CELEBRATING 50 YEARS
OF DEVELOPMENT PARTNERSHIP

The World Bank
AND UGANDA

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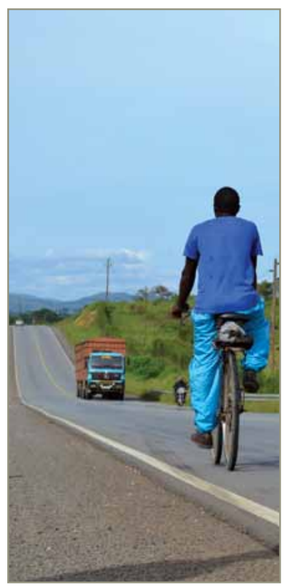

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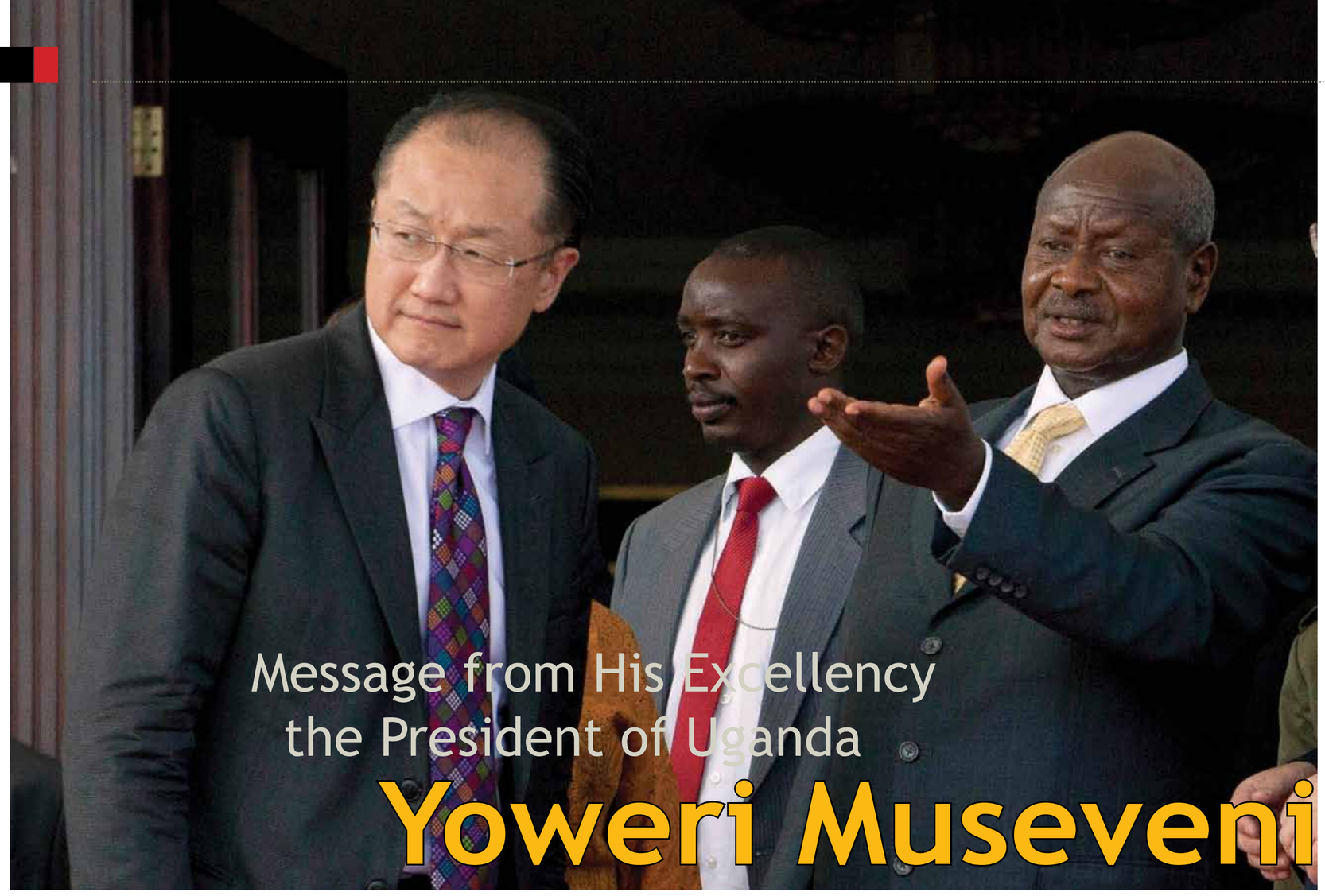

May 24, 2013, Entebbe: President Yoweri Museveni (right) meeting World Bank President, Dr Jim Yong Kim. Photo/Dominic Chavez - World Bank Archives

Message from His Excellency the President of Uganda

Yoweri Museveni

I wish, on behalf of the Government and the people of the Republic of Uganda, to congratulate the World Bank upon celebration of 50 years of a fruitful partnership with the people of Uganda.

While it has taken an extremely long time to establish clarity on the strategies that would spur Uganda's development and economic transformation, the country has now embarked on the path to socio economic transformation. It is re-assuring that the World Bank has remained a key development partner, supporting Uganda's embryonic steps as an independent nation and, later, as we struggled to restore order following many years of political and socio-economic anarchy.

This book tells the story of the 50 years partnership that Uganda and the World Bank continue to enjoy in the various economic sectors; a partnership that has led to a marked and steady economic growth.

Over the past 50 years, Government has instituted economic reforms such as the liberalization of foreign exchange and commodity markets, abolished price controls and privatized loss-making parastatals while instituting public expenditure controls. These reforms have been successfully implemented and consistently maintained, resulting in positive achievements.

Today, the credibility of Government's macroeconomic management is without doubt exceptional as evidenced by the strong growth in private investment, including Foreign Direct Investment.

Privatization has given opportunities to competitive private providers in activities previously confined to the Public Sector and has fostered innovation and improved service delivery.

In Education, the number of school-going children has more than tripled as a result of Government's substantial investment in Universal Primary Education (UPE). The gender gap in most levels of primary education has also been eliminated.

Government's Universal Primary Health Care Policy and the reforms within the Health Sector have brought about a significant expansion in the usage of the health system.

New investments have been undertaken in Energy and Transportation infrastructure and the old infrastructure has been revamped.

As a result of this progress and against the springboard of the partnership with the World Bank and other development partners, I am sure Uganda, today, is on the verge of striding into the future as a first world country in the next 50 years.

Now that we have clearly identified the strategic bottlenecks, especially infrastructure underdevelopment (meaning shortage of electricity, lack of adequate tarmac roads, an antiquated railway system and inadequate ICT infrastructure coverage), given the achievements we have already attained in Education, Health, Regional Integration and favorable access to big external markets, the emancipation of the Private Sector as well as security of person and property, our growth and socio-economic transformation is irreversible and unstoppable.

We thank the World Bank and look forward to further partnerships.

Yoweri Kaguta Museveni
President of the Republic of Uganda

WB50

THE WORLD BANK

Message from the World Bank Vice President for the Africa Region

Makhtar Diop

September 2013 marked the 50-year partnership anniversary between Uganda and the World Bank Group. Uganda can be proud of its achievements, many of which have received financial and technical support from the World Bank Group.

In the past 50 years, the World Bank has funded over 100 development projects with financing totaling over $8 billion, and complemented this support with analytical and advisory services.

The World Bank Group has contributed to the country's progress by supporting macro-economic and sector-specific policy development and investment projects in Infrastructure, Agriculture, Education, Health, Private Sector development, and several other sectors.

The partnership with Uganda has been rooted in infrastructure development, as the first projects focused on energy investments that brought electric power to cities, health centers, classrooms, and factories across the country. Infrastructure continues to be the most important area of World Bank support to Uganda, accounting for over 60 percent of the current project portfolio. As this 50th anniversary compendium notes, the World Bank also played a significant role in helping to secure debt relief for Uganda.

From a hopeful country at independence, through political turmoil and regional crises, and then returning to peace, stabilization, and growth, Uganda has achieved important results which are highlighted in this book. More than two decades ago, Uganda decisively adopted market-oriented policies and implemented a range of courageous reforms. While many challenges remain ahead, Uganda has dramatically reduced poverty and improved human development indicators over the last two decades.

We salute the people of Uganda for their accomplishments and we modestly want to celebrate the past 50 years of our partnership. Looking ahead, we see potential for continued and accelerated growth, and transformation towards a productive, diversified and inclusive economy.

The World Bank Group remains committed to working closely with Uganda to achieve the country's development vision in order to eliminate extreme poverty, achieve shared prosperity, and to be a leader in regional and global development.

Makhtar Diop
World Bank Vice President
Africa Region

WB50

AFRICA OVERVIEW

Africa is making progress on reducing poverty. The World Bank's 2013 global poverty update shows that the region's $1.25 a day poverty rate has fallen from 58.1% in 1999 to 47.5% in 2008, a 10.6 percentage point decline. The decline in poverty accelerated in 2005-2008, with nine million fewer people living below $1.25 a day – the first such recorded decline in the number of poor.

Despite this success, serious development challenges remain in Africa, where governance and transparency remain weak, and 645 women die during pregnancy and childbirth per 100,000 live births.

Economic and social conditions are improving in Africa. Maternal deaths fell by 26% between 1990 and 2009 and child mortality rates are also falling. HIV infections are stabilizing, primary school completion rates are rising faster than anywhere else in the world, and the number of people living in extreme poverty is falling.

In 2011, foreign direct investment flows jumped 25% to an estimated $35.6 billion, after declining sharply in 2009 and 2010. The business climate is improving and favorable economic prospects are attracting investment flows in the telecommunications, real estate, and retail sectors. Remittances have rebounded as well, posting a high of $23 billion in 2011.

After 10 years of high growth, an increasing number of countries in Africa are moving into 'middle- income' status, countries achieving more than US$1,000 per capita income. Of Africa's 48 countries, 22 states with a combined population of 400 million people have officially achieved middle-income status, while 10 countries representing 200 million people would reach middle-income status by 2025 if current growth trends continue or with some modest growth and stabilization. Another seven countries, home to 70 million people, could reach this milestone if they created economic growth of seven per cent growth over the coming years. For example, Sierra Leone could grow at this rate because of its recent expansion in mining.

Africa's long-term growth will increasingly reflect interrelated social and demographic changes creating new domestic engines of growth. Key among these will be urbanization, an expanding labor force, and the rise of the African middle-class consumer. In 1980, just 28% of Africans lived in cities. Today, 40% of the continent's one billion people live in cities. By 2030, this share is projected to rise to 50%, and Africa's top 18 cities will have a combined annual spending power of $1.3 trillion. WB50

Source: World Bank/World Development Indicators

Ahmadou Moustapha Ndiaye, the Country Manager for Uganda (left), and **Philippe Dongier,** Country Director for Uganda, Tanzania, and Burundi. Photos/Sheila Gashishiri, David Sseppuuya

From the Country Director and the Country Manager

As the Government of Uganda and the World Bank Group celebrate 50 years of partnership, we look back at half a century where Uganda has made significant progress and managed to overcome periods of political and economic uncertainty.

Throughout the years, the World Bank has stood behind Uganda in supporting national development priorities. During difficult times when the political environment prevented close engagement, the World Bank remained committed to bringing change and prosperity to Ugandans.

The partnership began on September 27, 1963 when Uganda became a member of the World Bank Group. This was less than one year after Uganda gained independence and, by then, the World Bank had already been assisting Uganda for some time with expanding electricity production and distribution from Owen Falls Dam.

The good collaboration continued through the 1960s, but was interrupted by the military coup in 1971, which resulted in a breakdown of the economy in the following years. Most of the gains made in the previous decade were lost. With the support of the World Bank and other Development Partners, there were some attempts to introduce financial and policy reforms in the early 1980s, but not much was achieved.

The partnership between the World Bank and the Government was however restored in 1986. The new Government soon embarked on restructuring the economy through pro-market reforms and political liberalization. The reforms – albeit difficult and painful – bore fruit, and great achievements in poverty reduction and economic growth were witnessed in the following decades.

The World Bank has throughout been an active and trusted partner supporting the national agenda and encouraging the Government of Uganda in its efforts through, *inter alia,* investments in key sectors including Energy, Health, Education, Transport, and Agriculture.

This book is a testament to the great achievements of the partnership. But even more so are the hundreds of current and former projects all over the country that are changing the lives of millions of Ugandans every day. Ugandans are, and will always be, at the center of our partnership.

Development is a long-term commitment. And as Uganda moves up the "development ladder", the needs and priorities evolve as well. The World Bank has continuously adapted and will continue to adapt its strategy. This is the flexibility that has enabled the World Bank to work in more than 100 countries that are at different levels of development. This is the same flexibility that the World Bank will continue to bring to Uganda, working together with the Government to take the country to the next level.

Uganda still has some way to go before realizing the ambition of becoming a middle income country, and the World Bank will remain a close partner in ensuring that this happens. The past 50 years of partnership have shown us that a lot can be achieved when you are working together in supporting the same development priorities.

Philippe Dongier
Country Director
Tanzania, Uganda and Burundi

Ahmadou Moustapha Ndiaye
Country Manager
Uganda

WB50

April 21, 1967, Washington DC: Mr Erifasi Otema Allimadi (center), Uganda's Ambassador to the United States, signing for an International Development Association (IDA) credit with Mr J. Burke Knapp (right), Vice President of the World Bank and IDA, witnessed by Mr S. Othello Coleman, Executive Director of the World Bank and IDA for Uganda. The $10 million credit was used for the expansion of secondary education, financing 70% of the cost of constructing and equipping 24 new general secondary schools, and additional facilities for 15 existing schools. The assistance resulted in the creation of 14,000 new slots for students. Photo/Edwin G. Huffman-World Bank Archives

January 23, 1998, Kampala: President Yoweri Museveni (right) meeting the then World Bank President, Mr James Wolfensohn (second left) during the latter's country tour . Photo/World Bank Archives

CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

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Energy Sector

SECTION ONE

Uganda is looking at putting many more people on the national electricity grid, and making citizens less dependent on unsustainable sources of energy, which damage the environment and pose long-term dangers to social stability. Multi-pronged efforts have included the First, Second, and Third Energy Projects, Energy for Rural Transformation, a privately operated hydro-power facility, and a mini hydro plants strategy

CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

Uganda's First Loan
From the World Bank

By the time Uganda secured its independence from Britain in 1962, the country was already enjoying the World Bank's financing for development projects under the broader arrangement of the East African colonies.

September 27, 1963, Washington DC: Uganda becomes a member of the World Bank's two affiliates, the International Finance Corporation (IFC) and the International Development Association (IDA) when the Articles of Agreement are signed by Mr Apolo Kironde (seated), Ambassador and Permanent Representative to the United Nations, on behalf of the Uganda Government. Photo/Edwin Huffman-World Bank Archives

Until 1961 all three East African territories were under British rule and in 1955, the Bank had advanced a considerable loan then equivalent to $24 million to the East Africa High Commission for the development of railways and harbors in Kenya, Uganda and Tanganyika. The loan was guaranteed by the British Government and the three territories.

Negotiations for the first World Bank loan given exclusively to Uganda started in the late 1950s and its purpose was to expand the production and distribution of electricity from the Owen Falls Dam, which had been commissioned in 1954. The borrower was listed as Uganda Protectorate, who was seeking a loan in various currencies amounting to $8.4 million then. The loan effectiveness date was June 1, 1961, and Uganda was required to repay it in 35 semi-annual installments and finally retire it at the end of June 1981. The interest rate was 5.3% per year inclusive of a 1% commission and the commitment charge was 0.75%. The country thus became a World Bank client a full two years before becoming a member of the World Bank Group.

Even with those terms that appear stringent compared to today's, international lenders like the World Bank were at the time not very comfortable over Uganda's future stability after independence and so the United Kingdom stood in again as guarantor, though it was about to cede power to the Ugandans. The discomfort over Uganda's future was not about racial relations as was the case of other emerging states for there was no significant European settler population. Nor was it about the 75,000 Asians then settled in the country. Rather, the biggest factor that made Uganda a risky borrower was the Kingdom of Buganda, which controlled the bigger chunk of the country's economy and was harboring unhidden intentions of seceding from Uganda. Collection of the debt from Uganda if such an eventuality happened would be almost impossible. So the British took responsibility for the risk by guaranteeing the loan.

The British guarantee aside, the Bank's assessment of the country's economic prospects was very promising. The implementing agency, the Uganda Electricity Board (UEB) was at the time also given a very positive bill of health as regards to managerial competence and technical soundness. UEB had been set up in 1948 as a statutory agency with the sole right to generate, distribute, and license generation or transmission of electric power in Uganda.

The $8.4 million loan Uganda was applying for constituted 60% of the total amount required for the expansion of the electricity generation and distribution works.

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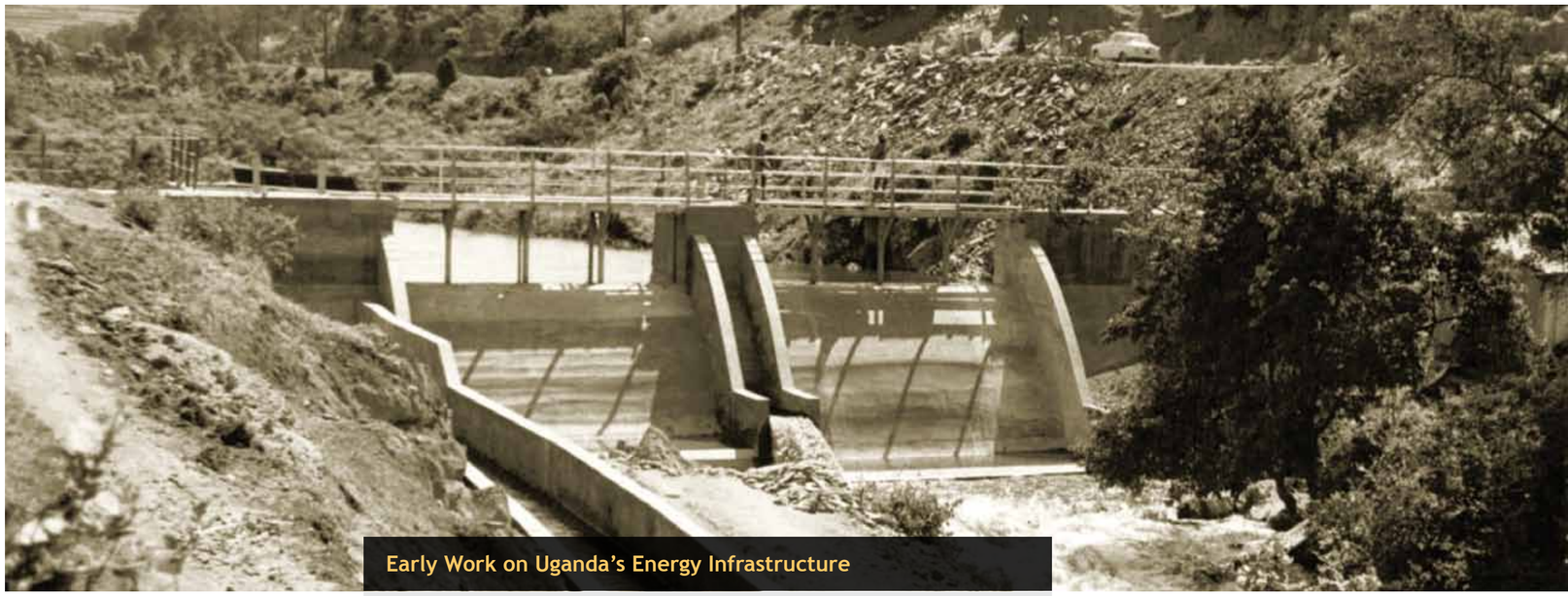
World Bank President Endorses Uganda Protectorate, 1961

"I recommend that the Bank at this time make a loan to the Protectorate of Uganda in an amount in various currencies equivalent to $8.4 million for a total term of about 20 years, with interest (including commission) at 5.75% per annum and on such other terms as are specified in the attached draft Loan Agreement.

"Private investment in industrial and agricultural ventures has been small. But the Uganda Development Corporation, the Government's main instrument for economic development, has been active in promoting both industrial and agricultural investment, including direct investments in textiles, cement, metal processing, hotels and large-scale tea-growing. The infrastructure on the whole is well-developed. In recent years public investment has been heavy in fields such as Health and Education where the need is great but benefits tend to be long-term. With good management and reasonable stability in commodity prices, Uganda can expect in the next five or six years a modest rate of growth in its gross domestic product. To accelerate its development, it will need an inflow of foreign capital, including official loans and grants."

Eugene R. Black, World Bank President, March 21, 1961 WB50

The Beginning of
a Close Relationship



Early Work on Uganda's Energy Infrastructure

In the late 1950s and early 1960s, the then new UEB Dam and Flume Pipe was a prominent feature on the Mbarara-Kabale highway, just before reaching Kabale town at the base of the Kigezi highlands. It was designed to increase hydro-electric power output in the south-west, and was seen as a forerunner to other similar developments elsewhere. Photo/DS Archives

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The Second Power Project

The projected growth path of the Uganda Electricity Board (UEB) that had been so enthusiastically anticipated at the time of Independence did not take into account the emergence of a Military Government in 1971 and the subsequent insecurity with the accompanying economic breakdown that went on until 1986. It had been expected that by the time of completing the first loan repayment in 1981, UEB would be in a strong financial position to take on the challenges of powering the growing national economy. At commissioning in 1954, the installed capacity of 150MW could not all be consumed (or generated) due to low demand and limited transmission capacity. An agreement for bulk supply to Kenya for 50 years at fixed tariff was made, with the expectation that this eastern neighbor's demand would keep decreasing as the Kenya Power and Lighting Company matured and as Uganda's own domestic demand increased. But the economic chaos that set in from 1972, with the so-called Economic War declared by President Idi Amin, scuttled most of the projections. Maintenance was all but abandoned and by the end of the 1970s, four out of the ten turbines (each with a 15MW capacity) had completely shut down. The transmission and distribution grids were also neither maintained nor upgraded. Management nearly collapsed and UEB could simply not collect significant portions of the revenue from the power it was generating and supplying. UEB was barely keeping the system going, and upgrading its technology was not even under consideration. It is therefore a sad commentary on the country at the time that even in such a state, an appraisal of UEB found it to be more efficient than most other Uganda Government-owned enterprises.

In 1981, the Government of Uganda made a dramatic break with the past and, with the support from the IMF, the Bank, and other donors, introduced a series of financial and other policy reforms. As a result, economic performance improved despite the negative impact of internal security problems and adverse world economic conditions. The Government's recovery program had as its basic objective the rehabilitation of the productive sectors and the improvement of existing productive capacities. The Second Power Project was designed to support this program.

At conception, the Second Power Project was estimated to cost $73.4 million from 1981, but the security circumstances caused delays and by the time it was completed at the end of 1994, the project had consumed $113 million.

The principal objective of the Second Power Project was to support the economic recovery program initiated in the 1980s to prevent a bottleneck in the supply of power, through the upgrade and rehabilitation of existing generation, transmission and distribution facilities. This specifi-

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Queen Mother at Owen Falls

February 1959, Jinja: Queen Elizabeth, the Queen Mother (second left), touring the power house of the Owen Falls Dam hydro electricity plant, accompanied by the colonial Governor, Sir Frederick Crawford (first right, in black suit). The power project had been opened on May 1, 1954 by her daughter Elizabeth Regina II, the Queen of Great Britain and then Head of State of the Uganda Protectorate. The World Bank's first loan extended this pioneering infrastructure. Photo/DS Archives

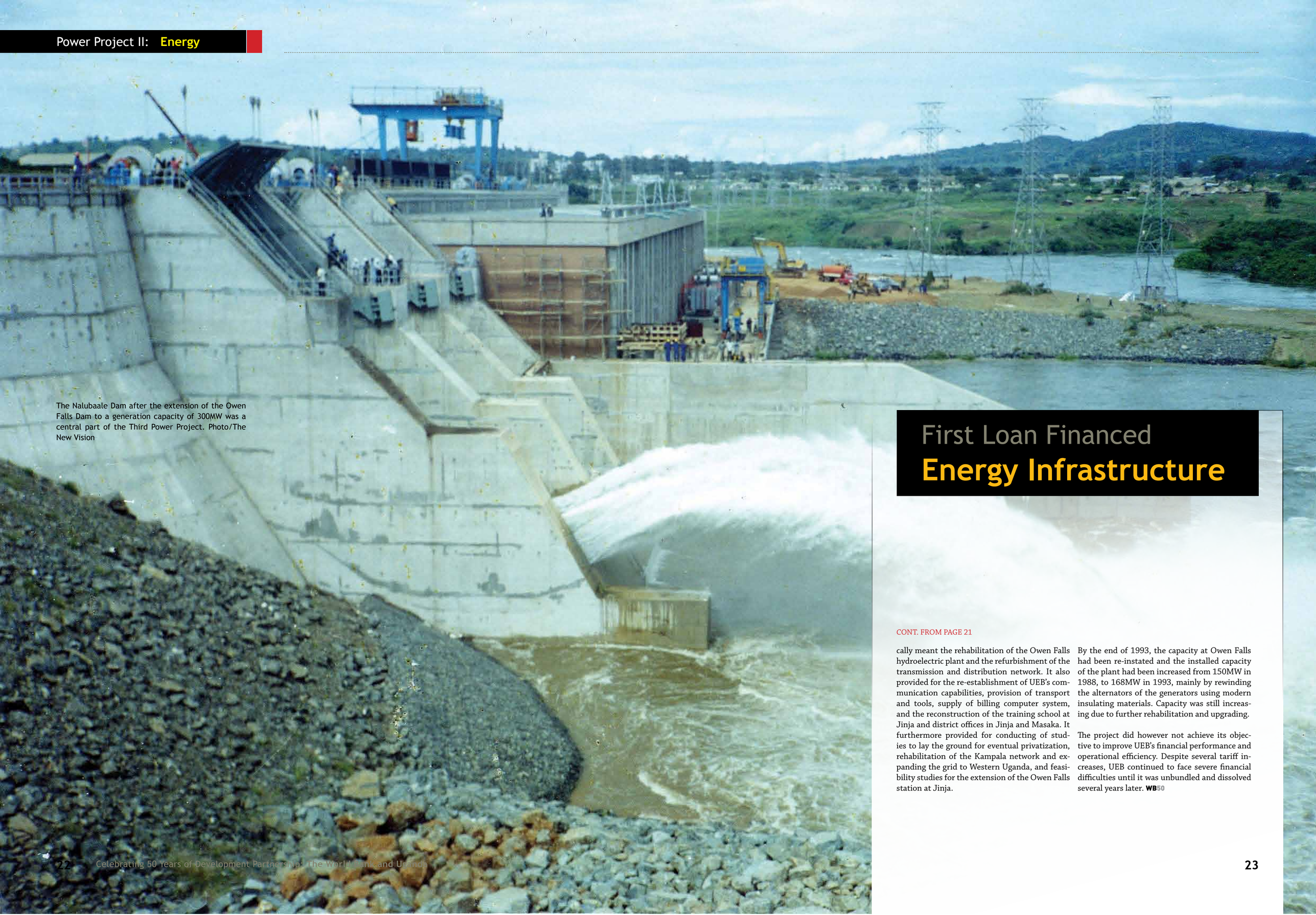
80% access by 2040

An essential part of the national growth and development aspirations is the 'Uganda Vision 2040'. The National Planning Authority, with other stakeholders, developed the strategy, guided by the vision statement: "A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 Years."

Launched in 2013, the year after the country celebrated 50 years of independence from colonial rule, the strategy provides for various aspects of national life.

Cognisant of the fact that energy powers development and transformation, the strategy provides for an exponential growth and expansion of electricity access and usage.

Using the year 2010 as a baseline, and 2040 as a target, the strategy aims for electricity consumption per person to grow from 75 kWh (kiloWatt hours) to 3,668 kWh. The proportion of the population with access to electricity is projected to grow from 11% to 80%. WB50



The Nalubaale Dam after the extension of the Owen Falls Dam to a generation capacity of 300MW was a central part of the Third Power Project. Photo/The New Vision

First Loan Financed Energy Infrastructure

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cally meant the rehabilitation of the Owen Falls hydroelectric plant and the refurbishment of the transmission and distribution network. It also provided for the re-establishment of UEB's communication capabilities, provision of transport and tools, supply of billing computer system, and the reconstruction of the training school at Jinja and district offices in Jinja and Masaka. It furthermore provided for conducting of studies to lay the ground for eventual privatization, rehabilitation of the Kampala network and expanding the grid to Western Uganda, and feasibility studies for the extension of the Owen Falls station at Jinja.

By the end of 1993, the capacity at Owen Falls had been re-instated and the installed capacity of the plant had been increased from 150MW in 1988, to 168MW in 1993, mainly by rewinding the alternators of the generators using modern insulating materials. Capacity was still increasing due to further rehabilitation and upgrading.

The project did however not achieve its objective to improve UEB's financial performance and operational efficiency. Despite several tariff increases, UEB continued to face severe financial difficulties until it was unbundled and dissolved several years later. **WB**50

A well-lit street in Kampala. Completion of the Third Power Project and the Bujagali Power Project have enabled city and municipal authorities countrywide to provide street lighting. Photo/David Sseppuuya

The Third Power Project

The World Bank's third major intervention in Uganda's Energy Sector was the $123.7 million Third Power Project package. Effective from October 8, 1992, the project that was supposed to be completed in 1997, was extended to 2001 due to some delays.

Key components were:

- The extension of Owen Falls Dam which saw the generation capacity go up to 300MW. This was almost double the capacity attained by the major rehabilitation under the Second Power Project;
- The safety of the ageing dam structure, which dramatically increased to international safety standards; and
- Rehabilitation and expansion of the transmission and distribution system countrywide under which the following were executed: Western Transmission Line – EIB – which covered the building of the Mbarara North Substation, the Masaka - Mbarara, Transmission Line, the Ishaka, Ntungamo and Ibanda Line and the commissioning of several distribution transformers.

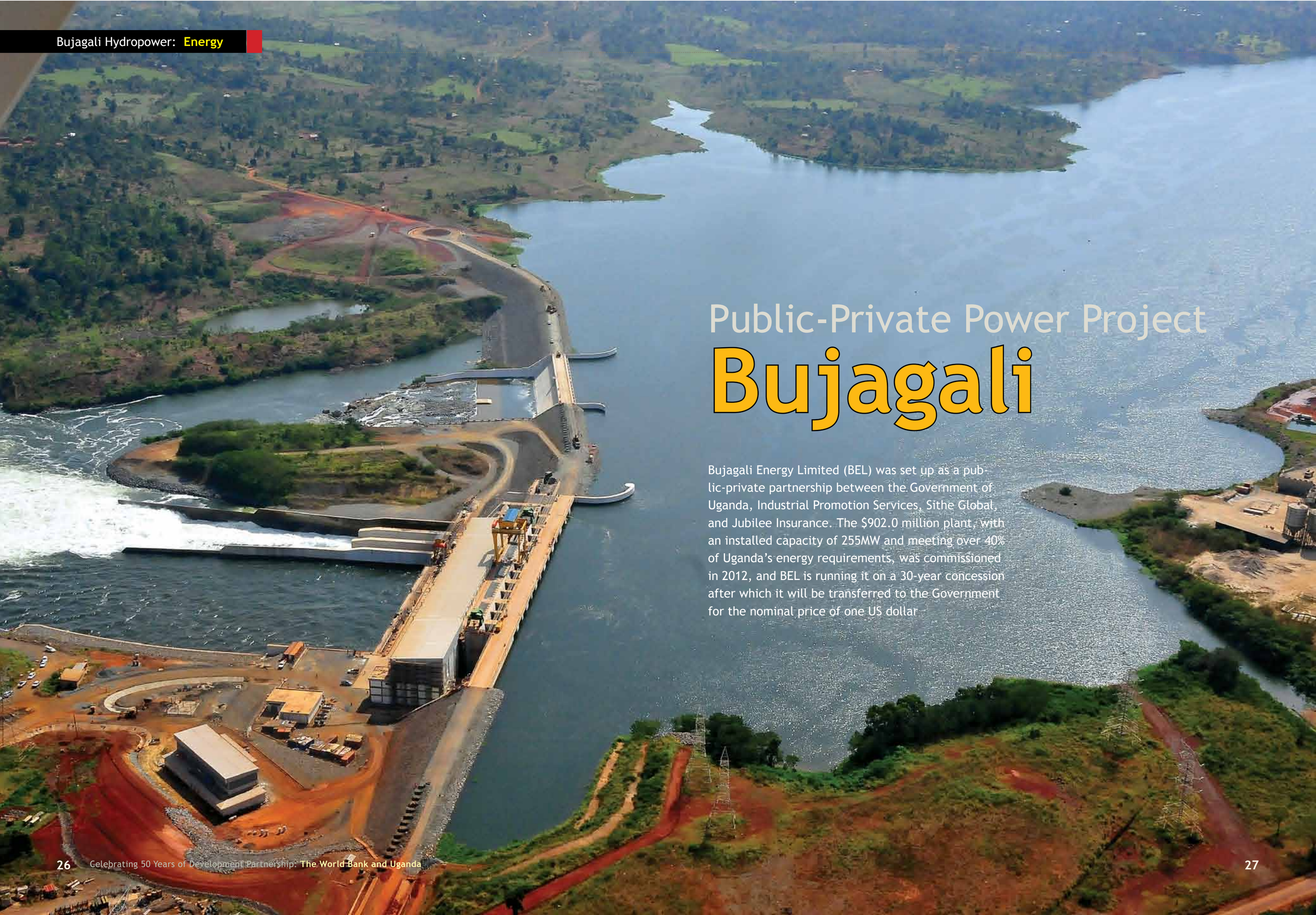
Also significant was the conducting of the Kampala District Diagnostic and the reduction of technical losses in transmission and distribution which had been occasioned by old and worn equipment. The subsequent improvement in efficiency of distribution can be attributed to the installation of the new overhead lines and rehabilitation of the old line from Jinja to Kampala.

Other significant components of the Third Power Project included the Hydropower Master Plan Study aimed at assessing all major hydro sites in the country in the context of their generation capacity and also the effect on the total system - transmission and stability and the Institutional Capacity Building, which provided for training in a four-year technical assistance from an overseas professional entity to UEB in areas of operations, financial control, management systems and maintenance.

The project also set about fighting the water hyacinth, a weed that produced an emergency that was threatening the operation of the existing power station at Owen Falls. And with an eye on the near future, legal and advisory services for the development of a power generation project at Bujagali site were conducted.

Finally, advisory services for the privatization of Uganda Electricity Board (UEB) were provided. These involved advising Government on policy issues especially the number of companies to be created out of UEB to handle distribution, concessions to be given at Kiira and Nalubaale, the timing of and ultimate transition from the Single Buyer Market model which would occur after the end of the choncession term.

The consultancy also re-valued UEB's operational assets, quantified UEB's distribution, transmission and generation investment needs, performed an environmental assessment of UEB, advised on the unbundling UEB into its respective functions and the assignment of assets and delegation of liabilities accordingly. 50



Public-Private Power Project

Bujagali

Bujagali Energy Limited (BEL) was set up as a public-private partnership between the Government of Uganda, Industrial Promotion Services, Sithe Global, and Jubilee Insurance. The $902.0 million plant, with an installed capacity of 255MW and meeting over 40% of Uganda's energy requirements, was commissioned in 2012, and BEL is running it on a 30-year concession after which it will be transferred to the Government for the nominal price of one US dollar

Bujagali built

East Africa's Largest Private Power Project

Construction began in July 2007 with a slight diversion of the River Nile. The power station is equivalent to an eleven-storey building from the foundation to the rooftop. The dam itself is one kilometre long and it consumed 320,000 cubic meters of concrete, 15,000 tonnes of steel and 580,000 cubic meters of rock for the dam embankment. At the peak of construction, over 3,000 men and women worked on the project. Photos/BEL

Infrastructure that serves the nation is an area few, except governments, would dare to tread in, more so infrastructure whose benefit and returns will be drawn out over the very long term.

The Bujagali Hydropower Project that cost $902 million was designed as a 100-year renewable resource power facility, owned by Bujagali Energy Ltd (jointly owned by Industrial Promotion Services, an agency of the Aga Khan Fund for Economic Development, Jubilee Insurance, and Sithe Global of the US) with the Government of Uganda as joint sponsors.

Construction of the 250MW facility, 8km downstream from the head of the River Nile in Eastern Uganda, and a few kilometers from the Nalubaale and Kiira Power Stations, started in June 2007. Commercial operations started in August 2012, after the first transmission line circuit was completed in January 2011.

Being downstream from two existing power plants, Bujagali conserves resources by re-using water already released from Lake Victoria. It consists of the dam, concrete powerhouse with five 50 MW turbines, two spillways, one with gates and the other ungated, and a 132 kV substation, and now supplies nearly half of Uganda's hydroelectric energy. Financing was multi- and bilateral – the lenders being the World Bank Group (International Finance Corporation - IFC, International Development Association - IDA Partial Risk Guarantee - PRG & Multilateral Investment Guarantee Agency - MIGA), Deutsche Investitions-undEntwicklungsgesellschaft mbH/Kreditanstalt fur Wiederaufbau - DEG/

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BUJAGALI TIMELINE

1990-2003: Initial developer advances project, performs feasibility studies, preliminary design, social & environmental programs, purchases lands and begins relocations. Financial support withdrawn in 2003

2004-05: Government seeks new developer. Sponsors reply and awarded project

2006: Sponsors form BEL, advance Government agreements, financial loans and Engineer Procure and Construct (EPC) bidding activities

2007: Government agreements signed, EPC contract awarded (construction starts), financial obligations concluded

2008: Transmission line construction commences

2007-2011: Continuous construction with no days lost, dam completed and filled in Nov-Dec

2011: Commissioning activities followed. First transmission line circuit complete

2012: First generation reached January 2012. Second transmission line circuit complete March

2012: Commercial operation of all 5 units reached in August.

Bujagali completed

Bridging the Power Gap

Beyond generating power, the project is investing in education, healthcare, and social development for the communities in the immediate neighborhood. Village health teams were established and trained local people in various community-based skills including primary health care, malaria control, condom distribution, and immunization

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KfW, Proparco/AFD Agence Francaise de Developpement & FMO Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, Ned Bank, Africa Development Bank & European Investment Bank, and Standard Chartered/ABSA.

Construction was by Salini Costruttori, design by Fichtner, and equipment was supplied by Alstom. Work began with the diversion of the Nile River to the East Channel. This allowed for access into the powerhouse, spillways and west and central embankment dam access. About 25 meters of excavation into the river bed was required under the powerhouse.

Associated work included a significant social and environmental program aimed for nearby project-impacted villages. The range of activities included agriculture, health, education, tourism, business support, vulnerable persons' support, and services (erosion control, water, power).

By 2012 when Bujagali was commissioned, there was high annual demand growth of about 8%.

Before Bujagali started supplying power to the national grid, the Government had undertaken a set of interventions to address the then short-term challenges. These interventions were supported by a policy framework designed to ensure sustainable and reliable power supply. The key elements to improve power supply comprised of short-, medium- and long-term interventions. The short-term included emergency thermal generation and energy efficiency interventions. The medium-term interventions included implementation of the Bujagali's 250MW hydropower power plant, development of 50MW of mi

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(Top right) Hydro Power Station gated spillway and powerhouse at downstream with turbines that generate power in five units of 50MW each

(Bottom right) Engineers working inside the vast power plant at installation stage of the project

(Above left) An aerial view showing water running through the turbines, with construction work and equipment installation finished. Photos/BEL

Bujagali eases energy needs

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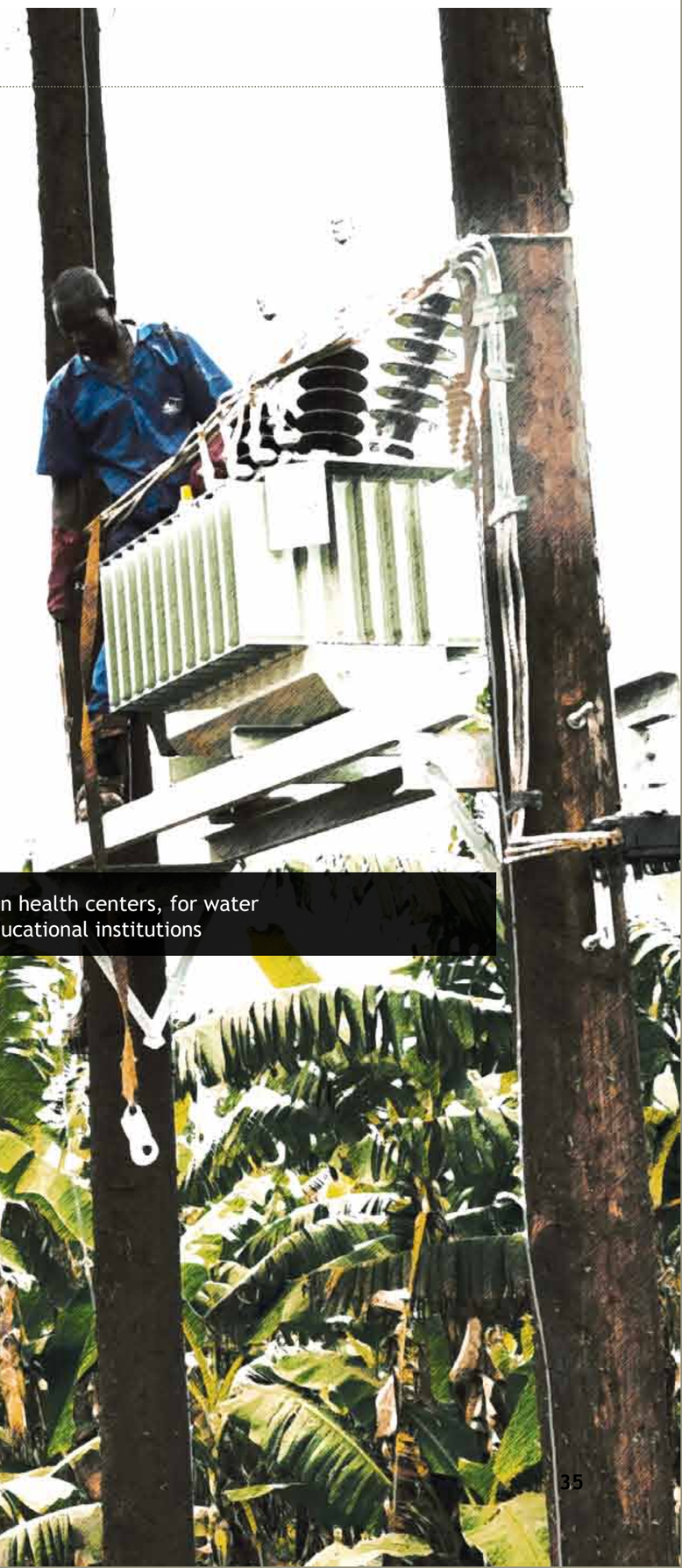
dropower plants, and other energy efficiency measures. The World Bank's involvement in Bujagali was providing an IDA Partial Risk Guarantee, IFC lending, and a MIGA guarantee. The long-term strategy includes the expansion of generation capacity, especially focusing on renewable energy. The generation mix is to also include recently discovered local petroleum to hedge against shocks related to low hydrological conditions. **WB**

An early evening view of Kampala's skyline. More electricity generation and distribution has largely eliminated power rationing that used to plunge parts of the city in total darkness. Photo/Johannes Widmann-World Bank Archives

(Top left) Students of Bukonte Seed Secondary School in Namutumba District, Eastern Uganda, in a new solar-powered computer laboratory.

(Middle left) Nurses do their rounds in a well-lit ward at Jinja Hospital. The women´s and labor wards are lit with solar power.

(Right) A Uganda Transmission Co. Ltd technician attending to a transformer on a roadside in banana plantation country in South Western Uganda. Photos/Laura Walusimbi



Beneficiaries of Rural Electrification

Over 600 solar systems were installed in health centers, for water pumping, for agricultural firms, and educational institutions

(Left to right) A nurse at her station at the solar-powered Atiak Health Centre in Northern Uganda; the storage tanks in Toroma urban center; citizens with vessels at one of Toroma's water points. Photos/Laura Walusimbi

(Below) Henry Kibenge, the Head Prefect at Bukonte SSS, enjoyed a continuous improvement in his grades when solar power was installed at the school, enabling him and other finalists to revise in the evening. Photo/Laura Walusimbi

Beneficiaries of Rural Electrification

Pregnant Women, University Aspirants, and Tea Connoisseurs Benefit From Solar Power

It is midnight, and a pregnant woman is wheeled into Atiak Health Centre IV for urgent attention. The nursing officer, Joseph Akuma, has to attend to the young mother, now in the eighth month of her pregnancy, with the urgency that her condition deserves. He does so with the briskness of a true professional, only that he has to use a hurricane lamp to examine her, which complicates his job.

Across the country, off the Tirinyi highway in Namutumba district, Eastern Uganda, Veronica Namugawe has had to move house to get proper lighting as she prepares for to sit her A' Level examinations. Her Head Prefect, Henry Kibenge, meanwhile is very optimistic that he will join university in 2014. Such has been the improvement in his grades since electricity came to his school.

In the near east, it is dusk on a week-day evening at the Jinja Hospital. The extensive and well-manicured grounds on which one of Uganda's oldest hospitals is laid form a picturesque backdrop against the setting sun, but as the natural light fades and a darkness sets on the lawns, pockets of brilliant light start to pop up.

A little farther to the northeast, patrons wait patiently for mugs of tea to be poured from steaming flasks in the otherwise dry rural setting of Toroma town, tucked away in a semi-arid corner of Katakwi district.

Rural Uganda still remains largely underserved by electricity. However a ray of light is slowly but steadily shining through the gloom of nocturnal darkness and making a difference in the lives of many rural-dwelling Ugandans with the steady rollout of the Energy for Rural Transformation (ERT) Project.

Uganda has one of the lowest per capita electricity consumption (44 kWh/year) rates in the world (the medium term aspiration in 2012 when the 250MW Bujagali Project was completed was for 196kWh per capita). By the mid 2000s, grid-supplied electricity was consumed by 12% of the domestic population, mostly concentrated in the Kampala metropolitan area, while less than 1% of the rural population had access to grid-supplied electricity.

