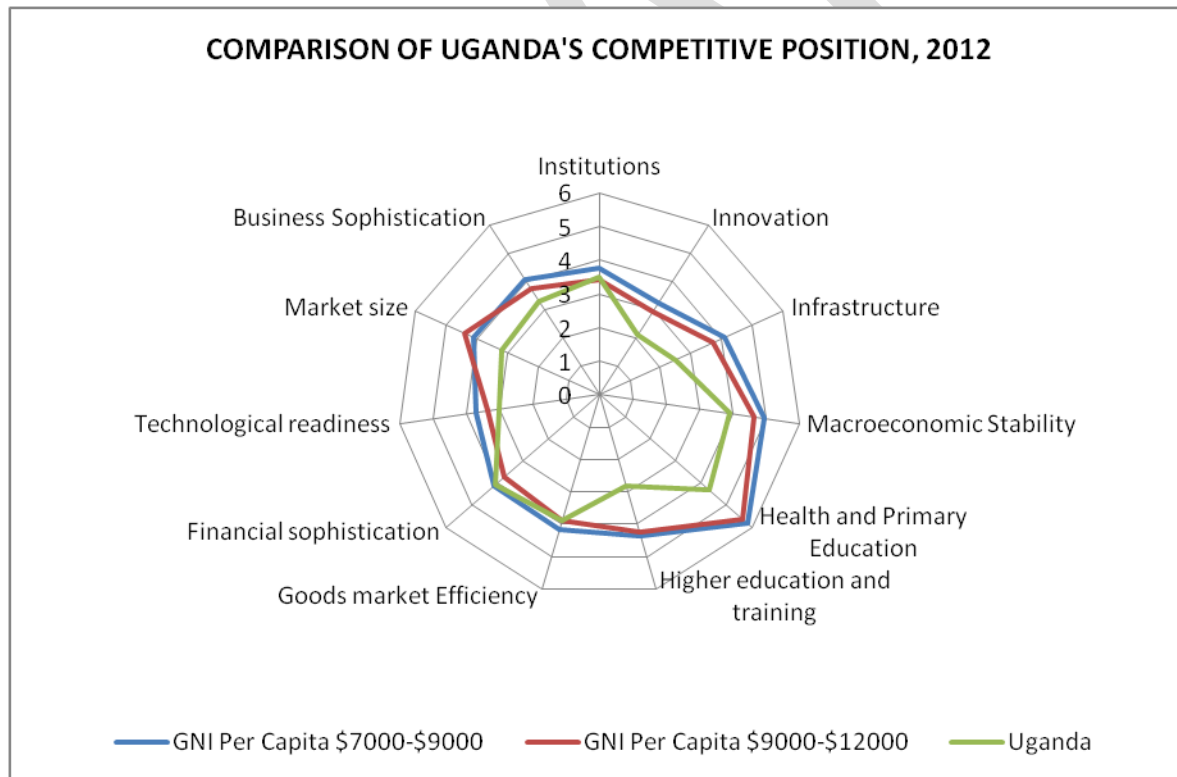
Region	2003	2004	2005	2006	2007	2008	2009	2010
COMESA	27.7	26.8	30.7	33.1	53.5	58.3	61.3	59.0
Other Africa	8.6	5.7	4.8	4.0	6.8	5.1	5.6	5.2
European Union	26.3	27.3	31.1	17.7	17.4	18.2	14.6	16.9
Other Europe	14.8	17.1	10.1	3.3	4.9	6.3	4.1	3.2
North America	2.7	2.9	2.3	1.1	1.3	0.8	1.6	1.1
Middle East	3.5	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

30. The revenue collections measured by the tax to GDP ratio are varied over the period. The ratio stood at about 12.6 per cent in 1970-71 declining to 6.5 per cent by 89/90. Revenue performance has since improved, peaking at a tax/GDP ratio of 15.8 per cent in 2006/07 before declining slightly to 13.1 per cent in 2008/09 (UBOS). This is still below the Sub-Saharan Africa average of about 20 per cent and was lower than that of our neighbors. In Tanzania, tax revenue was about 17 per cent of GDP and about 27 per cent for Kenya during the same period. 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

31. 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's Economic Forum's Country Competitive Index 2009 ranks Uganda number 108 out of 133 countries. In comparison with countries Uganda is benchmarking such as Malaysia, our level of competitiveness is still very low against almost all indicators.

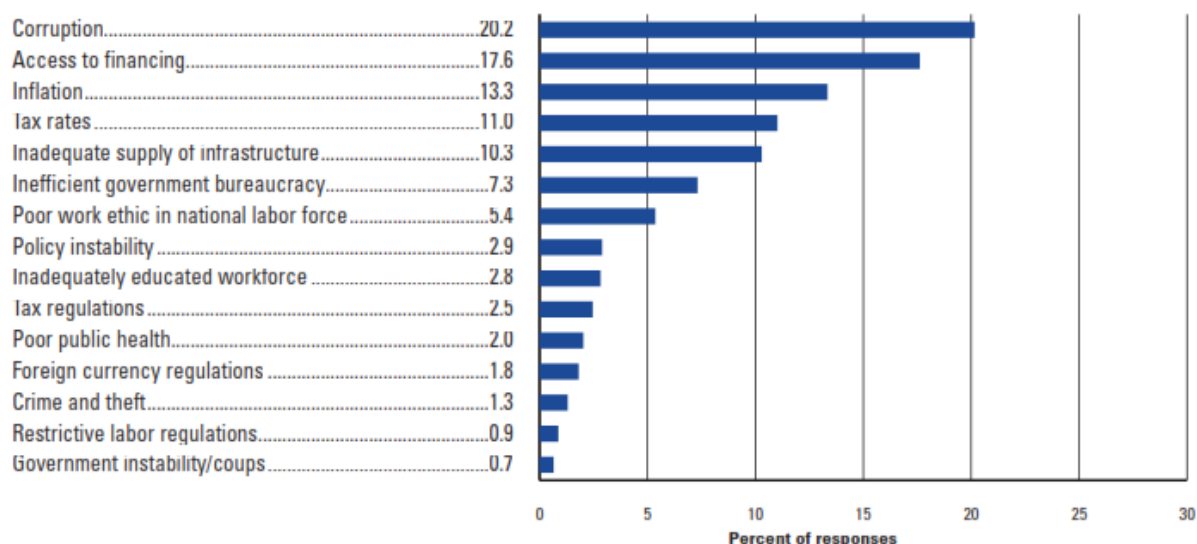
Figure 3. 5: Uganda's competitiveness with upper middle income countries



32. The international “doing business survey 2010” report ranks Uganda 112 out of 183 countries on a wide range of business indicators. Problems are identified in particular with registering properties trading across borders, protecting investors, starting a business, enforcing contracts and getting credit as figure 3.6 shows, these impediments among others are affecting the competitiveness of the economy the main issues being access to finance, corruption, tax rates, infrastructure, work ethic and government bureaucracy.

Figure 3. 6: Most problematic factors for doing business

**The most problematic factors for doing business**



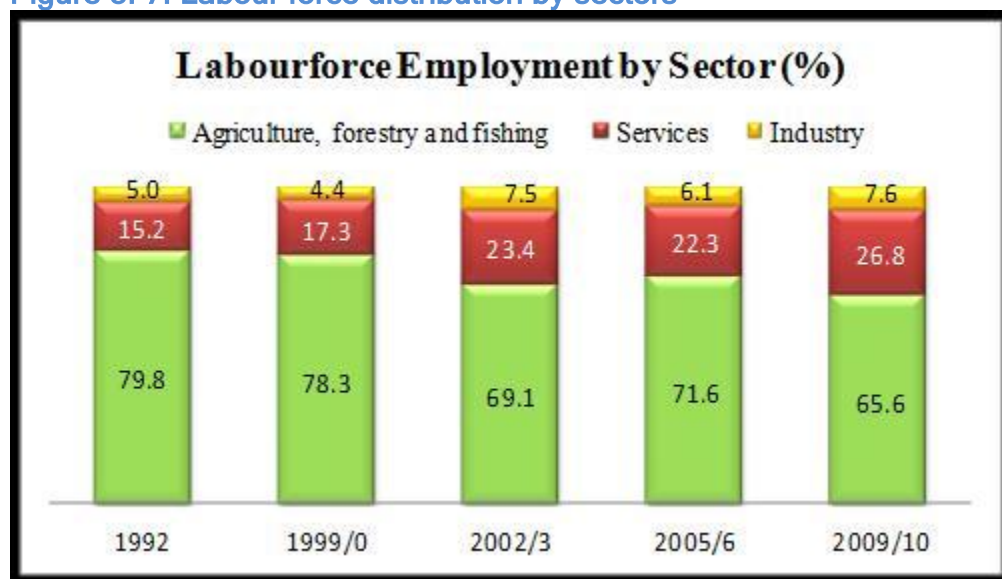
Note: From a list of 15 factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

The Global Competitiveness Report 2011-2012 © 2011 World Economic Forum

33. Uganda’s private sector is still weak and has been struggling to respond to the challenge of becoming the engine of growth in the country. It is estimated that, nearly 90per cent of the private sector in Uganda are micro and small enterprises, employing over 80per cent of the total workforce in the country and producing largely for the domestic market. The bottlenecks hindering Uganda’s private sector growth include: limited access and use of modern technology; insufficient engineering manpower; negative attitude towards work leading to low labor productivity; limited access to credit; insufficient incentives; high production costs; low productivity; and low profitability.
34. The labor force in agriculture slightly reduced from 75 per cent in 2005/06 to 67 per cent in 2009/10, though significant reduction was experienced in the sector share

contribution to GDP. The labor force in the industrial sector remained nearly the same over the period. There was a slight increase in the labor force employed in the services sector but this is not commensurate with the increase in the sector's contribution to GDP. This inability of the industrial and service sectors to absorb the country labor force is a challenge to effective transformation.