In tandem with the Government's Poverty Reduction Strategy Paper (PRSP), which was discussed by the World Bank Board on May 2, 2000, the First Energy for Rural Transformation Project that, among other things, aimed at directly increasing the quality of life of the poor, was launched. PRSP targeted improved delivery of public education, health, and potable water and sanitation services.

The main objective of the long-term program was to develop Uganda's rural energy and Information and Communication Technologies (ICT) sectors, in order to contribute to rural transformation. There was also focus on a functioning conducive environment and related local capacity for commercially oriented, sustainable service delivery of renewable energy and ICTs in rural areas. The Global Environment Objective was to build in-country capacity for renewable energy supply over the long term.

Renewable energy, under ERT's second project, is providing hope for Henry Kibenge. He joined Bukonte Seed Secondary School in 2008, when there was no electricity. "We used to use candles for night revision, but the headmaster stopped us (for fear of fire outbreaks)," Henry recalls of the years before 2012, when solar power was installed.

Now, with his final exams just round the corner, Henry, who is reading Geography, Agriculture, Art/Computer, sees himself making it to university to study education, as he admires teachers. It is easy to appreciate his optimism. There has been a progression in his performance ever since

the solar panels were fixed on classroom blocks, enabling him and the other 90 A' Level students to revise in the evening. In the first term of Senior 5 in 2012, he scored 8 points; in the second term, he got 10 points; in the third term, he bagged 12 points. He is now expecting 18 points in the final exams that also serve for university entry.

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Rural electrification benefits thousands

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Equally dramatic has been Veronica Namugawe's experience with solar power. Before PV (photovoltaic) systems were laid, the History, Literature, Agriculture/Computer student used to walk to school from a village 2km away. With newly-installed electricity, she shifted residence in early 2013, and now stays 200 meters outside the school campus, enabling her to do night preps in the classroom and revise well. She expects better grades, and wants to read journalism at university. Her hero, who she is able to watch on TV, is National Broadcasting Service television presenter Jim Lubowa.

Up the road from the trading center in Katakwi, where the locals are sipping freshly brewed tea, the Toroma Pump Scheme is a true example of renewable energy that is transforming the countryside. Solar panels reflect their silver-blue coating against the dark hides of local 'zebu' cows grazing in the local fields. The panels are generating power to pump water from a deep well downhill to two reservoirs in Toroma sub-county 2km away, and the Toroma Mission in Omodo sub-county. Katakwi happens to be in the Lira/Kaberamaido belt that has some of the highest annual global solar radiation (see story page 44).

With light, Veronica is able to revise at night

In both Omodo and Toroma, Public-Private Partnerships of sorts exist. At community access points, located at regular intervals, the community pays shs75 (3 US cents) to the sub-county for every 20-liter jerry can of water, money which helps maintain the system, especially the taps and the piping that distributes from the reservoir to the scattered access points. It is right next to an access point that the restaurant serving the locals' tea is located.

Toroma is a beneficiary of an IDA World Bank loan of of $45.0 million and a Global Environmental Facility grant of $9.0 million for the Electricty for Rural Transformation II project. The Ministry of Water and Environment is overseeing 20 solar water pumping systems, with a capacity of 195,960 watt peaks, that have been installed and are in operation in 14 districts countrywide and in three different regions. The installation of solar panels provides water supply to communities.

Solar panels are also the new look for Atiak Health Centre IV, where Joseph Akuma works as a nursing officer. Located on the highway about 40km from the border with South Sudan, the health center is strategically placed to attend to extensive medical needs in a fast-growing urban center. It serves a radius of 30km, and gets referrals from as far away as South Sudan. The center has 18 beds, and averages 15 admissions, out of about 100 outpatients it handles a day. It has always been on the national electricity grid but, as Nursing Officer Akuma notes, the supply

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The Toroma water pumping point in Katakwi, Eastern Uganda. On a sunny day 4,000 liters are pumped every hour. The water is pumped into a 60,000 liter reservoir tank located 800 meters from the pump station. Photo/Laura Walusimbi

The Challenges of **Building Dams**

It is not uncommon that major development projects are affected by unforeseen circumstances. In the late 1980s the water hyacinth, an invasive weed from South America, started clogging the shores of Lake Victoria and the headwaters of the River Nile. The Owen Falls Dam was particularly affected. By the late 1990s the cascading rapids of the Nile, a few kilometers from its source in Lake Victoria, were a favorite spot for white water-rafting. Water-rafting proponents campaigned hard for the Bujagali Power Project not to be located there, before the economic imperative of increased energy production won the day.

The Third Power Project (1997 – 2002) and the Bujagali Hydroelectric Power Project (2007 – 2012) both came up against some resistance from factors to do with nature.

The principal component of Third Power Project was the construction of Owen Falls Extension-Power Station, a 200MW station on the right bank of Victoria Nile River, immediately downstream of the Owen Falls Dam, which was constructed in the early 1950s.

The water hyacinth became a sub component in the project's execution due to the emergence of an uncontrolled quantity of weeds that threatened the operation. Harvesting of the weed continued throughout the extension construction period. This was in addition to heavy rainfalls due to the El Nino weather phenomenon during 1997/8 that delayed the civil works at Owen Falls, which affected the commissioning of Generation Units II and 12.

A few years later, lobby groups feared that the construction of the 250MW Bujagali Hydroelectric Power Project near the Bujagali water falls, downstream from Owen Falls, would scuttle whitewater rafting. They feared that the slight diversion of the River Nile would render the falls unusable as the constructors de-watered a section for excavating for the powerhouse. But for a country with numerous fresh water attractions including the world's 'hardest water drop' at

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The Nuisance Weed

(Above) The water hyacinth weed clogged the Owen Falls Dam for long stretches of time. (Previous page) White water-rafting on the Bujagali rapids before the falls gave way to the hydropower project. Photos/ The New Vision

The Challenges of **Building Dams**

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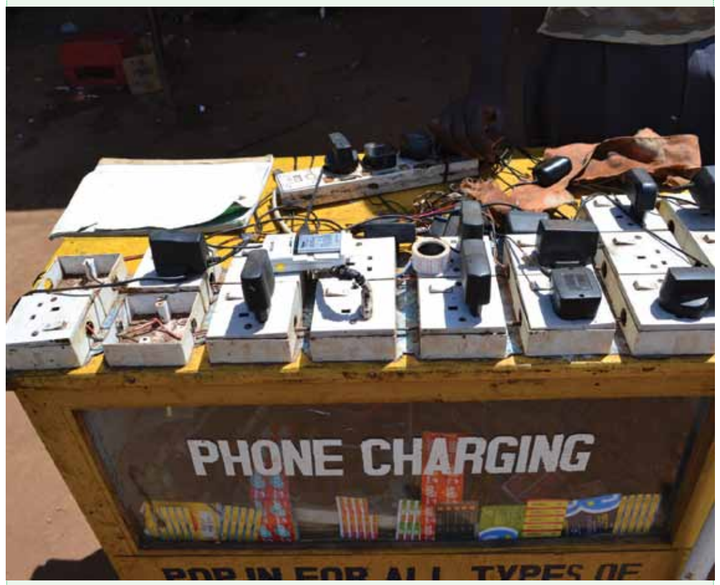
Murchison Falls, the world's second largest fresh water body – Lake Victoria – and the source of the world's longest river, trading off the Bujagali falls for providing the much needed power in face of acute domestic and industrial demand was deemed the bigger priority. The decision was made that development needs preceded recreational needs, and development of the hydro power project got underway.

For the consumer, there have also been challenges. In 2004, there was prolonged drought in the region, which caused a reduction in the energy generated from existing hydropower facilities. The other challenge to the industry was sustained high fuel prices combined with logistical challenges and the costs of transporting fuel for power generation into Uganda, which is a landlocked country. This made thermal power generation a costly alternative.

Among the producers of electricity, challenges included levels of technical and non-technical system losses (estimated at about 44% in 2005), and high annual demand growth of about 8%, which was not matched by additions in generation capacity. As the demand continued to grow rapidly, even with the significant addition of short-term thermal generation capacity in 2005-06, the system was unable to meet its load in 2007. The shortfall ranged from 15%-40%. For the Government, the power supply situation and the accompanying financial crisis were affecting growth and threatening to undermine the reforms and other advances achieved in Uganda's power sector. WB50

Beneficiaries of **Rural Electrification**



Communal phone charging using solar power in rural Uganda. The country has more than 15 million mobile phone subscribers in a population of 34.5 million, and yet only about 9% are connected to the national electricity grid. Most improvise by using the ubiquitous commercial phone charging services, many of which are solar-powered. Photo/Laura Walusimbi

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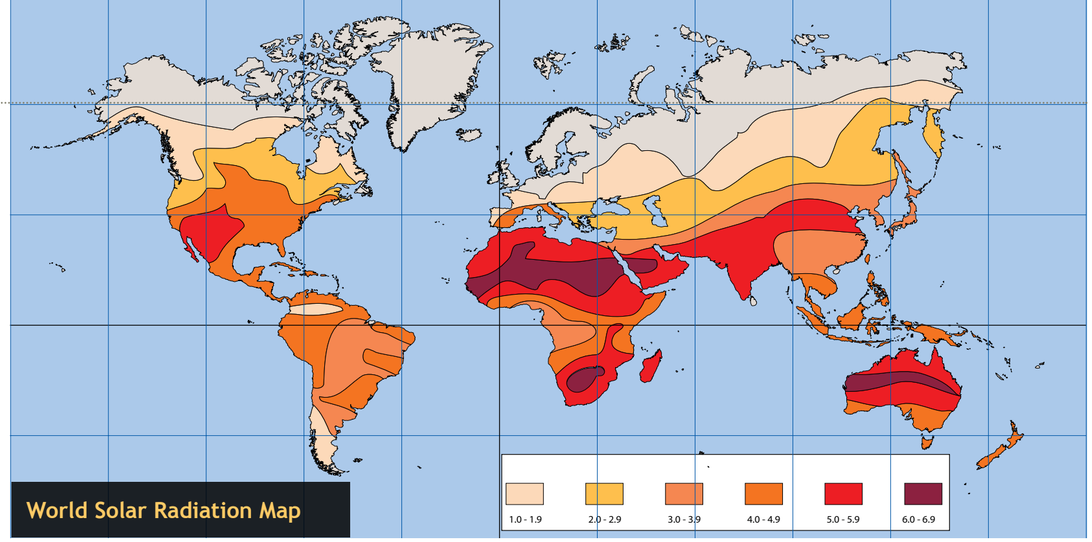
was erratic, leading to the nighttime use of hurricane lamps in routine duties and complex operations.

Since 2012, the center has had 24-hour supply, though the solar project is limited to specific wards. "We are now able to do night time deliveries of babies in the Labor Ward," a relieved nursing officer says, emphasizing the significant impact on maternal health and secure child birth. The solar power is wired to the examination rooms, wards, maternity center, laboratory, in-patient department, and out-patient department, and the ART clinic, which dispenses HIV antiretroviral drugs.

Some 500km to the southeast, maternity and labor also take pride of place in Jinja Hospital. Alongside the main theater, the intensive care unit, the tuberculosis ward, and the administration block, with their new bright fluorescent bulbs, they seem to outshine the rest of the institution. For it is these departments that were connected to the uninterrupted solar supply in 2011, and where 200-liter solar water heaters were installed, essentially for the benefit of new mothers and babies. WB50

Solar Power's Promise

(Above) Solar power is currently being used on a very small scale like these panels. Concentrated solar power generation would require much bigger industrial-size installations. Photo/World Bank Archives. (Right) The World Solar Radiation map



World Solar Radiation Map

The darker shades show the prime regions of the world for generating solar electricity. There are enough solar regions to one day provide all the energy needed by mankind

Is Concentrated Solar Power Uganda's Energy Future?

Uganda has the spots with some of the highest potential for solar power generation in the world. There are vast possibilities for the country's energy needs.

For Uganda to move into middle-income status there is a huge energy gap to bridge. Access to energy is one of the biggest development challenges of the 21st Century.

Current energy sources are hydroelectric power, biomass co-generated power from industries, and imported petroleum. By the end of 2012, installed capacity could generate 659MW of hydroelectric power.

However, Uganda's energy needs are bigger than what is generated currently, although the consumption per capita is low. The country runs a massive energy deficit, which costs millions of dollars every day. According to the projections, to meet the vision of electricity-for-all and the National Development Plan targets, though power cuts have reduced thanks to the opening of the Bujagali Power Project in 2012, the country still lags behind and will continue to do so as more Ugandans enter the job market and form new families. As more become economically empowered, the strain on the available energy sources will become acute.

New and radical thinking and changes need to happen if the country is to avoid just maintaining the status quo where only a privileged few have access to or can afford electricity. Uganda has an estimated hydropower potential of over 4500MW, biomass cogeneration potential of 1,650 MW, geothermal potential of 450MW and peat (fossil fuels) power potential of 800MW. Exploitation would massively reduce the deficit. The oil industry now being developed will contribute about 50 MW, from the early production scheme using heavy fuel oils, to the national grid. Note that fossil fuels have not been considered as a long-term power generation solution as they are very expensive when not subsidized.

However, even when fully utilized at 100% efficiency, these traditional energy reserves would not cover the country's power needs beyond 2020. There is need to invest in both exploration and development of new energy sources and technologies to meet future demand and vision targets.

Alternatives exist with interconnection within the region and Africa, which can ensure that projections are met, though these imply dependence on others. The Inga Dam Project on the River Congo in DR Congo – a promising cheap, clean and climate-friendly power project - can supply over 300% of Africa's current demands. Grand Inga would produce the highest amount of hydroelectricity in the world from a single dam. With 52 generator units and 39,000MW of installed capacity, such a dam could generate enough electricity for Africa and Southern Europe.

New Power Generation Technologies

Uganda's best hopes lie in novel power generation technologies – concentrated solar thermal power together with bio-mass gasification and bio-gasification.

Concentrated Solar Thermal Power (CSP)

The sun emits 386 billion billion MW of energy every day. Technology to utilize this resource is now under development. Due to Uganda's high altitude location on the Equatorial Sun Belt, the country is receiving abundant radiant energy from the sun. Herein lies an opportunity for the installation of East Africa's first solar thermal power plant.

Some of the highest annual global radiation on earth is received in Lira – Kaberamaido area. Uganda therefore sits on a very high-unexploited concentrated solar thermal power potential of well over 100,000MW if fully exploited for powering the grid. The country boasts some of the highest solar irradiance values on the globe, well above parts of North Africa, North America and Southern Europe and yet in these places, commercial solar power technology is already economically feasible and successfully implemented. Germany has an installed capacity of 25,000MW of solar PV, and attained a 22,000MW output for a few hours in two days in May 2012 (compared with the recently launched Karuma hydropower dam which is 600MW and Grand Inga on Congo River will be 39,000MW at a cost of $80 billion).

Concentrated solar thermal power is cheaper and more environmentally friendly than hydro and nuclear power. Installation takes just over a year from the concept outset, as opposed to hydropower, which takes three to six times as long to set up. From solar power plants elsewhere it is possible to generate 24 hours a day solar thermal electric power thanks to molten salt heat storage or biomass heat storage, at costs substantially lower than prevailing rates of East African hydropower.

Concentrated solar thermal power can do for Uganda and East Africa in the 2010s and 2020s what mobile phone technology did for communications in the 1990s. The electricity landscape can become radically transformed just like communication was 15 years ago.

Biomass Gasification

Biomass Gasification is the pyrolysis of dry biomass (dried plants) to harvest hydrogen and methane with charcoal as a high value by-product. The gases can be used in running generators. Uganda has a high bio-mass gasification potential of well over 10,000MW when fully exploited.

There is also potential of liquefied biogas and bioethanol for use as a transport fuel. This could reduce transport costs with cheap fuel by utilizing the vast wet biomass potential of water hyacinth and banana peels, amongst others. Also, the more renewable electricity is generated, the cheaper and more feasible it will become to use electric-powered vehicles, which would play a big role in converting to more environmentally friendly energy sources for transportation.

'In 90 minutes, enough sunlight strikes earth to provide global energy needs for a year'.

African Business magazine, October 2013

Biomass Gasification is especially feasible for improving rural electrification for value addition technologies in cottage industries such as fruit drying and packing, as it lowers the cost of energy.

Financing the Novel Investments

How do you finance them? Any source of funding has necessarily to be significant in the amounts it can bring in, and sustainable over a long time and in the resources required to produce it. It must also have a very strong demand on the global market. International investment banks can arrange up to 95% financing of renewable power stations of any size. They also purchase carbon credits of 35MW and above. At 50MW and above, plug and play turnkey solar thermal power plants are already tried, tested and commercially operational. Such is the 150 MW plant in Khureymat in Egypt. Another with 300MW is in Godawari, Abhijeet and Diwakar & KVK in India. There are similar large-scale projects in Spain and the US.

One ready-made opportunity is biomass pellets. These are made from everything from wild grass to waste agricultural residues such as maize stalks and banana peels or even woody biomass from wild shrubbery. Western countries are turning to this source of energy as they move away from uranium-powered nuclear reactors. Demand is extremely high worldwide.

Elephant Grass (Miscanthus Giganteus in Latin, 'ebisagazi' in Luganda, Uganda's lingua franca) is a widely occurring, wildly growing indigenous plant. This or any of its variants is potentially not just Uganda's but Africa's new cash crop. With global demand for biomass pellets being well over 200 million tons per annum and rising with some countries cutting back their reliance on nuclear power, its latent economic value is unbelievable.

There can be well over 100 million tons of dried elephant grass available in Uganda just where it is prevalent. With the leaves only being used locally as cattle feed, its monetary value in Uganda so far is almost nonexistent. Supplying it in large quantities to world markets at around a half the Cost/Insurance/Freight price of corn/maize on the international markets would make sound economic sense. It would raise up to a $1 billion a year in revenue from every 5 million tons of biomass pellets exported. This would dwarf oil earnings projections with sustainable green gold trumping the polluting and finite black gold.

Introducing this agricultural export revenue stream for the Ugandan economy would more than secure the necessary capital investment required. The country would then deploy the proposed novel energy generation technologies.

Some of these renewable energy alternatives are still expensive to develop. But the long term future must be put in consideration. It will take strategic thinking, evaluation and funding to see whether Uganda could indeed embrace the abundant alternative sources of energy.

(Adopted from 'Understand Uganda', an Independence Jubilee publication of Monitor Publications Ltd., Kampala. Article contributed by the Institute for National Transformation, Kampala) WB50

INSIGHT ONE

Tumusiime Mutebile

Father of Uganda's Reforms on the Economy

Dr. Emmanuel Tumusiime-Mutebile has served as Governor of Bank of Uganda, the country's central bank, since 2001. As Permanent Secretary in the Ministry of Finance, Planning and Economic Development from 1992 to 2000, and as Chief Economist before 1992, he has been central to the country's economic policies, and has frequently been referred to as the 'Father of Uganda's Reforms'.

Photo/The Daily Monitor

Q: What were the challenges to the economy in the 1980s and 1990s?

By the end of the 1980s, Uganda's economy had shrunk dramatically, with real GDP per capita having fallen by approximately 50% from its peak in the early 1970s. Capacity utilization was very low as a result of widespread shortages of essential production inputs and grossly distorted relative prices. In addition, annual inflation between 1987 and 1992 was running at over 100%, fuelled by the creation of money to finance fiscal and quasi-fiscal deficits. The most urgent challenges facing economic policymakers at the time were to bring down inflation and to revive the main sectors of the economy, such as the coffee industry, so that the economy could begin to recover.

Q: What were the critical economic reforms?

The critical economic reform for restoring macroeconomic stability was to curb domestic bank financing of the fiscal deficit, which was the single most important cause of inflation. This was achieved through the introduction, by the then recently created Ministry of Finance and Economic Planning (MFEP), as it was then called, of a cash flow management system in 1992, which in effect centralized the control of Government expenditure in the MFEP and thereby enabled it to bring Government bank-borrowing under control. From the early 1990s onwards, fiscal policy was designed specifically to support the country's monetary program, drawn up by the Bank of Uganda (BOU). This meant that the budget was formulated to ensure that Government borrowing from the banking system was small enough (which in most years required that it be negative) to allow for a rebuilding of the country's foreign exchange reserves and a recovery of bank lending to the Private Sector while at the same time restraining the growth of the monetary aggregates so as to control inflation.

Consequently, it was necessary throughout the 1990s to plan fiscal and monetary policy together through close coordination between the MFEP and the BOU, to ensure that Government's domestic borrowing requirement was consistent with the monetary policy targets of the BOU. It is only since the mid-2000s that the Financial Sector in Uganda has grown sufficiently large to be able to provide modest amounts of financing for the Government without destabilizing the macroeconomy or crowding out private sector borrowing, which in turn has allowed monetary policy and fiscal policy to become more independent of each other.

The second critical set of macroeconomic reforms involved the liberalization of the foreign exchange market. Prior to 1990, the exchange rate was fixed and had become heavily overvalued, with the result that the competitiveness of exporters such as coffee farmers was severely damaged. Because of the collapse in exports, there were acute shortages of foreign exchange, which was rationed by Government. In 1990, the Government began to take the steps, which would lead over the next few years to the liberalization of the foreign exchange market and the floating of the exchange rate, which in turn allowed a depreciation of the real exchange rate and the restoration of external competitiveness. The immediate benefit of this policy was a recovery in exports, with the value of coffee exports expanding fivefold between 1990 and 1994. Over the course of the 1990s, the balance of payments was returned to surplus allowing Uganda to steadily rebuild its foreign exchange reserves. Today Uganda has foreign exchange reserves of almost $3 billion, which is equivalent to 4.2 months' of imports of goods and services.

Alongside the macroeconomic reforms, a series of structural reforms were implemented in the 1990s, which aimed to strengthen the supply side of the economy by improving the efficiency of resource allocation. Because resource allocation had been distorted by Government intervention in, and control over, specific sectors of the economy, it was possible to achieve relatively rapid and low cost gains by liberalizing those sectors of the economy, which were subject to extensive Government control, such as international trade and coffee marketing. Some of these reforms, such as the removal of the Coffee Marketing Board's monopoly of coffee exports, were a condition of the World Bank's StructuralAdjustment Program.

The Government also embarked on a program to reform and privatize public enterprises (PEs) in 1990, with funding from the World Bank to support a Public Enterprises Project. The main challenge facing the privatization program was that many PEs were not viable, or were only marginally viable. Consequently, many PEs had to be liquidated and their assets sold off, while some of the PEs, which were privatized subsequently struggled to survive in a market economy.

The Financial Sector was also reformed and liberalized. Banking regulations were upgraded with the enactment of a new banking act in 1993. The

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Mr. Joseph M. Mubiru,
Governor 1966-1971

Mr. Semyano Kiyingi,
Governor 1971 - 1973

Mr. Onegi-Obel,
Governor 1973 - 1978

Mr. Henry M. Kajura,
Governor 1978

Mr. Gideon B. Nkojo,
Governor 1979 - 1980

Mr. Leo Kibirango,
Governor 1981 - 1986

Dr. Suleiman I. Kiggundu,
Governor 1986 - 1990

Mr. Charles N. Kikonyogo,
Governor 1990 - 2000

(Above) Uganda's central bank Governors, and (right) the currency notes they have issued to circulate in the economy from 1962 to date.

Uganda's Economic Reforms

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World Bank provided support for the restructuring of the distressed Uganda Commercial Bank (UCB) in the mid-1990s, which involved removing non-performing loans from its balance sheet and then selling it to private investors in 1997. However, the privatization of UCB failed, because of mismanagement on the part of its new owners, and the bank had to be taken into statutory management by the BOU in 1999. UCB was later resolved through a sale to Stanbic Bank in 2002.

Q: How have the Financial Sector reforms helped the country?

Prior to the 1990s, the Financial Sector was very shallow and large parts of it, especially banks owned by the Government, were financially fragile. Bank lending to the Private Sector was negligible; private sector credit was only 4% of GDP in 1991. The financial sector reforms, together with the restoration of macroeconomic stability, have generated two major benefits for the economy.

First, the Financial Sector has deepened and intermediation has accelerated since the turn of the millennium. Private sector credit is 14% of GDP in 2013. Hence banks are now playing a significant role intermediating funds in the economy.

Secondly, the Banking Sector is in a much sounder financial condition than it was in the 1980s; it is well capitalized and profitable, largely because of a stronger prudential regulatory and supervisory framework. Since banks were restructured in the 1990s, Uganda has avoided a serious banking crisis, which would have been very disruptive to the economy and costly for taxpayers.

Nonetheless, there are still important obstacles to the Financial Sector making a more positive contribution to the economy. In particular, intermediation spreads are very high; the net interest margin is currently 11%, which is the highest in the East Africa region, because of high transactions costs and a failure to exploit economies of scale in the banking industry. Furthermore, the Financial Sector has not diversified away from commercial banks to provide a wider range of non-bank financial services to the public; for example the insurance industry in Uganda is only a fifth of the size of its counterpart in Kenya.

Q: How successful was the Structural Adjustment Program?

The Structural Adjustment Program (SAP) is the term used to describe the set of macroeconomic and structural policies implemented in the 1990s. From one standpoint these policies were clearly successful; they generated a strong recovery of the economy, which has continued to this day. Uganda has achieved an average real GDP growth of 7% per annum over the last two decades, which has led to a doubling of average real per capita income in Uganda and a reduction in the incidence of poverty from 56% in 1992 to 24.5% in 2010.

Nevertheless, the SAP has not fundamentally transformed the Ugandan economy in the manner many people had hoped. Economic growth has relied heavily on very rapid growth in the labor force (4.7% a year) more than on rising labor productivity or private investment in productive activities. Although the traditional sectors of the economy, such as coffee, have been revived and new urban-based service industries, such as telecoms, have grown rapidly, Uganda has not attracted large amounts of private investment into labor-intensive traded goods industries. Yet labor-intensive traded goods industries have been the driving force of structural transformation in many successful developing countries.

Furthermore, there has been virtually no progress in modernizing agriculture; labor productivity in agriculture has barely increased over the last 20 years. As a consequence, Uganda has not created a dynamic and diversified export sector and has failed to expand its industrial base. Food production has lagged population growth, leading to a deterioration of the trade balance in food products.

Perhaps most importantly from the perspective of welfare, the economy has not generated much formal sector employment. Only about 11% of the working age population has a formal sector job outside of agriculture.

Q: How much influence did the World Bank have on economic policy?

In 1987, Government reached an agreement with the World Bank and the IMF on a policy reform package, which included devaluation of the exchange rate and restrictions on domestic credit creation to control inflation and external imbalances. However, the World Bank and IMF were not the decisive actors in changing the Government's economic strategy. There was a vigorous debate within Uganda on the merits of policy reform, especially with regard to exchange rate devaluation and the merits of dirigiste controls on the economy. The internal debate was only resolved decisively in the early 1990s, in favor of the reforms described above. The World Bank continued to support reforms in the 1990s, both through its project aid and import/budget support, and with technical assistance, but the driving force for the reforms in the 1990s was domestic.

Q: What could have been done better?

The country missed an opportunity in the 1990s to implement comprehensive family planning programs to bring down the fertility rate, following the successful example of other developing countries in Asia and Latin America. As a consequence, Uganda has barely begun its demographic transition. The total fertility rate is still above six children per woman and Uganda has both one of the highest population growth rates and one of the highest age dependency rates in the world. Had more effort been made to bring down the fertility rate in the 1990s, Uganda would now be benefitting from a demographic transition, with falling age dependency rates and much higher national savings rates, which in turn would allow the country to devote more resources per capita to human and physical capital formation.

A second area where much more should have been achieved is the modernization of agriculture. Uganda's agriculture is dominated by smallholder food-crop farmers using rudimentary technology and producing mainly for subsistence. As a result, productivity is both very low and stagnant. The Government drew up a Plan for the Modernisation of Agriculture (PMA) in the late 1990s, which entailed providing public support through agricultural extension services to encourage farmers to improve farm practises, upgrade their technology and produce a surplus for the market. Larger farm surpluses would, in turn, have stimulated the growth of agro-processing industries. Unfortunately, the PMA has never been properly implemented and very little progress has been made in modernizing the smallholder sector. **WB**50

Education

SECTION TWO

The strategy for Education has moved from being a largely elitist to a more egalitarian approach, which has seen millions more young Ugandans enrol in school. At the higher end, science has been identified as a key transformation imperative, and strategies are being implemented to give science a higher profile in the country's education system

50 YEARS 1963–2013

CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

School children in Uganda. The national population is youthful and will continue to be because of the high fertility rate. The Uganda Bureau of Statistics (UBOS) projects the median age of the population to be 15 years by 2017. The school-going age (6-18 years) is generally increasing, with the primary school-age population (6-12 years) projected to increase from 6.3 million in 2007 to 8.9 million in 2017. The secondary school-age population (13-18 years) would increase from 4.7 million to 6.6 million in that period. Source: UBOS. Photo/World Bank Archives

Shifting From Elitist to

Universal Education

At Independence in 1962 and the following two decades up to the 1970s, Uganda's elitist education system that was serving a small population was the envy of most of the rest of Africa. For many years the name Makerere was synonymous to university education in the region and the institution was referred to with lofty names like 'the Harvard of Africa'.

Great scholars from different African countries were nurtured not just at Makerere, but also at Uganda's premier high schools like King's College Budo. So strong was the foundation of the country's school system that it took more than two decades of misrule to bring it to its knees. When this happened, it was a hard fall whose impact was worsened by the increasing population pressure and corruption in the Public Sector. By then, the mismatch between the education system and the country's economic capacity was so wide that the country was basically producing skilled labor for export in the mid-1980s.

In 1997, the Government of President Yoweri Museveni took a bold step and declared Universal Primary Education. Many were skeptical but the declaration had been made and there was no turning back; UPE had to be delivered. With the abolition of school fees, enrollment almost doubled from one school year to the next.

Obviously, the country could not martial the resources required for such a massive step. In order to accommodate the influx of students into primary schools as a result of UPE, the Government constructed many new schools and expanded existing schools by providing more classrooms. However, it soon became evident that expansion and enrollment had grown much faster than the quality of education the children were getting and, in many cases, quality had actually deteriorated as teachers were overwhelmed by the numbers.

The World Bank conducted studies, including the Public Expenditure Review of 2007 and a special 2008 study on the Efficiency of Public Education in Uganda, to define the problems, identify their specific causes, quantify the losses and identify ways of tackling them to secure value for money for the government, parents and the children.

In 1998, the Bank increased its assistance to the sector through budget support. The Education Sector Adjustment Credit (ESAC), and the Highly Indebted Poor Countries (HIPC) program permitted the Government to allocate additional resources to Education. The ESAC was designed in emergency mode to assist the Government to deal with the immediate challenges resulting from the new UPE policy, by providing core budget support to close the financing gap for UPE within the framework of a sustainable education policy and a sound financial and macroeconomic program. The education policy pri-

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Shifting From Elitist to Universal Education

An Ivory Tower

Students in discussion in the shadow of Makerere's Main Building. The university, established in 1922, was set up to offer an elitist education to a few who rose through the country's education system. Students studied largely on state scholarships, but with the advent of universal education, state sponsorship at public universities has reduced drastically. Photo/DS Archives

King's College Budo's Main Hall. Established in 1906 to educate the sons of chiefs, it is one of Africa's oldest schools, and has educated many Ugandan leaders. It now admits Ugandans from all walks of life. Photo/Kalungi Kabuye

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orities supported by the $150 million ESAC (of which $75 million was a grant) were to improve resource allocation and utilization in the sector, improve the quality and availability of education inputs, and to support overall sector management, planning, budgeting and information systems. Other development partners also began to provide budget support in 2000.

Decentralization, community involvement and communication are key elements of large-scale education reforms. Implementation of large-scale reforms requires usually the decentralization of a large number of tasks and responsibilities that were previously carried out at the national level to districts and schools. This, in turn, required reorganizing financial flows through the system as well as a redefinition of accountabilities. In addition major efforts were required to inform individual stakeholders, like parents, community leaders, local and national politicians and education administrators at all levels, as well as NGOs, including teachers unions and charitable organizations. Decentralization and public information were essential elements for the success of the UPE program.

Increased school level autonomy and measures to protect the resource flows to the schools helped create a cost structure that has the potential to ensure adequate funding for instructional materials and priority activities identified by school personnel and parents. A successful communication strategy helped stimulate enrollment beyond expectations and later helped clarify the role and responsibility of the state and parents for primary schooling.

An important lesson from the ESAC was that communities can effectively take responsibility for school development when adequate support and training is available. The community-managed classroom construction program resulted in the construction of more classrooms in rural areas than would have been feasible through contractor led strategies, and at half the cost. Technical support and training were essential in this process.

More recently, to help achieve Value For Money in UPE, as well as to identify underlying challenges of quality education, the Bank undertook additional studies between 2011 and 2013. These focused on existing education policies with adoption of the global instrument for Systems Analysis for Better Education Results (SABER), in attempts to analyze policy gaps in regard to teachers, early childhood education, financing, assessment, school health, and school feeding. Further, school-based management, teacher effectiveness and school feeding in Uganda were also studied in-depth under the broader theme of improving learning in Uganda. The findings of these studies are continuing to inform improvements in policy and program design and implementation for quality education. The Bank also supported the Government in refining its Education Sector Strategic Plan and aligning its time frame and priorities with the National Development Plan. Since, the World Bank has been finalizing the preparation of a project supported by a US$100 million grant from the Global Partnership for Education (GPE). The project aims to improve the quality of education in public primary schools by improving facilities, strengthening teacher effectiveness and school management.

The success of UPE created another (expected) situation: An increasing demand for secondary education. In response, Government launched the Universal Post Primary Education and Training Program (UPPET) in 2007, abolishing fees for children transiting to lower secondary and equivalent vocational education grades. The World Bank, once again, stepped in to fill a financing gap, and supported Government's efforts to not only expand access to lower secondary education, but also provide the necessary inputs towards quality. A Post Primary Education and Training Project, worth $150 million, was launched in 2009 with the following components: To increase access to lower secondary education through supporting expansion of school infrastructure; to improve the quality of lower secondary education through expanding the capacity of at least one national teachers' college; supporting the provision of in-service training to improve school management, accountability and pedagogical leadership; and improving lower secondary school curriculum, assessment and examinations and supporting the acquisition of textbooks and science equipment; and to enhance the enabling environment for post primary education and training through developing an advocacy and communications strategy; supporting training to strengthen management, operations, financial management and national assessments; carrying out studies; and developing a strategy for the expansion of technical vocational and upper secondary education.

This project, which is still ongoing, increased student access to instructional materials through the supply of two million textbooks to 1,559 schools that were implementing the Government's Universal Secondary Education reform program. It also strengthened the capacity of the Ministry of Education and Sports to undertake the development of secondary school infrastructure (construction of facilities); boost the teaching of science subjects; strengthen schools management capacity; develop a comprehensive strategy for skills development; and to roll out the National Assessment of Progress in Education at the secondary education level by the Uganda National Examination Board (UNEB). Development of the national strategy for vocational education in Uganda, or 'Skilling Uganda', as it is now nationally known, led to a strong and timely focus on the Business, Technical and Vocational Education and Training sub-sector, and as a result, the preparation of a $75 million World Bank project is underway to address issues of low skilled labor and unemployment es-

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Universal Primary Education's INSTANT TAKEOFF

Under UPE in the 1997 school year, all PTA (Parents Teachers' Association) fees and school tuition for up to four children from each family (two of whom would be girls) were abolished. At the beginning of 1997, implementation of UPE led to an almost doubling of enrollment from 3.1 million in 1996 to 5.3 million in 1997, with the Gross Enrollment Ratio (GER) increasing from 73% in 1996, to 124 % in 1997.

Source: World Bank ESAC Implementation Completion Report

Shifting From Elitist to Universal Education

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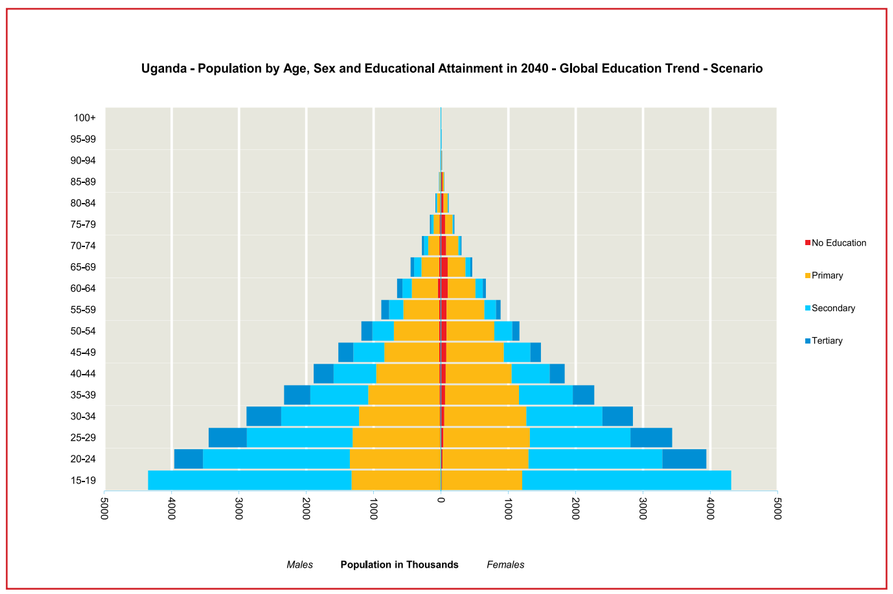
pecially among the youth through formal and informal institutions and work environments.

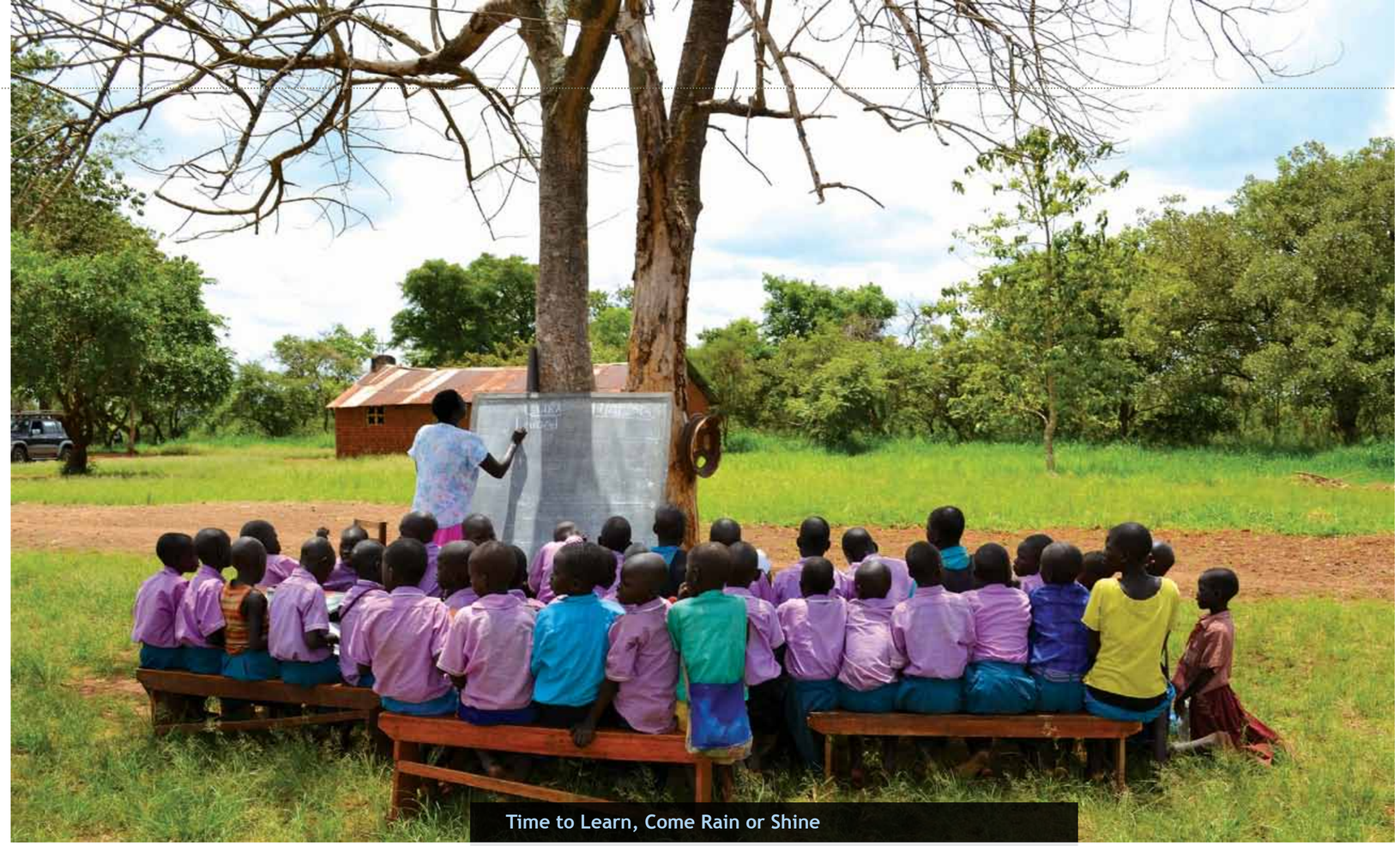
The five-year $30 million Millennium Science Initiative (MSI) Project that ended on June 30, 2013, was central in propelling improvements in science research, introduction of new programs of study and strengthening instruction at public universities. It provided a platform for enhancing of partnerships with private companies for scientific innovations. MSI succeeded in focusing national attention on Science Technology and Innovation (STI), supported the preparation of the prioritized Action Plan for implementing the national STI policy, and supported policy dialogue events that attracted participation from regional and international scientists, academics, institutions, and policy makers.

All along, the Bank has continued funding research and analytical work in education in light of the growing numbers that qualify to enroll at the universities and higher tertiary institutions, exploring the use of loans, grants and rationalization of fees payable. It has sponsored studies on ICT in Education and the Tertiary Education Sector Report of 2004, which was designed to help Government to better support tertiary education, using well-compiled and analyzed data for much needed reforms in the sub-sector.

The demand for education exceeded all expectations. Projections at the time of ESAC appraisal in 1997 had assumed that a large number of the overage children, and possibly even school-age children, enrolled in schools with overcrowded classes, an extreme shortage of classrooms and books, would soon drop-out. In fact, the social demand for education, which had been constrained for a long time by high private cost, turned out to be much stronger than anybody had expected. And that strong social demand that had been sustained for several years in spite of the often limited instructional effectiveness in schools deprived of even the barest minimum of quality inputs. This suggests that from the perspective of many parents even a little bit of education is better than none at all.



Source: UBOS and World Bank projection based on Lutz, Goujon and Sanderson 2007, International Institute for Applied Systems Analysis (IIASA), and the Vienna Institute of Demography model



Time to Learn, Come Rain or Shine

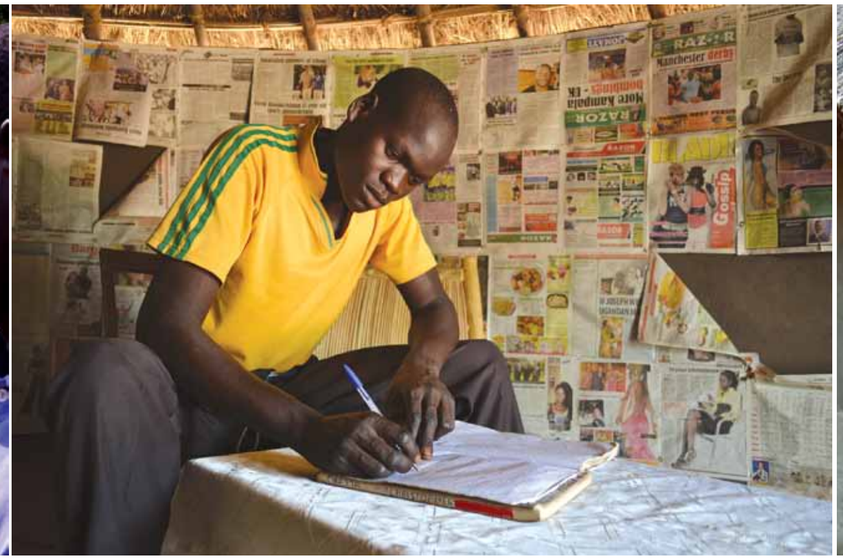
A typical scene of pupils learning in the open, under a tree. A World Bank-funded program is constructing classroom blocks in all parts of the country to accommodate growing numbers of pupils that have enrolled under the free education programs. Photo/Laura Walusimbi

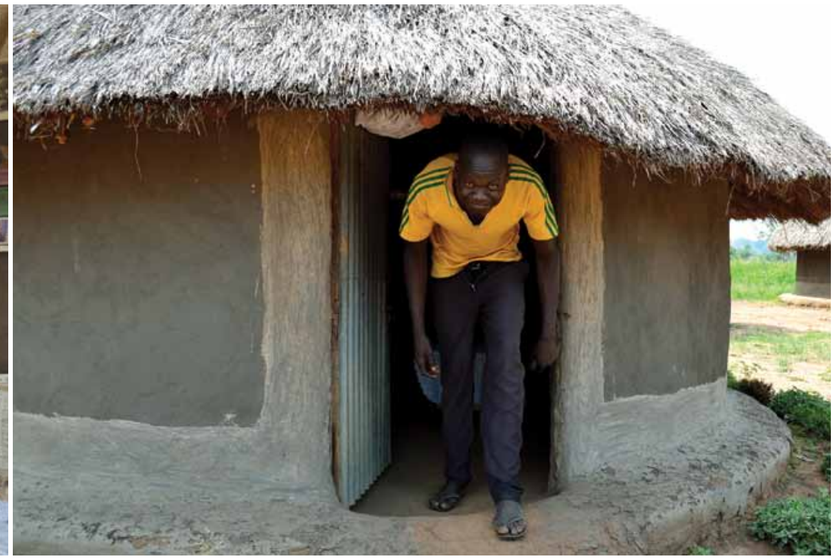
ESAC thus helped to change the way resources are channelled to the sector and within it. The impact of the change in processes was reinforced by strong donor coordination, while the partnership with various stakeholders was strengthened particularly through the six-monthly review process. Inter-ministerial coordination was introduced on teacher recruitment, deployment and payroll access, leading to more timely payment of teachers. An institutional framework to deliver in-service teacher training on a large scale was put in place, to train untrained teachers as well as provide continuous professional development for teaching staff.

The achievements realized so far clearly reflect the deep and continuing commitment of Uganda's political leaders to the UPE policy. This political leadership has sustained the commitment of communities, local leaders and civil servants to UPE since 1997. At the same time there is a readiness to recognize the problems created by the policy and tackle the implementation challenges - in pragmatic and innovative ways. The commitment to UPE extends beyond the Ministry of Education and Sports. The Ministry of Finance has been ready to allocate the budget resources necessary to support UPE and include them as a key element in its poverty eradication action program. The Ministry of Public Service has played a key role in the improvement of the management of the education payroll and is now making every effort to streamline the teacher recruitment procedures. WB50

Personal Ambitions Grow With

Science and Free Education Expansion





Secondary school student Sebbi Okumu mixes domestic chores with studies in his family's humble home in Koro, Northern Uganda. Photos/Laura Walusimbi

Susan Lakot and Sebbi Okumu are still in the formative stages of their lives, but they have already had an education that most teenagers will never experience. The two students spent valuable years of their upbringing in an internally displaced people's (IDP) camp in Northern Uganda, emerging from there to join school and becoming poster people of the recovery of a vast region rising from the ashes of insurgency.

Koro Senior Secondary School is located next to the overgrown remains of Koro IDP camp, on the southern fringes of Gulu town. The road to the school and the camp runs astride a railway line that is choked with undergrowth. Trains have not passed here since 1987 when the last one was attacked by rebels.

But now there are feasibility studies by Uganda Railways Corporation to upgrade the Tororo-Pakwach line, and if it comes alive again, it will be complementing what the school and camp have already started doing – provide renewed hope for the local community.

Sebbi, 17, is in Senior 3 (Grade 10), and wants to be a teacher "because teachers know everything". Today, he lives with his parents in a neat compound of circular huts, 2km from the school, where he also earns a living burning and selling bricks.

His family was displaced from that village in 2003, when he was seven years old, by the insurgency of Joseph Kony's Lord's Resistance Army (LRA), and they fled to Gulu town. The expense of renting in the urban area was too prohibitive, and the family relocated in 2006 to the IDP camp which, ironically, is located next door to what would be his new school. The family left the camp in 2009 and Sebbi enrolled at the school two years later, a beneficiary of the Government's Universal Secondary Education scheme, underwritten by the World Bank.

Susan, who also lives near the school, wants to be a policewoman. "They dress well," says the shy 16 year-old. She too spent time in Koro IDP camp but, courtesy of the free education scheme, she sees a future for herself in the police.

Koro SS was established as a 'seed' secondary school in 2004 at the peak of the insurgency. "Construction begun while the insurgency was on," says the Headmaster, Joseph Apiri. "It was intermittent as we had to keep running away; we could not move the students to the site till the insurgency ended."

The school moved to the site with 252 students in 2009, after security was restored with the defeat of the insurgency. Today the school has 422 students and 15 teachers, and the construction of two World Bank-funded classroom blocks, latrines, and a multi-purpose science block, have enabled the opening of an A' Level (advanced/higher secondary) class, and the doubling of classes to an average of 70 students.

The World Bank helped develop the strategic plan and financed, with $150 million, the Universal Post-Primary Education and Training (UPPET) project that had, by mid-2013, supported improvement of secondary school campuses in 657 schools countrywide, including Sebbi's Koro.

Kasambya Parents SS in Mubende, in the recesses of mid-western Uganda, is a similar beneficiary. It has introduced a double shift, and reduced its class size from 110 students to an average of 70, says Headmaster Lawrence Lumbuye.

When Kasambya's students gather in the new UPPET project-supplied laboratory, there is a palpable difference from the old lab, which had no gas or running water, and which employed basins, buckets and stoves, for Bunsen burners, sinks, chamber rooms, reagents and gas systems.

Teacher Xavier Semakula is particularly impressive in delivering chemistry lessons in the new laboratory, safe in the knowledge that what he is teaching will no longer be theory. "It has been very difficult to make students understand concepts because many lessons need a practical approach, which must be carried out in complete functional laboratories," he says. He expects improvement in science performance.

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Personal Ambitions Grow With

Science and Free Education Expansion

Marching on to a hopeful future with free education after surviving the hard life of a displaced people's camp

(Top left) Susan Lakot and Sebbi Okumu march into school (the disbanded IDP camp is in the background) on their way to the laboratory for a chemistry lesson (far right). Other students of Koro SSS wash their plates at the borehole next to a World Bank-funded classroom block. Photos/Laura Walusimbi

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Nastorio Natukwasa, 21, is one of those who has already started benefitting. Reading Physics, Economics and Mathematics, he hopes to be admitted for either Statistics or Civil/Telecommunications Engineering at university. "We used to study in shifts (in the old laboratory) to avoid congestion," he says of the change the new facilities have brought.

At St Elizabeth Girls SS, Kidotek in Serere, the headmistress, Ms. Harriet Ongaria, has to figure out how to cope with increased demand. The construction, under the UPPET project scheme, of a laboratory and two new classroom blocks, has attracted new students, since St Elizabeth is the only boarding school in this part of mid-eastern Uganda.

Before the new facilities, the old Catholic-founded school had a total enrolment of 650; now the student population is expected to grow by 150 students. In 2012, just three students took Science exams in the final A' Level tests that qualify students for university. In anticipation of the laboratory, in 2013, there were 32 Science students in the lower A' level class alone.

Thankfully the school got new Science graduate teachers, alongside eight kits of equipment. The lab can accommodate 40 students.

Aduku SS, in Apac in the central north is a much older school. It is the biggest school in Apac District, though its student population is cosmopolitan, with some coming from as far as Kampala, 400km to the south. Founded in 1957 by the Anglican Church of Uganda, it has the spacious orderliness of old schools – quadrangles separating administrative units from classroom blocks, and the girls' dormitories located very far from the boys'. Playgrounds are well distributed with football pitch, volleyball court, and netball ground. But alongside the old plaster blocks that have served for decades, going through cycles of LRA rebel runs and raids by Karimojong cattle rustlers, the new blocks of laboratory and classrooms stand out for their newness and the hope that they bring.

In the school assembly hall, the 934 students of Aduku belt out the Ugandan national anthem with an enthusiasm that underlines their teenage energy. The school's population has grown in the one and a half years since the two World Bank-funded classroom blocks were inaugurated under the ongoing $150 million Uganda Post Primary Education and Training Project whose key mandate is:

- Provision of instructional materials in all USE schools (textbooks, science kits and chemicals)
- School expansion through construction of classrooms, libraries, sanitation facilities and laboratories)
- Lower secondary (S1-4) education curriculum review process
- Development of the national strategy for Skilling Uganda with special focus on vocational education.

Contrary to Aduku, Kasambya school is a much more local affair, serving almost exclusively the parliamentary constituency of Kasambya, where it is one of only two schools offering Universal

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(Clockwise from top left) Students use the gas system and Bunsen burners in the new laboratory at Kasambya Parents SS; gas welding work at the Uganda Industrial Research Institute; the old library at Kasambya; the new science laboratory, water harvesting tank and sanitation facilities at St. Elizabeth's School. Photos/Laura Walusimbi, David Sseppuuya

Personal Ambitions Grow With

Science and Free Education Expansion

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Secondary School admissions. It was established in 1989, but has grown fairly rapidly in that time. Alongside the laboratory, Phase 1 of the project has gifted the school with an administration block, two classroom blocks, an 80-seater library, and two latrines.

But more can be done. The school administration at Aduku says they still need a computer laboratory, a library, and science labs, because at present, "the current laboratories are improvised from stores".

St. Elizabeth, too, is still in need. Headmistress Ongaria feels that the two new latrines are still not sufficient for the population.

The student population that has been singing the national anthem at Aduku is nevertheless quite happy with developments, seeing especially where they have come from.

Dennis Agwa, who desires to be a medical doctor, is particularly grateful. "We are happy to be studying far away from the noisy O' Level guys. We are also pleased that the new buildings have lightning conductors. We can study without fear," says the Biology, Chemistry and Agriculture student.

Outside in the compound, messages stuck to trees and on the lawn warn students: "HIV/AIDS is real", "Stop early marriage." The messages are falling on educated ears. **WB**50

Millennium Science's Ugandan Garden Looks To Long-Term Harvest

An African proverb says, "Knowledge is like a garden: If it is not cultivated it cannot be harvested". As part of Uganda's development strategy, the Millennium Science Initiative (MSI) is heeding this little piece of wisdom that essentially means that "if you do not make effort to acquire knowledge, then you would not expect to have it, and if you do not put the knowledge you have to use, you cannot expect to gain anything from it".

All over the country, from schools to research facilities, from factory packing floors to university workshops, from the Makerere Medical School to a malaria vaccine-testing project, the seed that MSI planted has started to bring forth shoots that promise a solid science-based future for the society.

Busitema University is running an MSI Textile Engineering project; Gulu University has Africa's first BioSystems Engineering undergraduate course. Independent researchers are applying for support at the Uganda Industrial Research Institute (UIRI), while the Uganda Management Institute hosts the Global Distance Learning program. At Kyambogo University there is a long distance learning facility, and in Lira a medical biotech laboratory.

Julius Ecuru, the Assistant Executive Secretary at the Uganda National Council of Science

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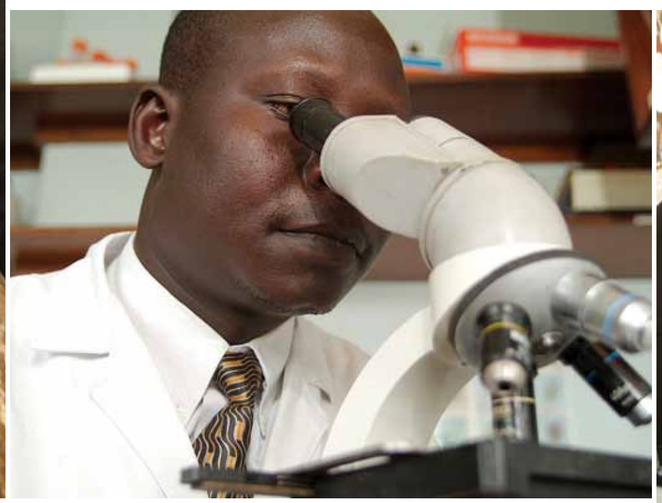
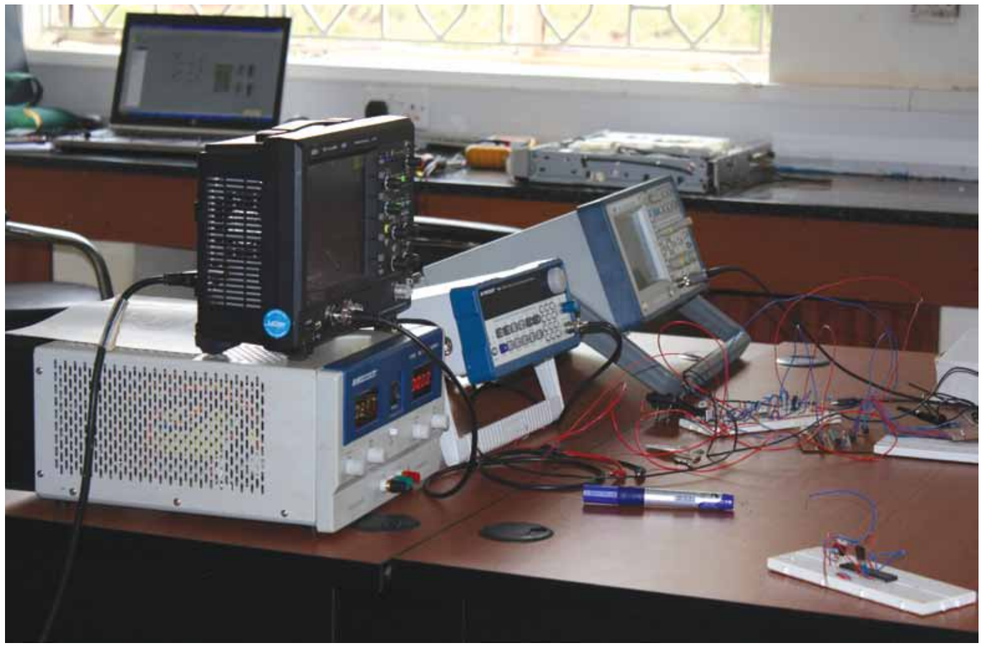


(Left to right) Vocational, research, and scientifically-based fashion at Kasambya Senior School in Mubende, and at Uganda Industrial Research Institute. Photos/Laura Walusimbi, David Ssepuuya, and World Bank Archives



(Above) A reseacher assembling circuit boards at the Uganda Industrial Research Institute. Photos/ David Sseppuuya

Millennium Science's Ugandan Garden Looks To Long-Term Harvest

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and Technology, MSI's coordinating body, says the Initiative is a perfect fit for national development. "We build capacity and mobilize the Ugandan population for science and technology for economic growth and national development. The objective is to enable universities and research organizations to produce better-qualified science and engineering projects and also for them to conduct higher quality and more relevant research for the private sector to utilize to improve their productivity for science-led economic growth."

MSI is a five year, $33.5 million project co-financed by the World Bank and the Government of Uganda to fund research, develop capacity, and facilitate the Private Sector working together with universities and research organizations.

At Kayunga in the rural countryside 80km north east of Kampala, Stephen Isiko, proprietor of Flona Commodities, stops in between processes to send a critical piece of equipment to UIRI where his team is carrying out a demonstration. Flona packs fresh and dry fruit and exports to Japan and Kenya, and once had market in Belgium. The company needs a stainless steel drier to boost production.

At UIRI's head office in Kampala's Industrial Area, the director Prof Charles Kwesiga says, as he deftly demonstrates an electro-magnetic field at the edge of his desk, that his institution is "a treasure trove" for investors. In one computer lab outside his window, they have developed a database of 380 Ugandan industries and their technological needs. In 2012, UIRI was named a Centre of Excellence for Research in East Africa.

But, Prof Kwesiga acknowledges, without the MSI funding, UIRI would be struggling. By March 2006, the institute had 24 workers. When MSI came in, it boosted growth to the level that today 210 people are employed. In the engineering workshop, the sheer presence of old obsolete equipment right next to shiny new state-of-the-art machinery is testimony of the before and after of MSI.

Dick Kamugasha, UIRI's Technology Development Centre director, talks enthusiastically about post-harvest technologies that they are developing to especially curb an African problem of perishable farm produce, like wet coffee processing, grain handling, cassava grating and shelling of groundnuts for cottage farmers. He is eagerly awaiting a breakthrough with prototypes that would then be turned to commercial use.

Kamugasha is driven by hands-on training after class academic work, which should plant a seed for entrepreneurship. The textile engineering equipment at Busitema University – laboratory scale cardigan maker, ring spinning machine, rapier weaving machine, and knitting machine for T-shirts and undergarments – all testify to handiness. In that vein, UIRI takes up to 100 industrial trainees per annum, mainly from the private sector and universities.

Kamugasha does have a kindred spirit in Professor Callistus Balidawa, the Deputy Vice Chancellor, and Engineer Ben Ebangu, the project collaborator, at Gulu University. The Biosystems Engineering course whose establishment they pioneered is just one of the many. Looking for solutions to bio engineering systems like renewable energies, biogas production, solar drying systems, biomass formations, and waste management, the course passed out its first graduates in 2012, and some have already started making a mark in the field. They are especially noteworthy of one at Roofings, the steel giant in Kampala, and another at Engineering Solutions, another city firm. It is harvest time. **WB50**

(Left to right) Sunday at work in Gulu Univeristy's new computer laboratory. Some of Biosystems group's inventions include a charcoal kiln, which is an energy saver, a groundnut sheller that would limit human endeavor in the kitchen without having to use expensive electricity, and a plastics incinerator, which mitigates pollution and littering. Photos/Laura Walusimbi

Not Afraid to Be the Only Girl In Biosystems Engineering

Sunday Aryemo is studying for the Bachelor of Science in Biosystems at Gulu University. The first of its kind in Africa, the Millennium Science Initiative (MSI) project course produces engineers with entrepreneurial skills, who can handle biosystems in an environmentally friendly manner. It is administered by the university's Faculty of Agriculture and Environment.

Q: Why did you choose to study Biosystems Engineering and not any other course?

Biosystems Engineering is an engineering-based discipline that integrates engineering with biological sciences to address the agricultural, environmental and food safety concerns across the production and processing system, from farmer to consumer. It incorporates all disciplines of Engineering like civil, electrical, mechanical, agricultural, and because of this, I chose to do it because it is actually the best course for me.

Q: How easy was it to get a place at Gulu University?

Actually it was not easy to join Gulu University especially for this course because it was so competitive. The cut-off mark was so high that out of the 500 students who applied only 19 were admitted in my year.

Q: If you had not secured the Millennium Science Initiative scholarship, would you have still done BioSystems Engineering?

No! Because by that time the course was only sponsored by the World Bank and in the entire country it was only offered in Gulu University. So if you missed it at that time, there was no way you would study Biosystems Engineering. It wasn't on the private sponsorship scheme.

Q: How important is the Computer Laboratory to your course?

The course has some practical course units that require the use of computers and the Internet such as Matlab, Engineering drawing (AutoCAD), GIS (Geographical Information System), ArchCAD, Solid Edge and Internet.

Q: How important will the workshop, yet to be fully equipped, be for your studies?

Students' practical skills will be improved since they would be carrying out their practicals right from the workshop other than going out to look elsewhere like in the previous years. Also the finalists will have a place to fabricate their machines (projects) at a reasonable cost other than going out and fabricating at very high cost.

Q: What do you expect to do when you graduate?

I would love to get a job that can earn me a living, start a business, that is, if I get some capital and above all, I would love to continue with my studies and specialize in Renewable Energy since energy has always been my dream.

Q: Will you stay in Gulu?

Yes! That is if there is work to do here, otherwise I would go anywhere as long as I have got something to do in that particular place.

Q: How many are you in the class/year?

We were 13 from year one up to third year when the World Bank stopped sponsoring us (in a graduated system of scholarships – the pioneer group got full four-year sponsorship, the second group three years, the third group two years, and the fourth group, Aryemo's, one year scholarship). But currently we are 12, the other student dropped out because of tuition problems and promised to come back and continue next year.

Q: Would you encourage others to join the course? If so, why?

Yes! Definitely! This is because Biosystems Engineering combines all other engineering aspects and this gives it an added advantage over the other courses.

Q: Does being the only girl help or hinder your studies?

Not really; this is because there is respect. My coursemates take me as a sister. Above all, they also refer to me as a man since I am the only lady among them. Also our lecturers say that we are the same since we all qualified for the course on merit. WB50

Millennium Science is Linking Research to Policy

Julius Ecuru is Assistant Executive Secretary of the Uganda National Council for Science and Technology (UNCST). He is also a chemist and science policy analyst.

Q: You are misplaced - a chemist and you are in administration!? Wouldn't you rather be in the laboratory?

Yes, but you also need scientists in administration; we need to link what we do in the lab and policy making.

Q: What's the Millennium Science Initiative?

The MSI is a five-year $33.5 million project co-financed by the World Bank and the Government to build capacity and mobilize Ugandans for science and technology for economic growth and national development.

MSI enables universities and research organizations to produce better qualified science and engineering projects and to conduct higher quality and more relevant research for the Private Sector for science-led economic growth.

Uganda is aspiring to become a middle income country as soon as possible and we know that scientific knowledge and human resources will take us to that vision and so the National Development Plan itself has put science and technology as the engine for that goal.

Q: Do you have any operational areas or fields?

MSI is a national program that operates in all parts of Uganda. We have projects at Gulu University, Kabale University, Serere National Agricultural Research Institute, Makerere University, and Busitema University. We have worked with the Uganda Industrial Research Institute and Kyambogo University.

(Clockwise from far left) A student carrying out an experiment at Kasambya Parents SS in Mubende; Ecuru expounding on the National Council of Science and Technology's philosophy; and textile fabric equipment at Busitema University. Photos/Laura Walusimbi, David Sseppuuya

At Kabale University, they are working with the National Teachers College, using university facilities to improve skills capacity of teachers coming through the NTC. At Gulu University we started a systems engineering undergraduate program that is training engineers who are very versatile, combining the environment with engineering and technology, thereby adding value to biological resources and farming systems.

In Busitema there is a textile engineering undergraduate program. The university emerged as a center of excellence in textile engineering in East, Central and Southern Africa, and right now they are training engineers that should be able to boost the cotton and textile industry. A substantial portion of MSI funding, more than 65%, went into equipment - new machinery, experimental facilities, renovating engineering workshops, and pilot plans.

Gulu has a state-of-the-art weather station serving Northern Uganda and Southern Sudan. There is also a state-of-the-art bio-systems engineering laboratory and a molecular diagnostics laboratory that is looking at controlling tsetse flies through building new diagnostic tools.

In health we are supporting a project, the Medical Biotech Labs, that is helping to build capacity for testing malaria vaccines. Most of this work is in Lira and Apac areas of Northern Uganda, which are malaria endemic.

There is also a project, at Namulonge Agricultural Research Institute near Kampala, where they are tackling the cassava mosaic that is devastating lots of farmers' crops. We expect to make tools that will help scientists come up with genes that are resistant to the virus.

At Makerere University, MSI is present in the College of Engineering, Design, Art and Technology, where there are four projects. One of them has upgraded the surveying component into the Department of Geometrics and Surveying. We are now able to produce world class surveyors.

There is also a program at Makerere that has upgraded the land economics department; some personnel are working on renewable energy resources within the same facility, and researching on ways of using new technologies like ozone and others to treat water.

MSI has upgraded the physics laboratories at Makerere to be state-of-the-art facilities; very good for university students but also secondary school teachers who can use them.

At the College of Health Sciences MSI has helped to improve the curriculum into one using community-based learning approaches, sending out doctors to the field to understand the issues and work together with the communities.

Makerere is studying the human papillomavirus, which is a key agent in causing cervical cancer in

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The Uganda National Council of Science and Technology's head office in Kampala was constructed with World Bank funding. Photo/David Sseppuuya

Millennium Science is

Linking Laboratories to Policy

CONT. FROM PAGE 71

women. Then there is a degree program in biotechnology at the College of Natural Sciences.

Q: What are the key highlights of MSI's relationship with the World Bank?

It goes back to the early 2000s to a project to document and find ways of integrating indigenous knowledge into poverty eradication and national development activities. With World Bank support we have been able to build momentum in the scientific community, the momentum of managing science funding facilities and actually getting the scientists to be more productive.

We have also been able to train more than 30 PhD students and over 50 Master of Science students in various science disciplines.

World Bank support has helped strengthen UNCST in its role as a policy coordinating body and advisory organ to Government, as well as that of our sister organization the Uganda Industrial Research Institute. Ugandan scientists have, for the first time, been exposed to local competitive-based funding for research and innovation. This in itself is an innovation in this country; the fact that you can have a beautiful idea or product, and there is somewhere you can go and seek for assistance to develop the idea further into something beneficial to society. That keeps our scientists thinking, being creative and hopeful to continue innovating.

In the wider community youth and students are able to train through the school business programs and the National Science Week that has been running since 2007, mobilizing the population to embrace science and technology as an engine for economic growth.

Q: Which international partnerships does UNCST have?

We work very closely with our sister agencies in the East African Community - the Kenya National Council for Science and Technology, Tanzania Commission for Science and Technology, the Rwanda Department of Science and Technology, with Burundi, and Ethiopia.

The Swedish International Development Agency is supporting activities related to bio sciences innovation in Uganda and the region.

UNCST also collaborates with the department of science and technology of the Republic of South Africa in a joint memorandum of understanding to support research and innovation between the two countries. We also collaborate with the European Union. WB50

Teacher Training Complements Students' Education

The Soroti College campus: Under the Teacher Development and Management System (TDMS) from 1993 to 2000, the World Bank supported 10 primary teachers colleges, with the Government and other partners funding another eight. A primary teacher education curriculum, headteacher management training courses, and teacher educator courses were developed. Photo/Laura Walusimbi.

They look like secondary school boys and girls, but the 369-strong student body on the vast 45-acre campus is actually made up of adults.

Soroti Core Primary Teachers College has a truly enviable campus, having shifted to new government-owned land from a Church of Uganda site in 1999. Located a few kilometers outside the regional capital of Soroti, the college is laid out on grounds that house a boys' dormitory, girls' quarters, sickbay, administrative block, lecture rooms, multipurpose hall, and generously spread sports grounds that dominate the center of the campus. The relocation was funded by the World Bank, and the Principal, Valerian Ejalu, is all the more excited for it.

In 1993, the Bank approved the $52.6 million Primary Education and Teacher Development Project (PETDP), against the background of newly recruited teachers usually being unqualified and instructional materials remaining scarce. It was difficult for pre-service teacher education to attract candidates, as salaries were still low and working conditions were difficult.

Some $38.2 million was dedicated to improving teaching and learning in primary schools. The Government established a Teacher Development and Management System (TDMS) in 10 of the then 38 districts. The TDMS was to consist of a system of up to 16 reformed or "core" Primary Teachers Colleges (PTC), each of which would be linked to about 25 "coordinating" schools, which in turn would be linked to a surrounding network of about 10 "outreach" schools. The core PTCs were given four tasks: Pre-service training of new teachers; in-service upgrading of practicing, previously untrained, teachers through vocation courses and distance education; in-service training to bring new methods, textbooks and learning materials to teachers in the schools; and management training and support for head teachers.

A total of $14.4 million was given for enhancing strategic Ministry of Education and Sports functions, designed to boost planning and policy analysis. The Education Planning Unit was strengthened through computerization, technical assistance and training, and the provision of equipment. A new National Assessment of Progress in Education (NAPE) survey was developed and conducted every three years; and policy studies for textbooks and secondary education development were also conducted. This has been annual since 2003.

There was curricular reform for the development of syllabi for English, Mathematics, Science and Social Studies for grades 1-4; the development of criteria for textbooks and the training of writers; the writing of textbooks and teachers' guides; the supply of supplementary reading materials for grades 5-7; the training of children's literature writers, illustrators and designers; the writing of children's literature; and the procurement and distribution of the publications for use in schools.

Exam reform was accomplished through the establishment of national curriculum committees for each examined subject to monitor validity; the introduction of a system of continuous assessment to ensure the teaching of subjects other than those traditionally examined; increasing the number of exam questions testing higher-order cognitive skills; providing detailed feedback to teachers on pupil performance on the Primary Leaving Exam (PLE); and creating systems of formal information exchange between the Inspectorate, the PTC, the National Curriculum Development Centre and the Uganda National Examinations Board. A research program was introduced to monitor the qualitative aspects of examinations.

Another component consisted of the provision of textbooks and teachers' guides for English, Mathematics, Science, and Social Studies, in quantities sufficient to achieve student-book ratios of 3:1 in the first four grades of primary school. Supplemental reading materials (300 titles for grades 5-7) was also purchased and 10 additional titles for these grades were developed. Sufficient quantities were purchased to provide 80 books per school, and managed through book boxes and/or the establishment of primary school libraries. A book management course was included in the pre-service and in-service teacher training programs. Nine hundred thousand textbooks, 95,000 teacher guides and 16,500 sets of supplemental reading materials were also provided. WB50

(Above) Mr Wokorach at his new solar-powered staff house. (Below) The old staff quarters. Photos/Laura Walusimbi

'Now Let Me Proceed To My Retirement'

To see Geoffrey Wokorach is to see a dedicated public servant heading to his retirement a truly satisfied man.

The project that is constructing teachers' houses has had great personal impact as the soon-to-retire headmaster of Bungatira Central Primary School on the northern outskirts of Gulu town, testifies.

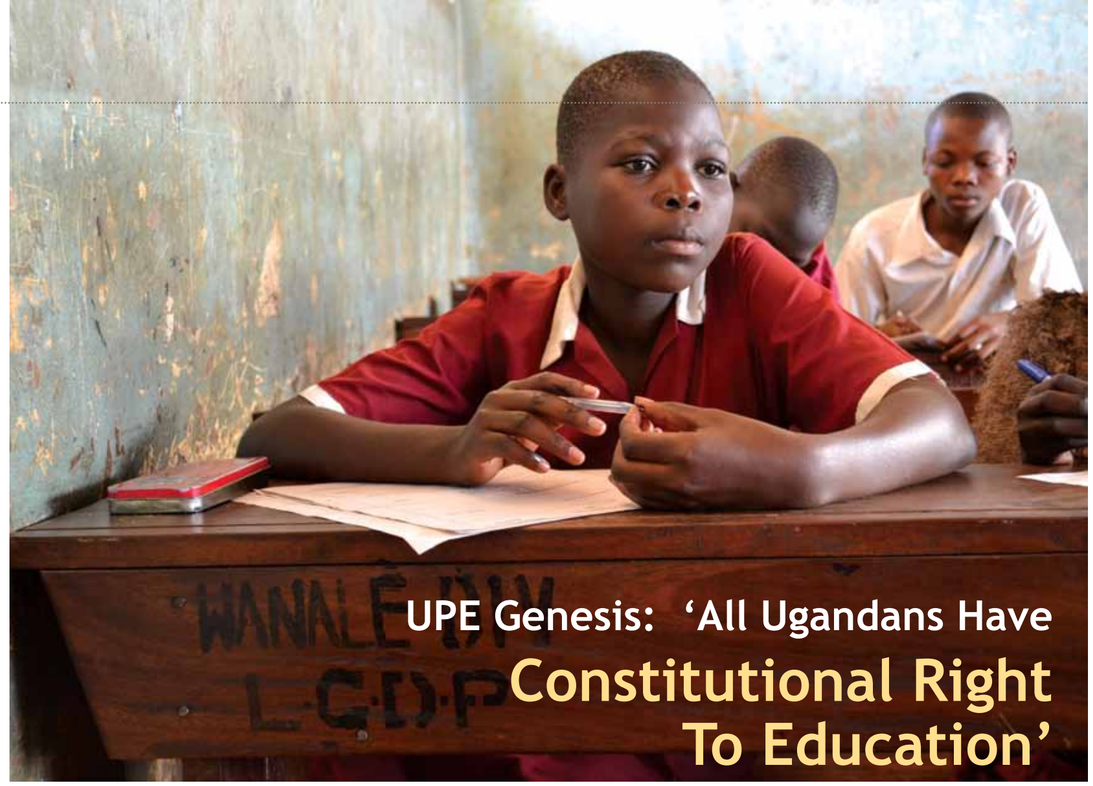
Mr. Wokorach has the excitement of a small boy with new toys as he proudly shows off the facilities of his new two-bedroom house. A living room, kitchen, latrine, water tank tapping rainwater, solar power, and lightning arrestor seem ample reward for decades of service in an otherwise under-appreciated profession.

As if to illustrate the contrast, the old houses stand right next to the new World Bank-facilitated staff quarters. The old one used to use hurricane lamps for lighting, had no lightning arrestor, and the kitchen was separate from the main house.

Mr. Wokorach, who will retire in 2014 from the 738-pupil school, says, "This house is one of the best I have ever seen." Of his teaching staff of 14, five are now resident on the school campus, in similar facilities. He says that that makes it easier for him to manage the teachers.

In many affected schools, teacher efficiency in time management, motivation, and extra time given to pupils was improved with the new houses.

Having spent many years in service, Mr. Wokorach, who will retire to his ancestral village in Anaka, 40km south west of Gulu, now feels amply rewarded. He will probably be all-too-happy to finally take his leave, knowing that his school enters a bright future. WB50



UPE Genesis: 'All Ugandans Have Constitutional Right To Education'

The 1987 Education Policy Review Commission (EPRC) made an urgent call for democratization and universalization of access to basic education. This policy priority was re-affirmed by the Government

The White Paper Committee was appointed in 1991, and it underscored what is enshrined in the Uganda Constitution that states that "all persons have a right to education", and also reaffirms that the state shall promote free and compulsory basic education.

Government reiterated this goal in its Poverty Eradication Action Plan of 1997.

Efforts to reach UPE were thwarted, however, by the inability of many poor Ugandan households to pay the private costs of schooling. A study in the mid-1990s found that parents financed about 60% of the direct costs of school-level education. Annual fees and parent-teacher association dues averaged at that time $6-8 per child, a significant burden for many households in a country with a GDP per capita of less than $300 at the time (by 2013, GDP per capita stood at over $500). By 1995 almost 60% of school-age children remained out of school. Girls, poor children and children living in remote areas were particularly disadvantaged. Poor quality of instruction reflected in high repetition and drop-out rates exacerbated these inequities.

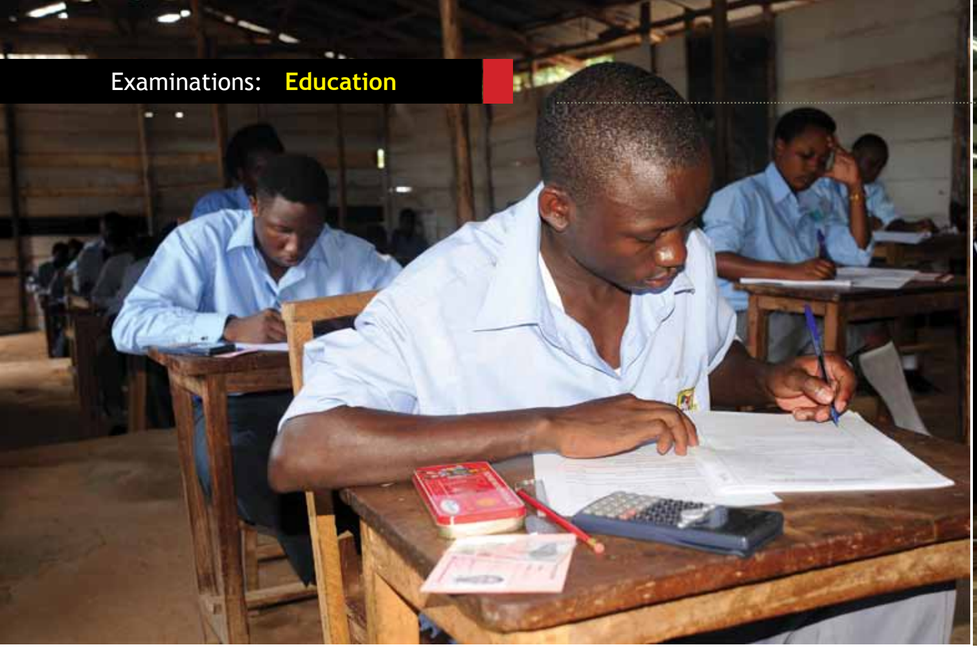
At the same time, public expenditure on education was inadequate. As much as 20% of the budget allocated for primary teachers' salaries was going to "ghost" teachers; only 28 percent of funding for non-salary inputs in schools ever reached the schools - the rest was diverted at the national or district level.

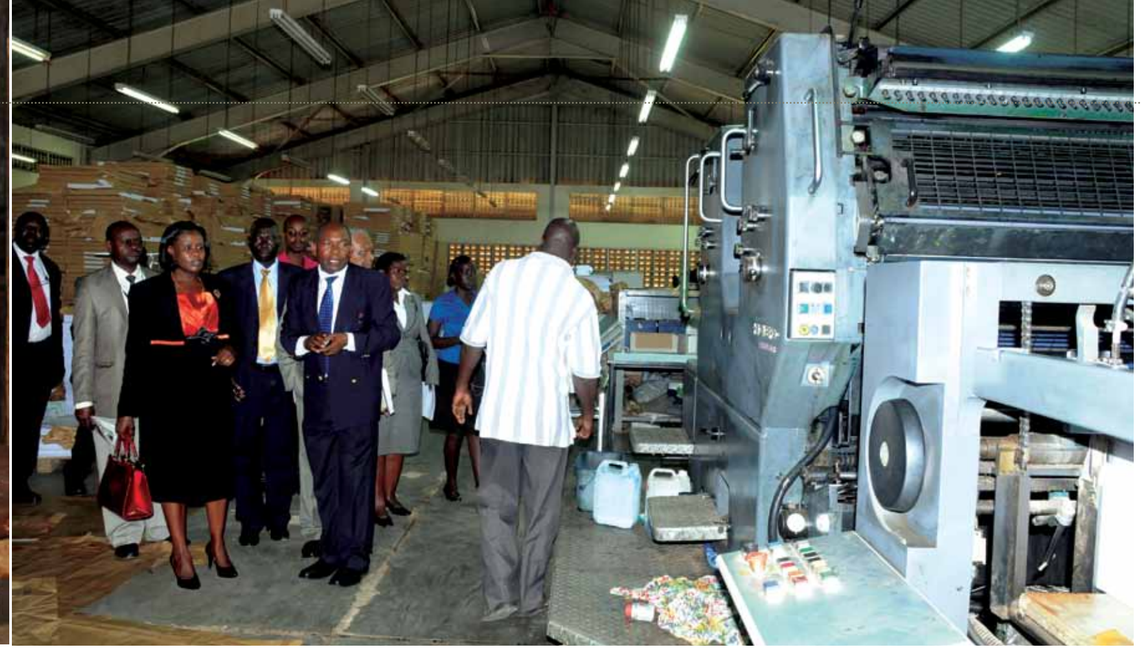
It was against this background that President Museveni, in December 1996, announced a bold new initiative to achieve universal primary education in Uganda. The increase in enrollment exceeded all expectations. The Government suddenly faced an education emergency that required an immediate response. It was clear to all concerned that unless action was taken to establish minimum conditions for effective instruction, the deterioration in quality might cause a backlash to the UPE policy, resulting in a decline in primary school enrollment, particularly by the poor.

The Education Sector Adjustment Credit (ESAC) was designed to assist the Government to deal with the immediate challenges resulting from the UPE policy, by providing core budget support to close the UPE financing gap within the framework of a sustainable education policy framework and a sound financial and macroeconomic program. Education policy priorities supported by ESAC were to improve resource allocation and utilization in the sector, improve the quality and availability of education inputs, and to support overall sector management, planning, budgeting and information systems.

Increased efficiency in the use of resources to ensure the financial viability of UPE, as well as measures to increase efficiency in teacher and classroom utilization were essential. Specifically, Government planned to: Introduce double-shift teaching in selected grades in a small number of schools in 1999 under voluntary agreements; pilot multi-grade teaching in at least two schools in two districts; implement an action plan to prevent excess supply of teachers, following a study on primary teacher supply and demand; and to expand classroom construction through piloting of different modalities involving communities, Private Sector and Government.

ESAC was a $155 million project, of which $75 million was a grant. WB50





(Left) Candidates writing their final exams at one of the UNEB-registered examination centers. Photo/The Daily Monitor

(Right) Education Minister Jessica Alupo (in black skirt and jacket) inspecting the UNEB printing press. Photo/UNEB

Examinations Hold No Fear for the Bank

Every year, hundreds of thousands of students walk into the exam room with various emotions, ranging from trepidation through anxiety, to enthusiasm, to sit their final examinations.

The Primary Leaving Examination (PLE) is the climax of seven years of primary school education. The Uganda Certificate of Education is granted to those who have completed Ordinary Level, or lower secondary school, while those aspiring for university and other tertiary institutions sit for the Uganda Advanced Certificate of Education, (Advanced Level).

There is also a set of other examinations, including Uganda Business Education Certificate and diplomas of various classes, as well as the Uganda Technical Education Certificate and related diplomas.

The Uganda National Examinations Board (UNEB) is synonymous with these emotions. What many students, though, will not associate with the papers they are writing is the World Bank. Yet there is an close connection.

The printing press, where all national examination papers are printed, was financed through a credit from the World Bank. Situated just outside the campus of Kyambogo University in Kampala, it is a modern printer that boasts modern computers for graphic design, color separator, and an automatic plate maker, in the Pre-Press section.

The Press Room has the Duplex perfector, the Sorz- two color printer and the SM74, all made by Heidelberg, a global industry leader in printing equipment. The Post Press has Stalfolders, gang stitchers, perfect binder, drills and a crasher. New additions have been a web machine, a convertible web (caster), an extra folding machine, computer-to-plate equipment, and a mini electronic web.

Today the press, which was installed in 2001, prints examinations stationery like answer booklets and marking stationery as well as examination question papers. Other printing jobs include printing of calendars (full color), posters (full color), the UNEB Newsletter, Christmas cards, and past papers booklets.

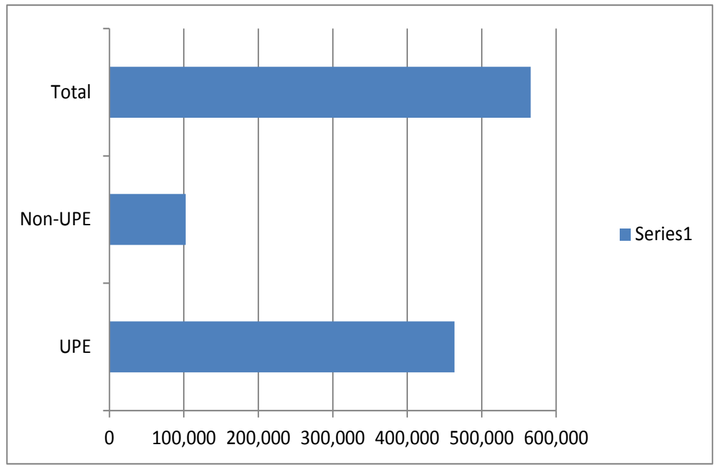
Another World Bank intervention in examinations has been in the area of reforms. Prior to 1993, the $52.6 million Primary Education and Teacher Development Project (PETDP), national curriculum committees existed for each examined subject, but their responsibilities were unclear. Specific terms of reference were developed during project implementation, and committees reviewed test plans, past examination papers and input from the National Curriculum Development Centre. Committees included the Inspectorate (Ministry of Education), examiners and schools to ensure the quality of test items and congruence with curricula. The committees contributed to the improvement of examinations. WB50

Registration for Primary Leaving Examinations Over Five Years

Year	UPE	Non-UPE	Total	No. of Centres
2012	463,332	102,331	565,663	11,171
2011	446,928	89,005	535,933	11,139
2010	431,123	80,934	512,057	10,906
2009	444,918	68,301	513,219	10,645
2008	419,312	66,575	486,312	10,511

Source: Uganda National Examinations Board

Primary Leaving Exam Candidate Categories for 2012



Source: Uganda National Examinations Board

Registration for Uganda Certificate of Education Over Five Years

Year	Candidate Registered	Candidates Who sat	Absentees	% Absent
2012	268,906	262,987	5,903	2.2
2011	273,363	267,024	6,357	2.4
2010	264,928	260,080	4,848	1.8
2009	218,056	214,207	3,849	1.8
2008	201,750	197,958	3,792	1.9

Source: Uganda National Examinations Board

INSIGHT TWO

Apolo Nsibambi

'Mistakes Gave Way to Profitable Partnership'

Rt. Hon. Professor Apolo Nsibambi, Prime Minister of Uganda, 5 April 1999 to 24 May 2011.
Photo/The Daily Monitor

I take this opportunity to pay special tribute to the World Bank for having shared a profitable partnership with the Government of Uganda for 50 years. I must point out that initially, the World Bank made two mistakes.

First, it dedicated development programs to economically desperate African countries that wished to access its resources in order to survive economically. Consequently, these programs were not owned by their governments.

Whenever Government leaders faced political resistance because of reforms they had to implement to recover from economic decline, they would argue publicly, but wrongly, that the harsh measures were imposed by the World Bank.

But the World Bank outgrew its economic dictatorship and allowed African countries to propose their priorities and how they would implement them. This approach enabled the Government to own the difficult economic programs.

Second, the World Bank did not pay serious attention to the importance of good governance and preservation of human rights. But later on, they made a significant recognition of this area.

The Bank's major achievements:

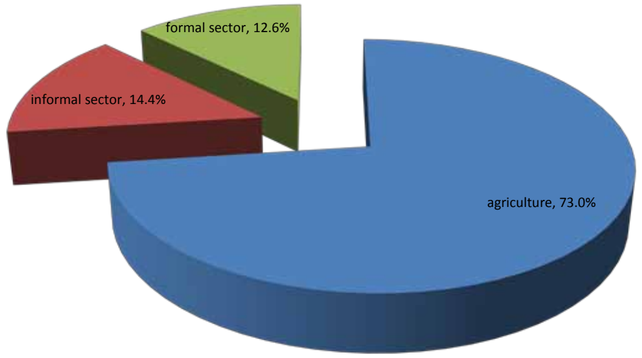
First, it enabled Uganda to restore macroeconomic stability. By 1986, inflation was over 200%. There was a severe shortage of foreign exchange. Roads were in a poor state. The World Bank gave Uganda money to import essential goods and services. Experts came and were joined by the academic staff at Makerere University and others to study the country's financial problems, after which the reforms were adopted.

Sector reforms included strengthening bank supervision by the Central Bank. Some banks in America collapsed in the 2000s because they had not been well regulated and supervised. Uganda was able to cope with the global financial meltdown because the Governor of the Bank of Uganda had supervised the banks effectively.

The Uganda Commercial Bank where the government held 100% shares was sold to private investors who were far more efficient.

Second, the World Bank enabled Uganda to get debt forgiveness from its creditors. The proceeds were used to finance Universal Primary Education (UPE) and water and health programs. These projects have benefited the poor. While UPE's quality must be improved, it is producing a literate population, which can count and relate to other areas of Uganda. This development is likely to enhance trans-ethnic integration.

Agriculture, not yet transformed, is main employer of Ugandans



Source: Uganda Household Survey 2009/10, Uganda Bureau of Statistics

There were three rounds of debt forgiveness: debt buy-back, Highly Indebted Poor Countries (HIPC), and Multilateral Debt Relief (MDRI).

The World Bank adopted the following negotiated conditionalities: Wasteful spending on state enterprises such as Lint Marketing Board and Coffee Marketing Board were curtailed through privatization. Government had to divest itself from commercial activities and leave them to the Private Sector. Since the Private Sector was weak, special programs were introduced to strengthen it.