**Figure 3. 7: Labour force distribution by sectors**



### 3.3. Unemployment

35. Uganda has a big challenge of a labor force that is largely unemployed. Despite this huge unemployed labor force, the Ugandan economy still has a big shortage of appropriately skilled workers which means that the education system has failed to tailor its outputs to the needs 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

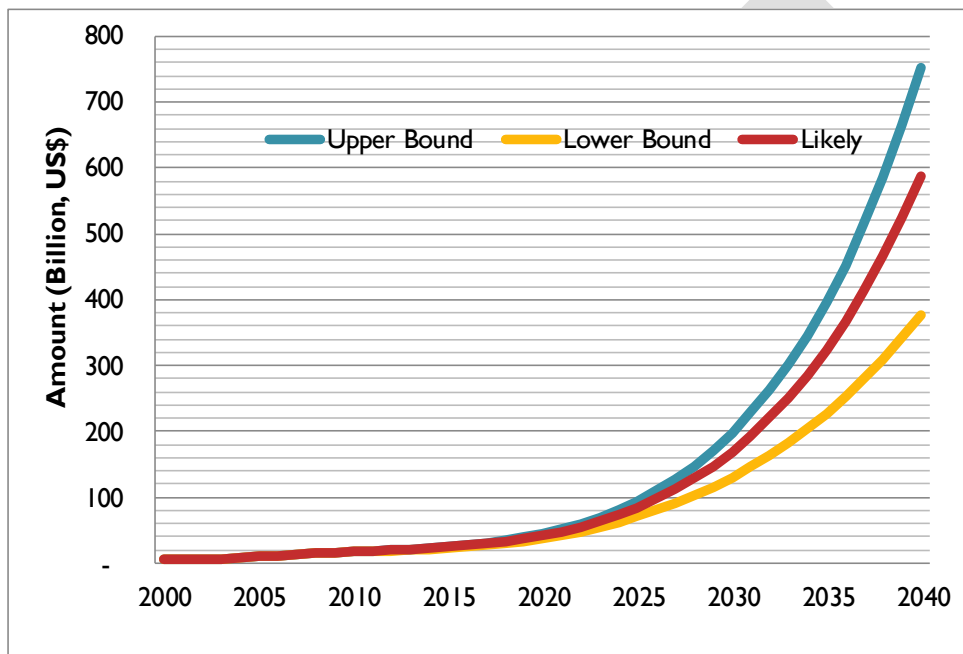
36. As a result of globalization and due to the unpredictability of many macro-economic variables, it is a challenge to estimate the macro-economic parameters over a long period with a fair degree of accuracy. Therefore, a broader perspective of direction based on empirical forecasts and benchmarking with selected UMI countries will be provided. It is expected that harnessing of opportunities by strengthening the fundamental will drive Uganda to achieve the desired transformation by 2040.

37. It is assumed that the implementation of the national population policy and other policy changes in education and health among others will result into a gradual

slowdown 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.

38. To project the likely growth paths during the Vision period, two different growth path scenarios have been considered: the lower bound and the upper bound. However, the likely growth path will be between the two scenarios. The choice of these scenarios is also based on the analysis of experiences of countries that have been able to achieve the upper middle income status within a period of 30 years. These scenarios are shown in figure 3.8.

**Figure 3. 8: Scenarios for Achieving the Upper Middle Income Status by 2040**



39. The upper bound scenario is associated with per capita income of about US\$12,000, 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 US\$6,200. The lower bound scenario is where per capita income is US\$6,200, the average of all upper middle income countries. The target for this vision therefore is to achieve the likely scenario of US\$9,500 and with this scenario the country’s total GDP is expected to be about US\$580.5bn by 2040.
40. Table 3.2 indicates estimates of nominal GDP and associated real growth rates at which the economy is likely to grow, under the likely scenario. Under this scenario economic growth rate is expected to rise from the current 5.7 per cent to a five year average of 8.4per cent per annum by the year 2025 before it gradually declines to an average of 7.8per 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.

**Table 3. 2: The GDP Trend and Growth Rates under the Likely Scenario**

Economic Sector	Nominal GDP at Market Prices (USD, Billions)							Real GDP (Local Currency) Growth Rates					
	2010	2015	2020	2025	2030	2035	2040	2010-15	2015-20	2020-25	2025-30	2030-35	2035-40
<b>Total GDP</b>	17.0	19.3	29.2	50.2	99.0	222.3	580.5	8.44	8.58	8.35	8.22	8.07	7.80
<b>Agriculture</b>	3.8	4.2	5.5	8.2	13.8	26.7	60.1	5.24	5.37	5.15	5.02	4.88	4.62
<b>Industry</b>	4.5	5.4	8.5	15.1	30.4	69.3	182.6	9.67	9.52	9.05	8.71	8.40	7.99
<b>Services</b>	8.7	9.7	15.2	27.0	54.8	126.2	337.8	9.30	9.35	9.05	8.85	8.65	8.33

Source: NPA Estimates

41. 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.
42. 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 comparative advantage will be developed in strategic areas such as the petrochemical industries as offshoots from the oil refining industry. Agriculture will be supported to grow above the current levels so as to sustain poverty reduction and ensure food security.
43. 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. Significant reforms will be sustained in the financial sector in order to increase resource mobilization and



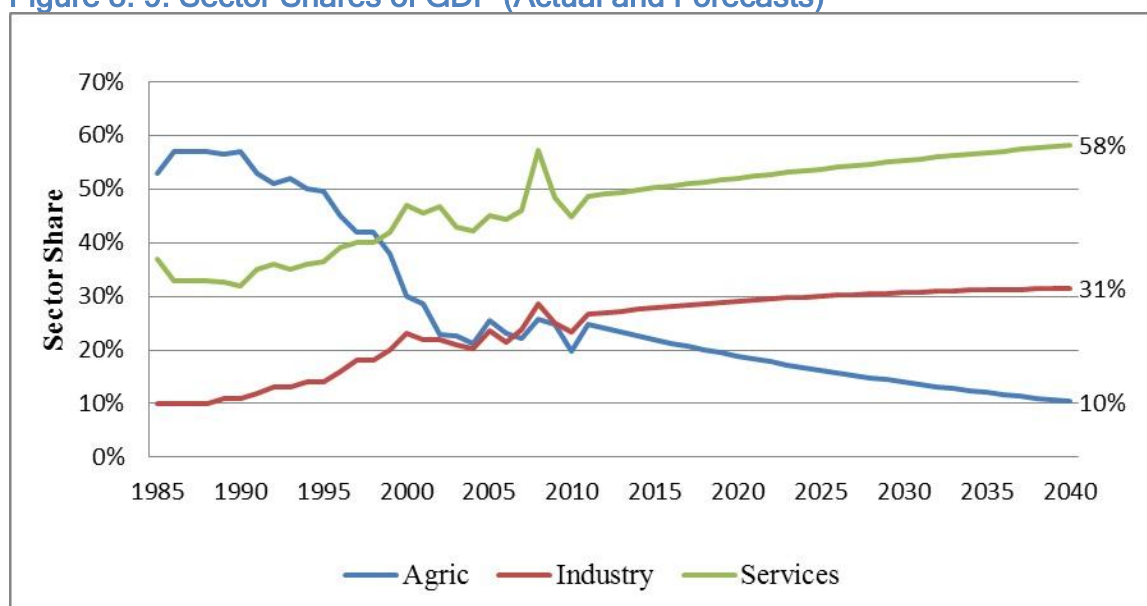
access. Further reforms will be needed in the trade sector and in the resource mobilization and management with the view to reducing overhead, and overall cost of doing business. Government will invest in collecting and providing information in support of private investment decision making in regard to new products 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.

44. In the first 10 years of this vision, the exploitation of the oil and gas sectors 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. Given that the country has considerable infrastructure deficiency, the revenues generated from oil during the first years will largely be used to close these infrastructural gaps.
45. Investment in key infrastructural needs such as energy generation, road and rail, and social infrastructure and investment in technology enhancing production processes will spur productivity growth and hence the overall growth of the economy.

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

46. 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 sectors such as the telecommunication, construction and mining will be crucial in driving the growth of the country.
47. 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.

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



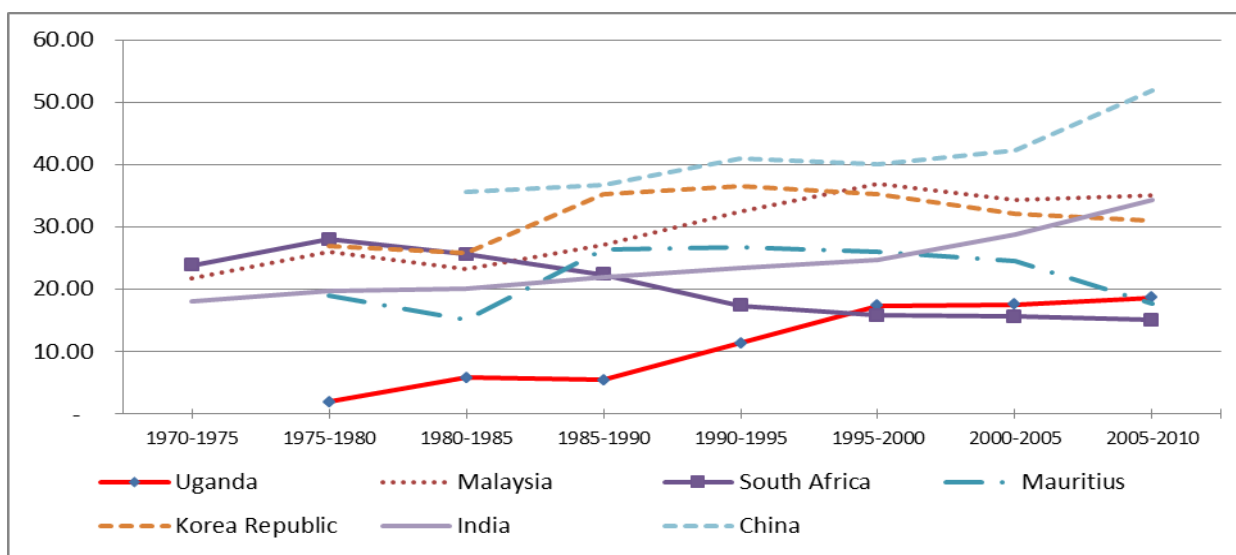
### 3.6. Macroeconomic Strategies

48. 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, increase research and development activities and the utilization of research and innovation products.
49. Maintaining macroeconomic stability will be fundamental 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

50. 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 the pension funds management.

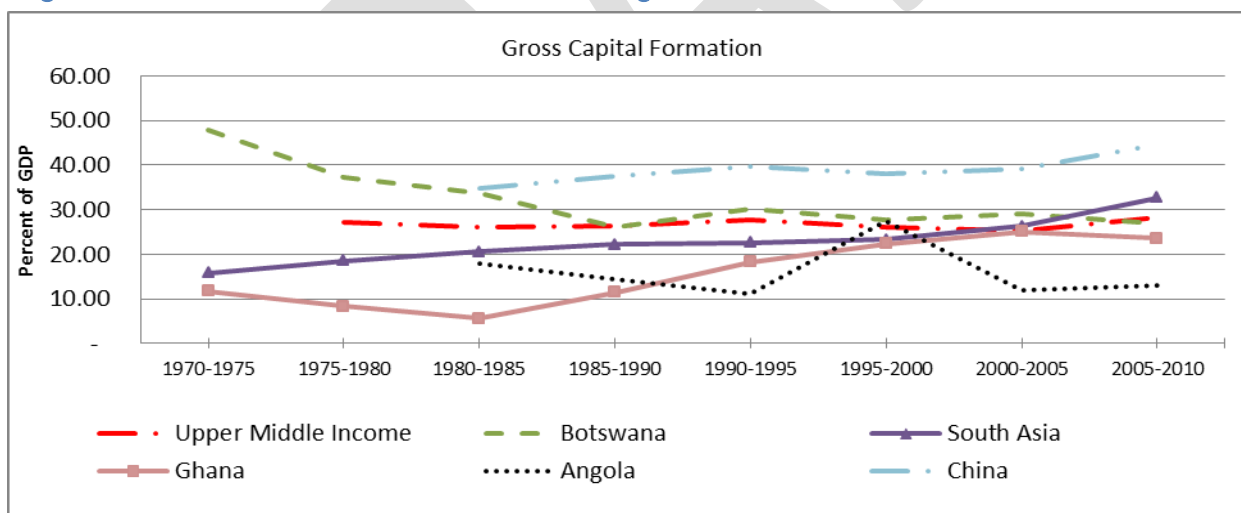
Figure 3. 10: Savings Ratio Benchmarking



Source: World Bank, 2011

- 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.