However, the NRM Government insisted that there were strategic sectors like roads, power generation, universities and railways in which Government must play a key role, because these are public goods where returns are low and long term and where the Private Sector will be reluctant to invest in. For example, Government provided guarantees to the Bujagali power station sponsors. Second, Government expenditure must not exceed revenue. Uganda Revenue Authority was created to collect revenue more efficiently.

Third, we liberalized the foreign exchange market and the current and capital accounts. Consequently, investors bring capital for investment and repatriate it without restrictions. This measure has helped Uganda balance its external accounts.

Fourth, the Public Service was restructured under the Public Service Performance Enhancement Project. However, public servants have not received the increased financial renumeration, which they expected. Consequently, they are demotivated. It is a matter that must be addressed urgently by Government including the poor salaries of academic staff in universities. Government must take into account the salary requirements of other bodies.

In order to do this efficiently, an independent body should be set up to determine salaries of the Executive, Judiciary, Parliament and all other bodies using a scientific method. This arrangement will require amending Article 85 and other provisions of the Constitution. The World Bank advanced a loan to the Government of $100 million to implement the Northern Uganda Social Action Fund Project 2 (NUSAF II).

The Inspector General of Government (IGG) was given money to monitor the districts, a task which enabled the IGG to deal with corrupt officials. The districts determined their priorities and indicated their work plans to the Permanent Secretary, Office of the Prime Minister. Where the Permanent Secretary discovered that the district lacked skills to determine their priorities effectively, he gave them technical assistance. Members of Parliament were encouraged to work closely with their districts especially in determining priorities of their projects.

Assistance was also given to the districts in agriculture, education, health, water, roads, vocational skills, value addition and marketing, agro forestry, and afforestation and woodlots .

Challenges Along the Way

The challenges included inflation that adversely affected the overall budget, corruption in the districts, which undermined the implementation of some projects and, thirdly, there was inadequate provision of livestock and related extensions on services to communities. Otherwise the overall picture is one of success.

Agriculture has not been transformed and yet over 70% of the work force is in agriculture. Productivity is very low. The unpredictable climate challenge is affecting agriculture adversely. Government must subsidize irrigation, fertilizers and mechanization. Urgent land reforms which Government is addressing include sorting out dual ownership and land fragmentation. The World Bank supports increased agricultural productivity of small farmers by funding NAADS which provides high yielding seed varieties to farmers and good quality animals.

The second challenge is that while economic growth is averaging 6% per year, there are major disparities. The Government and the World Bank have addressed these problems by adopting an inclusive and sustainable growth approach. They are addressing the poor by encouraging agricultural productivity, and giving skills to peasants through vocational training. However, addressing disparities requires hard decisions such as taxing the elites more and using the money to address poverty. The elites, some of whom are in-Government, tend to resist additional taxation.

Unemployment is the third critical problem. The Government is grappling with it by providing a Youth Fund, and value addition to Uganda's products, which creates jobs. The fourth problem has been corruption. The IGG should be given more money to tackle corruption. The fifth problem is the high population growth rate of 3.2%, which is higher than agricultural growth. The high population growth is outstripping the health, educational and other requirements. Furthermore, most of the population is not skilled. The rate of industrialization is very low. And so the population lacks jobs from factories.

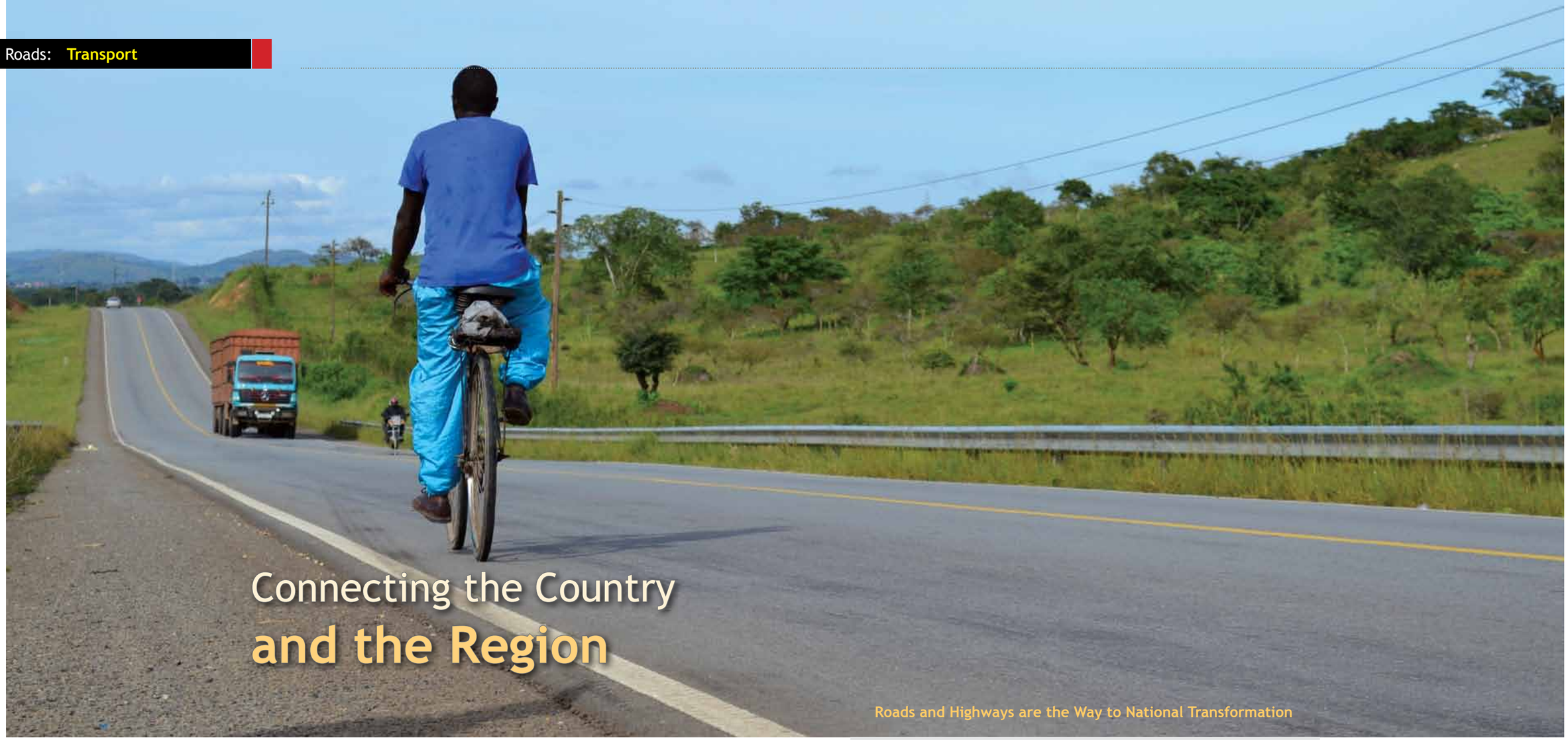
Under these circumstances, the Government should adopt a policy of population control and family planning. The National Planning Authority agrees with the proposed population policy, which is a good start. WB50

Transport

SECTION THREE

The Government has identified infrastructure as being the key to Uganda's development needs. Since 2008, infrastructure has taken the lion's share of National Budget allocations, and transformation is increasingly evident in roads, rail and other forms of transport. The road to national transformation is in infrastructure

50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA



Connecting the Country and the Region

Roads and Highways are the Way to National Transformation

The road that connects Masaka and Mbarara is a key artery in a farming region that accounts for a big proportion of the country's agricultural produce. It is also part of the Central Corridor that links to Tanzania, Rwanda, Burundi and Eastern Congo. Photo/Laura Walusimbi

At Independence in 1962, Uganda only had a few hundred kilometers of tarmac roads which were classified into three namely; central government roads, local district roads and Buganda Kingdom roads.

The country first invested massively in roads starting 1968 and by 1971, it was already boasting of 1500kms of smooth tarmac.

But from 1971 when the military took government, neglect and lack of maintenance set in. The war that dislodged the military government (November 1978 – June 1979) was fought right across the country from the southern border to the northern border, and all along heavy artillery were landing on the roads making potholes, a new phenomenon then. Unfortunately the country got plunge further into chaos that lasted seven years during which repairing roads were not a priority. The potholes kept growing larger, eventually eating up entire road sections in the process.

By 1986, less than 10% of Central Government roads in the country were in a fair condition. Driving from Kampala to Kasese should take four hours if the road is good, but in 1986 one needed 12 hours in a good car to get there. Kampala to Mbrarara needed at least eight hours yet is should take three hours. Kampala to Nebbi-Arua took several days.

When National Resistance Army seized power in 1986, papyrus (a swamp water weed) had started colonizing former roads like Nkrumah and Nasser, due to lack of motor traffic and presence of large, water-logged potholes. A common problem facing city motorists was cars to get stuck in the mud in the middle of the capital, with drivers begging or paying members of the public to pull them out.

The new government embarked on a crash programme of repairing roads in the country between 1987 and 1990. By 1990, half of the road network had been re-constructed to a fair condition. The percentage of fair road surface had grown to 75% in 2003 and further to 85% when the country marked its golden jubilee in 2012. By this time, the national road network comprised nearly 20,500km, most of it in fair condition.

All along, the World Bank has been a partner in the development of the country's transport infrastructure and systems. The first major analytical report on Uganda after the country joined the World Bank that was released in November 1964, entitled "The Economy of Uganda", called for more public investment into the East African regional infrastructural projects, which would promote better economic integration. The consistency remained 43 years later, when the 2007 Country Economic Memorandum called for "an investment agenda for growth focusing on high-return public infrastructure especially energy and transport so as to reduce business costs, increase productivity, and encourage job-creating private investment."

In between, in 1983, the Bank compiled and issued Uganda's Transport Sector Memorandum at a time when the sector was dominated by state-owned companies – from aviation (Uganda Airlines), water and railway (Uganda Railways), buses (Uganda Transport Company) and haulage (Transocean), to identify solutions to the inefficiencies in the sector.

Roads remain the most important infrastructure for transport in the country, connecting the remote areas to the highways. If conservatively valued at $1million per kilometer, at $20billion the 20,500 kilometer national road network is the country's most expensive asset, and it is only fitting that it be well-maintained. In this regard, the Bank supported the creation of Uganda National Roads Authority (UNRA). It has promoted the development of the Road Fund of the Roads Authority for the maintenance of the network.

Besides supporting the establishment of UNRA

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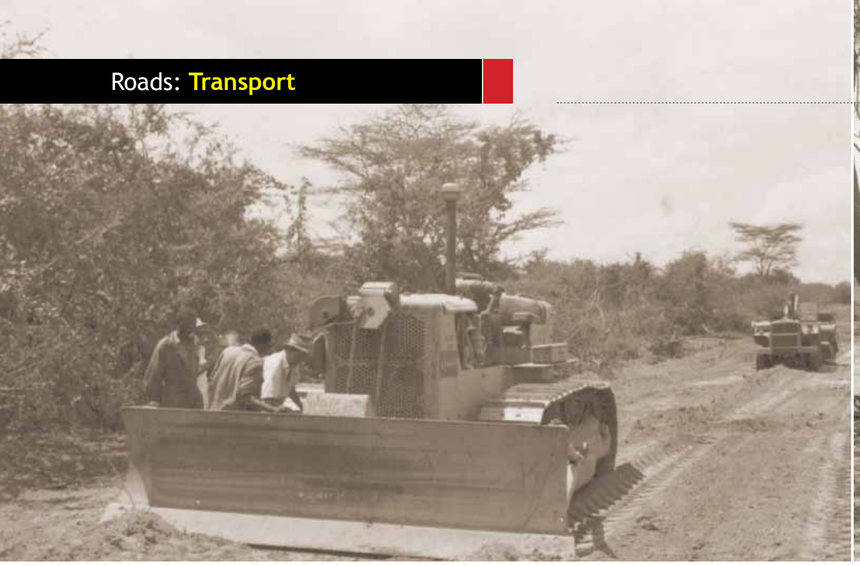
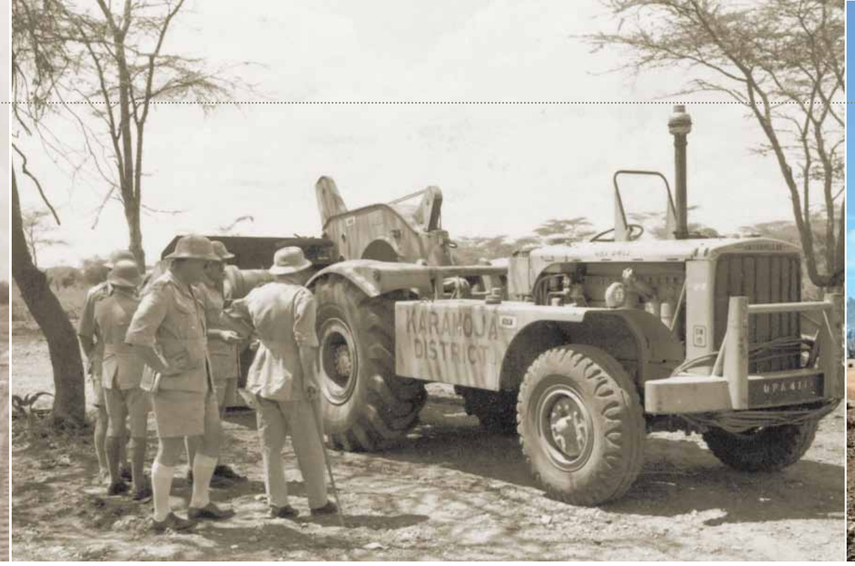




(Left to right) July 1957, pre-Independence construction work on the Moroto-Mbale road in Karamoja, north-eastern Uganda, being inspected by colonial Governor Sir Fredrick Crawford. Photos/DS Archives. (Opposite page) April 2013, construction work on the Kawempe-Kafu stretch of the Kampala-Gulu highway, a critical part of the Northern Corridor. Photo/Laura Walusimbi

Connecting the Country and the Region

The World Bank has also been involved significantly in integrating the transport networks and policies of the countries in the region

CONT. FROM PAGE 85

and the Road Fund, the Bank provided the institutional support to enable UNRA take off and become fully functional. The project also supported the preparation of Kampala Urban Transport Project, which supported the city to attain 70% road upgrade; and improved designs for 7 junctions and for peri-urban roads to help decongest the city. It assisted in drafting the Road Safety Policy and supported the preparation of data on 10,000 kilometers of formerly district roads that were re-classified to national roads.

The World Bank has also been involved significantly in integrating the transport networks and policies of the countries in the region. Most notably, the Bank has financed the development of the one-stop border posts aimed at making border crossing in the East African Community and to South Sudan faster and easier to bring down the cost of doing business.

Moving forward, the national roads that are part of the regional corridors - Northern Corridor and Central Corridor - must be prioritized for rehabilitation and maintenance, while connectivity between producing areas and markets has to be improved to boost agricultural exports.

It is vital for economic development to ensure connectivity with areas of production. The establishment of connectivity across Uganda's borders needs to involve regional cooperation.

Beyond its borders, Uganda therefore needs to negotiate with its neighbors to ensure that roads servicing the corridors are maintained. This would entail upgrades of road capacity through the addition of lanes to roads with heavy traffic; the rehabilitation of paved roads whose poor condition affects the flow of traffic along the corridors; and the upgrading of key feeder roads connecting producers to the corridors from gravel to paved standards. **WB**50

World Bank-Financed Road Projects

Project	No. of kilometers rehabilitated/upgraded
Uganda Highway Project (1967 – 1973)	163 km (Mbarara-Katunguru road, feeder roads to Lake George and Lake Edward, tea roads in Fort Portal)
Uganda Second Highway Project (1969 – 1980)	665 km of primary, secondary and agricultural roads (Jinja-Bukoloto, Bale-Kayunga-Mabuganyi, Kabale-Katuna)
Uganda Third Highway Project (1984 – 1992)	336 km of paved roads were resealed; 723 km of gravel roads re-gravelled
Uganda Fourth Highway Project (1987 – 1994)	84 km (Kampala-Jinja, Mbarara-Ishaka roads)
Transport Rehabilitation Project (1994 – 2000)	134 km (Kampala- Entebbe, Mbarara-Ibanda, Kampala-Wobulenzi roads)
Northern Uganda Reconstruction Project (1993 – 1998)	91 km (Kafu-Karuma road rehabilitation)
Road Development Program Phases 1 – 3 (1999 -2008)	900 km (Busunju-Kiboga-Hoima, Karuma-Pakwach-Arua, Soroti-Lira, Kampala-Gayaza-Zirobwe, Kampala - Kafu, Fort Portal-Hima-Kasese-Kikorongo-Mpondwe on DRC border and Kasese-Kilembe roads)
Transport Sector Development Project (2010 – 2016)	255 km (Vurra-Arua-Oraba, Gulu-Atiak, Kamwenge-Fort Portal, Zirobwe-Wobulenzi roads)
North-Eastern Transport Project (2014 – 2023)	400 km (Tororo-Mbale-Soroti-Lira-Gulu road corridor)
Lake Albert Region Development Project (2014 – 2019)	100 km (Kyenjojo-Kaboya road)

Source: World Bank

Western Milk in Eastern Tea: Infrastructure Budget Preference is Paying Off

When a cup of tea is prepared one afternoon in Busia, on Uganda's Eastern border with Kenya, there is every likelihood that the cream served with it has been freshly milked 450km away in the far west just the previous day. Or take the bus or a long distance truck to any part of Uganda today, the chances are that you will have a smooth ride on a fairly new road as national highways have been steadily revamped or freshly bituminized to international standards.

April 2013, the road from Gulu to Nimule, on the Uganda-South Sudan border, via Atiak, undergoing construction to make this key regional trade route a first-class bitumen highway. Photo/Laura Walusimbi

The speed at which goods and people are able to make it to the different parts of the country has improved remarkably in the recent years in which infrastructure has been given preference over other sectors as part of the National Development Strategy.

Uganda's network of roads, once the envy of Eastern Africa, has steadily climbed back to the top after decades of crumbling, thanks to commitment of funds that has seen Works and Transport take the lion's share of the annual budgetary allocations. In the 2013/14 Budget, the Government allocated shs2.3 trillion ($880 million), or 15.2% of the kitty to Works and Transport, almost a full percentage point more than Education, the closest competitor. So it has been for about five years running, into fiscal 2013/14.

It is paying off. In 1999, travel time on Pakwach-Nebbi-Arua in West Nile was an average of 5 hours. Due to the bad state of the road, even the best vehicle could only average a speed of 26 kph. At completion of the road works, travel time had been halved to 2.5 hours. Travelling the Busunju-Kiboga-Hoima road in the mid-west in 1999 would take a bus an average of 7 hours (21 kph). That has been halved to 3.5 hours, including stoppages.

Studies show that traffic on those roads grew by seven times, and there was a marked increase in agricultural and industrial activity in the rural regions that the two highways traversed.

The ten-year Road Sector Development Programme (RSDP 1) was developed in 1996, covering the period 1996/97 to 2005/06 and aimed at providing an efficient, safe and sustainable road network in support of Government's strategic objectives of poverty eradication, peace and safety for all citizens.

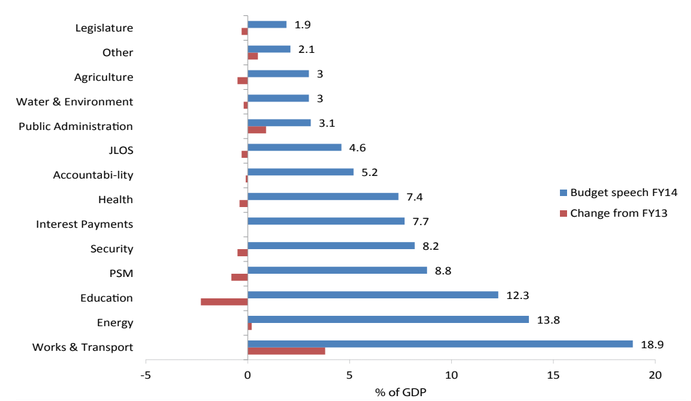
Financing of the 10-year RSDP 1 ($1.5 billion) was as follows: Government $769 million; European Union $249 million; World Bank $450 million; and $32 million from other partners. In 2002, Government transformed the RSDP 1 into a rolling program, with the second phase (RSDP 2) running from 2001/02 to 2010/11 at an estimated cost of $2.28 billion.

The RSDP was co-financed by the Government, and various development partners including, the IDA of the World Bank, the African Development Bank (ADB), the European Union (EU), and the Danish International Development Agency (DANIDA). Other donors included the Nordic Development Fund (NDF), Japanese International Cooperation Agency (JICA), Norwegian Agency for Development (NORAD) and Department for International Development of UK (DFID).

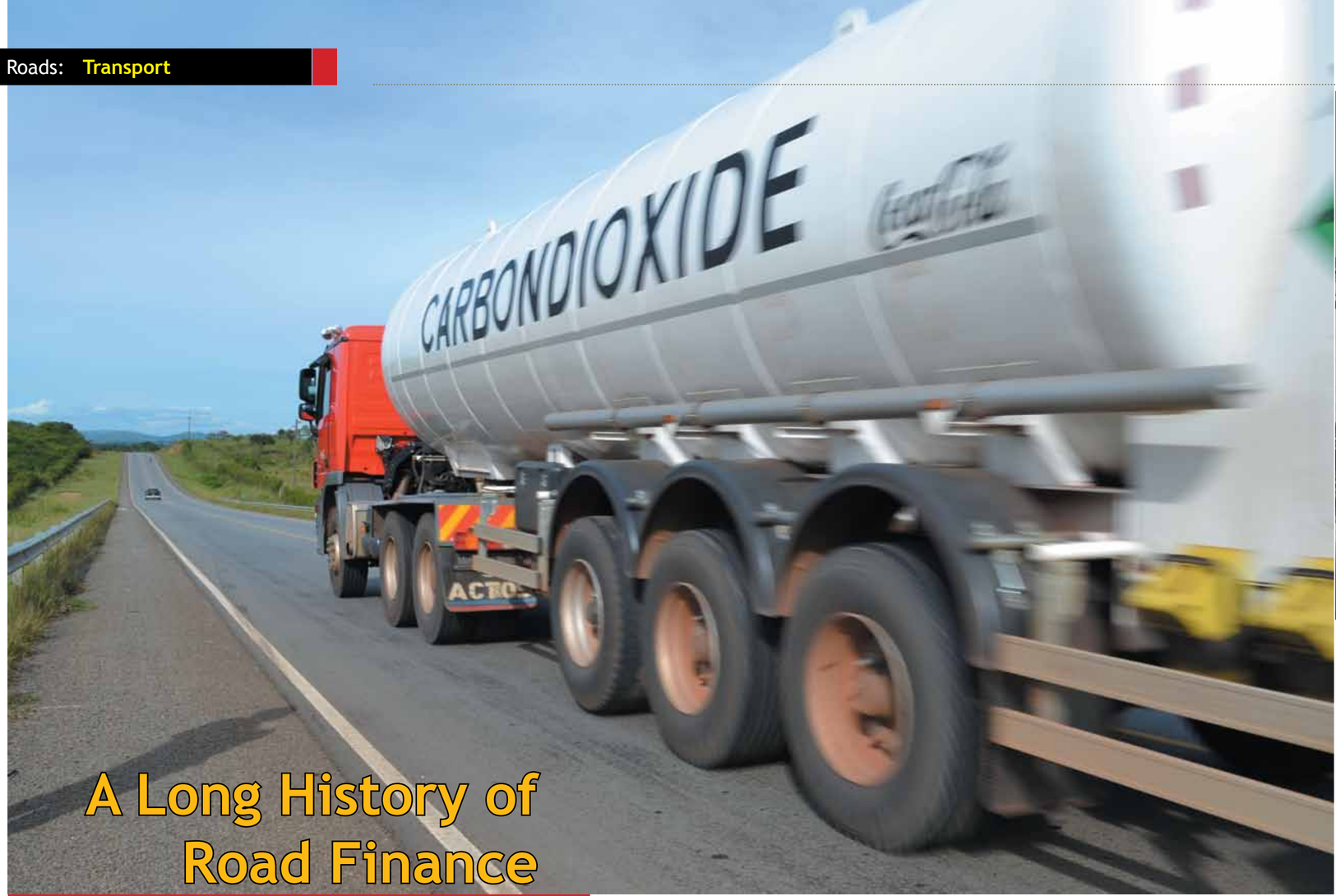
As part of RSDP, institutional strengthening to the road sector was supported by the creation of a professional, dedicated Roads Authority. The Uganda National Road Authority (UNRA) is responsible for the management, operation development and maintenance of the country's classified road network. UNRA came into being on July 1, 2008, having evolved from the Road Agency Formation Unit (RAFU). RAFU was created in June 2000, prior to effectiveness of the credit to take over the management of large contracts from the Ministry of Works and Transport, and improve efficiency of road works.

In spite of the big improvement, transportation still remains a big challenge. Regional trade is limited, and for a landlocked country like Uganda both the Northern and Central corridors that connect Uganda to coastal regions are expensive to use. Cost inefficiency is exacerbated by poor governance, organizational deficiencies, revenue inadequacy, and underinvestment, all of which have led to deficient and dilapidated regional infrastructure networks. Ugandan traders face freight costs that are 30% higher than their counterparts in Southern Africa and 60-70% higher than their counterparts in the United States and Europe. For landlocked Uganda, transport costs can constitute up to 75% of the value of exports. WB50

Transport & Works Top Budget Allocations: 2013/2014 National Budget



Source: Ministry of Finance, Planning and Economic Development, Budget Speech FY14



A Long History of Road Finance

Culminates in UNRA

The World Bank has been responding to the Government's National Development Plan to reverse the slowdown in growth by addressing transport infrastructure constraints that are vital for poverty reduction. A major aspect of the Bank's support was to answer the Government's call for support to have a dedicated agency to manage the national roads and an agency to fund road maintenance.

From 1998 to 2008 the focus of the Government and the Bank was on the establishment of the current Uganda National Roads Authority (UNRA) and the preceding Road Fund.

The initial IDA credit for the Transport Sector was the First Highway Project of 1967, taking up $5.0 million to finance the foreign exchange cost of the construction/reconstruction of Mbarara-Katunguru road (113 km), 161 km of agricultural and feeder roads, together with technical assistance and detailed engineering design of 740 km of roads.

It was followed by the $16.5 million Second Highway project that was approved by the Bank in 1969 for the construction and reconstruction of 665 km of primary, secondary, and feeder roads; the preparation of a Highway Maintenance Investment program; feasibility and detailed engineering studies of about 400 km of roads; together with technical assistance. The implementation of the project was delayed due to the difficult political circumstances of the 1970s. The projects that were completed at its end in November 1980 include the Masaka-Kyotera road (44 km), Kabale-Katuna road (66 km), Iganga-Mbale road (149 km), Kayunga-Sezibwa swamp crossing (20 km) and some feeder roads.

The Third Highway Project credit, for which $58.8 million was availed, was approved in 1984 for carrying out a road maintenance program on the classified road network, institutional strengthening, and implementing a pilot program for the development of the local construction industry. Some 336 km of paved roads were resealed, 723 km of gravel roads re-graveled, and rehabilitation done on the Ministry of Works Transport Road Training School, the Central Workshop, and seven upcountry workshops. The project was completed in 1992.

The Fourth Highway Project credit, amounting to $18.0 million, was approved in 1987. It financed the rehabilitation of 24 km of Kampala-Jinja road (48 km was financed by the African Development Bank), 60 km of the Mbarara-Ishaka section of the Mbarara-Katunguru road, a pilot rural roads maintenance program, together with technical assistance and studies for the next lending project. The project was completed in December 1994.

(Left) Traffic on the freshly rehabilitated Mbarara-Masaka highway. Photo/David Sseppuuya.

(Above) Construction work on the Kampala-Gulu Northern Corridor road. Photo/Laura Walusimbi

The Northern Reconstruction Project credit amounting to $98.91 million, of which $34.82 million was for the rehabilitation of roads, was approved in 1992. Projects completed include the re-graveling, resealing/rehabilitation of selected main roads (457 km); rehabilitation of priority feeder roads (270 km) and urban streets in the towns of Gulu, Kitgum, Lira, Apac, Soroti, Kumi and Pallisa. It was completed in December 1997.

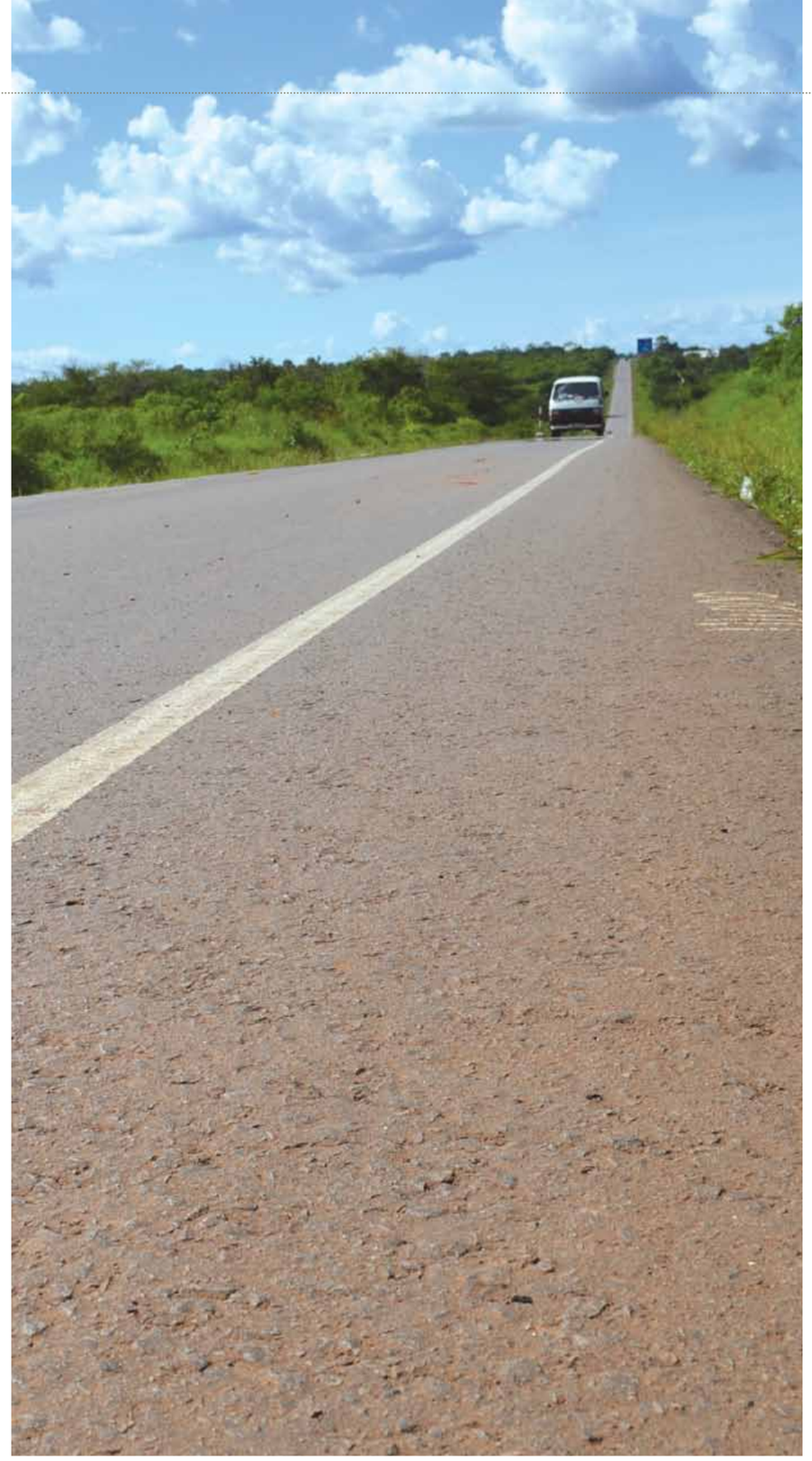
The Transport Rehabilitation Project credit came up to $80.6 million (IDA: $57.6 million; GoU: $18.18 million; NDF: $4.9 million) was approved in 1994 for carrying out a main roads as well as feeder roads maintenance program; upgrading, re-gravelling and rehabilitation of selected main roads; rehabilitation of feeder roads; and providing support to railways and institutional strengthening. Projects completed include the upgrading of Mbarara-Ibanda road (65.5 km), rehabilitation of Kampala-Entebbe highway (27.6 km) from Zana to Entebbe; rehabilitation of selected gravel roads (194 km); setting up of the Mt. Elgon Labor-based Training Center in Mbale, and the rehabilitation of 680 km of feeder roads using labor-based methods. The project ended in December 2000.

By mid-2013, the Transport Sector Development Project in the total amount of $271.14 million (IDA: $265 million; DfID: US$6.14 million) was financing the upgrading of Vurra-Arua-Oraba road (92 km), Gulu-Atiak road (74 km) and Kamwenge – Fort Portal road (66 km). It was also financing technical assistance to UNRA and the Ministry of Works and Transport as well as studies for the follow-on projects.

The World Bank's focus in the future will be on road asset management and the efficient use of available resources, regardless of the source of financing. This will involve, amongst others, the introduction of output and performance-based contracts, and research in the use of materials for low cost roads. WB50

The Long Road
To a Dense Network

Unlike most other Sub Saharan African countries, Uganda has invested heavily in the Road Sector, and especially in rural roads. The Government guides the development of the entire road network in line with the Road Sector Development Program (RSDP), which has two components: A 15-year National Transport Master Plan being implemented by the Uganda National Roads Authority (UNRA), and the ten-year District, Urban, and Community Access Roads Investment Plan (DUCARIP), under local governments, both rural (district) and urban authorities.



Uganda's road network is about 78,000 km. National roads (also known as trunk roads) are 10,800 km long, of which 2,870 are tarmac and 7,930 km are gravel-surfaced. National roads connect major towns and districts with one another and link Uganda to neighboring countries.

The paved national road network has also expanded. In 1996 only 2,200 km or 24% of the national network was paved. Since then the paved network expanded to 2,650 km by 2003, then to 3,050 km by 2008, and to 4,100 km by 2013. The length of paved national roads is expected to increase to 7,100 km by 2023. The 2023 figure would represent 37% of projected national network of 19,000 km.

District roads (also known as rural/feeder roads) are about 27,500 km. This is reducing to 20,000 km due to re-classification and transfer of some 8,000 km to the national road network. District roads are predominantly gravel and earth surfaced.

Community access roads (also called economic roads) are small tracks and footpaths, which link communities to social and trading centers, and connect to district and national roads. There are about 30,000 km of community access roads. Access roads are predominantly earth surface with carriage width ranging from 1 to 3 meters. Access roads are the responsibilities of Local Council III Governments/sub-county governments, which are sub-division of district governments.

No inventory has been taken on community access road condition. The estimated road network of 30,000 km was based on the assumption that links in the range of 2 to 5 km, and a sub-county has 8 to 12 links.

Uganda has, however, one of the highest overall road density in Sub-Saharan Africa and the highest secondary road density. In the last 20 years, the Government has made substantial investments in rehabilitation and maintenance of District, Urban and Community Access Roads. The impact of the investment has been substantial since the proportion of district roads from fair to good condition was recorded to have increased from 15% in 1990 to 65% in 2007, and growing in the proceeding years.

Budget allocations to districts for roads are based almost in its entirety on network length. Road condition and area of a district do not explain why some districts benefit more from higher funding than others. At the same time agricultural output and potential do not appear to be considered when allocating the road maintenance budget in Uganda.

Henceforth, the incentive for a district is squarely to increase network length as that determines its budget allocation.

Estimating agricultural potential using export parity prices as well as local prices showed for the 2006 budget that districts with high agricultural potential receive too little in road maintenance grants while other with low agricultural potential received significantly more. As a household that is able to produce for local markets or even better for export, is likely to have a higher income and therefore is less likely to be poor, connecting local farmers, through investments in rural roads, to local and export markets contributes to poverty reduction. WB50

Road Network Density in Africa

(selected countries; in km of road per 1,000 km2 of land area)

*(**Tabulated as Country:** Density of all Roads/ Density of Secondary Roads)*

- Uganda: 385/ 136
- Rwanda: 568/ 72
- Malawi: 165/ 71
- Lesotho: 196/ 50
- Ghana: 187/ 33
- South Africa: 300/ 31
- Kenya: 111/ 30
- Tanzania: 62/ 25
- Cote d'Ivoire: 82/ 24
- Nigeria: 174/ 23
- Benin: 142/ 21
- Namibia: 77/ 15
- Madagascar: 51/ 11
- Cameroon: 72/ 11
- Senegal: 94/ 10
- Mozambique: 61/ 6
- Burkina Faso: 39/ 6
- Zambia: 50/ 5
- Ethiopia: 46/ 5
- Chad: 27/ 5
- Niger: 13/ 2

Average: 138.19/ 28.18
Median: 82.00/ 21.23

Source: World Bank

Rescuer 'Kaawa' Gives Alternative Water and Rail Route to the Ocean

The 'MV Kaawa' on Lake Victoria was refurbished with assistance from the World Bank

The early hours of May 8, 2005, saw the sinking of nearly the whole of Uganda's entire commercial shipping. That morning, out in the middle of Lake Victoria, the ferries 'MV Kabalega' and 'MV Pamba' had an unlikely collision, leading to the 'Kabalega's' sinking a few hours later. There were no human casualties, but the 'Kabalega' still lies at the bottom of the lake.

Her adversary, the 'Pamba', limped back to dock, as did her rescuer, the 'MV Kaawa' which today is enjoying a second lease on life, and so should she.

Chief Officer Samuel Chabukulu remembers that night very well. He was on the 'Kaawa', not far behind when he heard the two ships communicating with each other. "'Are you clear of me?'" he recalls the cry from one.

The problem, the Chief Officer reckons, was that the 'Kabalega' wanted to alter course, but that response was too late, and it run into the other ship, and within one hour was taking water.

"We could not do much other than saving humans," says Chabukulu, whose vessel reached the stricken compatriots about one hour after they collided. "In accidents, there are many ideas – use ropes, pull the stern, pump out the water, and so on. Our first attempt to use ropes failed, as they were cut. Who would go to the front? Every two minutes the ship was listing. People were afraid. The best was to get movable property onto the other ship. People were panicking and the ship was tilting more."

Chabukulu, now a seaman with 22 years of experience, and his crew took coordinates

(Above) The 'Kaawa' docked at Port Bell before refurbishment, and (top) the renovated vessel. Photos/Uganda Railways Corporation

and saw that they were far out in the world's second-largest lake. The nearest landing was Bukasa Island, which was some distance away. They were watching the ship sink – it went on one side, came up again, went down, more or less standing upright in a place that was between 20 and 50 meters deep. It was very heavy and it went down with 22 train wagons full of wheat. 'Kaawa' towed 'Pamba' back to dock at Port Bell, their home port situated just south east of Kampala.

'MV Kaawa', the rescuer, was commissioned in 2012 after extensive refurbishing costing $3.8 million under the World Bank's East Africa Trade & Transport Facilitation (EATTF) credit. The ship now has radar that gives it a full outline of the lake, seeing approaching vessels up to 22 nautical miles away; a GPS – Global Positioning System – that gives latitude, longitude and speed on the ground. The old 'Kaawa' did not have a GPS nor an echo sonar sounder, while the stricken 'Pamba', which still lies rusting in dock, only has chart and radar in its Wheel House.

'Kaawa' now boasts a submarine-like lifeboat

CONT. ON PAGE 96

(Clockwise from above) Off-loading cargo from the 'Kaawa' onto trucks parked on train tracks; the ship's Navigation Room, with new fittings including radar, echo sonar sounder, and global positioning system (GPS); the submarine lifeboat; and the cargo hold bearing a payload of wheat. Photos/Laura Walusimbi

CONT. FROM PAGE 95

with capacity for 22 people, and food and medication. A sewage treatment plant, the only one on a Lake Victoria vessel, was installed, as was an oil separator, making it more environmentally friendly.

Its size – capacity for 1,248 tons for rolling stock, or 147 lorry trailers - gives 'Kaawa' great leverage to champion water and rail transport. Rail transportation can be made even more efficient if combined with well-developed water transportation systems. Given the huge untapped potential of Lake Victoria, improving transportation on the lake by refurbishing wagon ferries is an important measure. Investment now needs to be done in public procurement of roll-on roll-off facilities on Port Bell vessels and load-on/load-off facilities at Mwanza and Port Bell to ease connectivity between water and other modes of transport.

Use of the lower cost rail transportation system has remained limited because the service is slow and unreliable. This results in a costly imbalance between import and export trade. Only 16% of Uganda's trade is transported using the rail/water alternative on this corridor, given the lack of services. Apart from the slow rehabilitation of the network, since the joint concession Uganda-Kenya Railway began operations in mid-2000s, the bulk of the wagons operate in Kenya. Indeed, while merchandises take less than 24 hours to move from Mombasa to Nairobi, they take an additional seven days to get to Kampala, with water transportation services through Lake Victoria being very limited. New high-value non-traditional exports are transported out by air. However, the aircraft used to facilitate this transportation arrive half-empty, meaning the cost of air freight is borne disproportionately by exporters. On the other hand, trucks are often empty or carry less than their full capacity on the route to Mombasa, meaning that the cost of the two-way trip is borne by importers. The Central Corridor alternative could be more competitive.

This requires cheaper water transportation services on Lake Victoria and more efficient railway services to support a more efficient multi-modal regional transport system. At present, only 2% of Uganda's international trade uses the Central Corridor. In fact, the dependency on a single

Ships, Trains and Trucks

Optimizing Rail and Water Transport

transportation route could render trade vulnerable to unexpected events, as demonstrated by events during Kenya's post-election violence in 2008. The additional distance involved in the use of the Central Corridor need not necessarily render it uncompetitive. Factors such as shipping and line connectivity, the availability of return loads, and short border crossing times are vital in determining trader references in this regard. In the short to medium term, action must be taken to make rail/water transportation systems more viable.

With transportation costs almost doubling the price of transported goods, the development of the railway transportation system makes economic sense for traders and consumers. It also makes long term economic sense as the most viable basis for regional connectivity. The EAC has already decided to install a standard gauge railway, with the system extending beyond the EAC to other African countries including Ethiopia, Somalia, Zambia and Malawi. As these plans progress, the rehabilitation of existing lines will be critical to support regional trade over the next 5 to 10 years. Uganda is landlocked, but being positioned at the central point on both the Northern and Central road corridors, the country can benefit from improved connectivity, in which she is, for the moment, a leading player. Improved connectivity will enhance Uganda's potential as a transit point between markets in the Great Lakes region and markets and port facilities in the coastal areas, and water transport makes a lot of sense. **WB**50

Wider Gauge Rail is
Future for the 'Untrained'

Seven children straddle the railway line, but have absolutely no idea what a train is. Aged anywhere between four and nine years, they were all born at a time when the Northern Line of the Uganda Railway had long ceased to function.

For 26 years the line that runs through the Koro community, a few kilometers south of Gulu town in Northern Uganda, was used as a wide gauge footpath for those going to school and for produce-laden bicycles headed to the market. Trains had stopped passing there in 1987 when the last one was attacked by armed rebels fighting the Government.

Yet there is hope that these youngsters, who thus far are 'untrained', so to speak, will see the train chugging through their village, hopefully eventually with a wider gauge. Emmanuel Iyamulemye, the Chief Civil Engineer at Uganda Railways Corporation, outlines three initial options for the 500km Tororo-Pakwach line from a study done under the World Bank's East Africa Trade & Transport Facilitation (EATTF) credit:

- Full upgrade to a new standard gauge that would cost $913 million. Rift Valley Railways (RVR), the Private Sector concessionaire, declined this option.
- Basic repairs to the line to bring it to decent, operable standard at a cost of $117 million.
- Partial upgrading at a cost of $450 million. Uganda Railways Corporation and RVR were considering this option in mid-2013 as a stopgap till full upgrading can be done.

The line was eventually re-commissioned by President Museveni in October 2013, with a promise to upgrade it.

The railway is easily the oldest economic project in Uganda, having started at the dawn of colonial rule back in 1896 at the Indian Ocean port of Mombasa. Like the contours of the terrain through which it runs, the Uganda Railway has had a convoluted journey to its present-day concession to a future that should, if it is to survive, see it run on a wider standard gauge.

Mismanagement and negligence saw it drop from the premier economic growth vessel of 70 or so years to a peripheral role. As part of the recognition of rail's renewed role, big parts and functions of the Kenya-Uganda railway were privatized through a 25-year concession to the consortium RVR in 2005. RVR became the operator, while Uganda Railways Corporation's mandate changed to being asset holders/landlords, overseers of the concession, and the technical arm of Government on railways in the Ministry of Works and Transport.

Currently trains on the Mombasa-Kampala line run at 30kph on the old gauge, which is much too slow for today's fast-paced economic development, as well as being unreliable. This results in a costly imbalance between import and export trade. Only 16% of Uganda's trade is transported using the rail/water alternative on this corridor, given the lack of services.

In the short to medium term, action needs to be taken to make rail/water transportation systems more viable. With road transportation costs almost doubling the price of transported goods, the development of the railway transportation system makes economic sense for traders and consumers.

It also makes long term economic sense as the most viable basis for regional connectivity. East African Community (EAC) Heads of State have already agreed, in principle, to install a standard gauge, with the system extending beyond the EAC to other African countries including Ethiopia, Somalia, Zambia and Malawi.

As these plans progress, the rehabilitation of existing lines will be critical to support regional trade over the next 5 to 10 years. Then the little boys and girls of Koro will stop being 'untrained' and finally get to see, use, and benefit from real trains. WB50

(Left) Overgrown and neglected, the Tororo-Pakwach railway line that runs through swathes of Northern Uganda is being lined up for upgrading. Photo/Laura Walusimbi

(Middle) The old narrow gauge at the Kasese terminus in western Uganda under inspection by the colonial Governor, Sir Frederick Crawford (center, holding hat), in 1957. Photo/DS Archives

(Above) President Museveni (holding flag) recommissioning the Tororo-Pakwach line in Gulu, October 27, 2013. Photo/Presidential Press Unit

One-Stop Border Concept
Receives Presidential Backing

The sound of more than 700 heavy duty engines dominates the afternoon activity in the beehive that is the Uganda-Kenya border crossing of Malaba.