Figure 3. 11: Investment Ratio Benchmarking Source:



World Bank, 2011

### 3.6.2. Financial Services

- 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.

53. There continues to be insufficient financial services infrastructure across the country, limited number of bank branches and poor access to rural financial services. There is a low savings culture and the availability of long term funds for development finance is limited. There are also high costs of financing due to the nominal lending interest rates of banks remaining high especially in the microfinance sector. 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. These factors affect access to financial services yet there are market and institutional failures all of which need to be addressed. In order to develop the financial sector, considerations 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.
54. 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 institutions 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 financial international services.

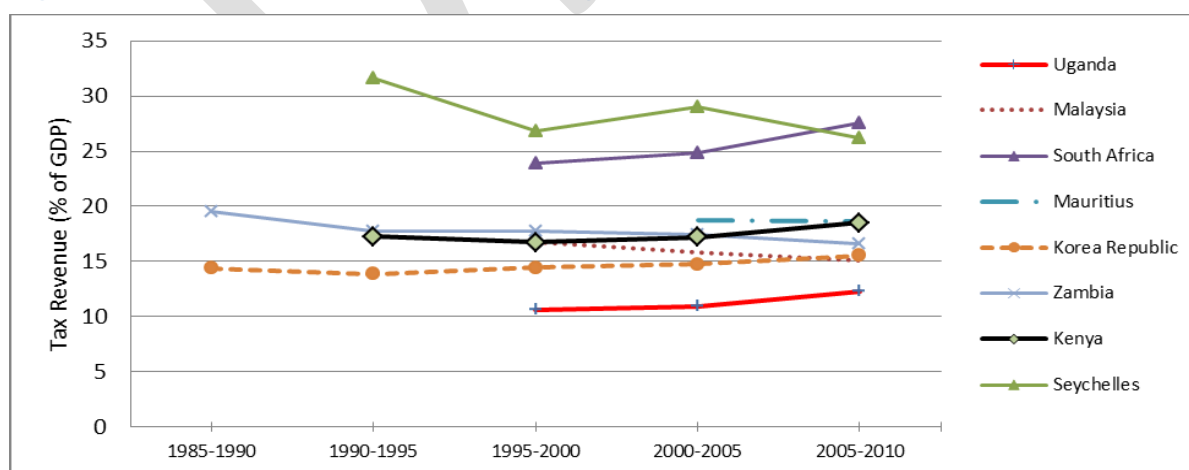
### 3.6.3. Balance of Payments (BOP)

55. The strategy to improve on the current account (trade balance) is to increase and diversify exports and export destinations, especially for the regional and emerging economies markets. This will be done by attracting investment in the sector to increase production and productivity of both traditional and non-traditional exports as well as improve our competitiveness in the global and regional markets.
56. During the Vision period, manufacturing of the consumer goods and value addition to our agricultural products will be promoted with the aim of reducing on the import bills on consumer goods.
57. Appropriate policies and incentive schemes will be put in place to attract capital inflows (FDI and remittances) with the aim of improving on capital account component of the BOP.

### 3.6.4. Public Finance

58. 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.
59. Uganda will develop its capacity to maintain a strong revenue effort. Revenue to GDP 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 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 reforms, in tax policy development, and tax management and administration.

Figure 3. 12: Tax Revenue Benchmarking



Source: World Bank, 2011

60. 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 nonguaranteed long-term external debt over the life of existing loans, as a percentage of gross national income, remains low and sustainable.

DRAFT

## CHAPTER 4: HARNESSING OPPORTUNITIES BY STRENGTHENING THE FUNDAMENTALS

61. 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.

### 4.1 Opportunities

62. 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 Abundant labour force

63. It is estimated that over 56 per cent of Uganda's population is below 18 years of age implying that the country has and will continue to have a young and productive population over the Vision period. The country is therefore blessed with abundant and cheap labour force. This potential can be tapped into to increase productivity and the country enjoys the full benefits of the *demographic dividend* through increase in labour force, reduction of dependency levels, and increased savings. Compared to many developed and fast developing countries, Uganda's demographic transition is delayed. A positive aspect of the delayed demographic transition is that Uganda could benefit from a demographic dividend.

64. The current largely youthful population can be viewed as a great resource that presents opportunities for future economic growth and structural transformation. When the fertility decline pointers crystallize into a fertility transition, over the next 20 - 30 years, the country will then benefit from a "Demographic Dividend". A demographic dividend has been defined as "a rise in the rate of economic growth due to a rising share of working age people in a population". This rise commonly occurs following a sizable drop in the fertility rate meaning that much smaller cohorts are added at the bottom of the population pyramid in comparison to the previous ones currently in the working age bracket. Its biggest effect operates through a large decline in the youth dependency ratio.

65. During this demographic window of opportunity, output per capita rises and suddenly the country finds itself with more savers and tax payers than dependents. 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 demographic dividend is probably the lynch pin that we have been looking for to trigger the so much anticipated transformation. 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).

66. Although this may appear as a windfall, the effectiveness and magnitude of the demographic dividend depends on the ability of the economy to absorb and productively employ the extra workers. The dividend must not be viewed simply as a demographic gift. The country will take definite steps to provide leadership in preparation for the arrival of the dividend in terms of proper policies and skilling and tooling of potential workers. If the dividend is not properly managed, it will be an incredible disaster with an army of young people with nothing to do and nothing to lose. If on the other hand it is properly managed, during the bonus years, the country will be enjoying the benefits of a large population without suffering the consequences of high fertility.
67. Similarly, there is an emergence of a strong middle class which will play a critical role as major consumers, increase production efficiency and rebalancing the economy. With a population of about 32 million people and high growth rates presents another opportunity to the country in terms of market of locally produced goods and services.
68. This young population presents opportunity for 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 economic growth, create employment, foster technology transfer and generate revenues for investments in development of other strategic sectors. Furthermore, this young population provides an opportunity for the development of sports as a business.
69. To effectively harness this opportunity and further develop the human resource, relevant fundamentals will be strengthened and efforts devoted on developing human resources and skills of this country. With the aim of building centres of excellence in Health and Education, government will develop social development infrastructures including training institutions and schools with all facilities and amenities such as science laboratories, metal and wood workshops, ICT laboratories among others.
70. Efforts will be geared towards ensuring that this population is healthy to unlock its potential. Purpose health facilities of international standard will be built across the



country, equipped with modern and state of the art technology and with qualified and highly motivated staff.

71. Government will also review the policy, legal, institutional and regulatory framework to support the development of skilled human resources. Policies and programmes such BTVET and Skills development programme to equip this young population with life and hands on skills which are not only globally competitive but are also local in nature/customized will be developed.
72. Government will invest and support human resource development especially in small, medium and large businesses. It will set up a fund for skills development in key strategic priority areas such as Nano-technology, nuclear energy, oil and gas, ICT, bridge engineers, specialised Medical practitioners among others. Similarly, government will open up regional centres of excellence to support skills development in the country.
73. The entire education curriculum will be reviewed to align it with the global and national socio-economic needs.
74. Government will also support externalization of labour by putting in place relevant legal and institutional frameworks and sign cooperation agreements with other countries where our people would work. Similarly government will sign social security agreements with such countries so that Ugandans working abroad do not lose their social security benefits.
75. Government in partnership with private sector will promote and support the development of sports. 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.

#### **4.1.2 Minerals**

76. 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 significant 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, Iron Ore, Tin (cassiterite), Wolfram(Tungsten), Asbestos, Clay, Diatomite, Feldspar, Granite Gneiss, Graphite, Gypsum, Kaolin, Kyanite, Limestone, Marble, Mica, Phosphates, Rock Salt, Silca Sand, Talc, Vermiculite, Cobalt, Lead, Wolfram, Zinc, Platinum Group Metals (PGM), Uranium, Vermiculite and Nickle among others, See map in figure 4.1.

Figure 4. 1: Map of Minerals



77. 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 is 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.

78. It is projected that the industry will be the 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.
79. 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.
80. Government will provide specific infrastructure including roads railway, electricity water to facilitate exploitation of these minerals. To enable bulk transportation of heavy minerals or their products (Iron ore, limestone, Granite etc.) and reduce pressure on the roads, the railway and paved roads 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.
81. 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-economics, technicians and artisans with globally competitive skills. This will be done through partnership with local and International institutions.
82. To promote local beneficiation, the country will ensure value addition on the minerals and provide manufacturing feedstock. This will help establish an industrial base for local production of consumer and industrial goods.

#### **4.1.3 Oil and Gas**

83. Uganda has commercially viable oil and gas deposits in the Albertan Graben. As of 2009, only 40% of the Albertan Graben had been explored and a total of about 2.5 billion barrels of oil equivalent had been discovered. More commercially viable oil and gas deposits are expected to be discovered as explorations are being carried out in the Graben and other potential areas.
84. 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. Value addition to these resources by refining

will enable the country to achieve maximum multiplier effect through stimulation and strengthening the associated secondary and tertiary industries.

85. This industry is expected to generate over USD xxxxx as revenue over the vision period. By 2020 the cumulative oil revenue (in Billions of 2012 USD) as a percentage of the 2012 GDP will be 4 per cent. This is expected to increase to 37 and 74 per cent by 2030 and 2040 respectively. It is projected that this industry will create a lot of youth employment in the field development, refinery and associated infrastructure in various skills. In addition, more employment will be created in the secondary and tertiary industries. This sector will also expand on the existing energy potential from both the oil and gas reserves.
86. 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 will strengthen the policy, legal, institutional and regulatory framework to foster transparency and good governance in the oil and gas sector.
87. Government will construct a pipeline to deliver the refined products to the domestic, regional and international markets (refer to Fig 4.2). 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.
88. Efforts will be made to foster energy security by building oil and gas reserves. In addition, government will in collaboration with other neighboring countries construct a gas pipeline to and from the gas fields within the region to supplement our energy needs.
89. 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 industries. The secondary industries include; plastics, agro chemicals, 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.

Figure 4. 2: Uganda Map of Oil and Gas



90. 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 Industrialisation**

91. Experience from the developed and emerging economies clearly show that except for a few oil-exporting countries, there is a strong positive correlation between industrialisation and development. Also, 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 and a resilient economy.
92. Analysis of the experiences from East Asian countries, such as China, Indonesia, Japan, Korea, Malaysia, Singapore, and Vietnam among many others provides good lessons of more successful industrializing paths that Uganda can take given its enormous potential. As in many of these countries, government had to directly establish and sustain key strategic/ lifeline industries.
93. There are many factors providing opportunities for the country to develop her industrial base. There is an opportunity to leap frog in technology and 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 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.
94. Uganda is endowed with resources such as oil and gas, minerals, water resources, fertile land for agriculture and abundant labour force, which are key for industrialisation. In addition, the key industries will spur growth in the manufacturing, infrastructure development, agriculture and ICT industries.
95. 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.
96. To develop a strong industrial base, government will support and develop lead industries that are expanding rapidly in countries that have been growing dynamically for decades and that have higher income and similar endowment structures to theirs. Since the 18th century, the successfully catching-up countries in Western Europe, North America, and East Asia all followed carefully selected lead

countries that had per capita income about twice as high as theirs, and emulated the leader-follower flying-geese pattern in their industrial upgrading and diversification before becoming advanced countries themselves.

97. To enable reallocation amidst challenges of poor logistics and inadequate infrastructure and business environment, Government will support the development of sector-specific cluster-based industrial zones. This approach will enable the development of industry specific infrastructure due to limited resources and implementation capacity.
98. Government will coordinate and form viable industrial clusters in line with the country's comparative advantage, minimise costs of production and lower transaction costs to compete in the globalized world. Without the government's coordination, firms may enter into too many different industries that are inconsistent with the country's s. As a result, most industries may not form large enough clusters in the country and may not be competitive in the domestic and international market.
99. Uganda will harness the abundance of natural resources. This will help benefit from the industrialization opportunity provided by the industrial upgrading in dynamically growing emerging market economies by following the "flying geese" pattern. Resource-intensive industries, such as extraction, provide very limited job opportunities, their wage rate is low, and wages constitute the major cost of production for labour-intensive industries. Therefore Uganda with its low wage, natural-resource will develop labour-intensive industries, creating much needed jobs. Labour-intensive manufacturing industries not only offer the potential to absorb surplus labour from the rural subsistence sector, but the development of such industries can also pave the way through continuous upgrading to higher value added industries.
100. Government will promote and support outward oriented policies and FDI to increase exports and reduce the trade imbalance. Government will put in place a right policy framework to facilitate the private sector's development along the line of its comparative advantages and tap into the latecomer's advantages.
101. Government will set up Special Economic Zones (SEZs) as important tools for long-term industrial and economic development. These will be utilized to 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 key infrastructure like energy, transport; geo-positioning, geo-seismic and environmental have been considered.

102. Government policy framework and reforms. Government endeavour to create awareness for both locals and potential international businesses regarding opportunities within the country's manufacturing and services industry. 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.

#### **4.1.5 Agriculture**

103. 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.
104. 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.
105. 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.
106. 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.
107. 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.
108. As a way of increasing agricultural productivity, government will do 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 to reduce the cost of fertilizer.

109. 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.
110. 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.
111. In order to enhance market access and value addition, government will: improve capacity for regulation and enforcement especially in safety standards 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 build capacity of farmers in management, entrepreneurship and group dynamics. This will enable the farmers to engage in value chain activities especially collective marketing.
112. Agriculture specific industrial clusters will be supported in various regions to add value to agricultural products.

#### **4.1.6 Tourism**

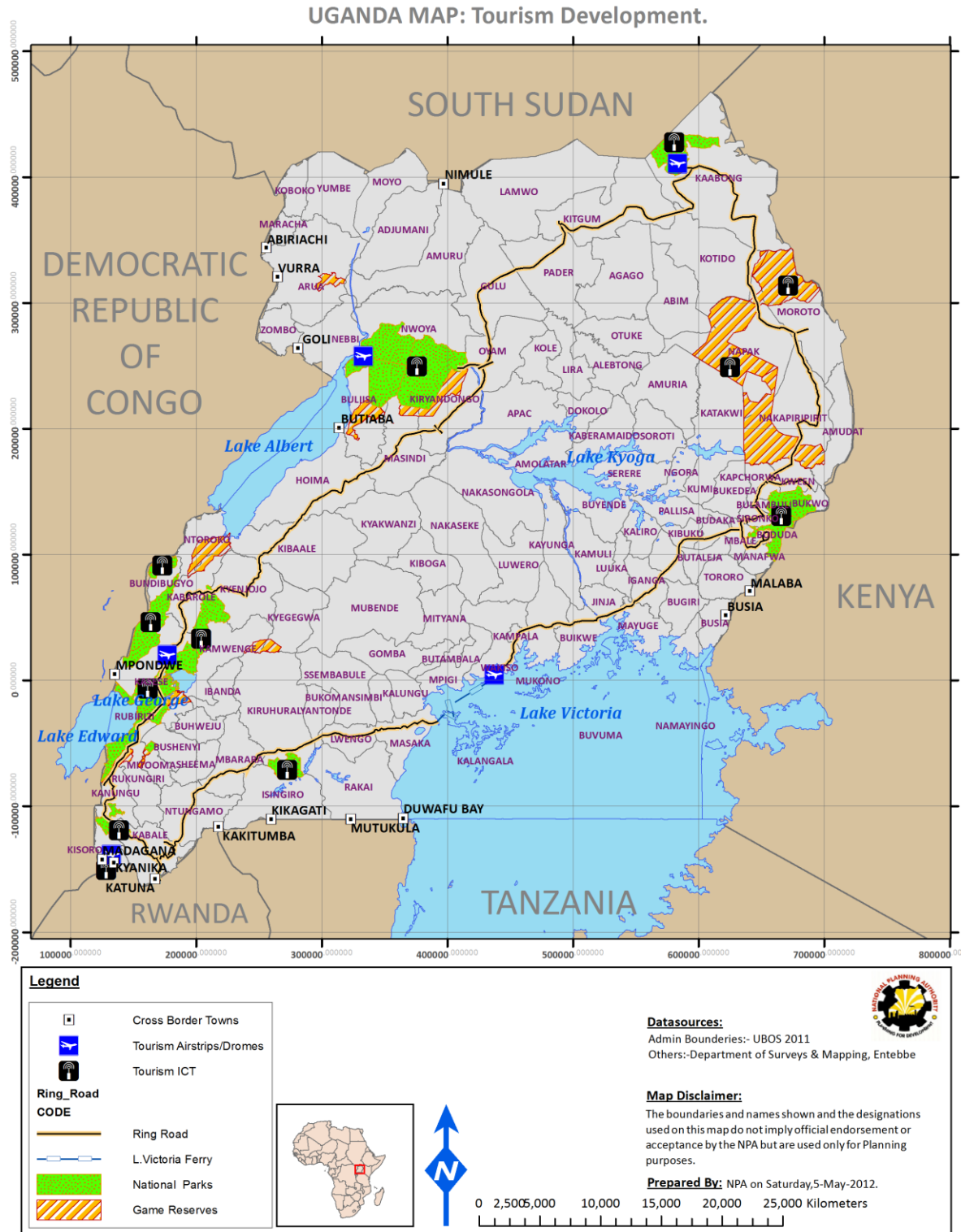
113. Uganda is endowed with various tourism attractions including diverse nature based, faith based, culture and heritage, eco-tourism and MICE attractions. The main potential lies in nature based tourism where there is variety of flora and fauna and beautiful sceneries. It is estimated that the country 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 (1060 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.
114. 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.

115. 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.
116. 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.
117. 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 xxx USD by 2040. In addition to the direct benefits the industry will spur the growth of the associated secondary and tertiary industries.
118. Although the sector is recognized to be one of the fastest growing service sectors of the economy and main 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.
119. 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 expanding Entebbe International Airport, upgrading five tourism aerodromes, and improving the 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.

Figure 4. 3: Uganda Map of Tourism developments



Other supporting tourism infrastructure like hotel industry, rescue facilities, electric cables on mountains, and ICT information system.

120. 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. 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.
121. 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.
122. 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.
123. 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.
124. 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.
125. 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.

#### **4.1.7 Knowledge and ICT sector**

126. 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 US\$500 billion annually, of which less than

US\$100 billion has so far been tapped. This potential is estimated to rise to US\$1.6 trillion by 2020.

127. 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.
128. No manufacturing of ICT products is taking place in Uganda 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 export estimated at 56 percent in Philippines, 45 percent in Singapore, and 45 percent in Malaysia.
129. 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), local digital content.
130. 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 utilisation.
131. 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 submarine sea cables over the Vision period. In addition, satellite access will be improved in key strategic areas.
132. 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.

133. 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.
134. 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.
135. The Uganda government will develop platforms on which the private sector can co-create with the government, offering new value-added services to the public. Uganda government shall develop collaborative platforms that foster the creation of new ideas by tapping on the creativity and dynamism of innovative individuals and companies.
136. 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 government, and significant improvement in Government operations.
137. Uganda shall heavily invest in the development of Hi-Tech (digital industries) that shall be characterised by attracting 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 centres shall be hubs for high-growth, highly innovative companies of the future capable of creating hundreds of thousands of technology jobs. The hi-tech centres 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”.