Truck drivers, some patient, others a little more harried, sit in their cabins occasionally raving the engine as they inch forward slowly in mile-long queues stretching out as far as the eye can see. They are carrying merchandise on which the economies of five or six Eastern African countries depend. Every extra hour, every extra day they spend in the lines will be a cost somewhere. The waiting is a non-tariff barrier to trade.

The One Stop Border Concept is meant to ease the inconvenience that truckers and other users of the border crossings experience. It will ease the time spent at Customs and Immigration by half, by integrating the process that is otherwise currently being done on both sides of the border.

The World Bank is funding the infrastructure that will see the Customs or Immigration officials of both countries sit in the same building, possibly the same office, so that a client completes processes in one go, without having to duplicate them after crossing 'No Man's Land' to the other country.

"The new structure will ensure that Kenyan officials will be permanently working in Uganda, and Ugandan officials will be permanently in Kenya," says Abel Kagumire, a Uganda Revenue Authority official. "A vehicle going to Kenya from Uganda will stop in Kenya once; a vehicle coming to Uganda will stop in Uganda once. Customs and Immigration will be next to each other, and the officials from the two countries will be working side-by-side."

Even though the infrastructure is not yet up – Kenya has already made strides with preliminary work underway by mid-2013 – the idea is working to some limited extent.

In a small 10 meters by 5 meters tent on the Ugandan side in April 2013, a burly but friendly Kenyan official chatted away with his rather more serious Ugandan colleague, bent double at his computer. The tent is a temporary structure, but the idea of working side-by-side is a permanent one.

On a visit to the border point in August 2009, then World Bank President Robert B. Zoellick came face to face with the challenges of regional trade and integration, and discussed with both Kenyan and Ugandan authorities on developments at the border, particularly the joint efforts of the two countries. He called on Ugandan authorities to take advantage of the opportunities brought by East Africa's regional economic marketplace.

"The Malaba one-stop customs border post gave us a sense of the need to develop roads and railroads, but also how the hardware had to be combined with the software to improve the processes and information systems to be able to pull goods more quickly across the border," Zoellick said.

"I have worked with President Museveni for nine years starting with the trade topic and I know he has been a critical leader in the need to develop an integrated market for the whole of East Africa and to facilitate transportation of goods and people," Zoellick said. "There's a 170-million-person market here and that's where the future opportunity lies."

Malaba is one of the busiest border posts in the region, serving as a transit point by road and railway for countries west of Kenya, including Uganda, Rwanda, Burundi, Southern Sudan, and the Democratic Republic of Congo. Malaba handles an estimated 53% of all freight destined for Uganda. The value of all cargo through Malaba was $1.75 billion in 2007 and $2.45 billion in 2008.

By mid-2013, the Ugandan side of Malaba was clearing an average on 700 trucks of cargo per day, and 21,000 trucks just importing merchandise into the country every month. The One Stop concept promises to take that to 1,400 trucks a day, which would significantly boost trade.

"As a partner of the Government of Uganda, the Bank shall continue to support Uganda's growth agenda, especially to improve infrastructure that will facilitate regional integration, ease trade and shore up economic development," Zoellick said. "If it has the right infrastructure, such as efficient roads and railways, then Uganda is well placed to overcome the hurdles of being landlocked and promote regional trade, especially through the Northern and Eastern corridors." WB50

(Left) August 2009, then World Bank President Robert B. Zoellick visiting the Uganda-Kenya border crossing of Malaba. In the middle, in yellow, is then finance minister Syda Bbumba, and in grey suit is the then works minister John Nasasira. Photo/World Bank Archives

(Below) An artistic impression of what the One-Stop Border Point will look like when the project is completed. Image/World Bank

INSIGHT THREE

Moses Ali

Idi Amin Did Not Foresee Disastrous Impact on Economy

Photo/The Daily Monitor

Moses Ali Provides Link Between 1970s Chaos and Later Years of Hope

Gen. Ali has served as a senior member of the Governments of President Museveni, in which he is a deputy Prime Minister (left), and of President Amin where he was finance minister (above) after the expulsion of Asians (far right). Photos/The Daily Monitor and DS Archives

Q: You were the finance minister in the 1970s, a particularly challenging time. What were the key challenges for the economy?

One, as the Military took over Government, the leader, General Idi Amin shortly took the very serious decision of expelling the Israelis and Asian community. I think even Amin himself didn't foresee the impact of that decision. All the same it was taken in August 1972 and that was it.

Secondly, another decision was to declare the Economic War. This was intended to improve the deteriorating situation, now that the people who took over Asians' enterprises needed assistance to boost their business. Again they didn't succeed. But what the expulsion resulted into was to deny the country the vital services of skilled people, those who had been managing the economy. Now all of a sudden you say, "You go" to all those people without replacing them. These Asians were the middle class who were running most things.

It also brought a complete change in the sense that since Independence, the economy had been running well, but suddenly a new challenge was created. The expulsion strained the relationship with our friends like the Americans, the British and so on, and we became an international pariah. So there were a lot of external shocks that affected our economy.

Q: Who were the key partners at that time?

When Amin first came to power it was the British who first recognized his Government. Most of the Western World actually recognized Amin because Milton Obote, the man he overthrew in 1971, used to suppress people. But again that marriage of convenience was short lived because of Amin's decision to expel the Asians. Therefore what used to be his friends turned against him so we didn't have many friends after that decision.

Q: Was the World Bank present at that time?

Yes, actually we could consider the World Bank in some factors. One, we were big partners of the World Bank since 1963, we became members when we got our Independence in 1962, and we continued to service the loans that we inherited. The Bank was with us, yes, but really not effectively.

The Bank had stopped funding projects in 1973. What continued were the projects with the East African Community members and therefore we borrowed together for East African Harbours, East African Telecoms, and Railways. So with these you could not isolate Uganda. Whether the World Bank wanted it or not the projects continued till 1977 when the Community collapsed and that marked the end of everything.

At the Community's collapse, the World Bank came up with proposals of names of experts to be appointed as liquidators; we agreed as Uganda to the appointment of the chief liquidator.

He was appointed with the concurrence of all the members of the East African Community. He did his work and came up with a report and in fact that decision was very vital because he was able to share the liability and assets of the Community and the money borrowed from the World Bank.

So for that, I think no member would complain. Uganda could not complain because we got the lion's share. We didn't contribute much in terms of projects during this, we were borrowing money, investing here and there, we had the East African Development Bank, the Flying School, Telephone House, the bridges in Karuma, Pakwach. The rest of the investment program, the East African Airways, Harbours, Railways, Communication, most of it was between Kenya and Tanzania. So the liquidator also distributed the assets and liabilities according to who got what.

Q: Had the World Bank not conducted the liquidation, would Uganda have got anything?

Not at all because even when the collapse happened, the property that was here like railway wagons, locomotives, East African Airways and so on, once they went (to the other countries) they never came back. They were taken, owned by the Kenyans. It was actually a very good decision that the World Bank took. In any case they had to be also paid back, I think it is also of interest that they took that decision and they must have known who was responsible to pay because where was the money borrowed from then invested? If you borrow money from the World Bank and you didn't invest in Uganda, it would become very difficult to ask Uganda to pay. Therefore, I think that was a very good decision not only for Uganda but all member states, and the Bank.

Q: How was your experience running the economy on behalf of a head of state who had a very strong personality like Idi Amin?

Strong personality as he was, he was a human being and he had to co-operate with people, but the most important thing was not only Amin. Some decisions the country took, especially affecting major issues of the economy, were by consultation with the head of state. So he was a participant, and when he participated in the decision-making, it became much easier (to push decisions through) as he had a strong personality.

Q: How did you manage macroeconomic stability?

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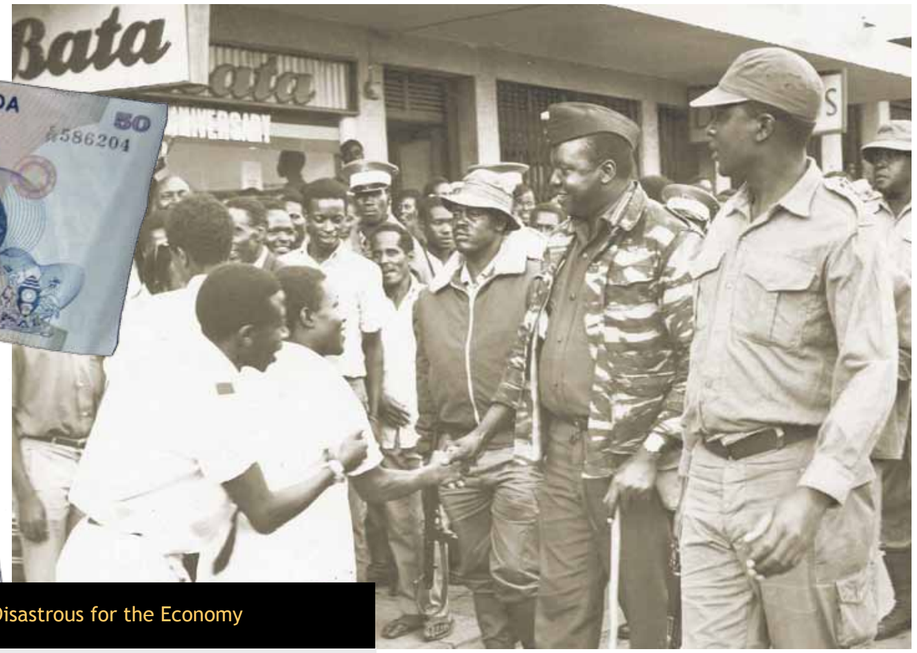
Idi Amin Did Not Foresee Disastrous Impact on Economy



President Amin's Policies Were Disastrous for the Economy

(Above) The family of bank bills, the legal tender in the 1970s, carried the portrait of the President. Photo/David Sseppuuya (Right) President Idi Amin, second right in army fatigues, mobbed by citizens in Mbarara after a military victory in late 1972, the very season in which he expelled the Asian merchant class, precipitating economic collapse. Photos/DS Archives

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Stability was tied in with the Asians' expulsion, including those who were producing sugar; the price went up and that applied to most of the essential commodities. It becomes a problem when the price goes up because of shortages. Then black marketeering came in, what used to be called 'magendo' (black market profiteering). That also affected the foreign exchange rate.

Q: Asians' expulsion was characterized by the famous label, the 'mafuta mingi' (literally the 'Fat Ones', figuratively the Merchant Class), which was supposed to have been the name given to the local people who took over businesses and enterprises, but did not have the requisite skills and know-how. What impact did the 'mafuta mingi' have?

They destroyed the economy, but indirectly it had challenged Ugandans to face up to the management of this economy that had been suddenly transferred to them. If you compare Uganda today with other East African countries, there are more indigenous business people here than elsewhere in the region. This is the unplanned-for benefit.

Q: Smuggling was also a big player.

Smuggling, especially of coffee, added to the destruction of the economy. In Bugisu, (Eastern Uganda), we didn't buy a single kilo of the Arabica coffee, it was all smuggled. These people would just carry it across the Kenya border and there were suddenly big stores at the border built by God-knows-who.

Q: Why especially coffee?

Because the world price had gone up. Brazil had a shortage and Brazil was the biggest producer. Uganda had a chance to cash in, but because we had problems relating to the rest of the world, our coffee was still in the country. A coffee boom around 1976-77 had brought some kind of economic improvement. Therefore, those people around the border wanted coffee and paid more to coffee growers who were able to cross with the produce. Some countries exported more coffee than they could produce!

Q: Were there no development partners that would help?

We got some assistance from the African Development Bank, the Islamic Development Fund, the Kuwait Fund, the Saudi Arabian Fund, the United Arab Emirates Fund, the Arab world, and Middle East people. Libya also came to our assistance.

Q: Looking back at the 1970s and today, how do you compare the two periods economically?

Economically these two periods are quite far apart. Today is several times better because the economy has grown and the Government has managed the macroeconomic environment properly. In the 1970s, the Government was too involved in public sector business, the parastatals (public business enterprises); we used to have ten parastatals run by Government. Now, the whole thing is privatized; the economy has now boomed because of good policies.

Q: Do you think the privatization would have been good back in the 1970s?

I think so because the Private Sector is different from the Government. In Government, people don't have a sense of ownership; they say: "This is for the Government"; they don't feel concerned whether it is improved or making profits or not. But if it is in the Private Sector, you will not be allowed by the boss to contribute to failure. Instead you are fired. If you don't do what they expect you to do, that is it, somebody is there watching you, but in Government they say this is Government property. But who owns Government?

Q: The other school of thought is that "they sold public assets, they are supposed to be ours and so the Government has nothing".

I think if Government owned those properties it would not get the taxes. It is better these properties are divested and those running them pay taxes which are used to provide services to everybody.

Q: What has made Uganda move on and what has constrained it?

Government policy is good, it has opened up, first of all bringing the Asians back and giving them back their business is a good natural law that has enlightened our reputation in the world; that we are reasonable people of integrity.

Q: Now as one of the leaders of Government business, do you think Uganda still needs the World Bank?

Yes, I think we still need the World Bank because it was created to assist us. We have not reached that type of development where we can say we are now independent. We still have to expand the economy, the tax base, we need to bring in more industries, a lot of infrastructure. Those are the things that will finally make the individual's living standard improve, when people earn and eat two or three times a day. But if you are now struggling with one meal a day, you even eat it late so that you can sleep, that is not a good economy.

Q: If the World Bank had not come to our assistance, what do you think Uganda would be like?

Uganda would still have existed but whether it would have done as well as it is doing with the World Bank, I cannot say. But the intervention of the World Bank is very good not only for Uganda but for all other countries too. Its purpose was to start these economies like Uganda.

Q: When were you finance minister?

In 1976-77 before I was kicked out in public interest.

Q: How exactly did he President Amin kick you out? Did he call, or write to you?

He called me and said, "I think you are no longer a minister." He prepared me for it because he was insulting me in public every day, so I wished even I could leave by myself.

Q: Didn't you fear for your life?

I did. Really like everybody else because immediately I was fired I went home (to Yumbe, in North-Western Uganda, near the Sudan border). People cooperated; they came to my home in the evening. They would come with their bows and arrows to guard and protect.

Q: You didn't think of going to exile?

I thought it was going to be too early; I was waiting to go with everybody since I thought he was not going to stay in power much longer. I could see that. Why do I run before and not wait for everybody? WB50

Agriculture

SECTION FOUR

Uganda's agriculture is growing at a rate of approximately 2.6% per year. The Government's main emphasis is on increased commercialization to increase productivity. Agriculture employs three-quarters of the work force and produces a quarter of GDP. Recent support to the sector has focused on agricultural research and advisory services combining public funding of extension services with private delivery and control by farmers of the quality of service

50 YEARS 1963–2013

CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

Centuries-Old Agriculture Undergoing Reform

Traditional farming methods like labor-intensive tilling with hand-held hoes in Karamoja, North-Eastern Uganda (left), will steadily be replaced with mechanical capital-intensive farming like the Tilda Rice Ltd. in Bugiri, Eastern Uganda (right). Photos/World Bank Archives and Laura Walusimbi

Agriculture has been the major activity employing the majority of Ugandans for several centuries. The country, being a sum of many communities, brought together people who were traditionally cultivators, pastoralists, and those who relied primarily on fishing, with about three quarters still depending directly on the produce of the land for their livelihood.

But Uganda's population has been growing steadily and in 50 years from Independence it rose from 6 million to 35 million. This has resulted in increasing pressure on the land, whose quality keeps deteriorating. It is also no longer feasible for pastoralists to continue traversing the countryside with their herds, which increases the incidence of disease and a host of other problems, including keeping children out of school as they herd the animals. Similarly, fishing in the natural water bodies has led to the exhaustion of fish stocks which need to be restored and fish farming strengthened.

In 1993, the World Bank released its first major report on Uganda's agriculture in modern times. The Agriculture Sector Memorandum (1993) established that while agricultural output was rising after the return of peace to most parts of the country in 1986, this was taking place with declining productivity, with more acreage required to produce the same amount or even less per hectare. It also called for strategies to commercialize small holder agriculture.

The findings and recommendations assisted the Government in the formulation of the Agriculture Sector Strategy, which laid emphasis on increasing the traditional exports like coffee and promoting diversification through introducing non-traditional exports.

The strategy also involved improving and adopting better technologies to increase productivity through efficient land use, better breeds, water use, mechanization; Government divesting from agricultural production and marketing state-owned enterprises; and liberalizing exports and prioritizing research.

Uganda thus launched the Plan for the Modernization of Agriculture, which had seven pillars. The World Bank supported the program, putting specific emphasis on the Research and Extension Services pillars, better known to the public through the National Agricultural Research Organisation (NARO) and the National Agriculture Advisory Services (NAADS).

Since then, several major programs supported by the World Bank have helped move the country's Agriculture Sector forward. NARO, through that support, has acquired the necessary institutional and infrastructural capacity to develop the required agricultural technologies, and has availed to the Ugandan farming community improved crop varieties, and animal and poultry breeds. The National Animal Genetic Resources Centre and Databank (NAGRC & DB), a sister institution to NARO, has also acquired the necessary capacity to sustainably multiply and make available improved dairy breeds to farmers across the country.

The National Semi-Arid Resources Research Institute (NaSARRI), one of the NARO institutes located in Serere, Eastern Uganda for instance, has also done a big job to empower and train scientists working on various crops. The institute having got a shot in the arm from the World Bank support to NARO, was instrumental in reviving cotton production, which had all but died out in by the 1980s. The Bank support also made possible the refurbishment of ginneries and provided market for those who have taken up the planting of cotton. The Institute has also actively developed and promoted animal draft power technologies for on-farm mechanization.

NAADS that is responsible for the agricultural extension function covers the whole country, operating in all districts, works closely with NARO's zonal research institutes in each of Uganda's nine ecological zones. Through these institutes, NAADS helps farmers access new and improved technologies and also gives valuable feedback from the farmers to the researchers. In specific areas, the farmers include fishermen, fish farmers and bee keepers. WB50





Capturing Semen is All in a Day's Work

In the expanses of an enclosure in Entebbe, an Ayrshire bull is on heat and it paces around a few square meters of concrete slabs, waiting to be 'serviced'. Full grown at 500kg, the brown-and-white bull paws the ground with controlled aggression, and looks all the more fierce with a ring noosed around its nose as herders prepare to relieve it of semen.

Some 300km to the west, in the shadows of the Ruwenzori Mountains, Apolo Makaru is a happy man. Leaning on a walking stick that doubles as a cow-herding cane, he exudes the contentment of a farmer who, in the ten years that he has used Artificial Insemination (AI), has seen his herd multiply from 12 local cows to 96 cross-bred cattle. Even the low-hanging clouds that hug the mountain tops seem to smile at him.

Makaru's 150-acre farm is nestled on the edges of the Ruwenzoris to the north-west, providing a temperate climate that is most suitable for Euro-stock exotic and cross-breed dairy husbandry. Perhaps even more strategically for him is the fact that, to the south-east, his acreage shares fences with Rubona Stock Farm, the Government-owned demonstration farm that breeds and distributes improved livestock.

Today, Rubona Stock Farm sits on 755 acres of undulating pastures that roll astride the highway linking the towns of Fort Portal and Kasese in Mid-Western Uganda. It was not always so. Established in the 1960s to improve dairy farming in the region, Rubona was initially on about half that acreage, but the expulsion of Asians by the Government in 1972 saw the ceding of the neighboring Indian farmer's land on the other side of the highway, to the Government farm, consolidating into Rubona's current vastness. In 1973-74 the Government introduced Friesian breeds on it, but it all went to waste after the 1978-79 war that overthrew President Idi Amin.

The current Government restocked Rubona in the late 1980s, and the farm has since been brought under the aegis of the National Breeding Progamme of the National Animal Genetic Resources Centre and Databank (NAGRC & DB). NAGRC has a symbiotic relationship with the National Agricultural Resarch Organisation, (NARO), in livestock research, with the latter passing on research findings to the former. NAGRC has also benefitted extensively from the dairy component of the World Bank-funded East Africa Agricultural Productivity Project (EAAPP), especially in bolstering the Artificial Insemination (AI) program that is improving genetics through the procurement of liquid nitrogen, supporting laboratory setups, and importing genetic material. The Productivity Project has also trained staff in AI technics at certificate, Masters and PhD levels.

Artificial Insemination Offers Dairy Farmers High Quality Stock

(Top left to right) The process of securing semen from prize bulls and inseminating heifers at the National Animal Genetic Resources Centre in Entebbe is a delicate one. (Above) Kabarole dairy farmer Makaru has multiplied his stock and prospered through artificial insemination. Photos/ Laura Walusimbi

Back in Entebbe, at NAGRC's head office, a ten-minute wait has made the Ayrshire a tad more aggressive as it paws the ground with greater urgency, but from the relaxed and confident outlook of Siraj Luwagu, you would not think that there is urgency, let alone potential danger of an anxious bull on heat. The only thing separating a small group of people from the fearsome creature is a flowerbed and, maybe, the ring in its nose. But Luwagu, the Sire Stud Manager, is relaxed.

When a smaller-sized teaser bull, to coax the one on heat, is brought into the crushes, Luwagu springs into action as he puts a rubber artificial vagina (lubricated and warmed to 40 degrees Centigrade) onto the erect penis of the Ayrshire

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Capturing Semen is
All in a Day's Work

Exotic Breeds Improve Ugandan Stock

Rubona Stock Farm in Kabarole, Mid-Western Uganda, breeds a variety of animals, including Ayrshire and Friesian cows that are cross-bred with local stock like Ankoles, to produce adaptable high-yielding hybrids. Goats are also raised in exotic breeds that are then adapted to local conditions

Rubona exists alongside other stock farms spread out countrywide, including Nshara, Ruhengere, Njeru, Kasolwe, Lusenke, Bulago, Maruzi, and Apac, which all have advanced AI programs. Photos/Laura Walusimbi

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and, in the wink of an eye, has captured enough semen from the New Zealand native to breed dozens of cows many times over. Luwagu completes the exercise as effortlessly as stirring sugar in a teacup.

The process of capturing semen from bulls for AI is one of perfect timing. The intriguing exercise is part of the joint GovernmentWorld Bank funded Agricultural, Technology and Agri-business Advisory Services (ATAAS) program that ensures that research and extension activity are in tandem, and is a sign of the successful agricultural research foundation that has been laid in the last 20 years.

The semen so collected would then be sent to the breeding program's center farms countrywide for their own breeding exercises and onward distribution to farmers. Rubona in Kabarole district, Nshara (Kiruhura), Ruhengere, Njeru (Buikwe), Kasolwe (Kamuli), Lusenke (Kayunga), Bulago (Bulambuli), Maruzi (Apac), and Aswa (Pader) are on the reception end of a highly successful AI program that NAGRC's head, Dr. Dan Semambo, has been overseeing for over ten years.

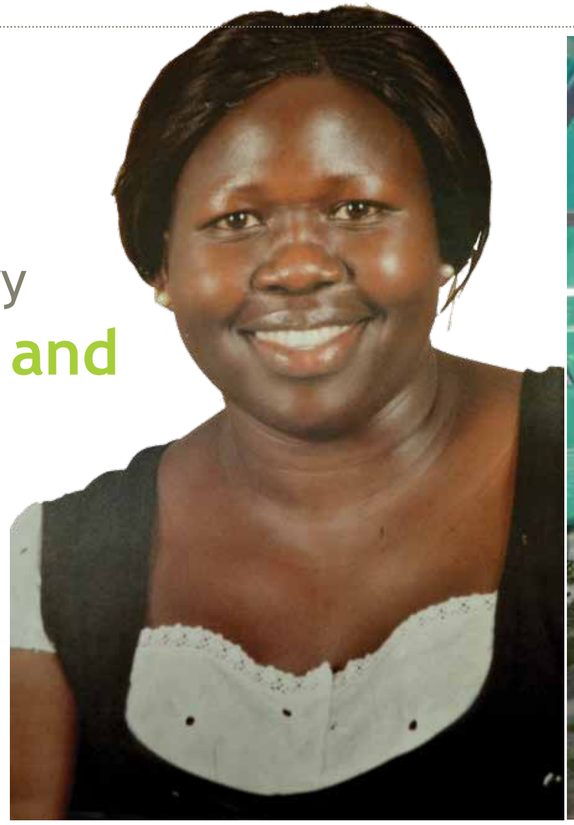
At Rubona the manager, Dr. Moses Amanyire, recounts the different breeds in his stock of 211 cattle and 150 goats. There are pale-brown Ayrshires, deep-brown crossbreeds of Ankole and Ayrshire, black-and-white Friesians, and different percentages of genetic mixes of the various breeds. They are in different stages of growth, some cows, some heifers, and some calves. Bulls are sold to farmers at subsidized cost immediately after weaning at 4 to 5 months, while amongst the goats are does, nannies, kids, bucks, weaner males and weaner females, all of which keep faithful company to the cattle.

Rubona provides the surrounding districts of Ruwenzori, Kabarole, Kasese, Bundibugyo, and Ntoroko with genetically-improved animals, performs AI on local farms, and also offers space for tertiary and secondary school students to research. And not to forget, the farm also sells milk cheaply to local people for onward sale in the community. WB50

PhD Research Beneficiary

Applying Technical and Soft Skills

Dr. Beatrice Akello is the Director of National Semi-Arid Resources Research Institute (NaSARRI), in Serere, eastern Uganda. NaSARRI researches on semi-arid crops in the Eastern Savannah, the Karamoja Drylands, the Mid-Northern, the Northern, and West Nile agro-ecological zones. By mid-2013 the institution, one of Uganda's 16 Public Agricultural Research Institutes, was undertaking research on nine crops: cotton, sunflower, sorghum, sesame, groundnuts, cowpea, pigeon pea, green gram, finger millet, and pearl millet.



Beatrice Akello (left) is one of a cadre of scientists that have been trained under the aegis of the National Agriculture Research Organisation, NARO

The greenhouse (above) at the National Semi-Arid Resources Research Institute in Serere, Eastern Uganda, is a foundational facility for the extensive work that is going on in laboratories and in the field to improve crop quality and production. Photo/Laura Walusimbi

Q: When and how did you get interested in research?

I got interested in research in 1988 during my second year at Makerere University. I was studying for a BSc. (Botany and Zoology). There was discussion about what options to take in third year. I was interested in Plant Genetics for Botany and Insects for Zoology. My lecturers said with those interests I would take a career in agricultural research. It sounded interesting, since my childhood dream was to pursue Agriculture. It made sense to me then, that Agriculture had several disciplines.

Q: Your doctoral studies were financed by the World Bank. Under which program were they funded?

My doctoral funds were largely funded under the Cotton Subsector Development Project financed jointly by the Government of Uganda, the World Bank and IFAD. Field research work in Uganda was also done with funds supplemented from Agricultural Research and Training Project (ARTP 1) Project.

Q: What was the course, and where did you do the studies?

I initially enrolled for an MPhil in Agriculture (Crop Protection) in the University of Reading in the UK in 1994, which is a two-year Master's course. My research topic was "Factors Affecting Incidence and Severity of Bacterial Blight of Cotton in Uganda".

At the completion of two year's work and looking at my research progress, my professional advisory team were excited about my research work. They thought I could build it more for a PhD. My registration was immediately upgraded to PhD. The initial funds were not enough so I came back to Uganda to do most of the work with the funds available within the project. Registration fees were topped up by the University of Reading.

Q: Were there other opportunities for your doctoral studies before this?

At the time (early 1990s), it was very difficult to get an opportunity to study for a PhD. I think capacity building of researcher scientists under the parent ministry was not a priority then. Opportunities were very few, and they came with donor-funded projects. There were also very many scientists who were competing for the same opportunities. Many scientists who were much older than me had not got an opportunity for doctoral studies. For example, under the CSDP Project that funded my studies, there was provision for only one PhD and two Masters.

Being one of the younger scientists doing research in cotton, I was lucky to have got one of the Masters slots. My enrollment for PhD was God-sent. It came as a complete surprise to me. My supervisors both in NARO (National Agricultural Research Organisation) and in the University of Reading worked to see that I could actually use the available funds for a PhD program split between the UK and Uganda.

Q: What skills and knowledge did you pick up from the studies?

I picked up a number, both intended and those that came additionally. In knowledge, I set out to understand what factors in Uganda were responsible for the incidence, distribution and severity of bacterial blight of cotton. I found out there were environmental factors such as rainfall and humidity, genetic diversity of varieties, but also the cultural practices people were using. For example, in some places farmers did not destroy cotton stalks after harvest and this contributed to the build up of pests and diseases. A unique discovery was that we had different races of the disease-causing organisms in different parts of the country, yet we had always assumed that they were the same.

I also sharpened my skills in writing, research methods, statistical analysis and computer applications. I took short courses in computer applications offered by the university to all interested students at no extra cost.

Other soft skills I picked, which we always take for granted, include time management, working in a multicultural environment, and teamwork. These were not taught in class, but I learnt them through mentors and peers because they were necessary for my success.

Q: Have you been able to apply them?

An absolute yes. I have used all the technical hard skills and soft skills I acquired. The results and recommendations from my PhD thesis influenced the

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PhD Research Beneficiary

Applying Technical and Soft Skills

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change in the approach in managing cotton diseases such as bacterial blight. In developing cotton varieties resistant to bacterial blight disease, the research team had to know what strains we were dealing with and had to subject our promising materials to disease pressure to withstand those strains. Bacterial blight is not as serious now as it was then. The soft skills have shaped my leadership capacity, and I employ many of them to date.

Q: How long have you been the Director of NaSARRI in Serere?

I was appointed the Director of NaSARRI with effect from 1st October 2011. By the end of June 2013, I will have been the Director for 1 year and 9 months (21 months).

Q: How long have you worked in NaSARRI?

I was first posted to NaSARRI in Dec 1993 after the birth of NARO. In Nov 2002, I was posted to Mukono Zonal Agricultural Research and Development Institute (MuZARDI), where I worked until September 2011. I therefore have a total of nearly 20 years working at NaSARRI. However, six of these years (1994-99) were spent in and out of NaSARRI either studying away, in the UK (2 years) and at Namulonge where I was spending about 75% of the time doing my laboratory research work.

Q: Where were you before that?

Before posting to NaSARRI, I was at Namulonge Agricultural Research Institute which was under the Ministry of Agriculture then (now National Crop Resources Research Institute, NaCRRI). That is where I started my career, having been posted there in March 1991.

Q: What other benefits has there been for NaSARRI from World Bank Intervention?

Under different World Bank funded projects support to NaSARRI, capacity in skills and knowledge has been built for a number of stakeholders in aspects of agricultural research, production and marketing e.g. extension workers, farmers, agro-processors and students to name but a few. This helps to create demand and use of improved technologies. Under World Bank funding we also received vehicles, laboratory and field equipment, and other supplies needed for research.

Q: What message do you have for the World Bank?

Firstly, I thank the World Bank for the support I have received personally as a scientist, and then for my organization NaSSARI, NARO, and Uganda as a whole. In our case, we have been able to deliver research outputs such as agricultural technologies that have contributed to change in livelihoods of resource-poor people.

On the other hand, many people still do not understand how World Bank projects are implemented. Please provide periodic training for different stakeholders on procedures on project implementation, so that the hitches that sometimes cause delays in funds disbursements are reduced. WB50

A sorghum variety crop in a researcher's hand inside Serere's greenhouses. Photo/Laura Walusimbi

Agriculture, Private Sector, Industrial, and Trade Linkages

Uganda's future and the world's present come together in an unlikely place in the Busoga heartland of Eastern Uganda. In Luuka District there stands an example of what Uganda needs to do to achieve true development and the accompanying middle income status the country is striving for.

Farming, privatization, industrialization, local market niches, and exports, the five imperatives for the country's economic growth, converge in a perfect mix in a little town deep in Eastern Uganda. In the north, in Lira, the mix is trying and struggling to be on its feet, and for the little progress made, it has in Luuka an example to emulate.

Mutuma Enterprises, founded and managed by the elderly but patient entrepreneur Amos Mugisha, is probably the sole reason that Luuka town registers on the national map. Mutuma took a rundown ginnery, previously run by the now defunct Busoga Co-operative Union, which had evolved into a makeshift school and spruced it up, equipped it, and made it produce world-class surgical cotton.

The old and the new of the global economy is represented in Mutuma's operation. The pressing machines in the ginnery look like relics of Industrial Revolution England, with the heavy steel presses and ginning machines stenciled with that historically familiar 'Made in Great Britain' seal. They are nevertheless still functioning more than 60 years after they were first installed, a time when the country exported lint to the garment factories of England's Industrial North, and a period when cotton production had peaked in the 1960s and early 1970s to provide Uganda with up to 25% of its foreign exchange earnings.

Across Mutuma's estate, the bright sunroof and air-conditioning of the spinning factory stand in heavy contrast to the dank, dark, cold feeling of the old ginnery. Here, Mutuma has invested $600,000, of which $100,000 was a grant given by the World Bank-supported Private Sector Foundation, in spanking new equipment. The centerpiece is an automatic plucker for spinning and drying, manufactured in China.

The forward and backward linkages between farm, factory, college, and consumer are especially evident in the cotton industry in eastern Uganda. Farmers in Luuka District sell to the ginnery at Mutuma, whose processes have expanded fluffing, spinning and processing of surgical cotton. There is also cotton for export and cotton for processing yarn to produce garments for sale as clothes in retail outlets, while at the university a textile emgineering course widens prospects. Photos/Laura Walusimbi

Two kilometers away, on the edges of the trading center, farmer Muhammad Kakuuku, 45, is all praises for Mutuma. "Before Mutuma started buying from us in 2005, we used to get shs200 (8 US cents) per kilogram of raw cotton," says the father of five, who cultivates 3 acres. "Now we get shs800 (32 US cents)". In the 2012 season, farm gate prices were shs1,200 (48 US cents), and the season before the farmers got shs1,500. A high was hit in 2009, when world prices were favorable and the gate price was at a peak shs3,000 (about US$2 at the then exchange rate).

Mutuma's model is to use farmer groups that are then taught how to maximize yield on limited acreage. They are given fertilizer, and trained in agronomic practices like pesticide use. Mugisha says this has resulted in three to four times more yield, with many farmers harvesting as much as 700 to 1,000kg per acre.

In Lira, Jitco-Jinda International Textiles Corp. Ltd, which bought the privatized Lira Spinning Mills, also works with farmers. Seed is distributed through a supply system in the cotton-friendly countryside that produces a good organic crop. But because cotton is seasonal, and the last two years have seen a depressed world market price, the factory that upon construction in 1974 was the second-biggest cotton processor in Africa, is struggling to function at any appreciable capacity. A private takeover between 2000 and 2008 failed and went into receivership, but new management is now investing in new machines, getting cotton in greater quantities through agents who buy from farmers and, when ginning, employs about 100 people.

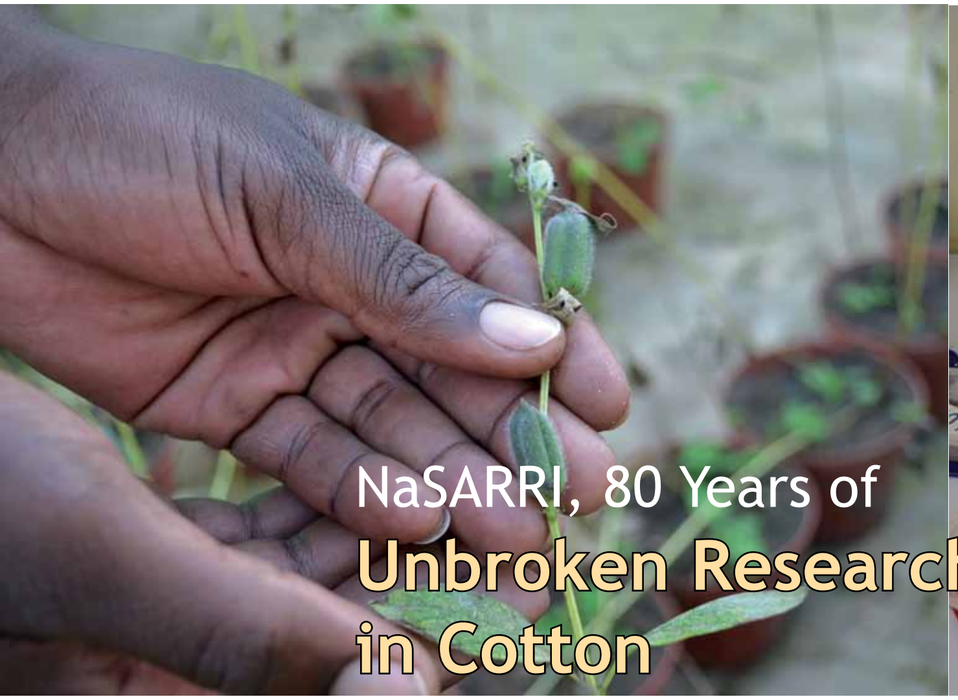
Mutuma's cotton wool department opened in 2010, and is now producing 4,000 rolls of 500 grams per day. The business is hoping to break even at 6,000 rolls per day, aiming for 10,000 rolls, and ultimately to start exporting to the Eastern African regional market.

> Mutuma is adding value to the cotton. Apart from exporting up to 5,000 bales of lint to Liverpool and Singapore, it packs and markets a product, 'Pearl Fine Cotton Wool', a surgical cotton for hospital use.

With enterprises like Mutuma, the $14m World Bank-funded Cotton Subsector Development Project (CSDP) will be vindicated. Conceived as part of the Agricultural Policy Agenda that was adopted in 1989, and as a strategy to revive cotton production and export through increased competition in processing and marketing and improved supporting services, it led to the liquidation of the Lint Marketing Board and the establishment of the Cotton Development Organization (CDO) in 1994 as an autonomous agency.

Mutuma's linkages, though, could improve all the more. By mid-2013, the private business did not have a relationship with the public institution, Busitema University, which is running a World Bank-financed Millennium Science Project in textile engineering for undergraduate degrees. The BSc Textile Engineering started in February 2009, and has developed an internationally recognized curriculum. The 80 students of its four intakes have well-equipped computer laboratories, and workshops with carding machines for fiber alignment and cleaning, a ring spinning machine for making yarn, a rapier weaving machine, and a knitting component that can make T-shirts and undergarments.

Busitema University is less than 100km from Luuka down the Bugiri-Busia highway, which should make linkages much more efficient. WB50



NaSARRI, 80 Years of Unbroken Research in Cotton

NaSSARI's work has spread from its original mandate of cotton to move on to groundnuts, pearl millet, sunflower, sorghum, sesame (simsim), cow peas, pigeon peas, green gram, and finger millet. The varieties are important for community sustenance. Photos/Laura Walusimbi

The National Semi-Arid Resources Research Institute (NaSARRI), in Serere, Eastern Uganda, was established in 1932 using funds from taxes levied on ginned cotton production. It was an experimental station for ox-cultivation technologies in Teso sub-region, and also served as training centre for staff of Department of Agriculture under the Empire Cotton Growing Corporation.

The institute's other role was to develop varieties for the cotton growing areas that feed the cotton industry in Manchester, United Kingdom.

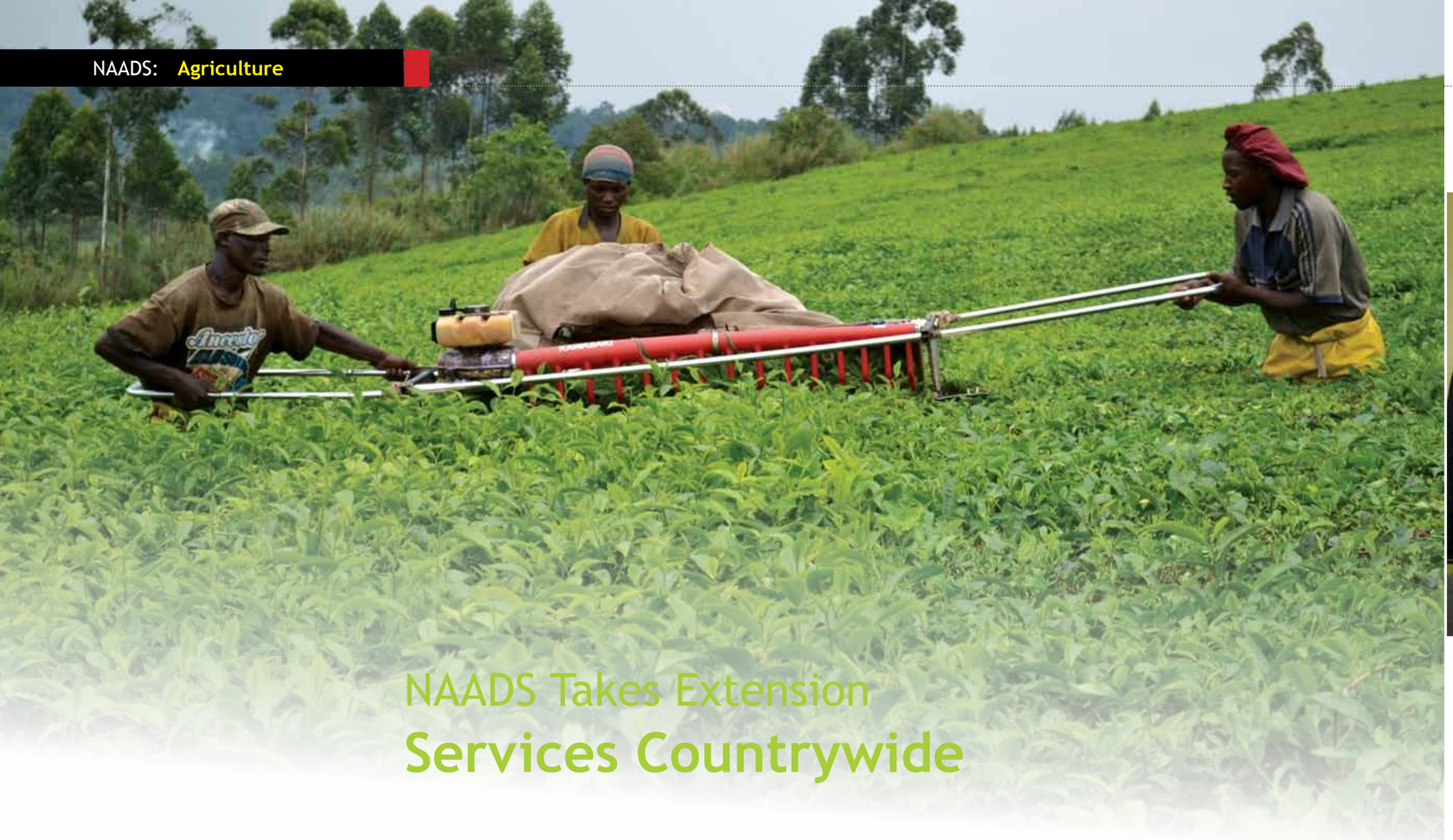
Research expanded when the 'black arm' disease threatened the cotton industry. By 1958, the 'black arm' had been brought under control, but soon after that there was another attack by the American boll worm, prompting diversification of research from cotton to sorghum, which is an alternative host for the boll worm. Teso region was also vibrant in livestock keeping leading to research into animals. After independence in 1962, new concerns like food security, income generation and export earnings took center stage, leading to further expansion into research in millet and oil seed. The institute through those years became the center of sorghum and millet research for the East African Community till 1977 when the community collapsed and the station was transferred to the Sorghum & Millet Unit of the Office of the President.

In 1992, Serere Research Station became one of the six National Agricultural Research Organization (NARO) research institutes and it was named Serere Agricultural and Animal Production Research Institute. The 2005 National Agricultural Research Systems reforms renamed it National Semi-Arid Resources Research Institute (NaSARRI) with mandate to carry research on semi-arid crops in five agro-ecological zones namely: the Eastern Savannah, the Karamoja Drylands, the Mid-Northern, the Northern, and West Nile regions. Currently, NaSARRI, one of the 16 Public Agricultural Research Institutes undertakes research on nine crops: cotton, sunflower, sorghum, sesame, groundnuts, cowpea, pigeon pea, green gram, finger millet, and pearl millet.

Under ATAAS, the Government-founded and financed and World Bank co-funded Agricultural, Technology and Agri-business Advisory Services program that ascertains that research and extension activity work together, NaSARRI has been equipped with two laboratories, one of them a plant pathology lab that was equipped for culturing, a greenhouse, a confined trial site for biotech-modified crops, and an experimental house. ATAAS has also aided Serere's human resource base, with two PhDs, including the Director Beatrice Akello's, together with a number of Masters degrees.

NaSARRI's Serere operation stands on a generous 1,700 hectares of land, of which 532 are under cultivation and research. It also has a golf course and an airstrip, though both are not functioning.

A three-year $249,984 grant from the World Bank-funded Millennium Science Initiative enabled some of its 22 scientists and 46 support staff to research into groundnuts, ending in December 2012. Structural and technological transformations are being made through funding from the Government of Uganda, the World Bank, and others donors such as ICRISAT, CRSP, AGRA, USAID, McKnight, and Melinda and Bill Gates Foundation, among others. WB50



(Left to right) Semi-mechanized work on a tea plantation in Western Uganda; NAADS's Executive Director Sam Mugasi. Photos/Laura Walusimbi, NAADS Secretariat

NAADS Takes Extension Services Countrywide

NAADS, the National Agricultural Advisory Services, is central to Uganda's strategy to modernize agriculture. The Executive Director, Dr. Samuel Mugasi, explains:

Q: Where is NAADS?

NAADS covers the whole country. We are present in all the 111 districts as well as Kampala City and all sub-counties. We also have presence at the zone level. Uganda has been categorized into nine zones, each with a NAADS coordinator, to create an interface with National Agriculture Research Organisation (NARO) to ensure linkage between NARO and farmers. There is a district NAADS coordinator who oversees district implementation, then each sub-county has a NAADS coordinator and two agriculture service providers, one of them providing services for the crop sector and another one for the livestock sector. For districts that have specialized needs like fisheries, there is a fisheries officer. If the specialized need is bee-keeping then we have somebody specialized in entomology.

Q: What is your mandate?

Our mandate is to provide agriculture extension services; you need a vibrant agriculture extension system to develop agriculture because farmers need to be provided with skills and knowledge to be able to modernize. We are now seeing a gradual transition from subsistence to market-driven and commercialized agriculture. We preach that farmers need to produce for the market and to see agriculture as a business to be able to earn an income and to invest in it and assure them that agriculture can reward.