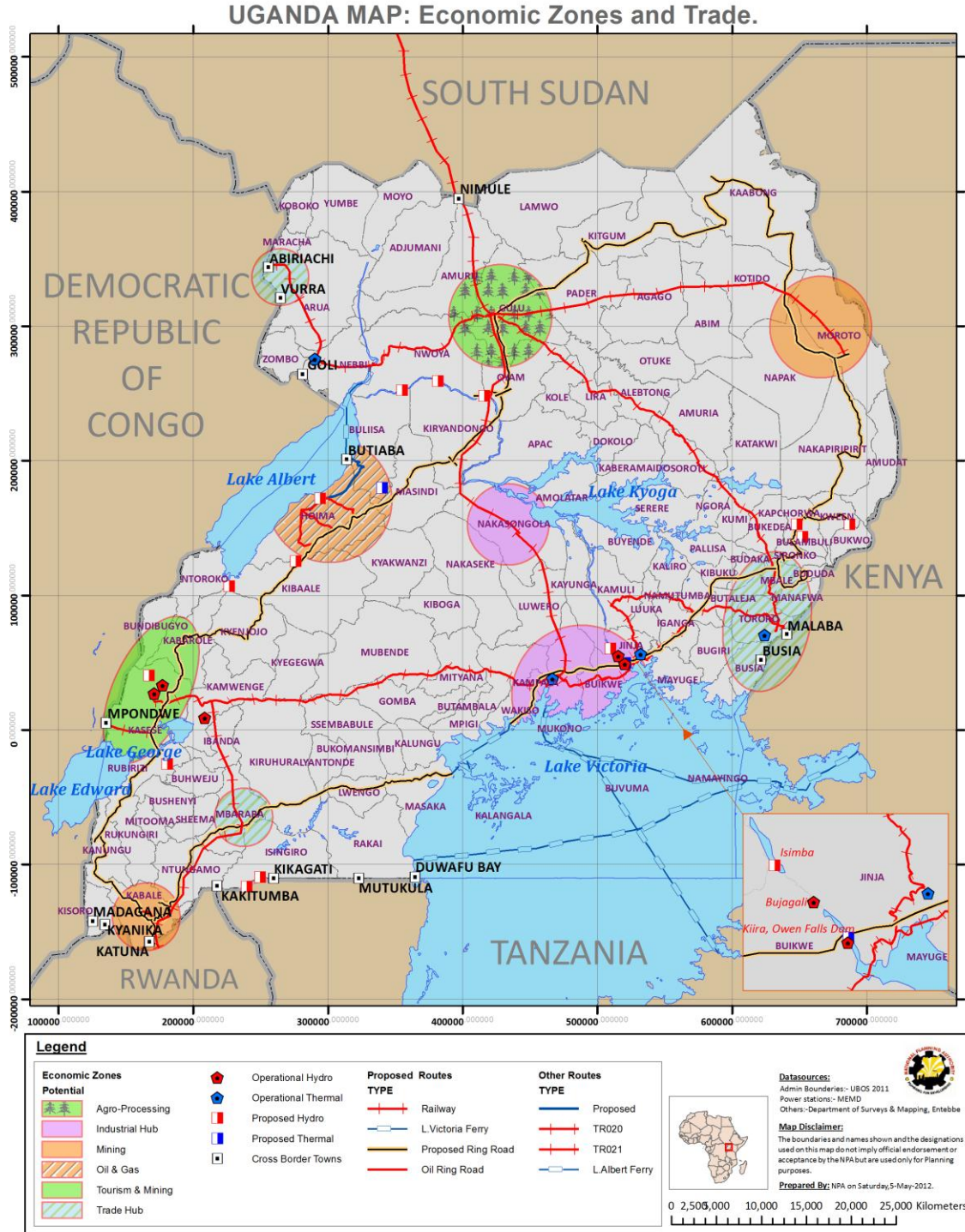
138. HTEC-Uganda shall be a high concentration, in the same area, of companies involved in Information and Communications Technology (ICT) based industries including software development, internet services, hardware assembly and manufacturing, creative and media industries. The presence of world’s leading industries shall spur technical innovation and expose the trending global hi-tech industry scientific research.
139. With that setting, the Ugandan ‘Silicon Valley’ 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.
140. 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, Apple, 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/centres and review e-laws to make them "fit for the internet age."

#### **4.1.8 Geographical location and trade opportunities**

141. 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.
142. 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.

Figure 4. 4: Map of Economic Zones and Trade





143. 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 be achieved in partnership with her neighbors Southern Sudan, Kenya, DRC, Rwanda and Tanzania.
144. 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.
145. 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.
146. 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**

147. Uganda has abundant fresh water resources that provide numerous opportunities which can foster faster socio-economic transformation. The 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 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.
148. Uganda receives significant amount of rainfall with the highest of xxx mm, mean of about 1200 mm and lowest of xxx mm per annum. The country also has extensive wetland areas covering about 11 percent of the total land surface which has a marked effect on Uganda's hydrology.
149. 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.

150. The 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 66 percent in 2008 and rural coverage ranges. It is also estimated that only 15 percent of hydro power potential is utilized in Uganda.
151. 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.
152. To effectively harness the opportunities presented by water resources specific strategies which include strengthening the fundamentals have been designed. Since this is a finite but renewable resource, the coordination and management of these activities will be crucial.
153. To improve the health, sanitation, hygiene and promoting commercial and low consumption industrial setups, government will construct and extend piped water systems to support domestic water consumption and urban development. Bulk water treatment and supply plants that cover significant areas taking into consideration the urbanisation strategy of this Vision will be applied. It is estimated that by 2040, the water supply coverage will be 100 per cent.
154. To generate affordable electricity, government will develop all the hydro-power potential which is estimated at 4500MW. This will include small, mini and large hydro power plants.
155. To promote commercial agriculture government will sustainably use water resources for irrigation, livestock watering, fisheries and aqua-culture. The 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.

156. To improve water security and mitigate adverse effects of floods and droughts large scale strategic water reservoirs will be constructed and maintained.
157. The water resources will be managed using water management zones and at appropriate water catchment levels. To ensure optimal and sustainable utilisation of the water resources government will strengthen water resources management.
158. 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.
159. 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.
160. 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.
161. The irrigation potential is estimated at 410 hectares (FAO 1989) and the hydro power potential is 4500mega 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.

## 4.2 Fundamentals for Development

162. 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

163. Countries like the Asian Tigers that have had phenomenal growth over the last decades have used the human resource to transform. They acquired and applied the latest skills, technology, positive attitudes and training as was used in America, Japan and Western Europe to facilitate their own economic transformation. They also adopted and adapted systems and structures that supported the continuous learning and development while keeping pace with trending global technological and scientific development.
164. Uganda needs to 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, productivity and attitudes towards work, to facilitate faster development.
165. 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 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, and ICT. Students will attend modules from each of the university to allow cross fertilization. In additional exchange programmes will be emphasized for students from the mother university from USA and UK. Government will setup virtual replicas of these foreign universities in various parts of the country.
166. To promote international and relevant research, top private companies like Shell, Exo-mobile, 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, Ugandans and other researchers.
167. Also partnership with influential training institutions in Japan, Israel and Germany in the area of BTVET will be established to enable us acquire the relevant and up to date skills for faster development.
168. To expedite the formation of critical skills to facilitate faster takeoff, 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 USA and UK universities but will be bonded by government.

#### 4.2.2 Transport infrastructure and services

169. Countries that have attained rapid socio-economic development have adopted and adapted transport modes and technologies, and accumulated sufficient stock and quality 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.
170. Uganda must urgently attain a critical mass of transport infrastructure network to spur its own economic growth. This will entail development of a highly interconnected transport network optimizing the use of rail, road, water and air transport modes.
171. Uganda will develop a standard gauge railway system with high speed trains using the latest technology for both passenger transport and cargo freights. The network will comprise of at least three routes to the sea through Mombasa, Djibouti and Tanga Ports connecting to the world super highway. It will connect to Uganda's major boarder points notably Malaba, Nimulle, Katuna, Mpondwe and Bukasa on Lake Victoria. 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.
172. The country will develop the road infrastructure to improve transport connectivity, effectiveness and efficiency to comparable levels of the developed countries. The main strategies will include: development of highways connecting Uganda to the neighboring 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 connecting major cities, exit ports and economic zones will be built.
173. Uganda will develop mass public transport majorly in cities and urban centres to facilitate efficiency and reduce congestion and pollution. The strategy will be driven by light rails, buses 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 four proposed regional cities of Mbarara, Mbale, Arua and Gulu. Government will also facilitate the development of mass buses and tramps.

Figure 4. 5: Map of Proposed Railway Network

UGANDA MAP SERIES: Proposed Railway Network By 2040



174. Uganda will capitalize on its geographical positioning to develop Entebbe International Airport as 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 10 airfields 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.

175. 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.
176. To lower the cost of infrastructure development and facilitate rapid accumulation of the stock and quality infrastructure, an infrastructure bank/fund will be established. The bank/fund will provide infrastructure development credit at globally competitive terms.

#### **4.2.3 Energy**

177. 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.
178. To achieve the targets of this vision, Uganda will develop and generate modern energy to drive the industry and services sector. It is estimated that Uganda will require 41, 738 MWatts by year 2040 thus increasing its electricity consumption per capita to 3,668 kWh. Furthermore the access to the national grid must significantly increase to 80 per cent.
179. Uganda will fully exploit its hydro power potential by developing large and small Hydro Power Plants (HPPs). The major HPPs will include Ayago North, Ayago South, Karuma, Isimba, Kalagala, Murchison Bay and others. The geo-thermal potential in the western and southern parts of the country will be harnessed.
180. To complement existing sources of energy other renewable forms of energy including; wind, solar and bio-gas will be exploited.
181. To reduce the energy deficit, emphasis will be put on the development of nuclear power from the available uranium deposits in the country. Government will invest massively in the development of human resource in this specialized area to support the early development and use of nuclear power.

182. To improve access and availability of electricity to the rural and urban areas, especially to economic zones and other productive areas, new transmission lines to evacuate power will be built and rural electrification programmes accelerated.
183. Over the Vision period emphasis will be put on improving energy efficiency by promoting use of energy efficient technologies.
184. 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.
185. In the energy footprint, importation of power from neighboring countries under the Power Trade arrangement, and development of nuclear power and other renewable energy sources will complement the above sources.
186. To achieve this investment, government must support the human resource development in areas of nuclear energy and other energy sources. In addition, the country will invest in nuclear power technology and infrastructure.
187. To reduce over reliance on the national grid, government will promote renewable energy at household and institutional levels. These will include solar, wind, biomass and gasification technologies.

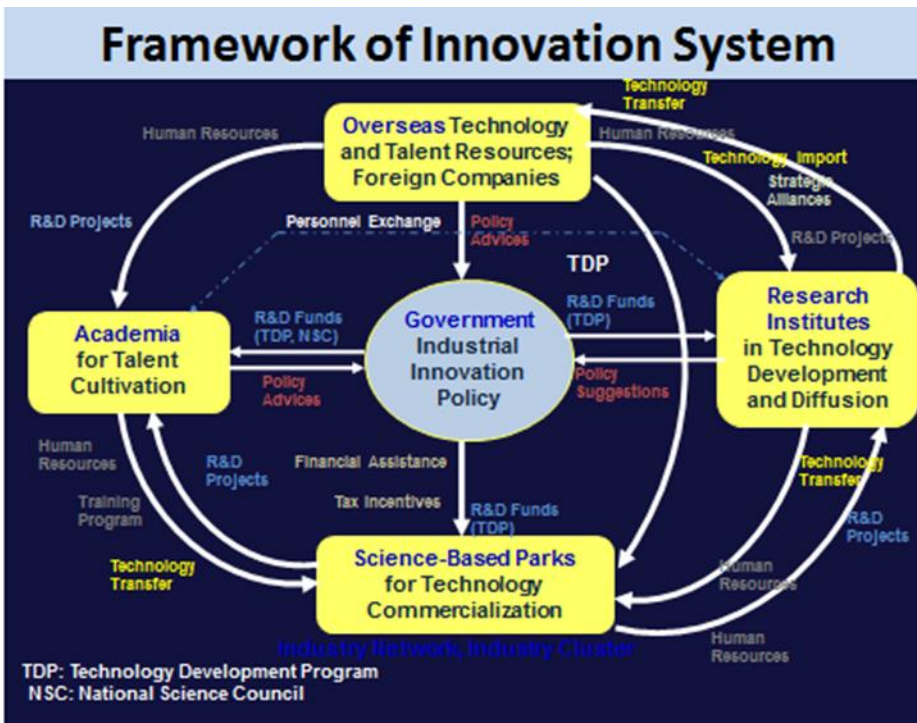
#### **4.2.4 Science, Technology, Engineering and Innovation**

188. 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 developed world, STI has driven the economy and provided them with competitive edge for the last 5 decades and led to 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.
189. In an open and highly competitive global economy, the productive sector can only survive by competing through quality, novelty, and a diversity of products and services that can only be generated through innovation and continuous technological change.



190. Available evidence shows that S&T has higher rates of returns on investment both in the private and social sectors estimated at 20-30per cent and 50per cent 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 innovation system especially as the world moves to knowledge based economy.
191. Uganda lags behind significantly and has not effectively participated in any technological revolutions. The first 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 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.
192. 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 necessitates 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.
193. Government will also establish a National 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 innovation will be set up. The STEI sector will receive a minimum of 2 per cent of the GDP every year. The proposed national innovation system will be as indicated in the figure 4.6.
194. To enhance the academia- industry- government cooperation; Government will promote cooperation through join 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 the local talents. Strategic R&D partnership will be developed with leading companies, such as, Total, CNOC, Shell, Philips, Siemens Toyota, Fiat, Volkswagen, Philips, LG and Huawei.

Figure 4. 6: Framework for the National Innovation System



Source: Adapted from ....

195. Government will invest heavily in its education system with a focus to STEI and RD as prescribed in the human resource section.
196. 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.
197. 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, defense 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 and sponsoring at least 200 students every year in various fields. These Ugandans will be sponsored in top American, German, India, China and UK universities and on return be deployed and bonded in appropriate fields.

198. 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 agriculture, health and medicine, and bio-energies. Specific research programs in these areas will be instituted.
199. 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 public and private sector.
200. 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 discover science and engineering programs, 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**

201. Urbanization plays a key role in the development process. Highly urbanized countries such as Malaysia, Singapore and China tend to have higher incomes 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. Urban based economic activities account for 50 percent to 80 percent of GDP.
202. 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.
203. Over the Vision period four regional cities will be planned and established and these will include; Gulu, Mbale, Mbarara and Arua. In addition, other strategic cities will include; Hoima (oil), Nakasongola (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.
204. 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.

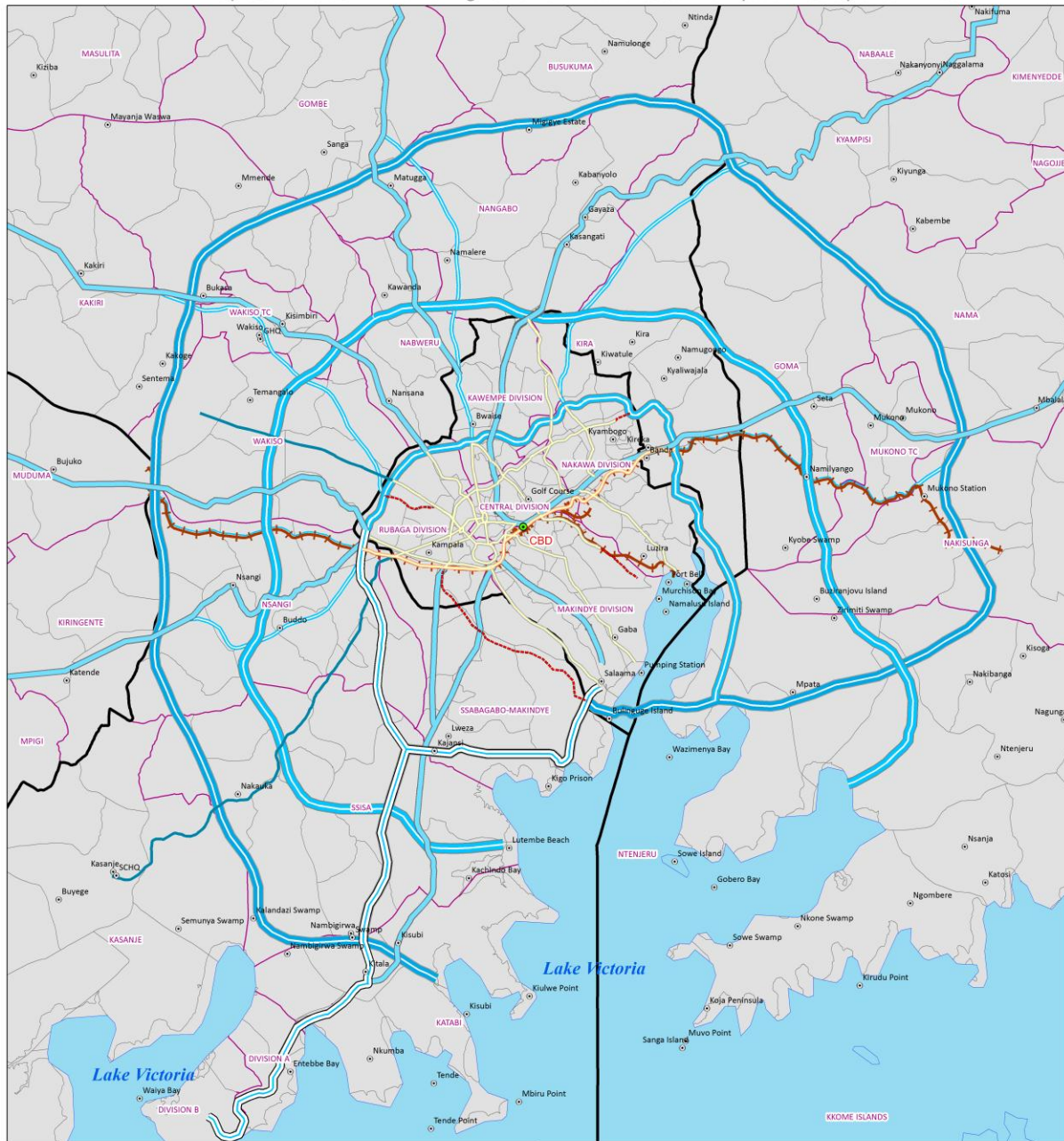
205. Government will develop and ensure implementation of the area physical master plans to guide the establishment and development of GKMA, regional and strategic cities, and other urban centres. This will take into consideration provision of social amenities such as education and health, and recreational facilities.
206. 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 National 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 well before the envisaged development.
207. 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.

Figure 4. 7: Map of Proposed Strategic Cities & Road Network  
 UGANDA MAP SERIES: Proposed Major Roads By 2040



<p><b>Legend</b></p> <p>Uganda Towns</p> <ul style="list-style-type: none"> <li><span style="color: red;">■</span> Regional</li> <li><span style="color: green;">■</span> Strategic</li> <li><span style="color: yellow;">■</span> Other</li> <li><span style="color: red;">—</span> Major_Highways</li> <li><span style="color: orange;">—</span> Sec_Highways</li> <li><span style="color: blue;">—</span> Express_Highways</li> </ul>			<p>0 2,500 5,000 10,000 15,000 20,000 Kilometers</p>	<p><b>Datasources:</b>                  Admin Boundaries:- UBOS 2011                  Power stations:- MEMD                  Others:-Department of Surveys &amp; Mapping, Entebbe</p>	
<p><b>Map Disclaimer:</b>                  The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the NPA but are used only for Planning purposes.</p>			<p><b>Prepared By:</b> NPA, Saturday,5-May-2012.</p>		

**Figure 4. 8: The planned road network for Greater Kampala Metropolitan Area**  
 Proposed Road BRT and Light Rail of The Greater Kampala Metropolitan Area



<b>Legend</b>		
Kampala CBD	Existing Metropolitan Major Rds	<p><b>Datasources:</b>                  Admin Boundaries:- UBOS 2011                  Roads-KCCA                  Others:-Department of Surveys &amp; Mapping, Entebbe</p> <p><b>Map Disclaimer:</b>                  The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the NPA but are used only for Planning purposes.</p> <p><b>Prepared By:</b> NPA on Saturday,5-May-2012.</p>
Towns	Existing Metropolitan Minor Rds	
<b>New Road System</b>	Inner Ring Rd	
Inner City Main Rds	Mid Ring Rd	
Existing Inner City Rds	Outer Ring Rd	
New Inner City Rds	Railway	
Entebbe Toll Road - Planned	Radial Metropolitan Roads	

#### 4.2.6 Land

208. Currently the land holding in Uganda is characterized by multiple land tenure systems (public, mailo, leasehold and customary land) and multiple land rights for same land holding. Only 20 per cent of the land is titled and 80 per cent is under customary tenure system.
209. 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.
210. There is also need to review the constitution with the view of securing land for development purposes reduce costs and delays of development projects.
211. Over the Vision period, government will put in place a mechanism to ensure that district and international borders are secured and any disputes addressed.
212. 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.

#### 4.2.7 Peace, Security and Defence

213. Peace security and defense are prerequisites for a sustainable socio-economic transformation, democracy and national unity. National defense and security entails ensuring national security for the people and their property cooperating with civil authority in emergency situation, and in cases of disaster fostering harmony, understanding between the defense forces and civilian, participating in regional and international operations and engaging in productive activities contributing to national development.
214. 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.
215. Currently the country enjoys considerable peace and security which needs to be consolidated, promoted and developed. Uganda faces a number of security challenges that requires improvements in security and defense capabilities, strategies and alliances to defend its people and natural resources (oil, gas and water). Furthermore the security and defense of a nation is increasingly dependent on technological advancement and capacity to deal with ideological warfare.

216. Uganda will need to 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 towards others at local, national and international levels.
217. To keep pace with global challenges and demands for defense and security the country needs to invest in increasing its capabilities in line with technological changes.
218. Uganda will also need to enhance its important and constructive regional role, especially within the framework of the EAC. Uganda will strive to be an active member of the international community which contributes to its economic development, peace and security.