Q: How do you fulfill your mandate?

Annually, we have a budget that we provide to the local governments to support all categories of farmers. The lowest category are called food security farmers (about 60-70%), who have not yet started producing for the market, and whose immediate need is to have enough to feed their families. A modest package enables them to access seed for planting but also help with pricing, so when they harvest, they have enough to eat and take to the market. But they also pay back part of the seed that we then distribute to others. The other categories are the market-oriented (15-20%) and the commercialized farmers (5-10%). What we aim to achieve is progression for food security farmers to gradually progress and develop into market-oriented farmers, then the market-oriented farmers also progressing to become commercial.

Q: What happens in the field?

Each district has a budget but of course with the amount of money available to us, we can only support a few and these few are to demonstrate. For the food security farmers, we are able to support 35 households per parish. These are very few households in a parish; some parishes can have on average over 200 households. The inputs we are giving out are not just handouts. They should not be perceived as handouts because NAADS is not in the business of distributing handouts. The inputs are to demonstrate new technologies, for example a new variety of maize, rice, a new breed of livestock or even an agronomic practice, it could be how to manage a certain disease affecting mango farming. These households act as demonstration sites where parish farmers can come and learn. The second objective is to multiply seed and other planting material. For example, you know cassava faces many diseases. NARO has come up with some tolerant varieties that can resist some of the diseases. So if we support farmer X with this tolerant variety, then what we are doing is to first of all communicate to all farmers that we have this tolerant variety and they know that it's available, and it can be planted, and it can survive. The third objective is that the farmer that we have supported will help us with part of the harvest and then we distribute the cutting materials to other farmers. NAADS is not in the business of distributing inputs because that's for the private sector. NAADS just supports demonstrations to facilitate learning.

Q: How has NAADS developed?

The first phase is when it was launched in 2001. Phase 2 started 2010-11 but now under a project mode called the Agricultural, Technology

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Healthy-looking leaves that need a tender touch, and good orange fruit harvested in Ezekiel Otune's orchard that has benefitted extensively from NAADS district extension work. Photos/World Bank Archives

'Distributing inputs is not NAADS' core mandate'

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and Agri-business Advisory Services (ATAAS), financed by the Government of Uganda and other development partners including the World Bank. What is unique about ATAAS is that it is jointly implemented by NAADS and NARO to make sure that research and extension work together.

The criticism we have had in the past was that we have a lot of new technologies, and a lot of innovations but these technologies never go down to the end-users who are the farmers. And also there was no clear feedback from the farming community into the research system, to make sure that the farmers' needs are incorporated into research. ATAAS wants to strengthen an extension-research farmer linkage that responds to the farmer's needs. Government contributes the biggest chunk of this money and the World Bank is the main development partner.

Q: You have had quite a past. What is for the future?

NAADS has been perceived as an agency for distributing inputs and indeed if you are careful enough to listen to the criticisms from the public, the complaints are mainly to do with supply of substandard inputs, late deliveries, and corruption in the distribution. Indeed we can still improve in that area because it not our core mandate.

Otherwise our mandate is to provide agro-advisory services and support extension services because in the world over, the provision of advisory services is increasingly getting privatized.

So the future of advisory services in Uganda is that as farming improves, as we see this transition from subsistence to market-driven, we would like to see an increased role of the Private Sector in providing extension services. Right now the Government is the main provider because our farmers cannot meet the costs. But we anticipate an evolving Agriculture Sector where most of our farmers can move to be market-driven farmers and we hope that they will be able to pay for the advisory services.

We are already seeing this in the livestock sector; veterinary services have almost been fully privatized. Even the farmers at the lowest level in the Livestock Sector pay for services. When a vet visits a farmer, the farmer pays for the vet's services, and for acaricides (parasite-killing chemical). The Livestock Sector is almost fully privatized in terms of veterinary services and we hope that as we move to the future we see increased privatization of advisory services in the crop sector, so NAADS now as a government agency plays only the role of regulator.

Q: How do you see the World Bank assisting in the future?

Of course the World Bank will continue to support us in streamlining agricultural extension services. They will continue to provide us with policy guidance and funds that will help us extend agricultural advisory services. **WB**50

Poverty to Prosperity: A Citrus Farmer's Fruitful Harvest

"I am Ezekiel Etune, 51, a resident of Abarilela village, Soroti District, in Eastern Uganda. Soroti is one of the districts that suffered the devastation of frequent cattle raids by the Karimojong, and as a result of the raids, not many people were willing to settle and concentrate on farming even when they owned huge chunks of land. For so many years, the residents in my village were hopeless and depended on World Food Programme handouts because of the uncertainties of whether they would be able to enjoy the fruits of their labour. The story changed with the setting up of a NAADS office in Soroti District. With more than 20 acres of land, upon the advise of NAADS I chose to venture in citrus fruit farming because, even if the Karimojong attacked, they would not uproot my orange trees unlike cattle, which they would always steal. I had not the slightest idea in citrus farming but received training from the District NAADS Extension Officers.

"In 2005, I harvested five bags of oranges and sold each bag at shs30,000. Instead of spending my profits on entertainment, I used the profit to spray my fields, weeding and adding manure. In 2006, I harvested 70 bags of oranges from the 300 trees I had planted the previous year and sold each bag at shs30,000. I did like the previous year by re-investing in my field to spray, weed and add manure to the fields. In 2007, I harvested 200 bags and sold each bag at shs30,000; that earned me shs6,000,000. Since then, my profits have been increasing.

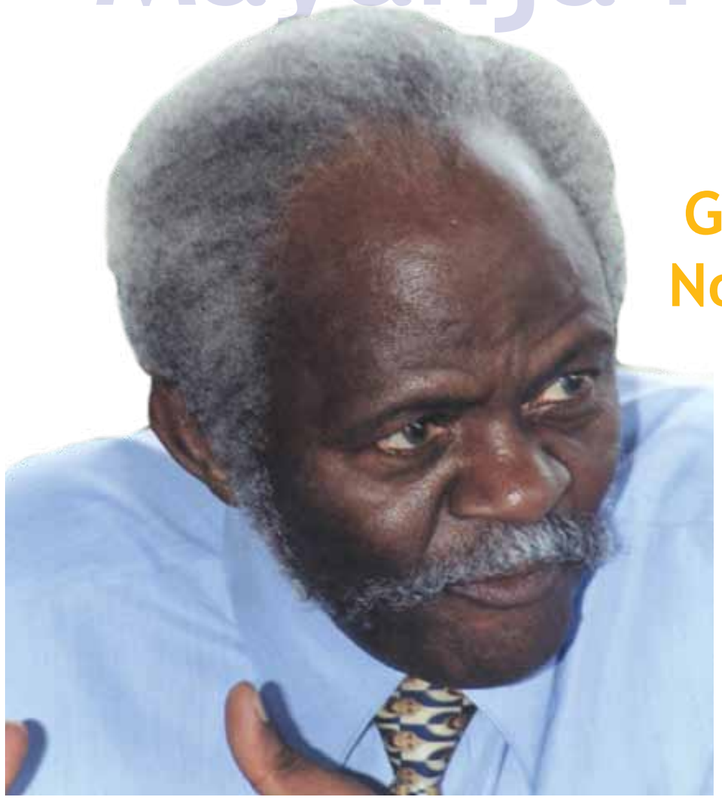
"As of today, I have replaced my grass-thatched hut with a permanent house, all my 12 children go to boarding schools in town and I have also expanded my farming by venturing into poultry so as to widen sources of income. A balanced diet is something I can also attest to as I have enough food from my fields. The NAADS programme rewarded me by making me a model farmer and donating a tractor to me. I have trained over 100 farmers in Soroti District in citrus farming and I hire the tractor to other farmers and also earn from it. One major thing that I have learnt over the years is to keep proper records of all the things I do." **WB**50

Ezekiel Etune in his prospering orchard. Photo/World Bank Archives

INSIGHT FOUR

Jehoash Mayanja Nkangi

Structural Adjustment Was Great, Though Not Free Trade



Photo/The Daily Monitor

Jehoash Mayanja Nkangi, Minister of Finance, Economic Planning & Development 1992-98; Minister of Economic Planning 1989-1992; Minister of Commerce 1962-1964.
At 80 years of age, he is probably the longest continually-serving senior figure in public life in Uganda. He also served as Katikkiro (Prime Minister) of Buganda from 1964 to 1993, and variously as justice, finance, labor, and economy minister. By mid-2013 he was chairman of the Uganda Land Commission, completing 51 years of continuous service at the top, witnessing and influencing Uganda's development.

All developing countries' key challenge is to raise the real income of their people. They must improve citizens' welfare through increase of the country's GDP. But how do you raise GDP? By increasing productivity! But Uganda for long did not have investment banks (to underwrite productivity efforts). The Uganda Development Bank was not well capitalized till the World Bank and the IMF came in.

The earlier development strategy (from the 1950s to the 1980s) was that the Uganda Development Corporation were charged with facilitating the industrial and economic development of the country by promoting financing, management or establishment of strategic interests in commerce, mining, and industry, thus spearheading development, with Coffee Marketing Board and Lint Marketing Board as sector leaders. The Government would stabilize producer and market)prices.

The World Bank talked us out of stabilizing commodity prices with parastatals (state enterprises). They said, "Let the Private Sector do it". Policies were designed to free up the Private Sector, but I think they overrated the entrepreneurial capacity of Ugandans. There are not many industrialists/entrepreneurs like James Mulwana and Gordon Wavamunno. The problem with parastatals was that they had been put in the hands of civil servants, not business managers.

The World Bank, in the Structural Adjustment Program (SAP), gave prescriptions especially regarding the dismantling of Government businesses. The message was, "Government, get out of investment and trade, and stick to administration." We had even started Barter Trade in 1986 – exchanging our produce for other products and services. But you won't find an economist supporting barter trade because barter restricts exchange. This is why money as a unit was introduced because money is convenient to hold. Ugandans were hurt by the adjustments. For instance, the cooperative movement ceased to exist, and there were job losses. When the Coffee Marketing Board was dismantled coffee farmers were discouraged because they used to be given a standard price. Never mind how much they were getting at that time. Then they would grow their cotton or coffee without worrying about the price. We were prevailed upon to dismantle the marketing boards. But I don't think SAP could have been administered any differently.

Without the structural adjustment, I think growth would have been slower. We needed a sense of direction, and also needed development funds.

We had to accept a new fiscal policy. For development of the Private Sector, you need to encourage investors, don't overtax them otherwise they won't come.

Was the policy of free repatriation of profits good? Yes and no. If you don't have enough capital in the nation, you want to encourage people who have got the money to come here, but if you are going to shut the doors when they have come here they won't come tomorrow. It must be judiciously done.

The World Bank's single biggest influence on the Ugandan economy has been the rate of growth of GDP. Over time, the World Bank was critical through their policy advice in developing countries, and also through development funding.

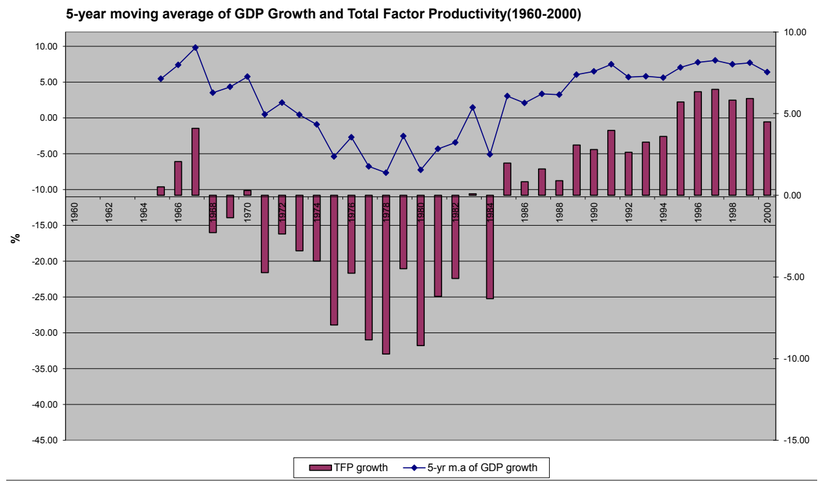
At that time much more than now, Uganda needed investment particularly for industrialization. And of course had it been possible, in agriculture. They could have been stronger in investment, giving us more money to help capitalize these factories. They could have afforded it.

They could also have increased on advocacy for developing countries in international fora. Take taxation policy. Uganda currently has got one factory, Phoenix Logistics, making shirts and if you look at the statistics, about 90% of the clothing we wear comes from overseas.

The question is, Why? Yes, the imports are cheaper, but when will Uganda textile industries develop? These are the issues because for a factory to attain economies of scale, to grow enough and produce enough to reduce costs of production, it needs to have a market but if those factories in the developed countries export here because of free trade policies, you don't have tariffs to control trade, then you undermine the local industires.

We should have international trade policies that favor developing countries, whose industries have not attained full capacity. But what is happening now? When will this factory of ours globalize?

We have to make sure that our policies help us to grow. If you got a young person aged 10 and you go and run in a cross-country race, who will win? You can't get young people and old ones to run the same race. So similarly they should have economic laws, which are in favor of developing countries. WB50



Source: World Bank Country Economic Memorandum, 2007

(Left) The World Bank's single biggest influence on the Ugandan economy has been the rate of growth of GDP, according to Nkangi. Growth trends show positive changes from 1986, when the Bank re-engaged fully

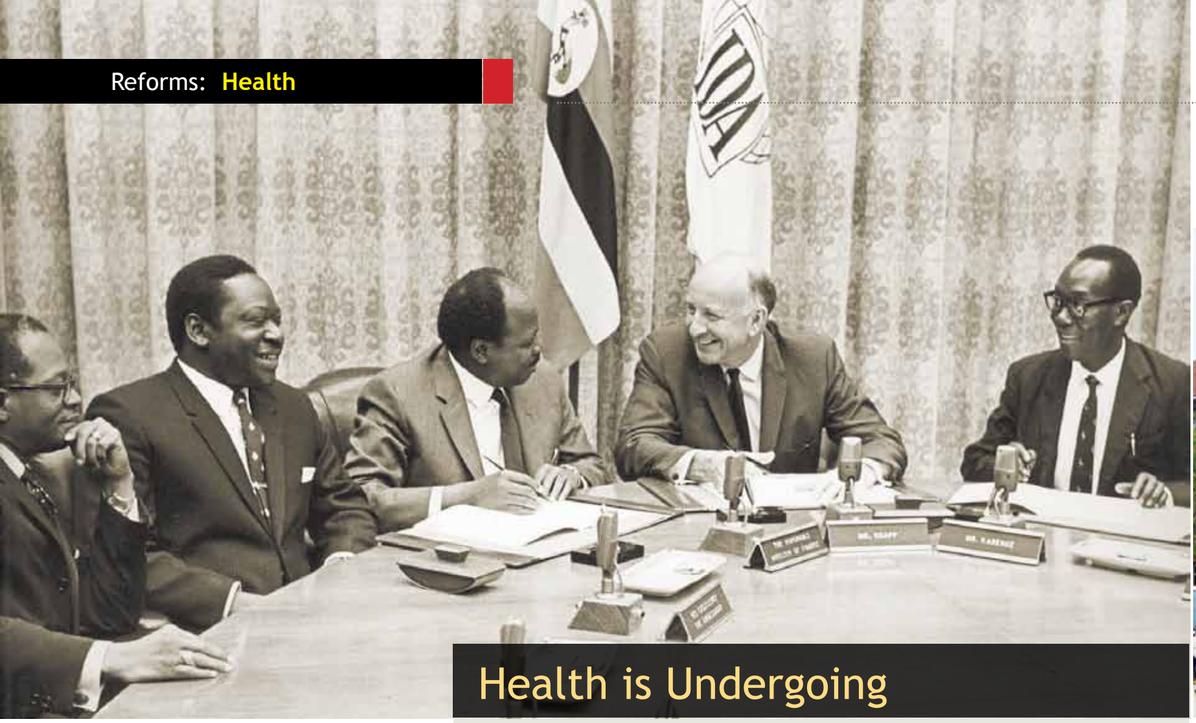
(Below) A wardrobe in a Ugandan home full of imported shirts, which warrants import-substitution with the development of local industries. Photo/ Laura Walusimbi

Health

SECTION FIVE

A major part of the national strategy is to bring medical services into communities through tiered health centers. Together with Development Partners, the Government has been striving to improve the competence of staff, provide adequate funds for operations, maintain existing infrastructure, rehabilitate selected high priority facilities, reduce infant and maternal mortality, fight pandemics like HIV/AIDS, and combat the occasional outbreak of disease epidemics that threaten public health

50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA



October 5, 1968, Washington DC: The International Development Association (IDA) makes a $3million credit available to Uganda. (Seated left to right) Mr S. Othello Coleman, Executive Director of IDA for Uganda; Mr Erifasi Otema Allimadi, Uganda's Ambassador to the US; Mr. Lawrence Kalule-Ssettaala, Uganda's Minister of Finance; Mr J. Burke Knapp, Vice President of IDA; and Mr C.M. Kabenge, Secretary and Chief Officer, Uganda Commercial Bank. Photo/Edwin Huffman-World Bank Archives.

(Above middle) The Ministry of Health headquarters in Kampala was built with a $4.6 million credit under the District Health Services Project. Photo/David Sseppuuya

(Right) Nurses doing the evening round in the Women's Ward of Jinja Hospital, in eastern Uganda. The ward is lit and heated by the World Bank-funded Energy for Rural Transformation solar power project. Photo/Laura Walusimbi

Health is Undergoing Slow and Steady Recovery

At Independence in 1962 Uganda had superb health infrastructure by African standards. The New Mulago Hospital was commissioned around the same time and continued offering excellent training facilities for the Makerere University Medical School and different colleges for health professionals including nurses, midwives, and physiotherapists.

The first post-independence Government moved to quickly build, with IDA funding, 20 first-class referral hospitals, one in each of the country's districts then. All these public health facilities were coming to join the existing 'mission' hospitals that were much older, having been built by religious bodies at the turn of the century, and the few public hospitals built in the 1930s and 1950s to service the British colonial authorities in Entebbe, Jinja, Mubende, Masaka, Soroti, Masindi and Gulu. The national population was not so high, totaling 6 million, and services were generally adequate and free of charge. Still at the public hospitals there was a 'Grade A' wing for senior civil servants, Europeans and wealthy Africans who could pay to avoid mixing with the masses.

So strong was the health infrastructure that it generally survived through the military regime of the 1970s, though many experienced doctors lost their lives or fled the country. Real breakdown started in the late 1970s and continued for three decades.

The 1980s brought a new problem that put a severe strain on the health facilities – HIV/AIDS. It was a new disease for which there was no knowledge, and, with its near 100% fatality rate then, it hit the country very hard. The new president, Yoweri Museveni, had sent several military officers to Cuba soon after taking power, but the phone call he got from President Fidel Castro was not about their progress in training. Rather it was about their sero-status with those testing positive constituting an alarmingly high proportion. Adding the scientific Cuban assessment to what he was also observing on the ground, Museveni immediately decided that the entire population had to get immediately sensitized, whether resources were there or not. But the effect of a high prevalence of HIV was to strain the health facilities because almost all the hospital beds were being taken up by ailments made grievous by the peoples' HIV-positive status.

The First Health Project (FHP), inaugurated on January 11, 1989 and closed on March 31, 1996 was, at $42.5 million, the first IDA credit in the Health Sector in Uganda. It was planned to carry out urgent rehabilitation and equipping of selected health-care facilities; to build a hospital in Rakai District to address HIV/AIDS; to strengthen preventive health programs through health education and community activities; and to improve the long-term effectiveness of the health care system through institutional development and improved internal efficiency. The project was later modified to provide urgent support to mitigate the effects of the AIDS epidemic, to take account of changes in the scope of physical rehabilitation.

Dr. Patrick Kadama oversaw the FHP, and was also the coordinator of the $66 million District Health Services Project that followed the FHP. He says of the FHP, "It was designed to rehabilitate the infrastructure that had been ravaged during the decades of civil turbulence; to strengthen the program delivery; and thirdly it addressed the efficiency and management of the system. The highlight was the establishment of the awareness program; this was the only weapon against AIDS at that time. I can safely say it did well at the time."

In the Project's Health Education and Community Activities component, support in the form of subsidized newsprint was given to two newspapers to increase circulation of the messages: the 'New Vision', an English daily newspaper which circulates widest, carried health messages regularly, while 'Munno', a local language daily also published messages before it closed down due to financial problems.

But two decades later, on top of new cases of HIV infections that are increasing, and mother-to-child transmission still a major problem, making Uganda possibly the only country in the world with increasing new cases of HIV infection, a new menace has been added. 'Boda-boda' (motorcycle taxis) accidents are the new health menace. It is like a no-win situation with health service delivery in Uganda, so different partners including the World Bank have been upping their participation in the struggle to deliver more and better quality health services to the Ugandan public.

To maximize the benefits from the limited health resources, the Bank's studies in the 1990s were used to develop the Uganda Minimum Health Care Package to inform the development and implementation of all the country's health delivery systems and strategies, defining what can (and should) be offered and from where.

Since HIV was the biggest threat to the nation's health from the 1980s, the World Bank developed a $73.4 million Sexually Transmitted Infections Project (STIP) to sustain momentum and strengthen the control of AIDS and other sexually transmitted infections as part of the country's response to the severe impact of the HIV/AIDS epidemic on the general population and on the economy. This came at a time when funding from the Global Program on AIDS of the World Health Organisation - that had provided significant support between 1987 and 1992 to the National AIDS Control Program - was running out. STIP was to focus specifically on sexually transmitted diseases and HIV interventions, and was complemented by the District Health Services Pilot and Demonstration Project, which was intended to support a broad set of health sector reform initiatives, including the rehabilitation of the health infrastruc-

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Uganda Health Systems Strengthening Project

The $144.3 million Uganda Health Systems Strengthening Project (UHSSP) of 2010 - 2015 was designed to "deliver the Uganda National Minimum Health Care Package to Ugandans." The first component is improved health workforce development and management. The second is the improved infrastructure of existing health facilities. Emphasis is on renovation of selected health facilities; provision of medical equipment; improved capacity for operations and maintenance; and strengthening the referral system. The third component is the improved leadership, management, and accountability for health service delivery. The fourth component is the improved maternal, newborn and family planning services. On October 29, 2013 the Government signed contracts for the renovation of nine regional referral hospitals of Mityana, Iganga, Kiryandongo, Anaka, Nebbi, Moyo, Entebbe, Nakaseke, and Moroto under Phase 1. Phase 2 would cover Mubende, Masindi, Kawolo, Bugiri, Itojo, Apac, Pallisa. Buwenge, and Bukwo hospitals.

Health is Undergoing
Slow and Steady Recovery, but Challenges Remain...

(Above) The complex at Kiryandongo Hospital in North-Western Uganda, one of 20 first-class referral hospitals built with an IDA credit in the late 1960s

(Right) A baby being weighed in Mbale. Emphasis is being placed on child and mother health at community level. Photos/Laura Walusimbi

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ture.

The $50 million Uganda Multi Country HIV/AIDS Control Project of 2001 – 2006 supported Government in achieving the National Strategic Framework goals of reducing the spread of HIV infection; mitigating the health and socio-economic impact of HIV/AIDS at individual, household and community levels; and strengthening national capacity to respond to the pandemic. It had three components: Nationally Coordinated Initiatives, District Led Initiative, and Community HIV/AIDS Initiatives.

Later, the World Bank's $130 million Uganda Health Systems Strengthening Project was launched in 2010 (to finish in 2015) to help development of the health workforce improve health infrastructure through renovation of selected health facilities; provision of medical equipment; improving capacity for operations and maintenance; and strengthening the referral system.

Many of the hospitals are however in poor state. Take Kiryandongo, one of a network of 20 referral hospitals built with an IDA credit that became effective in 1969. The 20 hospitals of Nakaseke, Bugiri, Iganga, Pallisa, Atutur, Apac, Kiryandongo, Itojo, Bushenyi, Kagadi, Kawolo, Kayunga, Kali ro, Bududa, Nebbi, Yumbe, Abim, Anaka, Gombe, and Bundibugyo read like the map of Uganda, for they were established in the entire geographical spread of the then 20 districts of the country, with construction completed in a record two to three years.

At Kiryandongo the theater is amazingly immaculately clean. The staff there is doing their best to maintain essential hygiene, and yet the equipment therein is broken. The suction machine looks new, and yet it has not functioned for three years. The sterilizing machine is old, and jerry cans supply water to a theater which hosts as many as 20 surgical operations a month. The water mains has been down for almost too long for anyone to remember; in the wards dirty mattresses hang in dank testimony of their former worth. The hospital staff have to be creative in their improvisation, and here the charcoal stove burns bright in spite of its hazards - 'sigiris' are environmentally unfriendly for they use charcoal from wood fuel, and are a health threat from the smoke they emit.

The World Bank noted, at the end of First Health Project in January 1997, that, "Except for some minor maintenance being undertaken by the equipment workshop at Mulago (National Referral Hospital), visits to sites

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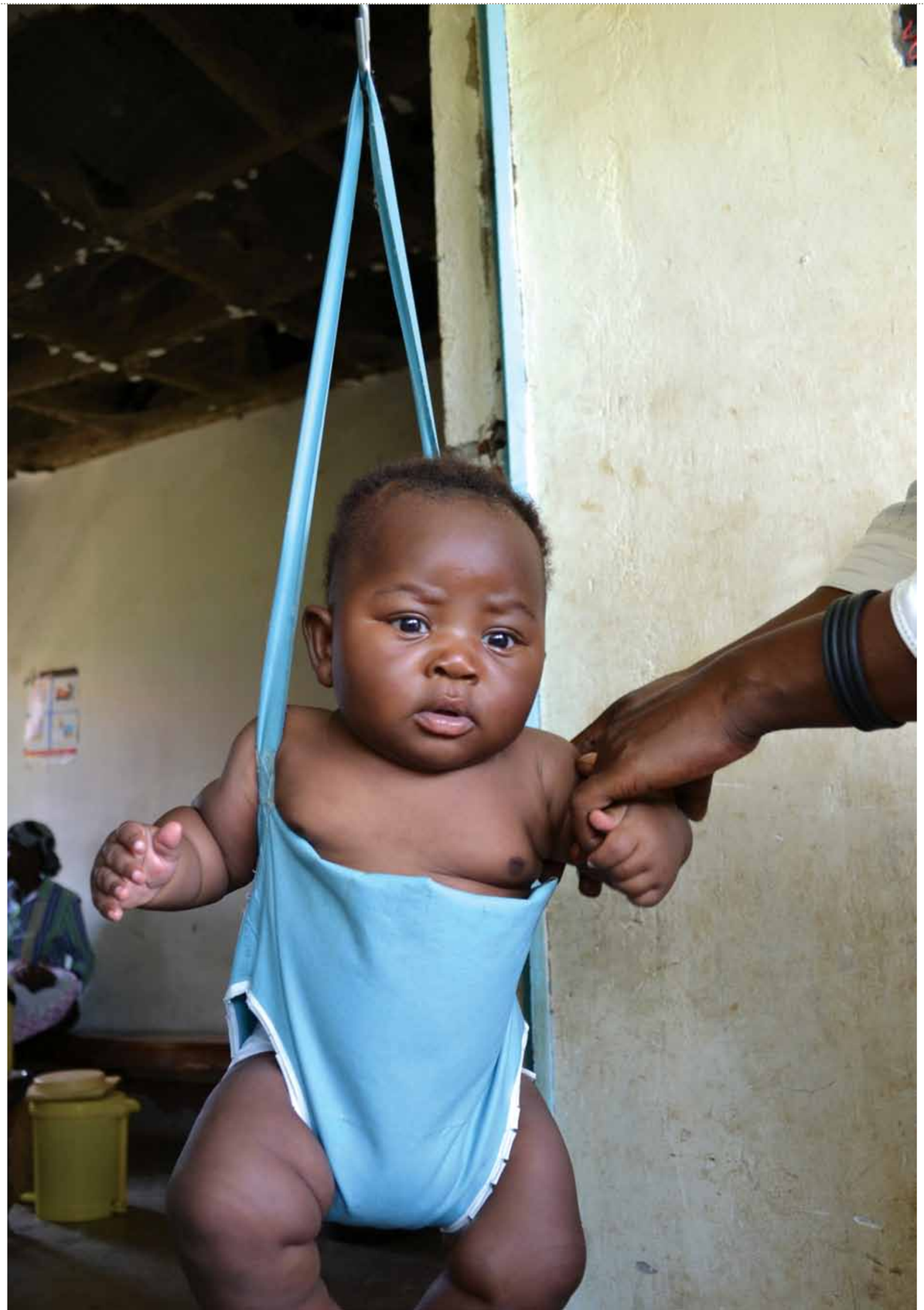

Health is Undergoing Slow and Steady Recovery but Challenges Remain

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revealed that no remedial maintenance was being carried out on the newly completed or rehabilitated buildings. This is mainly because increases in public funding to health have not been as high as expected. Most of the health facilities are raising up to 10% of their non-wage recurrent expenses through user fees. An effort has been made to set aside 20% of fees collected for maintenance of facilities."

The Bank also noted that in the period of the First Health Project, 1989 to 1996, "Expenditure on primary health care rose from 25% to 32% while that spent on hospitals has declined from 70% to 58%."

Dr. Kadama led the District Health Services Project

Part of the challenge comes from juggling scarce resources. With a lot of investment going into primary health care and the establishment of health centres in the devolved structure – Health Centre I (village health teams), HCII (parish), HCIII (sub county), HCIV (county/constituency) – there is less for the HCV (district general hospitals) to take.

Some of the early but fundamental results of the World Bank's $130 million Uganda Health Systems Strengthening Project project were the standardization of designs for all levels of public health care facilities at Health Centers II, III and IV for use in renovation and construction; designing and finalizing the Client Charters for the Ministry of Health applicable for different levels of healthcare to enable the public be informed of available services and channels for handling different issues. The project also helped roll out the Human Resources for Health Management Information System in 70 districts linked to the Ministry of Health, the Public Service Commission and the (health) professional councils. It also helped hospitals to start conducting maternal and perinatal death audits.

The fight against HIV/AIDS has been a particular beneficiary of the efforts to strengthen the country's health systems. For instance, the Rakai Hospital. Under the First Health Project, approved in 1988, a key objective was the proposed construction of a 100-bed hospital in Rakai district. However, in its stead, a new health center was built in Rakai and five additional health centers were rehabilitated. The health center in Rakai was finished in 1996 and is referred to by patients as the district hospital. The redirection of funds was justifiable because a nearby NGO hospital was expanding to a 100-bed capacity. This decision was made in consultation with the district and was in line with district policy.

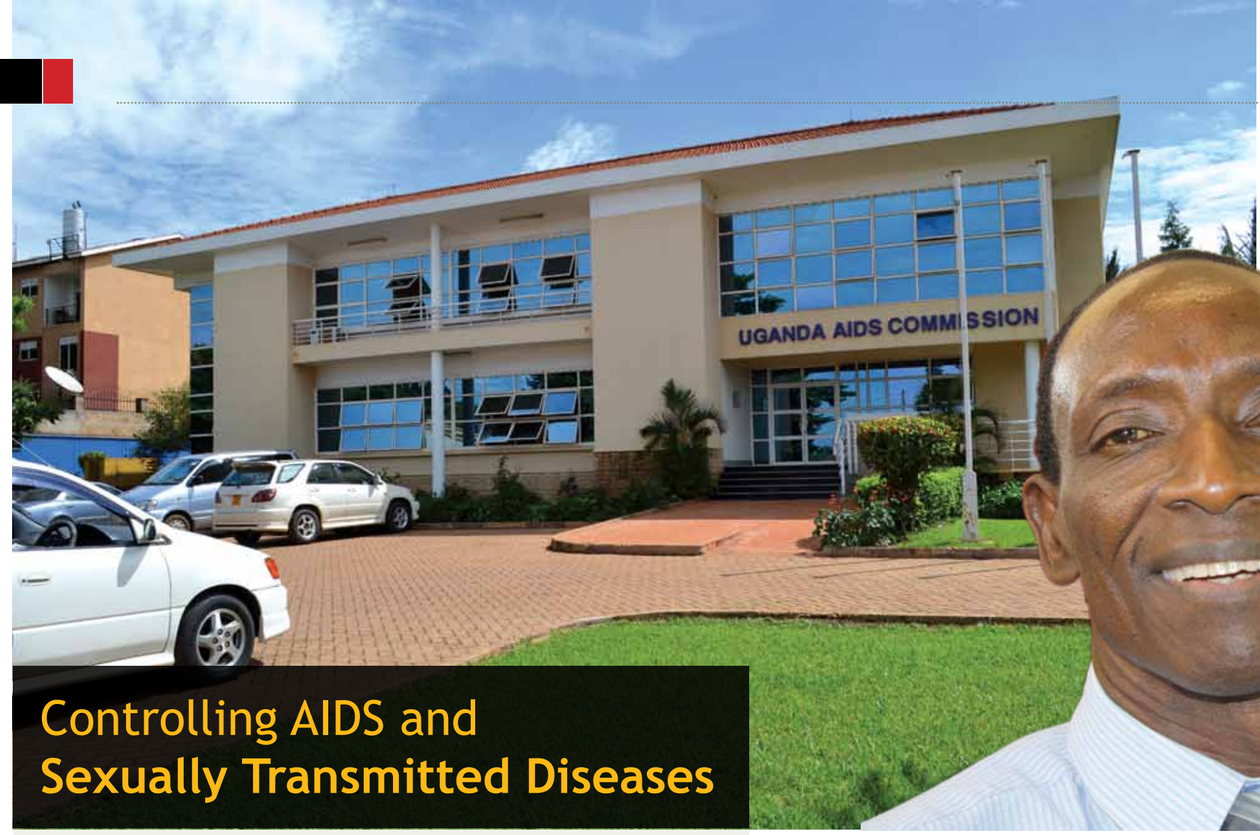
Dr. Patrick Kadama was at the center of it all. He completed the First Health Project, and was also the coordinator of another Bank-funded initiative, the $80 million District Health Services Project that followed. He was also to serve as Commissioner for Health Planning in the Ministry of Health.

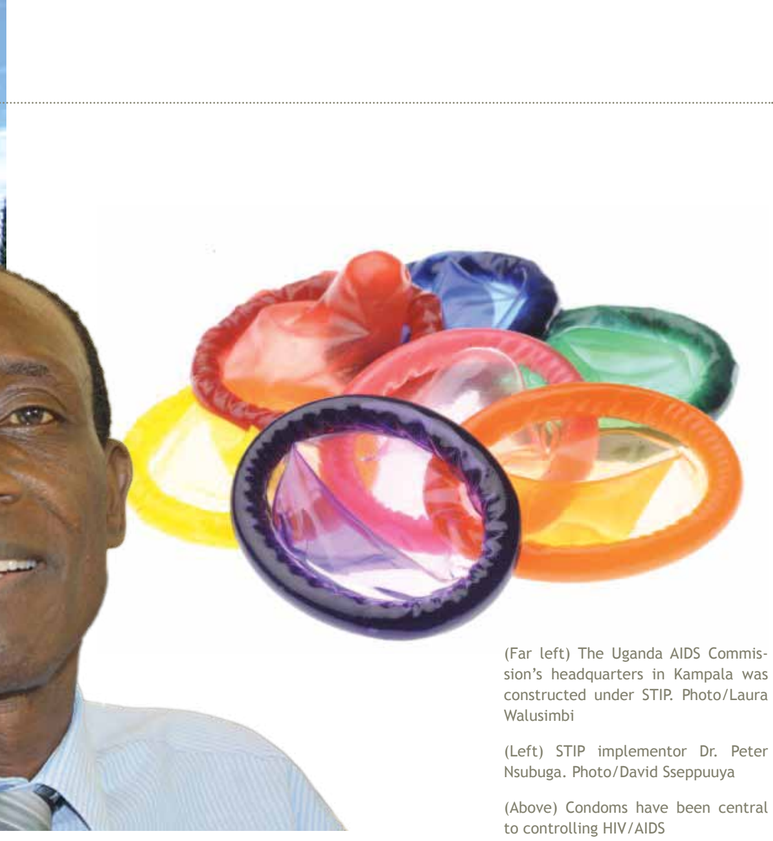
He talks about the strategic re-orientation of health services in Rakai, "The main hospital was reformed to a smaller hospital and then satellite hospitals in each of the counties. Now this started a new model of service delivery that we know today. I think you call them Health Centre IVs, instead of building big hospitals; we built slightly smaller ones so that you greatly improve access to hospital services within the community."

The First Health Project was pivotal to healthcare in Uganda at the start of the NRM rule. "It kicked off rehabilitation and reform of the health system. So apart from having a complete review through what was called the Policy Review Commission, headed by Prof. Raphael Owor, it began to implement. It initiated new ways of fighting the AIDS epidemic by the health education program. Health educators were by then not known in Uganda; this is a team that we began to train in the early 1990s who went out and managed the AIDS epidemic without the drugs we have today", says Dr. Kadama.

Veteran Kadama, who went on to work at the World Health Organisation in Geneva as systems advisor until retirement a few years ago, believes that Uganda's health system would struggle without World Bank support. "I would expect that there would be hard times if that source of funding was withdrawn. You must remember that most of the money from the World Bank comes as credit so it is actually government money, but it is a source for government that government values a lot. In respect to the First Health Project in particular, had the World Bank money not been there to undertake the interventions, we could have seen a different path to things like controlling the spread of HIV/AIDS." WB50

(Clockwise from left) A sterilizer being heated on a charcoal stove; A non-functional sterilizer unit in the theater; Broken down facilities including a waterless ward, non-functional toilets, and a grounded ambulance at Kiryandongo and Kagadi hospitals. Photos/ Laura Walusimbi





Controlling AIDS and Sexually Transmitted Diseases

Dr. Peter Nsubuga is a consultant, and administered a program agreed upon between the Government of Uganda and the World Bank, the US$73.4 million Sexually Transmitted Infections Project (STIP).

(Far left) The Uganda AIDS Commission's headquarters in Kampala was constructed under STIP. Photo/Laura Walusimbi

(Left) STIP implementor Dr. Peter Nsubuga. Photo/David Sseppuuya

(Above) Condoms have been central to controlling HIV/AIDS

STIP Achievements

- At least 50% of the target population able to cite two acceptable ways of protection from HIV
- Condom use with non-regular partners increased by 50%
- Reported casual sex partnerships reduced by 20%
- 70% of individuals seeking STD care receiving appropriate STD treatment

STIP was conceived to sustain momentum and strengthen the control of AIDS and other sexually transmitted infections as part of the country's response to the severe impact of the HIV/AIDS epidemic on the general population and on the economy. Funding from the Global Program on AIDS of the WHO - that had provided significant support between 1987 and 1992 to the National AIDS Control Program (NACP) of the Ministry of Health - was running out. However, the national HIV prevalence among adults was still estimated at about 15% and Uganda was being referred to globally as the epicenter of the HIV epidemic. The Bank had initially proposed a Community Health and AIDS Project (CHAP) as a follow up to the Bank-supported Uganda First Health Project to address health policy issues and support efforts to contain the growing AIDS epidemic. Given the seriousness of the AIDS crisis and the perceived complicated design of CHAP, however, the original project was split into two projects – STIP, which was to focus specifically on sexually transmitted diseases and HIV interventions, and the District Health Services Pilot and Demonstration Project (DHSP), which was intended to support a broad set of health sector reform initiatives, including the rehabilitation of the health infrastructure.

Q: What was STIP's purpose?

In July 1994, to curb sexual transmission of HIV. Secondly, it was to mitigate the health impact of HIV/AIDS. Thirdly, to build capacity of the health sector, districts, and medical workers as they were addressing the epidemic. In prevention, the emphasis was to create public awareness. Also to strengthen prevention through procurement of condoms, and to identify patients with STDs, diagnose, treat and monitor them properly because at the time, the understanding was that sexually-transmitted infections promoted the spread of HIV/AIDS.

Now the second arm was to support infected people. First and foremost to diagnose the disease, which meant testing of blood. Secondly, it was to provide social support to the infected. Thirdly, to provide them with medicines to treat opportunistic diseases, especially tuberculosis.

Finally there was capacity-building to upgrade the quality of work in the district.

Q: What did STIP achieve?

All 45 districts developed implementable HIV/AIDS work plans, and awareness went up. Knowledge had lagged a bit behind. Condom use really increased. The response to HIV/AIDS through STIP was decentralized and the implementation of activities was not from the Ministry of Health, but at the district level.

Q: What was the World Bank's input then?

The project total was $76 million. The Bank put in $50 million. There were other key partners who came in including DFID, the Germans, and the Swedish.

Q: You talked about that project but then there was another one.

The second project was the Multi-Sectoral HIV/AIDS Control Project to a number of African countries. Uganda received close to $54 million from the World Bank. The Multi-Sectoral HIV/AIDS control project came in to follow STIP. The big difference in the Multi-Sectoral project was that the HIV/AIDS response was taken from the district level to the community level. That sub component for the communities is commonly called the CHAI component. That is the Community-led HIV/AIDS Initiatives.

It provided a lot of logistical items like vehicles and drugs. This was the first project under which HIV drugs were procured by the Ministry. Massive volumes of condoms and a machine to test them were procured. Finally, CD4 testing machines, which are used to measure the degree of viruses in the blood, were procured.

Q: How about the Health Systems Strengthening Project?

The HSSP is another World Bank-supported project, with the key focus on maternal health, new-born care and family planning. It has four major components: Strengthening the health work force. Uganda's biggest problem is a lack of adequate staffing. Health workers, particularly those working in hard-to-reach areas, are being identified to receive scholarships and get training. Secondly, health workers at the central level are also being identified for masters degrees training and we are also looking at increasing recruitment. Then also strengthening the health infrastructure. This project is $130 million; we are identifying hospitals in bad need of renovation, and places that need new hospitals. This includes one big hospital in Moroto. There are going to be five hospitals across the country.

The third component is for strengthening leadership, management and accountability at central level. By accountability we mean that health workers will enter into a contract against which they will have agreed on their output. This is going to happen for most of the managers in Health Centre IVs, district level hospitals, regional referral hospitals and even higher up.

A key focus is family planning, and we are going to provide a lot of family planning supplies because Uganda is one of the most fertile countries in the world. An average Ugandan woman has got about 6.9 children. Poverty levels are also high so it is important that population growth rate is controlled.

Under this fourth component, key emphasis is to reduce maternal and infant mortality. Many women die in labour because they get obstructed labour when they are far from the health units. It becomes very hard to manage those kind of patients when they arrive in the hospital.

Q: How come HIV infection rates are going up again?

Infection rates are going up again largely because people feel that medicine is available now; that has been a very bad problem. Of course people with AIDS now can live long, they can marry, get good children so complacence is high. Unfortunately people who are getting the infections are married

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A surgical operation to circumcise a man as part of the fight against HIV/AIDS.
Photo/ Laura Walusimbi

Controlling **Sexually Transmitted Diseases**

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couples.

Q: How shall we mitigate this?

We just have to emphasize condoms. If you can't stay in your compound, get yourself condoms and move away. The Bank has done a good job in supporting this country in HIV/AIDS because it put a lot of money in the STIP. In the second project it made sure that the fight against AIDS was done by everybody; it brought it down to the community.

Q: What about the Uganda AIDS Commission?

The Commission was the host. STIP was in the technical unit of the Ministry of Health which drove it. Similarly the technical input of the Uganda AIDS Commission was there to see to it that all sectors and not only Ministry of Health have something they do in fighting AIDS. Their headquarters in Ntinda was from this project. WB50

INSIGHT FIVE

Gerald Ssendawula

Time for a Review of Reforms with World Bank

Gerald Ssendawula was Minister of Finance from 1998 to 2005 when the Ugandan economy was stabilizing

Photo/The Daily Monitor

In 1985-86, we had the opportunity to discuss the different World Bank policies at a time when there was the two-tiered Window 1 and Window 2 foreign exchange arrangement for vital Government business and for less critical foreign exchange transactions.

Prof. Ponsiano Mulema, the first post-war finance minister, was a very strong critic of these policies as he felt that they were not effective for smooth, efficient economic transition.

President Museveni took interest in Prof. Mulema (an ideological opponent and former shadow finance minister) as Minister of Finance so that Uganda could benefit from his different views. We felt it was not appropriate for the Government to be involved in trade. I recall during the Idi Amin era (1971 to 1979) he created companies. The best Government could do was initiate policies to facilitate the Private Sector.

In 1989, I was appointed to chair a committee to review the cooperative movement, and in 1990 I was appointed Deputy Minister of the merged Ministry of Cooperatives, Trade and Marketing, and Industry. The merger followed Government and World Bank-sponsored restructuring for a manageable administration.

The Coffee Marketing Board was replaced with the Uganda Coffee Development Authority whose role was not to market coffee but act as an industry regulator. The Cotton Development Organisation succeeded the Lint Marketing Board. Produce could now move freely between farmers and traders. In infancy it wasn't easy but World Bank support helped.

In 1998, I was appointed Minister of Finance, Planning and Economic Development at the height of negotiating debt relief in the IMF and World Bank's joint Highly Indebted Poor Countries (HIPCs) initiative. We had to prove that we spend the largest portion of our budget in servicing debt. I can't remember the figures but we were able to get debt relief at the end of 1998, and actually when I was working on the 1998/99 National Budget, we went to Washington three times to meet the deputies at the World Bank. Uganda became the first country to benefit from the global debt relief.

(Above) Uganda Airlines, a loss-making public enterprise, was privatized and eventually liquidated in 2001. Can there be a new national airline, under a Public-Private Partnership arrangement?

(Left) The head office of the defunct Greenland Bank, which was closed under the weight of big irredeemable non-performing assets. Photo/David Sseppuuya

The next year I was invited to the Oval Office to brief President Clinton on achievements from debt relief. I told him that Uganda's primary education enrollment had moved from less than a million to two million; that we had increased classroom blocks; and had also improved immunization. I think he was very moved and told me he would put in a word for Uganda with the Bank deputies, and also bring other countries on board. Indeed he fulfilled this. Jim Adams was the World Bank Country Director covering Tanzania and Uganda and he was very impressed that I had been able to convince Clinton to come for the World Bank's Annual Meeting because he had told them he was not going to be there.

The privatization program was extremely tricky, but with strong support it came through. The Bank, for example, helped us finance the transaction advisor for Uganda Commercial Bank (UCB). It had been difficult to privatize UCB because we were divided even within the Government. The Chairman/ Managing Director had convinced some of the political leadership not to privatize the bank.

The reforms led to the closing of some banks to bring non-performing assets to a reasonable level as the cost for credit was very high for the private sector. There was very poor debt collection. UCB had a very bad record, and benchmarks were set. The action closed Uganda Cooperative Bank, International Credit, Trust Bank, Teefe Bank, and Greenland. The biggest surprise was Greenland Bank because during all the negotiations with the World Bank on the remedial measures, Greenland's Chairman, Dr. Sulaiman Kiggundu, was a party in his capacity as the Governor of the Bank of Uganda. But then Greenland didn't reform as well as expected.

Reforming the Finance Sector entailed ensuring that there was credit for the Private Sector, mitigating on the pricing of money, and a good exchange rate regime.

Initially, it was one-way traffic, but the reforms were fully justified and as far as Uganda is concerned, we owned these reforms. They were not forced on us. Of course there was political agitation because there are people who were looking at Government as a godfather.

To get credit from UCB you had to go either to the finance minister or a member of Parliament to give you a chit (introductory note) to take to the bank's Managing Director.

Your backer would say, "This man is a very serious farmer in our area. He wants credit of shs300 million to buy a tractor." If the letter came from either the Prime Minister, or Minister of Defence, the credit had to be granted.

It should have been two-way traffic. Have we carried out a review of all these reforms we undertook? Have we had a holistic review with the World Bank? This had been my demand. For instance we had no alternative but to privatize Uganda Airlines because our monthly subsidy for Uganda Airlines was $2 to $3 million. Now we see that it is inconvenient to rely on the national airlines of other countries.

Uganda Airlines was privatized (liquidated in 2001 after a privatization offer fell through) for a justified reason but can't we now have a participatory arrangement? A Public Private Partnership (PPP)? As a land-locked country, we are always at the mercy of Kenya because they are now the ones running a successful airline.

How have we performed in marketing? Is the middleman helping us to sustain standards since we have to market standard products? The reality is that today there is a lot of activity by middlemen in import business as a result of doing away with marketing boards.

That's why I support PPP arrangements; I can see that they can substitute effectively what is missing. I think we have had a useful partnership with the World Bank as a result of proper implementation of programs. We have been able to grow our economy. But we still require support to develop an efficient private sector.

We require Government to be supported by development partners like the World Bank alongside the private sector to improve and put in place arrangements that can formalize the various private sector activities.

Why? We are now living in a global village and our products have to have minimal standards to be acceptable in the world market. In the absence of a strong private sector you cannot grow the economy. It is the private sector that is supposed to be the engine of growth because Government does not do business. Yet Government requires revenue to provide the infrastructure but it cannot tax empty pockets. Money must be there to be taxed. That is my sincere appeal. WB50

Water & Sanitation

SECTION SIX

The provision of safe drinking water for all is the driving force in water management. Efforts to improve sourcing and quality, together with distribution, lie central to the country's water and sanitation strategy. The Water Management and Development Project for Uganda is focussing on integrated water resources planning, management and development; and access to supplies and sanitation services in priority urban areas

50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

From Amin's 'Free Water' to 2018, National Water Rides the Tide

By 2018 when the $135 million Water Management and Development Project for Uganda will have concluded, National Water and Sewerage Corporation would have ridden the tide of developing Uganda.

(Above) Eng. Kasozi-Kaaya, the first Ugandan boss, was fired by an insecure, suspicious President Amin. (Below) Cleansing and purification processes at the NWSC plant in Kampala. Photos/David Sseppuuya, Laura Walusimbi

Formed in 1972 by a decree, signed by then President Idi Amin, the National Water and Sewerage Corporation (NWSC) came in to fill a vacuum that was created by the sudden expulsion of Asians. Upon formation, by Decree No. 34 at a time when there was no Parliament, since the country was under military rule, the military leader also declared that water should be a free commodity for all.

That idealism was not matched by funding, and as the new organization started work, it inevitably flowed into rough tides, and limped through the 1970s. NWSC had taken over from the Kampala District Water Board, and initially covered the urban areas of Kampala, Jinja, and Entebbe. The Directorate of Water Development (previously the Water Development Department) oversaw water operations in other centers, most prominently under the Small Town Water Project.

In 1988, four additional towns of Mbale, Tororo, Masaka, and Mbarara were handed over after completion of the World Bank-

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(Left) Sewerage trucks deposit their payload at National Water and Sewerage Coropration's treatment plant in Kampala's Industrial Area. The trucks are chiefly privately-owned

(Above) Tanks and treatment pools at the Industrial Area plant. Photos/Laura Walusimbi

From Amin's 'Free Water' to 2018, National Water Rides the Tide

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financed rehabilitation program. In November 1995, the Corporation was re-established under the NWSC Statute. In 1997, the towns of Kasese and Fort Portal were handed over to NWSC, followed by Kabale in 1999.

In between, Engineer Paddy Twesigye remembers the leaking tanks. "By the time serious work begun, after the disruptions of civil violence and political instability up to early 1986, the new Braithwaite tanks at Ggaba had bullet holes. They were leaking."

"We had little capacity to manage. By 1987 there were just five engineers – my own boss was not even qualified to be a plumber. We had just five vehicles," recalls Twesigye, a 26-year veteran at NWSC.

Before Twesigye joined, Engineer Christopher Kasozi-Kaaya had steered the nascent NWSC through the rough waters of its early years. In 1965, he had succeeded a British colonial officer, Engineer Cox, as the General Manager of Kampala Water Board, and when President Amin created NWSC in 1972, Kasozi-Kaaya was appointed as the first Managing Director.

"It was a tough time," he recalls. In the absence of spare parts in a rundown economy, Kasozi-Kaaya found himself improvising. "In 1975, in the run-up to the Organisation of African Unity summit in Kampala, the systems at Ggaba, the plant supplying the city, were broken. I decided to ferry water on tank trucks to ensure that supply for the main hotels – Nile Mansions (Serena today) and International (Sheraton today) - was not disrupted. The President thought I was sabotaging the summit and he fired me."

Kasozi-Kaaya was to go into private practice until 1979, when the liberation forces that overthrew Amin contacted him through Prof Tarsis Kabwegyere to lead the rehabilitation of the Water Sector. He returned to NWSC as Managing Director until 1986 when he handed over to Engineer Hillary Onek, while Kasozi-Kaaya himself went on to serve as board chairman until 1989.

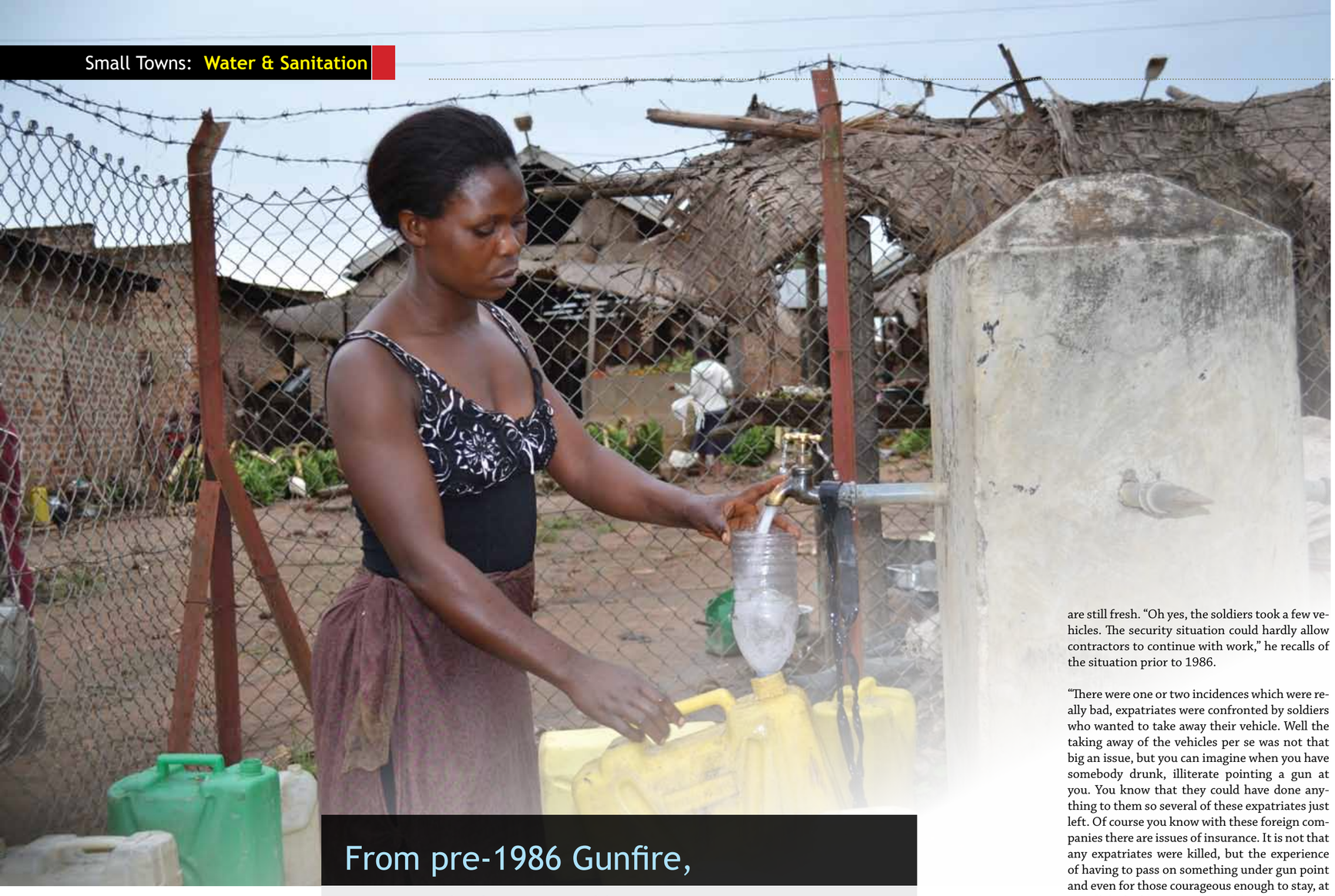
The $60 million Second Water Project, launched in 1990 and co-financed by the World Bank, the European Economic Community, the Austrian Government, and GTZ of the Federal Republic of Germany, was to provide a new take-off point for NWSC. It was prepared with IDA assistance to improve water supply and sanitation in seven major towns - Kampala, Jinja, Entebbe, Tororo, Mbale, Masaka, and Mbarara.

Twesigye was part of the staff as teams worked in the various towns to construct new concrete tanks at Boma, in Nyendo, Masaka as well as sewer ponds and sewerage treatment facility; and new tanks in Mbarara. The main work was substantial extensions of water supply and waste water systems in Kampala, Mbarara, Masaka and Jinja and more limited improvement of water supply systems in Entebbe, Mbale and Tororo; strengthening of NWSC capacity including technical assistance, training to improve technical, commercial and financial operations and the supply of spares and chemical; and project coordination and construction supervision.

In 2012 the Government borrowed $135 million from the World Bank for the Water Management and Development Project for Uganda, for which NWSC is one of the implementing agencies. It is now investing in integrated water resources development and management, including identifying, preparing and implementing selected priority investments through a participatory planning process in the Kyoga and Upper Nile Water Management Zone.

Under NWSC, the project is also constructing, improving and expanding priority water supply infrastructure and sanitation/sewerage services in the municipalities of Arua, Gulu, Ishaka-Bushenyi, and Mbale.

The total number of towns currently served by the NWSC are 22: Kampala, Jinja/Njeru, Entebbe, Tororo, Mbale, Masaka, Mbarara, Gulu, Lira, Fort Portal, Kasese, Kabale, Soroti, Bushenyi/Ishaka, Arua, Mubende, Masindi, Hoima, Lugazi, Iganga, Malaba and Mukono. WB50



From pre-1986 Gunfire,

Uganda's Small Towns Water Becomes a Global Model

Kampala in 1984. The odd burst of semi machinegun fire keeps residents on the alert and, in any case, they can only be on the streets for a few hours. By 4.00pm, the city is clear of people, all cowering away, with or without water, for the night long before sunset.

It is in this environment that attempts were repeatedly and ultimately successfully made to supply these residents and those in other towns with reliable water. The insecurity of 1980-85 was to cost a number of vehicles and discourage workers from projects to bring water into urban centers.

In Engineer Chris Azuba's mind, the memories are still fresh. "Oh yes, the soldiers took a few vehicles. The security situation could hardly allow contractors to continue with work," he recalls of the situation prior to 1986.

"There were one or two incidences which were really bad, expatriates were confronted by soldiers who wanted to take away their vehicle. Well the taking away of the vehicles per se was not that big an issue, but you can imagine when you have somebody drunk, illiterate pointing a gun at you. You know that they could have done anything to them so several of these expatriates just left. Of course you know with these foreign companies there are issues of insurance. It is not that any expatriates were killed, but the experience of having to pass on something under gun point and even for those courageous enough to stay, at any slight incident people would stay away from work."

He should know. Azuba graduated as an engineer from Makerere University in 1984 and was all set for a career in water engineering. "It was a very difficult time, I personally experienced it. I could have joined the Ministry of Water in 1984 after I had left university, but because of problems in the country, you would go for an interview and it gets postponed, you go for this, it doesn't happen."

The Bank first got involved in the Water Sector in Uganda in the 1980s when it approved the Water Supply Engineering Project, and then the Water Supply and Sanitation Rehabilitation Project of 1984, rehabilitating badly deteriorated water and sanitation infrastructure in Kampala, Jinja, Entebbe, Tororo, Mbale, Masaka, and Mbarara, in the Seven Towns project.

(Left) A Kyotera citizen at a water point in the town market. Photo/Laura Walusimbi. (Above) Engineer Chris Azuba of the Ministry of Water. Photo/David Sseppuuya

"The main component included civil works which meant construction, laying of pipe lines, storage tanks, electro-mechanical works mainly pumping equipment to pump the water from the sources to the tanks, and also treatment. In the towns that were big, we had construction of new sewerage treatment facilities, a small component of capacity for the Government and NWSC staff involved, but at that stage we had not really thought of big investments in capacity building. It was mainly a hardware project," says Azuba.

Both were successfully implemented despite the political strife that plagued the country before the mid-1980s.

In the late 1980s, the Government prepared with IDA assistance, to invest in the Urban Water Supply and Sanitation Program for the above seven towns, estimated to cost $194 million. IDA agreed to support the Second Water Supply Project as a first phase of this program, and also agreed to finance in 1991 the First Urban Project to develop other urban infrastructures and services.

By then, Azuba was fully on board. He eventually joined the water ministry as a 'pupil' engineer in 1987, became a senior engineer a few years later. He was to be promoted to Principal Engineer in 1998, before taking up his present position as Assistant Commissioner Planning, Urban Water and Sewerage Department. He has seen it all.

Perhaps the most outstanding has been the unexpectedly successful Small Towns Water and Sanitation Project. Costing $42.3 million, it was conceived to improve health conditions through better water supply, excreta disposal, waste management, and public hygiene; to alleviate poverty and improve the welfare of women; and to reduce environmental degradation through better waste management. It was rolled out to 11 small towns (Busia, Kalisizo, Kyotera, Lugazi, Luwero, Lyantonde, Malaba, Ntungamo, Rakai, Rukungiri, and Wobulenzi), where most of the town populations drew water from boreholes with hand pumps, and from springs and tra-

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From pre-1986 Gunfire,

Uganda's Small Towns Water Become Global Model

Collecting water at an access point in Kalisizo's central market. Photo/Laura Walusimbi

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ditional sources such as rivers and lakes, and was implemented under the Directorate of Water Development (DWD). DWD was given capacity to oversee construction and support the management of water supply systems. They were called 'small towns' because they were the urban centers not connected to the NWSC's grid.

In the small towns in particular, some of the budget allocated for waste management went to provision of two vacuum tankers for desludging cesspit and septic tanks and sanplats in a few of the towns. Beyond the small towns, there were also civil works for rehabilitation of water supply systems including the treatment works, replacement of pipes to reduce leakage, expansion of the water supply system to parts of Jinja and Njeru; rehabilitation and expansion of the sewerage system in Jinja; studies for expansion of water supply systems in major towns (Kampala and Gulu), provision of equipment and materials, consulting services, technical assistance, training and operating costs.

Azuba recalls, "Actually our small towns became a common reference across the world and they helped us develop that concept of small towns, that is providing water for smaller systems that are not necessarily very viable economically to provide services, but at the same time attempting to make the people pay a little money for the services. So under that program we then developed ways for managing water supply in small towns."

"Running water supply systems in small centers using private companies is not easy, because the volume of business is low, but we have managed. Many people from all over Africa – Kenya, Tanzania, Malawi, Zimbabwe, Ghana, South Sudan, Rwanda, Nigeria, Burundi, and Ethiopia – have been here to study how we do it. We have even received delegations from India, while elsewhere from outside Africa, we get experts and consultants who are eager to learn," says Azuba.

A study shortly after completion of the project showed that town residents now have a better quality and a higher quantity of water supply and noted a significant shift from point sources towards piped water usage. Currently, about 70% of the households, compared to 5% at the start of the project have piped water as their primary source. WB50

Have You Washed Those Hands?

The World Bank's Water and Sanitation Program (WSP) is supporting the Government in implementing the 10-Year Improved Sanitation and Hygiene Financing Strategy for rural and small towns.

Poor sanitation and hygiene is one of the five major causes of the country's high infant mortality rate. Hand Washing With Soap (HWWS) is one of the most effective means of preventing diarrheal disease, alongside safe stool disposal and safe household water treatment.

According to UNICEF, in 2009, approximately 94 Ugandan children died every day from diarrheal diseases and HWWS could have saved half of those lives. A World Bank study in 2007 showed that the rate of HWWS in Uganda was only 14%. The HWWS campaign was piloted in five districts in 2007 then scaled up to 30 districts in 2010 to increase the rate of hand washing with soap among mothers of children under five years, at critical junctures like after visiting the toilet, from 14% in 2007 to 50% in 2015.

According to the Uganda Demographic Health Survey 2011 and the Water and Environment Annual Sector report 2011/2012, the national hand washing rate has increased from 24% to 27%. The rate of hand-washing in the 30 focus districts has increased from 24% to 29% compared to the non-focus districts where the hand washing rate has increased from 18% to 24%.

The project is a public private partnership that has so far raised over $2 million from the Government and development partners like UNICEF, DANIDA, DfID and the World Bank. It has been running since 2006 and has secured funding for operations up to 2015. WB50

(Top and left) Soap and clean water are critical for maximum domestic hygiene. Photos/David Sseppuuya

Kalisizo Showcases
Best of Small Town Water

Its claim to fame in Uganda is still a bit dubious, but Kalisizo is fast-shedding its past and embracing a present and future that is as clean as the water that flows through the town's veins to make life that much easier for its citizens.

For the entire span of a decade, in the 1970s, Kalisizo was a frontier town in the battles that the Government of Uganda fought against Tanzania. Initially in 1972, when forces opposed to Idi Amin's rule, and then in 1978-79 when the war that overthrew him was fought, Kalisizo was synonymous with military conflict.

Located on the highway to the Uganda-Tanzania border, Kalisizo was a strategic town for all sides in the military conflicts, and controlling it usually gave the occupying side a big advantage over its enemies. Being 60km north of the border, it was a redoubt for its defenders and a target for attacking or counter-attacking forces, and many battles were fought there. With its hilly outlook, it is easy to see how it is a militarily strategic town, as it gives great vantage viewing over the surrounding plains. But those hills also pose problems for its water system.

Today, there are no more signs of war, and the only battle the town and its folk are still fighting is growth – the population is growing and the physical spread has extended from two hills to the three it occupies today.

By the time it was contracted in 2001, WSS Services, the private company that supplies water under the Small Towns Water Project, had 137 connections, and a 7km distribution network. Today the connections have grown to 737, while distribution covers 21km.

Wycliffe Lule, WSS's manager, reckons that 50% of the population is connected to his supply, which originates from springs. "But we have a problem of extending to the other hills," he says, now that the town is expanding beyond its traditional boundaries.

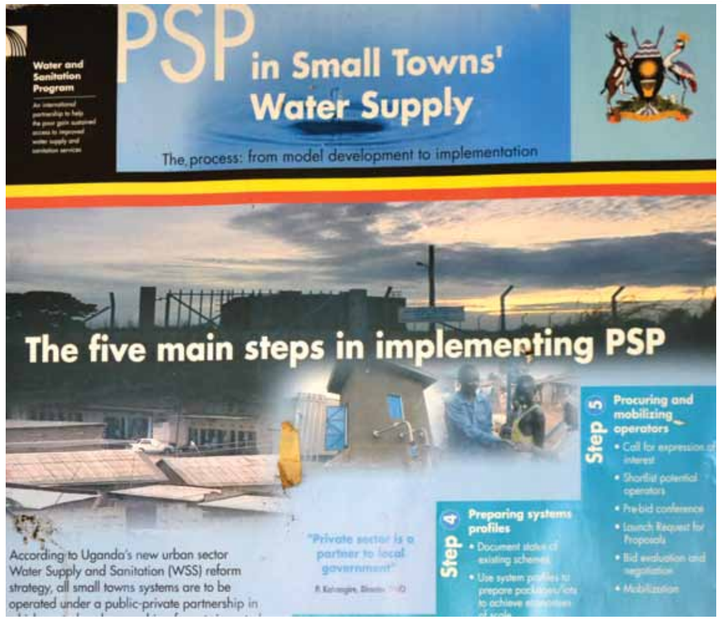
At the central market, a woman saunters in with saucepans delicately balanced on her head. At the water point, a young girl brings jerry cans. Within minutes, both are walking away, their needs satisfied. A post-project study shows that overall, per capita consumption is estimated at 20 liters at yard taps and house connections and 10 liters at kiosks and point sources in the 11 small towns serviced by the project, meaning that consumption would increase with more direct connection.

Annette Nabagala is the town engineer, and she remembers a time when typhoid, the acute highly infectious disease originating from contaminated water, was commonplace. "The town's original water system was constructed in 1968 to serve a very small population. Even after rehabilitation between 1997 and 2000, it was not sufficient for a growing population – water could not reach many places, especially the hills. In 2003, the Town Council contracted a private operator who was paid a percentage of what the residents pay."

The triumph, Engineer Nabagala feels, is the fact that the town has since broken even. "We used to get cash from DWD (Directorate of Water Development), but now we do not take subsidies."

Instead, the town is now preparing to request DWD to expand, with a new water sump – a low-land area to receive drainage – and installation of other tanks at higher altitude to use gravity.

For its success, Kalisizo has been rewarded with regular visits by foreign delegations seeking to learn how best to run an efficient and profitable small town water supply system. **WB**50



(Top left) The pump house in Kalisizo is operated by a private company, which also lays out piping (top right) to create new connections. (Above) a graphic outline of the operations and functionality of Uganda's successful rural towns water project. Photos/Laura Walusimbi

Solid Waste Management

Unpleasant But Necessary

Solid waste managers, human scavengers, marabou storks, egrets, and vultures mix up with trucks and heavy machinery to clean up Kampala's solid waste at the Kiteezi landfill. Photo/Laura Walusimbi

The cycle of activity is unbelievably efficient. A garbage truck drives in and up the slope whose foundation is a mixture of hard-pressed garbage and soil, it tips over the refuse into a pile that, within seconds, formally employed cleaners and free-ranging human scavengers rush over to sift swiftly through.

Clad in gumboots in various stages of wear-and-tear, the scavengers quickly separate any item that may be remotely useful – plastic mineral water bottles for recycling, a pair of shoes that may still be worn, even a cup that could find its way back into a kitchen.

When the people have finished separating the reusable, in come the marabou storks, flapping their ungainly wings and sinking their long beaks in whatever has remained. They are competing for edible scraps with the vultures that circle menacingly, scraps that are food in various stages of decay.

On the edges of the rubbish, safely away from the more aggressive vultures and 'kalooli' marabou storks, chickens scratch at whatever the other birds are not interested in, scampering in time to avoid the odd human scavenger still intent on recovering a freshly uncovered item. Shortly, the bulldozers and excavators move in, shoveling the waste and covering it with soil, leveling and spreading garbage out on slopes to ascertain good drainage at the edges of the 16-acre landfill.

Order is enforced by a team of 16, including cleaners, record keepers, and a leachate assistant, who ensures that disposal is done in environmentally recommended fashion.

Through it all and in spite of the stench that wafts with the breeze, Phoebe Gubya watches with keen yet relaxed interest, explaining: "The waste is more than 80% compostable – we do not receive hospital or industrial waste. We only treat domestic municipal waste. If any of the private garbage collectors bring dangerous forbidden waste, the dumping hospital is fined and the delivering vehicle is impounded, and the owners fined."

Phoebe is a City Environment Officer and the manager at the Mpereerwe Sanitary Landfill in Kiteezi, outside Kampala. The landfill operates 24 hours a day, seven days a week, turning over 12,000 tons of solid waste a month.

"The waste contains a lot of water – we manage the solid component, and we send the liquid component for treatment. We do have a lining of hardcore concrete/sand/clay that prevents filtration of dangerous effluent into the ground to avoid contaminating soils and water," says Phoebe.

The World Bank started supporting the landfill in 2000, at a time when Kampala had nowhere to put its waste. There had been wrangles between the City's Town Clerk and Wakiso District, in which the landfill is located. The Bank has given budget support in waste management to various urban centers.

Under the Second Environmental Management and Capacity Building Project in partnership with the National Environment Management Authority (NEMA) and the National Forestry Authority (NFA), Arua, Hoima, Masindi, Mityana, Entebbe, Busia, and Tororo received equipment for solid waste management. There are nine improved and functional municipal solid waste (composting) facilities in Mukono, Jinja, Mbale, Soroti, Lira, Kasese, Fort Portal, Kabale, and Mbarara.

The Kenkompe Composting Site, 7km from Mbarara's business district, is managed by the Municipal Council and NEMA.

Before it was established in 2005, garbage from the growing municipality was being dumped indiscriminately, leading to pollution of land, air, and water, especially during the seasonal streams that flow from the highlands of Ankole.

Today, Kenkompe processes 70 tons of waste a day. Composting process, which takes 6-8 weeks to mature, is particularly useful to the neighboring farming community as it provides compost for gardens, plantations, and pastures. WB50

(Above left) Kampala, Mbarara, Mbale, Jinja, Gulu, Fort Portal, Kasese, Soroti, Kabale, and Lira all use a combination of municipal vehicles and private trucks to collect garbage. (Above right) Effluent from Kiteezi's decomposing waste is drained, treated in ponds, and eventually discharged manageably into the wetland in the landfill's vicinity. Photos/Laura Walusimbi

Compost produced from municipal solid waste metric tons: Estimates only

Town/City	Metric Tons
Kampala	12,000.0
Mukono	1,492.9
Jinja	1,990.6
Mbale	2,213.6
Soroti	1,235.5
Lira	840.8
Fort Portal	1,390.0
Kasese	1,046.8
Mbarara	1,372.8
Kabale	1,698.8

Source: NEMA, Dec 2012

INSIGHT SIX

Ezra Suruma

Structural Adjustment Not Easy but Had to be Done

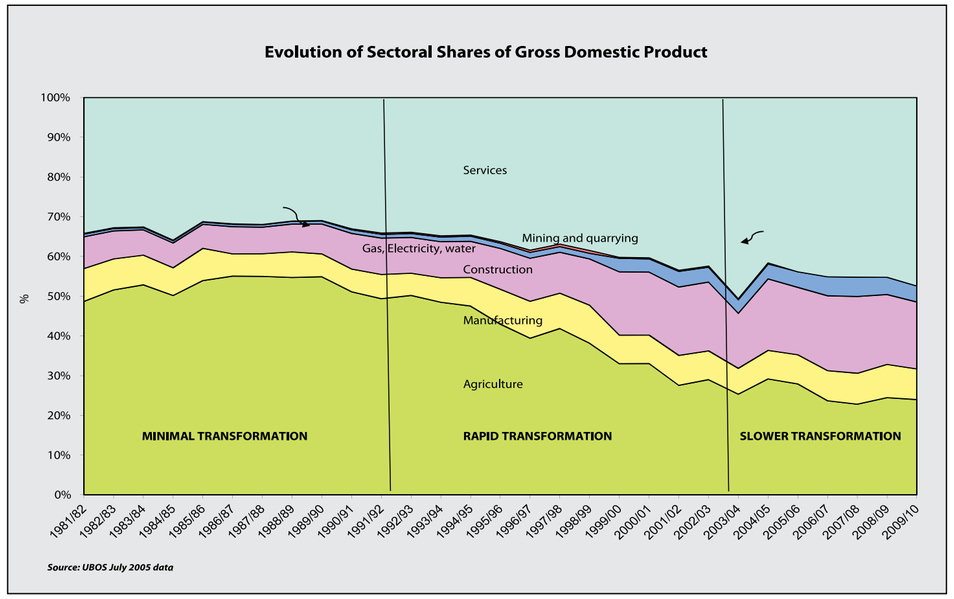
Dr Ezra Suruma was Minister of Finance from 2005 to 2009. He has also served as Deputy Governor of the Bank of Uganda, and Managing Director of Uganda Commercial Bank. He is currently Senior Presidential Adviser on Finance & Economic Planning.

Q: What was the impact of the Structural Adjustment Policy?

When the NRM Government came to power in 1986, the economy was zero. No foreign exchange, no fuel, the companies were mostly parastatal organizations producing at less than 5% capacity and allocating whatever little they produced to those who were lucky to get it. There was nothing in the stores, the infrastructure had collapsed. Initially there was a view that somehow these problems could be solved by ourselves alone but by the end of the 1986, it was clear that we needed help. We started in 1987, removing three zeros from the currency and came up with a new currency in May 1987. That helped curb inflation; it took 30% of the incomes of the people for the Treasury. Some people were not very happy, but the Treasury needed money because we hardly had any tax collection.

Everything we had was coming from coffee taxes. So together with the IMF and later the World Bank, we attempted to see how we could stabilize the situation - we needed foreign exchange desperately, and we couldn't raise $5 million per month. We came up with a program, the IMF and the Bank asserting that what needed to be done was to stabilize the situation. You can compare this with a patient. When a patient comes to hospital in a critical condition, you don't start with immediate treatment; you have to stabilize the patient.

Photo/David Sseppuuya



There was very fast structural transformation over the 1990s. Agriculture's contribution to GDP reduced from about 50% to about 25%. The biggest contributor to the transformation has been the Construction Sector. Source: Uganda Bureau of Statistics

The first important measure was the World Bank lending us $100 million. The Balance of Payments support helped us import essential goods; we set up the Open General Licence (OGL) and this meant that we had a list of what were considered to be very important products - blankets, soap, salt.

Another feature of SAP was the removal of price controls. It is not as easy as it sounds, but Government stopped the idea of fixing the price of soda or beer, and opted for whatever the market says to be the price. Of course initially prices shot up, but inputs started coming in for manufacturing so supplies started to stabilize.

Medicines were nowhere to be found, but they were on the OGL list. Donors started coming in and in 2-3 years we began to see prices and inflation come down. Later on we mismanaged a little bit, the Government was having difficulties in controlling the ministries. They were used to "spend-as-budgeted" rather than to spend as money was available.

We had a lot of difficulty in asking ministers to co-operate. So we found ourselves overspending, inflation going back to 60% and with a new currency this became too painful to tolerate. The President had to take a very firm stand and say inflation must stop.

Inflation came under control - these were aspects of SAP. Privatization of state enterprises and the return of Asian properties started in the early 1990s.

Q: Some analysts believe that SAP and the World Bank recommendations were experimental; they were not likely to work in a developing country such as Uganda.

I wouldn't agree with that. I would say that they had reasonable experience why black markets arise. For instance, why was there a black market for beer? Beer could not be found on the open market, you had to go to someone's house to buy

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Structural Adjustment Not Easy, but Had to be Done

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beer and buy it at a price higher than what had been set by the Government. With the reforms, there was reasonable supply of beer and the sellers were free to set the price so there was a balance between demand and supply.

Q: Many people think that Uganda was skeptical about the World Bank and IMF policy. Why do you think people did not like them at the start?

I don't agree that people didn't like them from the start, I think they were suspicious.

Q: Why were they suspicious?

Many of us who were coming into Government had grown up in the ideological struggle between capitalism and socialism in the 1960s and 70s. So we were borrowing planning from the East (socialists) and at the same time working with Western countries, getting aid. Some people had an inclination towards socialism; others to capitalism. There was suspicion and a fear of neo-colonialism. Although the old colonialists had gone, there was suspicion of new ones disguised in the World Bank and IMF.

Q: So how did the World Bank fit into Uganda's requirements?

In an environment of extreme scarcity and extreme need, we didn't really have much negotiating room. So IMF on the one hand was working on the macroeconomic system. They focused on sector reform. I usually found that sector negotiation was not as hard as the macroeconomic terms that we had to negotiate with IMF.

Q: What were the challenges that came with SAP?

Privatization of parastatals was very difficult. Since independence, a large number of these organizations such as Uganda Development Corporation and its subsidiaries, various companies like Uganda Commercial Bank, Coffee Marketing Board, Produce Marketing Board had been built up as pillars of the economy. So agreeing to sell them, and to who, was a big issue that could not be explained by the Bank.

I had to lead teams to Costa Rica and Madagascar to figure out how to liberalize coffee export. I led other teams to Mauritius and Ghana to see how to liberalize the foreign exchange program; to set up these forex bureaus. This was a huge adjustment that we had to make intellectually and ideologically.

Q: Many don't understand why Uganda Commercial Bank was privatized. Was it good business?

Having played a role in Financial Sector reform I am not sure I can give an objective answer but the fact was that UCB was not profitable. I did a great deal of work hoping to bring it back to profitability but I did not succeed.

Q: What projects did the World Bank introduce when you were minister?

By 2005, the economy had long stabilized and we were more into economic development rather than stabilization. We were looking at how to increase education access, with introduction of free Universal Secondary Education (USE); we started this using our own funds. We started with Senior One (secondary school entrance class) and later we expanded the program with the World Bank.

Q: How successful was the initial four years of USE?

There had been a huge increase just as there had been in primary intake as a result of the Universal Primary Education (UPE). In 2006 the children who had been coming out of UPE needed to continue and parents didn't have the fees as they didn't have for the primary education.

Q: What do you consider to be the World Bank's single biggest influence?

They supported education, agriculture, electrification; they have supported liberalization of the economy in all sectors. Privatization, Financial Sector reform, infrastructure, so many of the roads that were tarmacked, the money came from World Bank. In every area of transformation they have been involved.

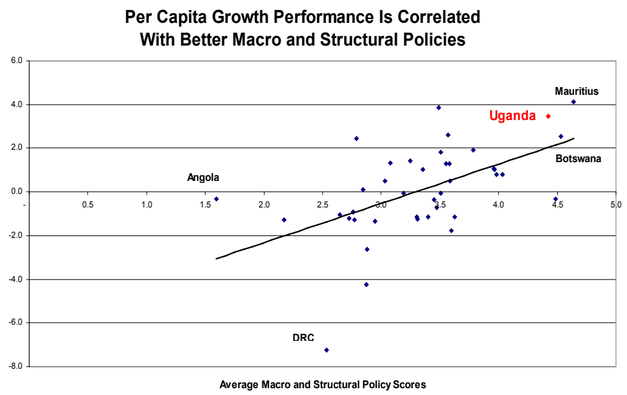
Q: How would Uganda have performed had the World Bank not been there?

We had an option of not bringing them in 1986 when NRM came to power; Government tried to do without them and the IMF and the results were not very good. You saw that in the first ten months of 1986, we continued allocating sugar, and that did not go very far. There was a realization that we needed them, sometimes it is not good to be very proud, it is good to admit when you need help; no doubt that the World Bank did a lot in stabilizing the economy.

Q: Could the barter trade system have helped?

No.

To curb inflation, the currency reforms of May 1987 took three zeroes off the 1985 series of notes (right) and imposed a 30% tax for Government revenue, to come with a new, stronger set of currency notes (left). This was a major part of the Structural Adjustment Policy. Photos/David Sseppuuya



Q: Why not?

You see we were bartering coffee with Yugoslavia, for example, and then they were selling it (on the world market). So why not sell the coffee yourself and get a good price? WB50

Environment & Conservation

SECTION SEVEN

Uganda has some of the world's greatest variety of flora and fauna, relative to the country's size. It is also one of the best watered nations in the world, has some of the most fertile soils and relative expanse of arable land, and variant topography. These blessings nonetheless pose challenges for sustainable use by what is one of the world's fastest-growing national populations

50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

NEMA is at Frontline of a Tough Battleground

Uganda is a battleground for environment and conservation concerns. Environmentally very rich and incredibly diversified, the country also constantly battles with problems that threaten its natural heritage.

Overpopulation, with one of the world's highest birthrates, overgrazing, deforestation, soil erosion, wetland degradation, and primitive agricultural methods, are all regular battles in the struggle to protect the heritage.

Aryamanya-Mugisha, a grizzled campaigner, strategist, and enforcer, is however more hopeful than hopeless. A PhD in analytical chemistry specializing in polluters of the environment, he has been the face of Uganda's environmental battles for a quarter of a century, and has seen the worst and the best of it.

The best includes Government's enactment of an environmental policy, and the World Bank-backed establishment of the National Environmental Management (NEMA), which Aryamanya headed for a long time.

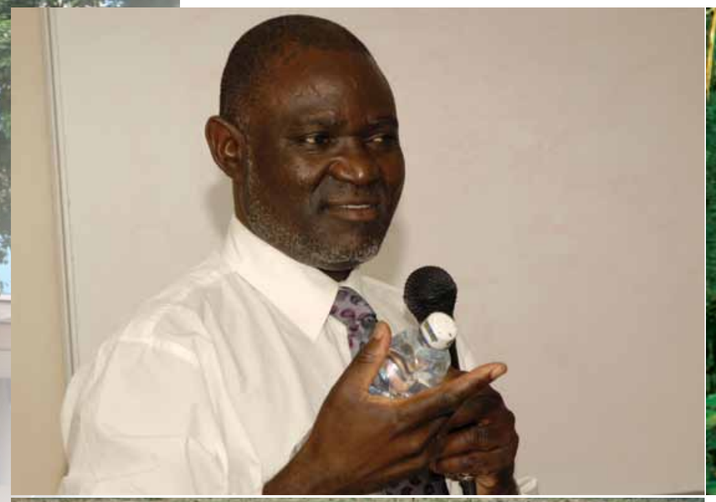
"There was political will", he says of the late 1980s, when he returned to Uganda from the US to take up a position in the nascent Environment Ministry. "1986 was the first time Uganda had a Ministry of Environment. At this point forests and game parks had been encroached on, and species were endangered or extinct."

"But there was enormous will to reverse trends, although there were no technical people. There were a few botanists, but no environmental lawyers. And there was no policy or law until 1994 and 1995. It is President Museveni who challenged for a policy and a law," Aryamanya recalls. "When the law and policy issue came up, the World Bank was contacted. Brian Falconer (World Bank Representative) came to Uganda from Washington DC in 1989, and we worked together to prepare a National Environment Action Plan."

The Government adopted a National Environment Policy in 1994 with the objective to collect, analyze, store and disseminate reliable information on environmental management. In 1995, the National Environment Act put in place the institutional framework that established NEMA, a semi-autonomous body charged with the coordinating, regulatory, and compliance mandate for environmental management.

Aryamanya, then the Chief Environment Officer at the Ministry, was on hand as the Bank provided seed money in 1991 for task forces to be put in place, and use its contacts with other donors like USAID, NORAD, SIDA and UNICEF to prepare the Action Plan. Preparation started in the early 1990s and an appraisal mission was launched in 1994 to look at a management and capacity-building project. That project started in 1996, being the first Bank-lending specifically aimed at the environment in Uganda.

Its objectives were to build capacity at national, district, and community levels through establishing NEMA, and strengthening selected districts in initiating communities to address natural resource degradation in their areas. The Bank provided $15 million for this.



(Clockwise from left) The World Bank-funded head office of the National Environment Management Authority in Kampala city center; Seasoned environmentalist Henry Aryamanya-Mugisha; a well-conserved Buso Recreation Forest in Central Uganda; agricultural practices in Karamoja that could precipitate soil erosion. Photos/Laura Walusimbi, The New Vision, David Sseppuuya, World Bank Archives

Aryamanya oversaw the implementation of micro-projects with communities, like tree planting on hilltops, and on river banks in places like Nakivale, River Nile at Nile Resort, Ibanda, Kabale, and Mt. Elgon.

The Authority, then led by Aryamanya, scored a coup in getting the Government to permit, and the World Bank to commit, to building a head office for the organization. "Government policy was that institutions should not own buildings. But the World Bank was giving NEMA money to rent. NEMA convinced the Government to use the Bank cash to build our own home," recalls Aryamanya.

The Government adopted a National Environment Policy in 1994 to collect, analyze, store and disseminate information on environmental management.

Today, NEMA House stands proud, a glass-fronted multi-storey structure in a prime location of Kampala, testimony of cooperation between Government and development partners.

More fundamentally, NEMA continues to fight many battles, losing some especially to non-law abiding private and government institutions in wetland and forest encroachment, but winning many more in fulfilling the mandate to give Ugandans a better environment. WB50

(Clockwise from left) After: The mural of an alpha male painted on the wall of the new head office that provoked the envy and aggression of the territorial silverback. Before: The old wooden shack that served as Bwindi's head office before PAMSU funded a new facility. The new staff quarters at Queen Elizabeth National Park. Photos/Laura Walusimbi

Bwindi National Park's Head Office Hosts Protracted Gorilla War

This war bore no resemblance at all to the others that Bwindi Impenetrable National Park, home to nearly half of the world's mountain gorillas, has known.

Before it was designated a national park in 1991, Bwindi had witnessed incessant conflicts with the local community for access to the forest's resources, including outright arson. Beyond access there was even very bloody gunfire at the massacre of eight tourists by Rwandan Interahamwe rebels in 1999.

But in terms of sheer drama none of these can rival the week-long non-fight observed in 2009 between a bossy silverback gorilla, and a supposed rival, a contest the World Bank and the Global Environment Facility can take credit for.

As part of the $27.0 million credit and $8.0 million Global Environment Facility grant, the Protected Areas Management and Sustainable Use (PAMSU) project constructed head offices in major national parks, as well as the headquarters of the Uganda Wildlife Authority in Kampala.

At Bwindi, in the south-west, just 4km from the border with Congo, the standard-shaped office, similar in design to other game parks', was built on the north-westerly edges of the vast 330 square kilometer conservation area. But an imaginative designer painted a life-size picture of a silverback gorilla prominently at the front.

This is what bred problems. Pontius Ezuma, Bwindi's Conservation Area Manager, recalls: "The painting alarmed the habituated family, the Rushegura Group, which normally forages around here. When Rushegura's leader, the silverback, came here, he took up combat position nearby. When he first saw this picture, in his mind he thought that his family was already gone. Because in the field the stronger you are (as the alpha male), the higher the chances are to have all the females and family members. So the Rushegura Group stayed around here for one full week, with the senior silverback regularly charging at the painting till he realized that his enemy was not reacting."

Today the Rusheguras still forage in the area, but the family head silverback totally ignores his inanimate rival.

The Rusheguras are part of the 400-strong population in Bwindi, which makes almost half the world's total of mountain gorillas. Another 480 gorillas inhabit the three-country habitat that consists of the national parks of Mgahinga in Uganda, Volcanoes in Rwanda, and Virunga in Congo.

Under PAMSU, Bwindi, Queen Elizabeth, Murchison Falls, and Kidepo Valley NPs have had infrastructure upgrades, including new head offices, boundary markings (600km of boundaries surveyed and 1,157km of boundaries marked), engineering workshops, staff housing, road equipment, water treatment plants and pumps, electricity transformers,

> "The painting alarmed the habituated family, the Rushegura Group, which normally forages around here."

and operational support in law enforcement and community conservation. PAMSU funded the construction of more than 160 structures, including offices, staff housing, new boreholes, and upgrading

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(Left) The Protected Areas Management and Sustainable Use (PAMSU) project constructed Queen Elizabeth National Park's head office. Photo/Laura Walusimbi

(Below left and center) Chimpanzees and giraffe at the PAMSU-assisted Uganda Wildlife Education Centre in Entebbe. Photos/David Sseppuuya

(Below) The motor workshop at Queen Elizabeth National Park that maintains the park's machinery. Photo/Laura Walusimbi

(Bottom) Maintenance work using a PAMSU-funded earth grader on Bugungu Airstrip in Murchison Falls National Park. Photo/UWA-Murchison Falls NP

Bwindi Park's Protracted Gorilla War

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generators, at a cost of $13.3 million. About 50% of staff and 90% of protected areas now have good office infrastructure.

The project also trained more than 1,500 rangers and 200 senior staff, all leading to more cost-effective management of Uganda's wildlife and cultural resources. As a result, Uganda Wildlife Authority's revenues increased from shs5.8 billion in 2002/03 to shs26.8 billion in 2010/11, an increase of 364% in eight years.

A very practical approach has been the revenue-sharing arrangement, in which the national parks give 20% of their earnings to local communities, which has done wonders in involving the villages in conservation and appreciating the need to be partners and not enemies of wildlife.

For instance, in April 2013, Bwindi National Park passed on shs661 million ($270,000) to the districts of Kisoro, Kanungu, and Kabale, which neighbor the Mghahinga-Bwindi conservation area. **WB**50

No Passports, No Visas for Border-Crossing Gorillas

Pontius Ezuma, the Conservation Area Manager for Bwindi-Mgahinga Conservation Area, is overseeing park operations within the two protected areas, Bwindi Impenetrable National Park and Mgahinga Gorilla National Park.

Q: Bwindi and Mgahinga share the same eco-system. How far apart are they?

Mgahinga is about 35km away; it is one trans-boundary protected area, on the western side it is shared by the Democratic Republic of Congo (DRC). Rwanda and DRC are on the southern part. On the DRC side it is called Virunga National Park and on the southern part with Rwanda it is Volcanoes National Park.