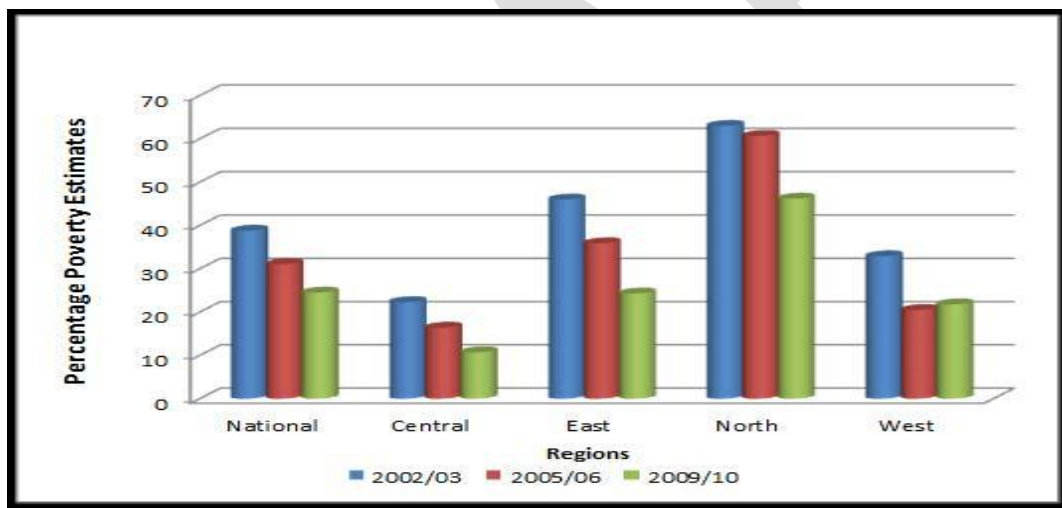
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## CHAPTER 5: SOCIAL TRANSFORMATION

219. 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.
220. 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 3per cent in Malaysia, 6per cent in South Korea, XX per cent in South Africa, XX per cent in Botswana and many other countries in Sub-Saharan Africa and rest of the world. The figure 5.4 presents the poverty headcount trends over the years and across regions.

Figure 5. 1: National and Regional Poverty Estimates



### 5.1. Population:

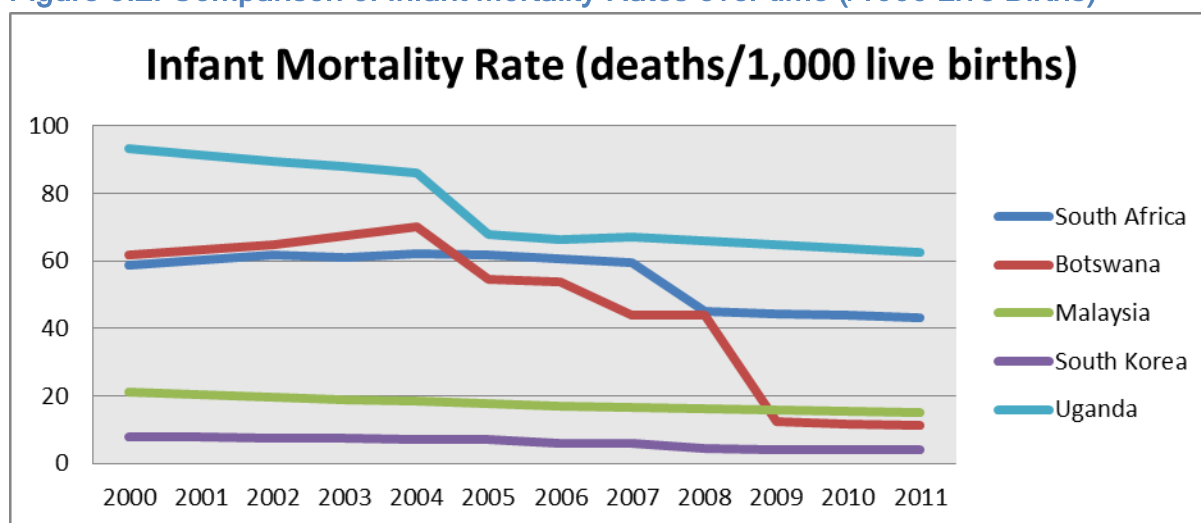
221. To emerge into a strong middle-income economy in coming decades, available evidence suggests that Uganda will have to take into account population factors as part of the development equation. Uganda's population is its biggest and one of the most important resources which must be harnessed to facilitate 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.

222. 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.
223. 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.
224. 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 delivery system. These strategies will be supplemented with incentive oriented population control policies as has been the case in the developed economies.

## **5.2. Health and Nutrition**

225. Good health is instrumental in facilitating socio-economic transformation. Over the year, 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.
226. 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.

Figure 5.2: Comparison of Infant Mortality Rates over time (/1000 Live Births)



227. 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, 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.
228. 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 (US\$ 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.
229. 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 public centered to a public-private-partnership arrangement. One of the key strategies will be to adopt a universal health insurance system.
230. 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.

### **5.3. Education and Literacy**

231. Over the last 15 years, Uganda has made tremendous progress in improving literacy levels of the citizenry. 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.
232. Over the last fifteen years, the total primary school enrollment 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.
233. 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.
234. During the Vision period, the provision of universal primary and secondary education will be considered as a human right and consolidated as basic education. The primary school years will be reduced to six years while the secondary school years will be reduced to four years during which talents will be identified for vocational or academic pursuit (Option1).
235. The primary school years will be reduced to six with the seventh being for vocational education. The secondary education will be reduced to four years and an additional two years for post-secondary vocational before tertiary or university education (Option 2).
236. In addition, national service will be introduced to promote work ethics, patriotism and voluntarism. The education system will however be changed to emphasize practical skills, aptitude and moral values. Under graduate courses will include a full year of internship in addition to course specific industrial training.
237. The education curriculum, examination and instruction methods and will be revised to suit the proposed changes in the education system as well as being responsive to the market demands. This will be coupled with designing and implementing an early talent identification and development system.

238. 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**

239. 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.
240. According to NHS 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.
241. 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**

242. 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 and brick walls.
243. In terms of household facilities, the NHS 2009/10 indicates that majority in Uganda still use rudimentally 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.

244. 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 to 66 per cent in 2009. Rural-urban differentials show that urban households travel 0.2 Km to the main source of water source compared to those in rural areas (0.8Km). Although access to improved water source has increased, only 15 per cent access tapped water.
245. 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.
246. 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.
247. 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. Environment and Natural Resources (ENR)**

248. 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.
249. 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.

250. Over 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.
251. 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.
252. Efforts will be made to restore and add value to the ecosystems (wetlands, forests, range lands and catchments) by undertaking re-forestation and a forestation 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.
253. Restoration of degraded wetlands, hill tops, rangelands and other fragile ecosystem 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).
254. 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.
255. 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.
256. 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.

257. 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.
258. 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.
259. 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.

#### **5.7. Gender Mainstreaming for Social Transformation**

260. Uganda has made efforts to mainstream gender into policy and planning as provided for by the National Gender Policy of 2007. This has led to positive outcomes such as women's participation in governance, girl-child education, increased uptake of health services and agricultural extension. Women represent not less than 33 per cent of national legislature, 28 per cent of the executive and have continued to occupy key positions the judiciary. Gender gaps in education have also been lowered through Universal Primary and Secondary Education Programmes, with an enrollment rate of 84 per cent for both sexes at primary level (MGLSD, 2007). Uganda has further registered increased use of public health services, with 46 per cent of the female and 42 per cent of the male population reporting ill health for treatment at government-run health centers (EPRC, 2010). In the area of agriculture, women have participated in the promotion of appropriate technologies as well as the formation of farmer groups for increased access to credit and extension services.
261. However, the conditions that depict gender inequality are still salient in Uganda's economy and these mainly include: i) gender disparities in access and control over productive resources; ii) sexual and gender-based violence; and iii) unequal sharing of household decision-making in the use of social services provided by government.
262. A study by EPRC in 2010 reported that only 30 per cent and 41 per cent of the couples in Uganda jointly make decisions about a child's education and health



respectively. This partly contributes to women's low rate of return to school after unplanned pregnancy or other related circumstances, which lessens the chances of reducing the gender gaps in employment. Although women comprise 53 per cent of Uganda's labor force, 42 per cent are taken on as unpaid family workers, according to the 2008 Gender and Productivity Survey (GPS). Furthermore, the GPS 2008 showed that women receive an averagely lower pay than men in the private sector with a male to female wage gap that stands at about 39 per cent.

263. These labor market conditions are worsened by the disparities in access and control over resources like land. According to the UNHS (2005/06), male-headed households hold more than twice the land size held by female-headed households. This is a disadvantage to women who are interested in producing high-value agricultural commodities for export, or using the land as collateral to access financial capital for investment in other formal business ventures. These unequal gender patterns in ownership of productive resources have made women vulnerable to income poverty. Such income poverty is partly responsible for their dependence on male counterparts for financial support. This in many cases exposes women to sexual and gender-based violence (SGBV), which usually occurs in form of abuse by an intimate partner, cross-generational sex, marital rape and sex trafficking.
264. Data from UNFPA (2011) shows that 60 per cent of women in Uganda have experienced SGBV compared to 53 per cent of men, with one in four women reporting that their first sexual intercourse was forced against their will. This implies that the increased presence of women in education programmes and governance structures has not completely altered the conditions that bring about gender inequality in Uganda's economy. And yet reducing gender inequality is a prerequisite for accelerating economic development, as stated by the World Bank (2005).
265. Women and men are partners in Uganda's socio-economic transformation and thus all 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.
266. Furthermore, because of women's unique biological and gender roles especially of child bearing and rearing, the state will put in place deliberate policies and programmes to facilitate them to play these roles as well as participating in the development process. Such means will include among others; policies for flexible working conditions to enable women with young children to work from home or have flexible working hours.

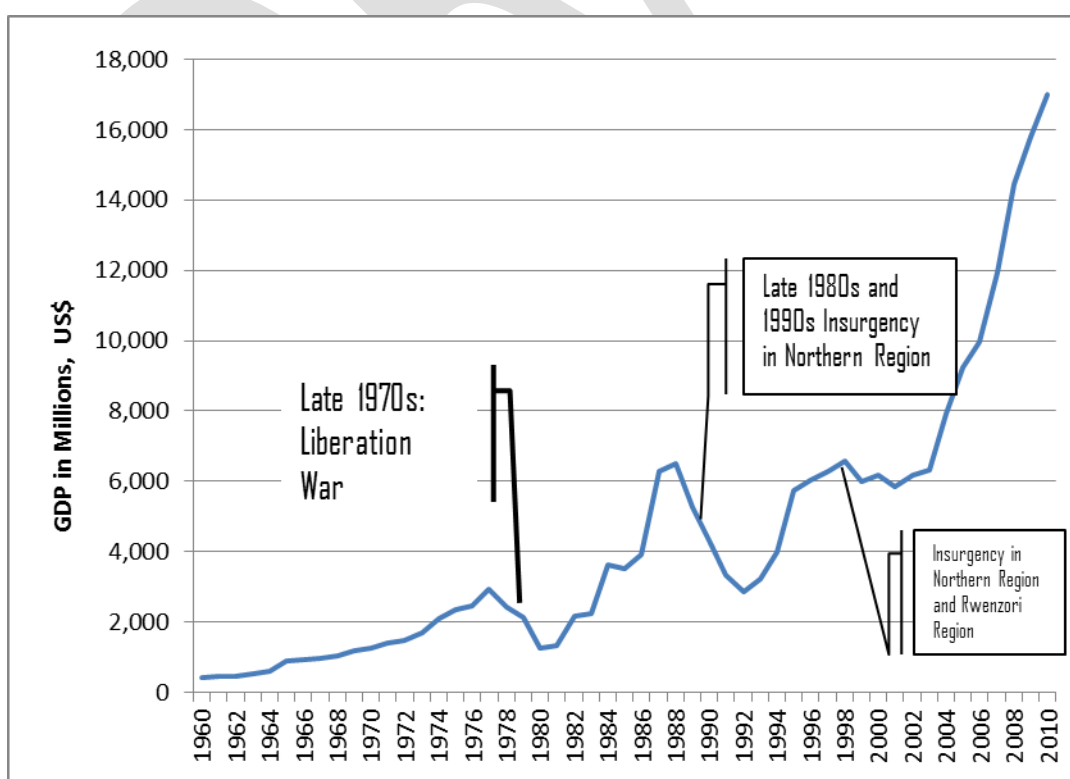
267. The challenges faced by women, the minority groups and other marginalized groups in accessing and using land for production will also be addressed through land redistribution and domestic relations laws and programmes. This way, women and other marginalized groups will effectively use land to support the agriculture production and productivity goals in this vision.
268. 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 fulfill 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.
269. 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.

## CHAPTER 6: GOVERNANCE, DEFENSE AND SECURITY

### 6.1. State of Governance

270. Due to the varied characteristics of ethnicity, religion, tribes, and monarchies, Uganda was constituted as Republic 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.
271. Similarly, Uganda has faced challenges in its desire to consolidate good governance and democracy including abrogation of the constitution, military coups, political instability, rebellion, unstable regimes, 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 has affected the development of a national agenda that can be sustained over a long period regardless of regime change, consolidation of good governance and sustainable development. There is positive correlation between socioeconomic gains and periods of relative peace, stability and good governance as illustrated in the figure 6.1.

Figure 6. 1: Impact of instability on GDP Trends in Uganda



272. 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. Democracy can support economic development if it provides stable political conditions and the composite policies remain in line with national development agenda. Similarly democracy may slowdown development when the policies do not support economic uplift due to conflict with social traditions and public expectations. The level of development in a country determines the nature of democracy adopted. The Asian and Western countries have demonstrated that in the early stages of development more emphasis should be placed on development than to democracy. Therefore Uganda will adopt a developmental democracy suited for its own circumstances.
273. In the context of this vision governance will entail 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; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them.
274. The tenets of a sound democracy will be upheld during the vision period including: constitutional democracy; the rule law; political and electoral processes; transparency and accountability; government effectiveness and regulatory quality; and peace, defence and security.

## 6.2. Constitutional Democracy

275. 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 have been 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 needs to be strengthened.
276. 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 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 ("Wanainchi ku jenga taifa") for citizens reoriented to foster national unity 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 and any leadership position at all levels from the village to the Presidency.

277. Efforts will be geared towards reintroduction of the community spirit/togetherness that will bring people residing in the same location to discuss issues of development, security and cleanliness. This collective community spirit<sup>1</sup> will be used as a spring board for the development of the national agenda to inculcate national values.
278. To ensure checks and balances, and taking decisions that have national interest, other than party interests, a bi-cameral Parliamentary system will be introduced with the upper house representing the National interests of Uganda, while the lower house represents constituencies. The upper house will have longer terms 7 years that will transcend the presidential term of 5 years, while the lower house will have 5 year terms which starts in the middle of the Presidential term. The upper house will be composed of distinguished Ugandans, having high integrity, special knowledge and practical experience in such matters as social services, literature, science, and art. There will be an institution that will vet and certify distinguished Ugandans. The upper house will vet the Presidential appointees, review and advise on national development programmes and the national budget, reviews legislation from the lower house, with veto powers. Representation in the upper house will be by election from 10 provinces<sup>2</sup>, Labour Unions, and industrialists. The Lower house will be elected in proportion to the population at a ratio of 1:200,000. A vetting system for nominees for Members of Parliament will be instituted. The lower house will pass legislations, and appropriate the national budget.
279. 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. Rule of Law**

280. 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.
281. Over the vision period the capacity, security of tenure and the independence of the Department of Public Prosecution (DPP) will be strengthened. To ensure the effectiveness of the DPP there is need for a well-trained, facilitated, equipped and

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<sup>1</sup> Bulungi bwansi, Sagala agalamidde, kanga baija

<sup>2</sup> Composition will be determined

effective police. Two police colleges will be equipped to offer specialized training for criminal and forensic investigations. 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. The Police training should be as in developed countries. There will be emphasis on prevention of crime through establishing community policing in Uganda.

#### **6.4. Electoral and Political processes**

282. The will of the people of Uganda shall be the basis of the authority of government; this shall be expressed through periodic and genuine 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 and competitive multiparty elections will be upheld.
283. Regular free and fair elections as one of the principal means for ensuring popular participation in the constitution of the government and the monitoring of its performance shall be conducted every 5 years. This will confer legitimacy on political systems by vesting them with mandate from the citizens.
284. 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, independent 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 and disadvantaged groups in electoral and political processes.
285. 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 voter's register. The ICT aided electoral process shall be linked to the national identification system.

#### **6.5. Transparency and accountability**

286. During the Vision period the policy, legal and regulatory framework to support transparency and accountability will be strengthened. Notably these include; the Inspectorate of Government, Anti-Corruption Court, Office of the Auditor General, and Directorate of Ethics. The Whistleblowers Protection Act will be implemented.

287. The government will undertake reforms to consolidate the gains made in financial management in order to improve efficiency and effectiveness of public expenditure management.
288. 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 improve responsiveness and reduce corruption in some areas, 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.
289. 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 a country's competitiveness through participation in key economic organizations.

#### **6.6. Government Effectiveness and Regulatory Quality**

290. The effectiveness of Uganda's government is observed in the quality of public services, the quality of the civil service and the degree of civil service independence from political pressures. It is also seen in the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Uganda has a public management system that facilitates governance and service delivery. The public administration system of Uganda is mainly hinged on decentralization. This has enhanced a reasonable level of community participation in the process of policy formulation and planning at all levels. The quality of service provision has significantly improved. At its inception, Uganda's decentralisation represented a radical reengineering of the mechanisms of governance towards political, administrative, and fiscal devolution of power.
291. 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 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.

292. The country will focus on strengthening the devolved power to local governments at an accelerated rate 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/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.
293. The ability of the government to formulate and implement sound policies and regulations that permits and promotes private sector development. Government has formulated and implemented policies and regulations that permit and promote private sector development. The country focuses on reducing regulatory costs and risks associated with obtaining business licenses, and on simplifying and reducing taxes for small and medium enterprises. The current legal and regulatory regime still constrains the private sector. For instance, business licensing regime puts the annual private sector regulatory compliance costs at \$175 million per year, which represents 1.3 percent of the country's GDP. In the framework of the East African Community Common Market the country has plans that will lead to taking measures to ease doing business and also harmonise laws in order to guarantee competitiveness and encourage increased investments.
294. Uganda will review existing and put in place regulations that favour business and also enact business laws, regularly review and evaluate tax payment systems, land registration and business licensing in this regard. In the medium to long-term this will foster competitive markets, growth and job creation by contributing to improving and sustaining a favourable business environment that encourages and helps to retain investment.

## **6.7. Peace, Defence and Security**

295. Over the vision period, the country will focus on Security, peace-building and conflict management. 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 counseling 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.

296. Democracy and good political governance therefore constitute an important prerequisite for successful economic, corporate and socio-economic governance, as it touches on the fundamental rights of the citizenry (both individuals and groups), the accountability of government to the governed, and the relative stability of the polity.

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## CHAPTER 7: IMPLEMENTATION, MONITORING AND EVALUATION STRATEGIES

297. Implementation of the Vision 2040 is a responsibility of every Ugandan. However, stewardship of the Vision implementation is the responsibility of H.E the President. All other government institutions in line with their mandates and as will be detailed in each and every National Development Plan will facilitate the implementation of the Vision 2040.
298. A major challenge identified in the implementation of the previous plans is the framework for operationalizing its implementation. Since then however, in 2008, a Comprehensive National Development Planning Framework has been developed and approved by cabinet. This is a synchronised holistic approach to development planning. It comprises of long, medium and short-term development plans by different stakeholders at the national level, and provides the necessary linkage between planning and budgeting. The main objective of the CNDPF is to “facilitate, guide and harmonise national and decentralised medium- and long-term development planning in the country”.
299. The CNDPF prescribes the various categories of plans, the corresponding stages, roles and responsibilities of the different stakeholders, and the respective planning horizons and cycles to be followed. It also outlines the processes through which plans produced by the sectors and decentralised local planning systems will be integrated into the National Development Plans. The principal elements of CNDPF include (i) the 30-Year national vision, (ii) the 10-Year National Development Plans, (iii) the 5-Year National Development Plans, (iv) Sector Master Plans and Strategies, and (v) Annual Plans/Budgets.
300. The 5 year National Development Plan 2010/11-2014/15 forms the very first of the six development plans that will implement this vision. The 10 year development Plan and annual budgets will all be developed detailing the specific interventions, approaches, targets and indicators etc. In addition, innovative sector, local government and national plans and other research, reviews, evaluations etc. will be developed to guide the implementation of the plans. These will include; the spatial plan, sector master plans and policies, policy and program evaluation reports among others.
301. The spatial plan will help address the Regional disparities and unbalanced development; lead to planned urbanization and minimize in urban primacy, urban sprawl, growth of unplanned settlements (slums), urban poverty, congestion and informality; planned rural development currently characteristic by scattered settlements, land fragmentation, undefined agro-ecological zones, depletion of

natural resources, and resources conflicts; the absence of integrative and harmonized functioning infrastructure; Unplanned industrial development and set-ups which are inequitably distributed and functionally inefficient; environment protection by minimizing Encroachment on fragile ecosystems and natural resources like wetlands, forests, national parks, and general degradation of environment; protection of cultural and natural heritage and harmonization of the existing sectoral, Local Government and social economic development plans .

302. The sector policies are intended, among other things, to set out the strategic direction of the sector in the next five years. The policies will ensure that the capability of the sector strategic role in national development is sustained and enhanced, in light of new and emerging challenges. The master plans, on the other hand, shall spell out the interventions needed to achieve each of the objectives identified in the sector policy. They will also further detail inputs and target indicators for each intervention. Both the sector plans and strategies will be harmonised for a 5-year period and their timing will be consistent with the start and end time for the 5-year national development plans. Local Governments Plans will be integrated into various sector plans.

Figure 7. 1: The Framework for Implementation of the National Vision