Q: And even where we are (Bwindi), we are not far from the Congo border. Is that right?

About 4-5km away from the common border if you are to take a straight line.

Q: So do the gorillas cross to Congo?

Yes they do. It is the same ecosystem and the interesting bit is that for gorillas there are no boundaries. On the other side in DRC there is a wildlife reserve called Sarambwe, where the gorillas commonly go and once they go to the other side we have a trans-boundary arrangement with the Congolese, so once they cross there they will be looked after by the Congolese rangers.

(Above) Pontius Ezuma has built up experience in gorilla conservation. (Left) a magnificent ape foraging in the Bwindi Impenetrable National Park. Photos/Laura Walusimbi, World Bank Archives

Q: Are you in touch with the Congolese rangers; do they tell you that they have crossed?

That is what normally occurs but at the moment with the confusion in Congo, we are not really in touch but good enough all the gorillas are (currently) on our side.

Q: What is the approximate number of gorillas in Bwindi?

We carried out a census, the results were actually given to us this year (2013); we have a population of at least 400 gorillas in Bwindi alone.

Q: Is that an increase or...?

It is an increase because the previous census in 2006 we had a population of only 340, so when we register 400, it is quite a significant improvement.

Q: How is a gorilla census carried out?

We use two approaches, termed as indirect way of counting wildlife. The forest is divided into several sub-sectors, small units and people walk in every sector, which has been plotted and during that exercise they walk to where the gorillas slept, and pick samples of their dung which is layer-analyzed to give us the total number of gorillas.

The other way which we have now used is the fecal samples which are taken and analyzed in the laboratory after which the DNA is picked out. So this (latest census) we are even getting more accurate numbers, we now know at least there are 400 individuals in this park.

Q: What does the DNA tell you?

The DNA will tell you the individual because like my DNA will not be similar to yours so when we collect all these fecal samples and when the DNA is picked out, it will show you this is so-and-so and I will be totally different from you. So that is what we are using currently.

Q: Bwindi has been a partner with the World Bank. Can you tell us something about that partnership?

The World Bank has assisted us in infrastructure development, particularly the office, staff accommodation, and in marking the park area boundary. There are areas that were problematic, we had to plant canes or boundary markers, (and in) those areas we have avoided conflict with surrounding communities. People would come and claim, "This is where my land is", but now they know the canes are right there and no one is tampering with our resource here. Bwindi is a World Heritage Site, a property that belongs to the globe. So anything that we do wrong here will endanger humanity. So the World Bank contribution is appreciated. Before the World Bank came in we had no office; most of our staff were coming from their homes, but now because of the houses we have some staff here, though some are still without accommodation.

Q: What sort of tourist numbers do you get?

Our numbers have actually increased over time. Tourism in Bwindi started in 1993, it was gazzetted as a national park in 1991, and earlier than that there was a lot of activity going on here, there was lumbering. What you have today would not be if the status of this place was not changed. When eco-tourism started, basic infrastructure was developed within this area, the communities were told not to go to the forests and cut timber, and of course it caused a lot of concern among the community. But at that time gorilla groups were habituated here. Habituation takes about two years to get them friendly to human beings.

Habituation was done from 1991 to 1993 and tourism started. That year 1,321 visitors came to see the gorillas. Last year (2012) we had 18,000 tourists in Bwindi. We have increased the number of habituated groups. Now we have ten habituated gorilla groups to diversify and increase the experience, and now we are beginning to realize the value of this protected area. By law we are supposed to give 20% of gate collections to the community. So from Bwindi alone we gave to the local communities over $250,000 from about three years collection (see story next page), so now they are beginning to appreciate the need to protect wildlife.

Q: How does the community use those financial resources?

With our community conservation department and the local governments in their respective areas, at village level they raise their needs and write project proposals, things that would be very useful to them to improve their lives. That has to be approved at the parish level, and then the sub-county, and eventually to the district where the Chief Administrative Officer writes to us. A tourist pays $500 and 20% of that goes to the community, and it is banked separately. When it accumulates we disburse it.

Q: Any specific projects that communities have raised?

Many. In Mpungu the sub-county headquarters was built out of that money, and a number of schools have been built, but now we want to focus on the livelihood of the individuals who are impacted by the presence of the park. It is communities that are touching the park boundary because that is where we see wildlife come out, they destroy crops, and so how do these people benefit from this park? Those are the key people, and with time when revenue increases we shall begin to expand.

Q: So you have not done any livelihoods yet?

We are now going to things like giving communities goats, to rear instead of now going to kill a duiker (antelope) in the forest. They can now slaughter goats for their animal protein. WB50

Willdlife Authority officials and Kisoro District administrators displaying a dummy check at the handover of tourism earnings to the local community on April 5, 2013. Photo/UWA

Park Communities Benefit From **Revenue Sharing**

Is it better to land in the hands of conservationists or the jaws of a predatory carnivore? The communities surrounding Uganda's many game parks seem unanimous that the former is preferable, and have gone on to become participatory beneficiaries of improved wild game tourism.

In April 2013, three communities – the south western districts of Kanungu, Kisoro, and Kabale – in the Bwindi-Mghahinga Conservation Area walked off with shs661 million ($264,000) in revenue sharing from the takings of the Uganda Wildlife Authority (UWA). And so it should be.

The conflict between man and wild animals is as old as time. While it has been partly solved by urbanization and the creation of conservation areas, it is still prevalent as it breaks out sporadically every so often. Uganda has many game parks, located around the geographical spread of the country. Each general location has fairly dense human habitation, and so the probability of a clash is always there. Uganda is the fourth most densely populated country in Africa with 85 people per square kilometer, most are largely dependent on smallholder agriculture for sustenance (85% of the population is rural), and with a high population growth rate. At the same time Uganda ranks in the top ten nations in Africa in variety of animal species for all major groups, and among the top ten in the world for mammals, including about half of the known world population of mountain gorillas.

To mitigate this human-animal conflict the Uganda Wildlife Authority, with assistance from the World Bank's Protected Areas Management and Sustainable Use (PAMSU) Project is working on improving Uganda's ability to attract tourists to its wildlife and cultural heritage and encouraging cost-effective management strategies while also engaging the communities around the national park.

A little farther north of Bwindi-Mgahinga, in the Queen Elizabeth Conservation Area, Joan Kabazira, 19, dusts the curios in her tiny roadside shop. Her one year-old son Arafat gazes gently at the varied curios on offer – wooden sculptures of Africa's Big 5 (lion, elephant, buffalo, rhino, and leopard), dancing men in tribal gear, cups and plates, ornamental earrings and bungles, and even the odd handbag.

A school dropout, she has nevertheless found worthwhile employment in this shop, a few hundred meters from UWA's park head office, selling curios to tourists. Competition is high. "Other people in the neighborhood have picked up ideas and skills," she says of the shop, set up a few years ago by an enterprising HIV orphan.

PAMSU aims at ensuring the effective, long-term conservation of Uganda's biodiversity in the face of competing economic pressures.

The project design is consistent with guidance from the Conference of the Parties for the Convention on Biodiversity as it addresses key imperatives in conservation, including capacity building; strengthening the conservation, management, and sustainable use of ecosystems and habitats; strengthening the involvement of local and indigenous people; and integrating social dimensions including those related to poverty.

The communities near the parks would benefit from potential access to income generation opportunities, particularly for women's groups who can sell crafts; education opportunities; improved infrastructure; improved advocacy in local decision making processes; and increased access to resources from non-governmental organizations and community-based organizations. Neighboring communities also realize substantial benefits from the sharing of gate revenue from parks.

As part of the community conservation program in many parks, the UWA initiated programs to provide poachers, gold miners, smugglers (and others engaged in illegal activities in the parks) alternative work and livelihoods if they stopped their illegal activities. UWA's anti-poaching campaigns have resulted in the exchange of illegal hunting equipment in most Protected Areas for access to improved alternative livelihood options (like market development, goat rearing, ecotourism, and others). Some of the alternative work included direct contributions to the parks such as maintaining mountain trails and removing invasive species. These programs have empowered communities to protect the parks.

PAMSU also pushed for the implementation of the provision that 20% of gate revenues were allocated to the local communities. This sharing of revenue helped win community support for the Protected Areas, which meant greater compliance with grazing restrictions in the parks and greater cooperation in reducing poaching of animals. The PAMSU Project built capacity within UWA and District Local Governments to plan and manage the 20% gate revenues under the Revenue Sharing Program.

Between 2002 and 2012, the total collected was shs4.4 billion ($2.4 million).

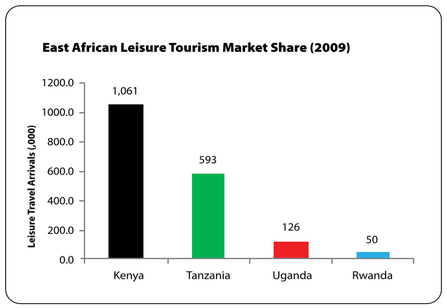
In Bwindi-Mghahinga, Pontius Ezuma, the conservation area manager says that aside from the 20% gate revenues, "$5 from the tracking permit is given to the local governments to support them in various projects identified by the surrounding communities that are impacted by the presence of the park and who impact the park. These would be the first parishes outside the park."

Since the revenue sharing program started, several projects including classroom blocks, health centers, provision of clean water to communities, rehabilitation of roads and bridges, as well as livelihood improvement projects such as goat rearing, bee keeping, provision of Irish potato seed have been implemented in community areas around protected areas. Since 2009, the focus has also changed to animal control projects like elephant deterrent trenches around Queen Elizabeth and Murchison Falls National Parks that have helped to reduce the human-wildlife conflicts. **WB50**

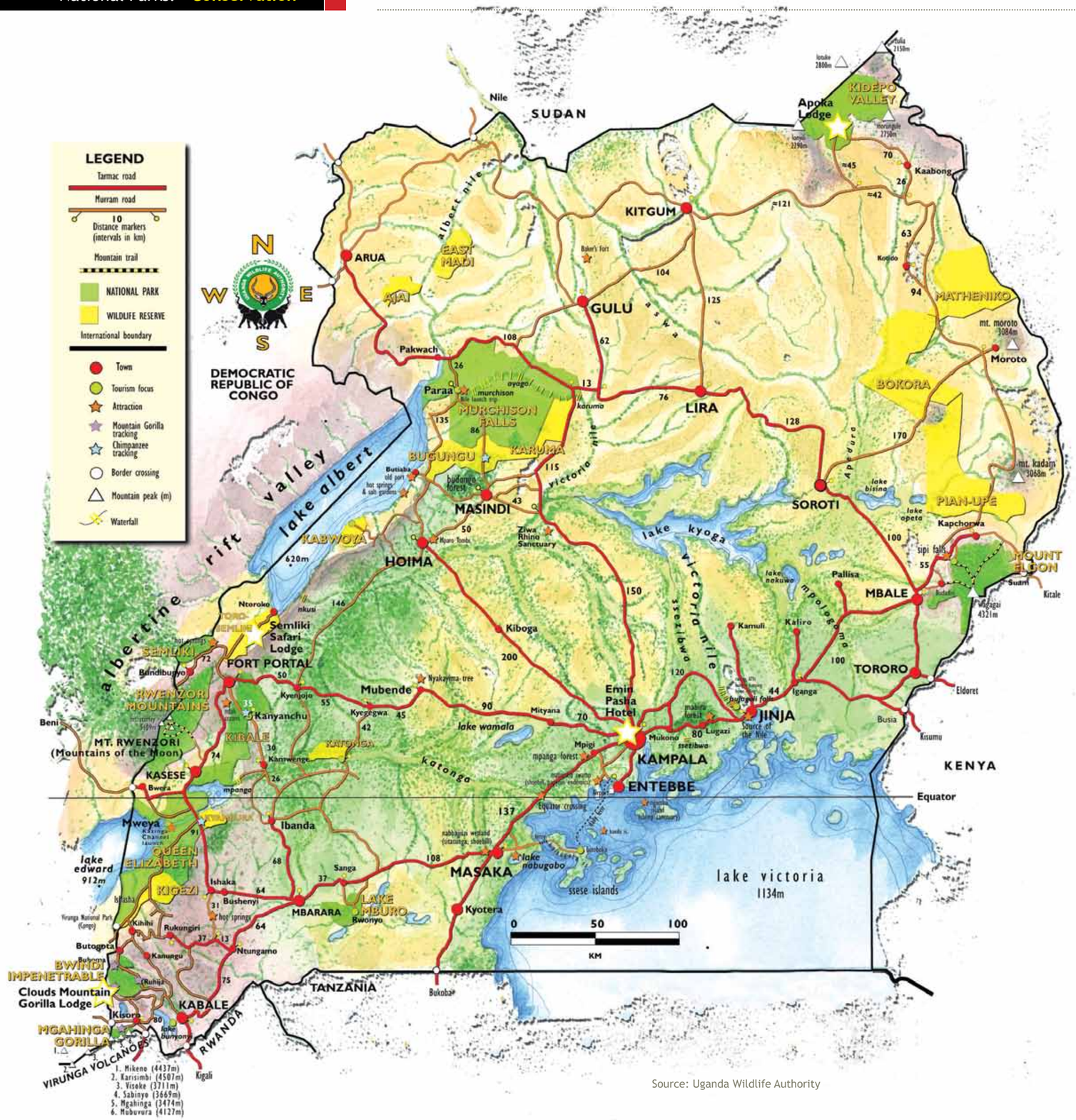
Gate Revenues (Shillings) Shared with Neighboring Communities

Protected Area Funds released between 2002 and 2010

Murchison Falls	1,403,516,296
Queen Elizabeth	1,541,913,370
Bwindi Impenetrable	425,798,525
Lake Mburo	413,990,811
Rwenzori Mountains	72,253,100
Mt. Elgon	110,081,550
Mgahinga NP	96,278,775
Kibale NP	285,178,756
Semliki NP	22,200,000
Toro-Semuliki WR	25,739,500
Grand Total	**4,396,950,683**



Source: World Bank Sub-Saharan Africa Tourism Database 2012



Source: Uganda Wildlife Authority

Uganda's Rich Game Parks Heritage

The headquarters of the Uganda Wildlife Authority in the Kampala suburb of Kitante. UWA's head office was constructed under the World Bank-funded PAMSU project. Photo/Laura Walusimbi

In April 2002, Uganda took an IDA credit of $27.0 million and secured a Global Environmental Facility grant of $8.0 million to finance the Protected Areas Management and Sustainable Use (PAMSU) project. Its objectives were to support the sustainable and cost-effective management of Uganda's wildlife and cultural resources, through a combination of providing funds for improving the country's ability to attract tourists to its wildlife and cultural heritage, while also encouraging cost-effective management strategies so as to reduce overall operating costs of the institutions managing these resources.

In the 1990s, a number of new national parks were created out of areas that had been forest reserves, including Rwenzori, Bwindi, Mgahinga, Semliki, Kibale and Mt. Elgon. These were an addition to the older parks like Budongo Forest Reserve (forest walks, large chimp population, birding hotspot), Katonga Wildlife Reserve (canoe and walking safari, antelope species, a few elephant and buffalo), Kidepo Valley National Park (giraffe, cheetah, antelope species, four of the Big 5 - no rhino), Lake Mburo National Park (boat, zebra, mainly antelope species, lion present but rare), Murchison Falls National Park (boat, waterfall, abundant wildlife, four of the Big 5 - no rhino), Queen Elizabeth National Park (boat, abundant wildlife, four of the Big 5 - no rhino). At the time, the Ugandan Wildlife Authority (UWA) was not operational.

The 1996-1999 period was particularly difficult for the national parks as the number of visitors declined, encroachment and poaching escalated, staff morale was low, and there was rampant revenue leakage and misuse of resources. Officially, there was a Wildlife Act, but there were no wildlife regulations, no wildlife policy, no UWA corporate plan, no UWA management plans and no budgets.

PAMSU was the second phase of World Bank support to the Government Conservation and Sustainable Tourism (CAST) program. CAST was the Government's umbrella program to support conservation of the country's wildlife and cultural heritage and assets and to implement the Integrated Tourism Master Plan (ITMP). ITMP was based on Protected Areas as the primary tourist attraction, with a secondary emphasis on cultural assets. The plan emphasized that growth in the tourism sector should follow a modest pace corresponding to the rate of recovery of the underlying natural assets (in particular, animal populations) and the rehabilitation and expansion of the supporting infrastructure. WB50

Forests are the Lungs of City and Village

(Clockwise from left) A giant native species of tree pierces the canopy of the 32-acre Buso Recreation Forest, a private conservation effort operated by Tropical Environment Foundation (TEFO) in Wakiso district, Central Uganda. Another local variety is labelled in scientific and local language, and for its application. TEFO forester Dan Kabanda, a Nyabyeya Forestry College graduate, points at twin trunks growing from one set of roots. Photos/David Sseppuuya

It is estimated that Uganda loses about 80,000 hectares of forest every year to unsustainable logging for firewood and charcoal, and in clearing for human settlement, agriculture and industry. The foundations for conservation and sustainable productive management of natural forests in the long term, but with less emphasis on production benefits and income generation in the short term, were laid with the Forestry Rehabilitation Project, effected in 1988 with a $32.2 million credit.

The Forestry Rehabilitation Project's main objectives were to: Increase the production of wood fuels and poles for the urban population; increase the production of wood products for the rural population and conserve soil fertility; manage and conserve Uganda's natural forests for sustained timber and charcoal production by the Private Sector, as well as improve revenue collection from logging, environmental protection and nature conservation.

It also set out to increase the productivity of softwood plantations for sustained production of timber by the Private Sector, and encourage a shift in exploitation of timber from natural forests to softwood plantations; and to provide institutional support to the Forestry Department (FD), and create the management and information base for long-term planning, development and conservation of Uganda's forest resources.

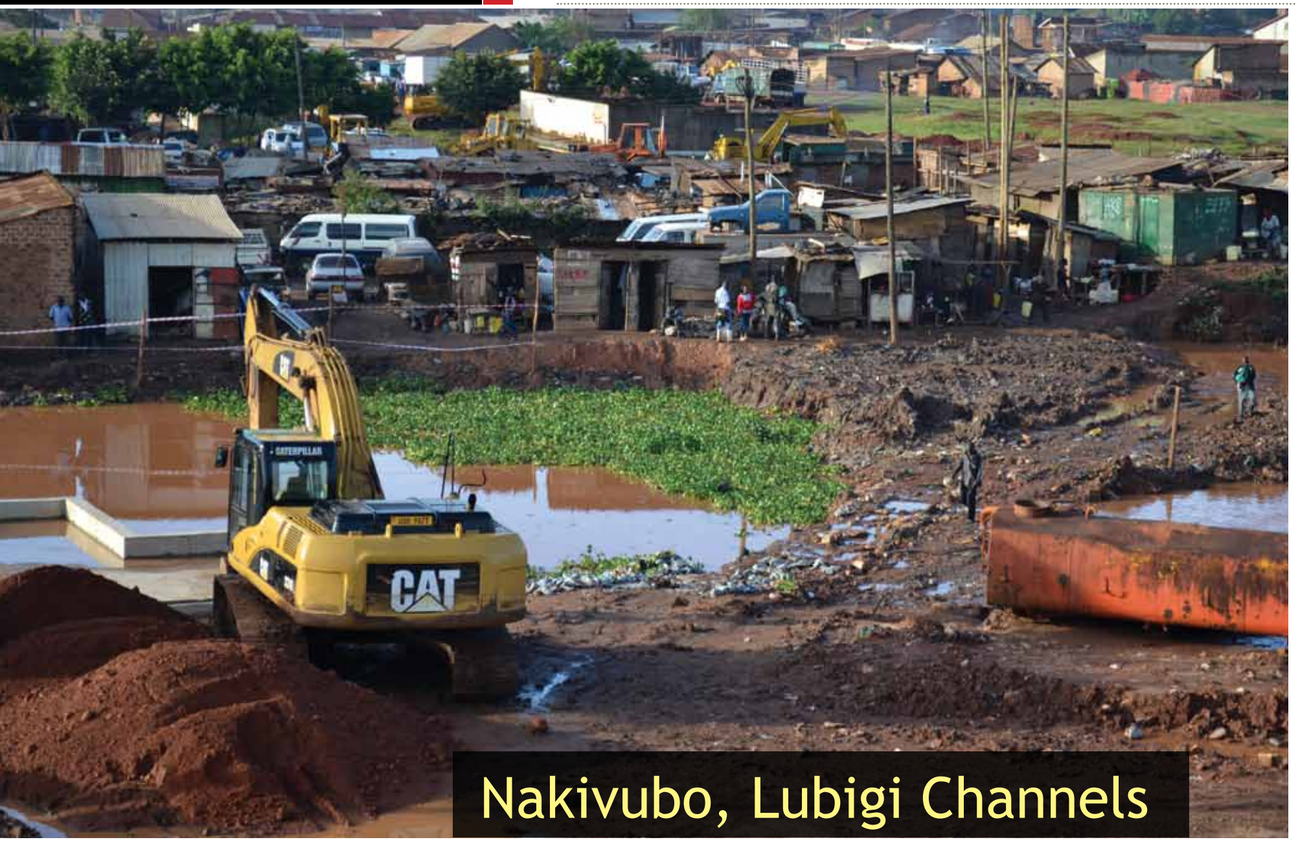
To achieve these objectives, the project included components for peri-urban plantations and pilot wood farms (financed by NORAD); farm forestry (co-financed by DANIDA and CARE); rehabilitation of natural forest management (financed by the EU); rehabilitation of softwood plantations (financed by IDA); strengthening of the FD (financed by IDA); and training (financed by IDA and UNDP). Government contributed counterpart funding towards the financing of local costs.

The Rehabilitation of Natural Forest Management component led to improved conservation and management of natural forest resources and resulted in a steady increase in recorded production from selective felling in natural forest reserves. The lengths of forest boundaries treated exceeded targets, which contributed markedly to restoring the integrity of forest reserves. The identification and demarcation of nature reserves and associated buffer zones was given priority, and 50% of all forest reserves were assigned to these categories. This emphasis in operations, combined with improved boundary control, mitigated against forest production and charcoal-making, both legal and illegal.

There was enrichment planting within intact forests and plantings within encroached forests. Experience shows that adequate natural regeneration often removes the need for planting, and requires less follow-up and maintenance inputs.

Human resource foundations were laid through the rehabilitation of Nyabyeya Forestry College in order to provide in-service training – the growth of numbers of trainees, preparation of training material, awarding fellowships and study tours, and conducting in-country training, were particular successes.

There was also the rehabilitation of Nakawa sawmill in order to provide training in mill and logging operations. **WB**50



Nakivubo, Lubigi Channels

The Understated Arteries of a City

Initially built on seven hills, and now spread over anything up to 46 hills, Kampala City has many arteries draining it, but none more vital than the Nakivubo and Lubigi channels. The city's other primary drains are Nalukolongo, Kinawattaka, Kitante, and Luzira.

Nakivubo drains the Central Business District, and remains the most visible of them all, and therefore the most inconvenient when not maintained well. The flooding that results from poor maintenance has, in the past, affected the road network, the flow of traffic, economic activity, and overall living conditions. Lubigi's critical status was enhanced with the completion of the Northern Bypass Road Project, as peri-urban settlements took up place on its periphery.

The World Bank has supported work on these two vital arteries. Nakivubo's rehabilitation was part of the Government of Uganda's Public Investment Plan and, in partnership with the Bank, was recognized for the urgency to tackle flooding. On commencement in 1999, the $22.38 million credit for Nakivubo Channel was the largest civil works project ever undertaken by Kampala City Council. In mid-2013, the $9.6 million Lubigi Channel was at 66% completion.

Both are vital works, given that they heavily influence social and economic activity in Kampala, where an estimated 80% of the country's Industrial and Services Sectors are located, and which generates more than 50% of Uganda's GDP. Infrastructure bottlenecks in Kampala therefore become even more critical to the national economy.

On Nakivubo, 8.73km of channel was de-silted and rehabilitated, culverts and bridges widened to accommodate new channel widths, and larger footbridges were built at strategic points. Four auxiliary drainage works were done at the Clock Tower Intersection, Lugogo/Uganda Manufacturers Association showground, Kafumbe Mukasa/Kisenyi Lane junction, and Makerere Road/Aga Khan School. Some 27 'black spots', places prone to accidents and incidents, were de-silted and widened to enhance storm water flow and minimize traffic congestion.

A Kampala Drainage Master Plan study that surveyed and updated the city's drainage systems and related environmental, social and economic issues was produced, giving a 20-year projection. Alongside it was the Kampala Urban Transport Improvement Program study (KUTIP), providing a framework for inter-linkages between roads, drainage and transportation.

The work on the 3.6km stretch of Lubigi is to drain from Gayaza Road to Hoima Road, on the northern outskirts of the city. Culverts that are 1.5m high are enhancing water flow, though at project time there seemed to be the small but surmountable inconvenience of the water hyacinth in given places. WB50

(Clockwise from left) Dredging work on the Lubigi Channel, astride the Northern Bypass circular in Kampala.

Jennifer Musisi, the Kampala Capital City Authority Executive Director (in black), being shown the progress of the $9.6 million work on Lubigi by World Bank officials, April 2013.

A section of the Nakivubo Channel draining Kampala's Industrial Area. Photos/Laura Walusimbi

INSIGHT SEVEN

Maria Kiwanuka

Infrastructure, Productivity, Skills Enhancement is the New Emphasis

Photo/David Sseppuuya

Maria Kiwanuka has been Minister of Finance since 2011. She is also an entrepreneur. She worked for the World Bank for 10 years in the 1980s and 1990s initially under the Young Professionals' Program which took in 50 young professionals a year at Master's degree level and fast-tracked them into management. She worked mostly in East Asia, Burma, Malaysia, Indonesia, and also in Southern Africa and Tanzania.

Q: You ascended to the Ministry when Uganda was heading to its worst economic crisis in 20 years. How would you describe the crisis?

A crisis by definition is unexpected. It hit about two or three months after I was appointed minister. So I was not prepared for it, but since it came along we had to address it. Inflation rose from around 5% to 31% in six months; the global economic crisis affected demand for our exports; we had price increases due to increased demand for our food in the Eastern African region due to a drought in the Horn of Africa. It was really difficult, but the Bank of Uganda did what it could to reduce the central bank rate as a mechanism for dampening demand for credit. The Ministry of Finance kept spending low so as not to upset the central bank's efforts.

Uganda's response to the global economic crisis has been to switch from exporting to Europe produce like fish and fresh flowers, to emphasizing export of dairy products such as milk, cheese, ice cream, butter, and yoghurt to Eastern Africa. Photo/David Sseppuuya

Q: Was Uganda insulated from the global crisis?

We were pretty much insulated since our financial system was not inextricably connected to global financial institutions. The effects were passed on from our major trading partners like India and China. What we experienced was a drop in demand in traditional export markets in Europe, the Middle East, and USA. We refocused our export market to the region and moved away from exports to Europe like fresh flowers and fish, to beans, maize, and dairy products, which are demanded in Eastern Africa. Transport costs are lower and fortunately staple foods have inelastic demand.

Q: What are the current challenges?

Uganda grew very fast. In the years up to 2011 it was one of the fastest growing countries in the world, but the growth was not well distributed. So what we are doing now, as we have recovered to 5.1% and looking at 6% growth this coming financial year, is to make sure it is more sustainable. And so we are looking at agribusiness. Farming must be done as a business, to encourage value addition into agricultural production so that export prices increase, and by going into agro-processing, to increase the number of jobs generated by every acre of land because the land is fixed in size and yet our population is growing. So by using agriculture, we then hope to stimulate job creation, export value and since agriculture is practiced all over Uganda, to better distribute income. But for that to happen the Government had to determine that it is going to concentrate on scarce resources in areas that will unlock that potential.

Q: What is the Government's main role?

The Government does not create jobs; in fact it rationalizes. So what the Government could do is go in for those bulk public goods that the Private Sector cannot do. The roads, the power stations, the large irrigation dams, where capital outlay is immediate, and the benefits don't accrue to the person but to everyone who uses the road or the electricity.

The second task is to do research and development, and make sure that the fruits go from the laboratory to the field. You can open a newspaper and read that local researchers have found another disease-resistant hybrid of maize, then on page 5 you read that a maize blight is sweeping across some part of Uganda. There is some disconnect, and so Government has to make sure that that research is exploited. We are going to re-establish extension services; these are now taking place in the fields, not in hotels and in workshops. NAADS is going to be restructured.

CONT. ON PAGE 180

Infrastructure, Productivity, Skills Enhancement is The New Emphasis

CONT. FROM PAGE 179

The third area is skilling. We need technical skills to empower the agricultural revolution - the welders, the carpenters, the electricians. Where are all these when we have lawyers and social graduates walking unemployed on the streets? That is the mindset we have to change, not just the youths' but their parents as well.

With those three - infrastructure, productivity, skills enhancement - we will be able to provide a very stable macroeconomic framework.

Q: Since those are remedial interventions, do you have indicators which show that actually they can work?

Yes, I am glad to say that as we speak Uganda's credit rating is back at stable, which is shared by almost no other country in Africa. We have just shared our Policy Support Instrument with the IMF and you know how strict the IMF is. It is a three-year program whereby they don't lend you money if you don't have a bankers' report. We have finished the first one, we went into the second one, it was approved - so that is for another three years. Our credit capacity has been expanded because we are only going to borrow for productive ventures, so I think Uganda right now is in a much better place than it was.

Q: Does Uganda still need to rely on the World Bank? Is the World Bank part of the process?

Oh very much so, and World Bank is not just a lender. It is the biggest multilateral agency that we deal with and as a multilateral agency we can draw on its experience of lessons learnt around the world. If you have a problem with a project or policy, the Bank, with their experience will tell you, "We have something that happened in Central Europe, Asia, West Africa that can help you."

Q: The World Bank was criticized for the Structural Adjustment Program (SAP). Do you think they could have done better?

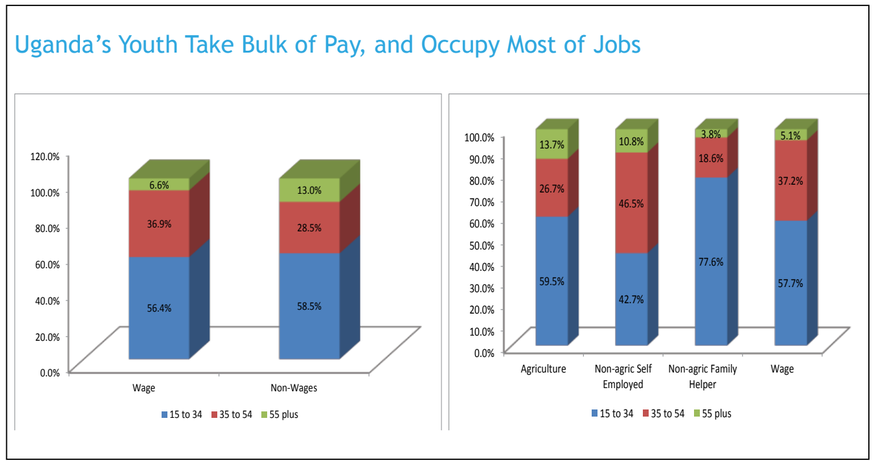
My experience with the Bank's office here is that they are very good at listening. In June 2013 we had a meeting to discuss the Country Assistance Strategy for the next three years. We listed our priorities: skilling, infrastructure and productivity. So they said fine, and we sat down and discussed.

Q: Donors have cut Budget Support. What is the effect of that?

This is something I have heard and read a lot about, and I have chosen to keep my peace because it was not a cut; it was a redirection. In the (FY14) budget speech, I said the Government is discouraging Budget Support and encouraging more Project Support because Project Support is more feasible, it has quick benefits. With Budget Support you may say, 'Okay I am going to train some officials'.But your speed is constrained. Because if you construct a road then the traders, the farmers, the transporters, people going to school can use it, but what about maintenance? All our roads have a maintenance component, so (under the new project arrangement), if we contracted you and you do shoddy work, you are stuck with the maintenance needs.

Q: How far has the Ministry gone to meet donor demands in relation to donor support?

I don't think there are any donor demands as such. In the Budget Speech of 2012/13, I expressed accountability measures that we had come up with following the first Auditor General's report. We said we are going to focus more on infrastructure rather than capacity building. Accounting officers were tasked to take responsibility for the money spent by their ministries or agencies. There are lots of things we said and what resulted from the corruption scandal in November 2012 is that we had to accelerate implementation. There was no more argument from anybody. We improved our computer systems, we are linking the Government payroll to the Ministry of Finance so in the future pay will be going directly to the recipient and not the ministries or districts. For instance the unfortunate problem we are experiencing now of delayed salaries will not happen again.

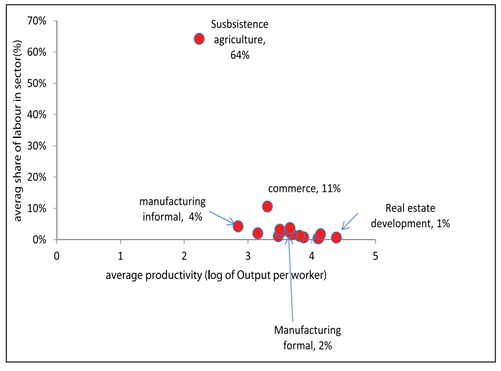


Uganda's youth were taking a proportionate share of jobs. Source: Uganda Bureau of Statistics, National Household Survey, 2009/10

Q: Any other progress?

Energy efficiency: Umeme has installed prepaid meters now so that a customer will know that they are paying for the energy they have used and not what is lost in the system. We are working on an employment strategy; it is not enough to say jobs, jobs. We need to say Uganda has a youth bulk; Uganda has an education curriculum, but may be it is not best-suited for the market needs. Uganda needs to learn lessons from other countries. So we shall bring together Government agencies and the Private Sector, which employs at least 80% of the work force, the Diaspora, which not only sends money home but brings skills and experience we can learn from, and the Development Partners. By mid-2014 we should have the employment strategy to start employing our unemployed Ugandans in a more systematic and large scale apprenticeship.

And health - malaria is the single biggest curse. Low production, early childhood problems, maternal health all come from it. So again by mid-2014 the Government will have a substantive program to eradicate malaria. All Development Partners who are active in the Health Sector have been asked to assist us develop a substantive strategy. If we do that our health bills will go down, productivity will go up, and the Millennium Development Goals of nutrition, and maternal health will be tackled.



Sectors with high productivity are not necessarily high employers: Uganda 2003-2010. Source: Uganda Bureau of Statistics, National Household Survey, 2009/10

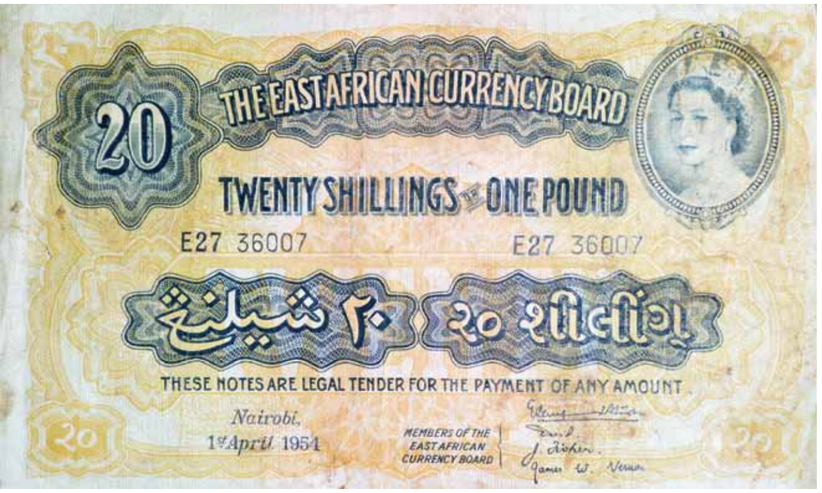
Q: The World Bank is celebrating 50 years of partnership with Uganda. What would you like Ugandans to know about this partnership?

I think it is very good; it is very productive. The Government has set macroeconomic goals and the Bank is working within those objectives of skilling, infrastructure, and productivity. I think the World Bank like any other development partner is there for us, to tell us how they can assist us, and for that I appreciate them. I appreciate the fact that it is a multilateral lender with experience from all over the world, not just 50 years in Uganda. It has experts in every field, but we have agreed with the World Bank that they don't have to have all their departments active in Uganda. Concentrating on infrastructure like roads, energy, education, skilling and tourism is sufficient.

The Agriculture Sector in the books is receiving 4% (of budget allocations) but when you add up the agricultural roads, the dams that produce electricity for processing, training institutions under the Ministry of Education, you find agriculture is taking a lot of funds. WB50

Finance and Trade

SECTION EIGHT



Reform continues to be the key approach to the management of the Finance Sector. Improving and harmonizing Government planning and budgetary processes, strengthening financial management through improving accounting processes, tracking development performance, and monitoring Government service delivery and the impact of public expenditure on poverty trends, are some of the key focal points

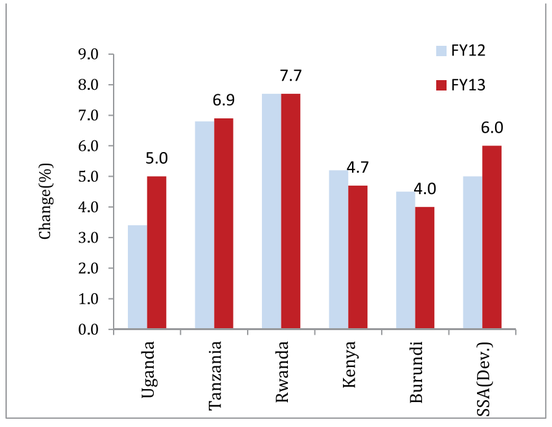
50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

Reforming Central Bank Key to Stabilizing Economy

Uganda marks 50 years of partnership with the World Bank at the height of efforts to establish the East African monetary union that could culminate into the development of a single currency.

A single currency, under the supervision of the East African Currency Board, existed at the Independence of Tanganyika, Uganda, and Kenya. Monetary union might be returning soon. Photos/David Sseppuuya

Uganda's FY13 Economic Growth: A recovery, but not as good as the neighbors'



Source: Uganda Bureau of Statistics, WDI & Global Economic Prospects, December 2012

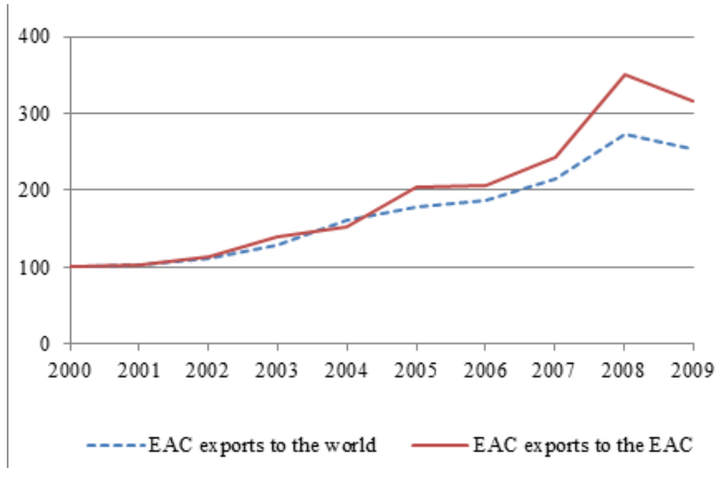
It is interesting to note that in the World Bank's first major analytical report on independent Uganda issued in 1964 and titled 'The Economy of Uganda', one of the key recommendations was the creation of a strong central bank. But this would only be after determining the character of the regional integration East Africa would build, whose outcome would then affect the exact nature of the central banking sector.

Indeed the first periodic 'Uganda Economic Update', launched in March 2013, demonstrated that (and how) harnessing the potential of expanding regional trade can help the country to renew growth and expand employment opportunities. The dynamics of regional integration have become a necessary component of any financial sector strategies that the country may consider.

After the fundamental economic reforms began in 1987, it became abundantly clear that institutional weaknesses were hindering achievement of the intended objectives, with inflation running out of control and general stability still eluding the economy. In 1991, the World Bank issued the Financial Sector Review, providing the framework for restoration of confidence, discipline, and stability in the economy. It explicitly recommended that the Bank of Uganda should have its authority and autonomy guaranteed in order to play its rightful role as the monetary authority in the country. The review also gave direction on how to rationalize the operations of the then parastatal Uganda Commercial Bank and the Cooperative Bank. It also provided the roadmap for the establishment of a capital market.

Soon after, the 'refreshed' Bank of Uganda was able to provide clear supervision over the newly liberalized foreign exchange market and ended two decades of chaotic foreign exchange operations that had perpetuated economic distortions caused by multiple-tier foreign exchange dealings that inevitably fomented massive corruption in international trade.

Intra-region Exports Within East Africa Have Overtaken Trade With Traditional Export Markets in Europe



Source: Comtrade/World Integrated Trade Statistics (WTI) and WDI

The central bank has also managed to firmly and efficiently supervise the operations of commercial banks. Besides direct supervisory actions over the financial institutions, the Bank of Uganda has skillfully regulated the financial markets for capital and for foreign exchange through operations in the markets.

The 2009 World Bank report on Uganda's Finance Sector entitled 'Making Finance Work for Uganda', however still found the country's banking sector to be "generally sound but inefficient", still very poor in mobilizing domestic savings but relying too much on dealing government treasury bills instead. The Bank's report gives pointers on how to help it expand into the dominant sector of agriculture through efficient provision of rural credit and generally get more of the population into the banking system. The Bank also provided guidelines on modernizing the remittances and payments systems in the economy, which was found to be still heavily reliant on hard cash transactions.

Other major components of the Finance Sector that still need to be worked on include long-term finance with a more meaningful role for the Pension Sector, and the operationalization of a regulatory authority over the National Social Security Fund. Attention also needs to be focused on growing and development of housing finance. WB50

Credit Reference Bureau Returns Sanity to Financial Sector

Following the bank failures of 1998-1999, which resulted in the closure of five commercial banks, the Bank of Uganda embarked on a comprehensive review of the legal, regulatory and supervisory framework in order to enhance its capacity to fulfill the statutory mandate of fostering a sound financial system that guarantees safety of depositors' funds.

The key to accessing credit for potential borrowers is a financial card that ascertains credit-worthiness. Photos/David Sseppuuya

Uganda Cooperative Bank, International Credit, Teefe Bank, Greenland, and Trust Bank were closed at the turn of the century after they struggled with credit management.

Parliament repealed the Financial Institutions Statute 1993 and replaced it with the Financial Institutions Act of 2004 with provisions aimed at, among others, the establishment of a Credit Reference Bureau (CRB) to address deficiencies in the functioning of the Financial Sector.

The Act mandates the central bank or its appointed agents to establish a CRB to disseminate credit information among financial institutions for their business. Similarly, the Micro-Finance Deposit Act, of 2003 mandates Micro-Finance Deposit-taking Institutions to report non-performing loans or credits to a credit reference bureau.

Establishing the CRB was complex primarily due to the lack of a national identification system, which is a key requirement for matching data. The central bank adopted a consultative approach with commercial banks, credit institutions and microfinance institutions, as well as development partners.

The Bank of Uganda (BOU) also developed the framework under which the CRB would operate and the parameters for information sharing to enable the development of a strong reporting system. This culminated into the formulation of the Financial Institutions Credit Reference Bureau Regulations for licensing and operation of the Credit Reference Bureau, which were gazetted in 2005.

External subsidy funding was sought from various development partners, including the World Bank, KfW, and GTZ/Sida. The World Bank provided 50% matching grant funding totaling $1 million towards branch installation and training of both the CRB and Financial Card System (FCS) together with maintenance fees and monthly license fees for the two systems during the first year of the project. A total of 27 commercial banks, credit institutions and micro-finance institutions accessed this funding on submission of required documents to the Private Sector Foundation.

Through a tendering and evaluation process, BOU approved M/s CompuScan Information Technologies (PTY) Limited of South Africa as the CRB provider in 2006. Given the small size of market, the license was awarded an exclusive basis for a period ending September 2012.

In the absence of a National Identification System, it was deemed necessary for the CRB provider to develop a smart card system to uniquely identify borrowers using biometrics. Each borrower was therefore required to register on the FCS, and carry a financial card containing photo, name, unique number and biometric information when applying for loans or making an enquiry.

Standardization of data was undertaken to enable the participating institutions provide uniform and comparable information to the CRB for which a Data Standardization Manual was developed. Guidelines on credit data standardization and the use of CRB services were put in place.

As at April 30, 2013, a total 844,377 financial cards had been issued to borrowers while 572 branches of participating institutions were live on the CRB and FCS systems. The institutions are able to make an average of 45,000 credit enquiries per month on the CRB and to share information from a centralized platform through the data standardization framework, which was not possible prior to the setting up of the Bureau.

Through the financial card, institutions are able to access borrowers' credit profiles, thereby reducing information asymmetry between lenders and borrowers, and are also able to validate identities of applicants, thereby reducing fraud.

Lenders are furthermore also able to identify clients who have excessive indebtedness, which could result in loan default, enabling institutions to advise borrowers to only take on loans they are able to service.

The Bureau, furthermore, is assisting institutions to improve credit appraisal in particular and overall credit risk management, enhancing the quality of loans and advances in the financial system, and is also increasingly strengthening the country's credit culture.

Another positive consequence of the CRB is the triggering of institutions to improve on the information they collect on their clients, thereby complementing their 'Know-Your-Customer' efforts and getting to know the borrower's debt repayment profile.

For the country, one big benefit has been the improvement of Uganda's ranking in the World Bank Doing Business Indicators. At the start of the CRB Project in 2008 Uganda's ranking was 109. By 2013 it had improved to 48.

Nevertheless the project faces challenges. Budgetary constraints have limited the much needed public awareness campaigns to inform customers and the public about the benefits of credit reference bureaus. Delayed approval of the proposed amendments to the Financial Institutions Act of 2004 has precluded expansion of the Bureau to other lenders, thereby denying CRB access to broader data and growth of the credit market.

Submission of inaccurate data to the CRBs by institutions increases customer disputes and frustration among potential and existing borrowers. In addition, the delayed commencement of the National Identification Project has constrained the central bank's efforts in growing the credit market. Unique national identity cards would complement the financial cards used in the Financial Sector, so as to ease the tracking of borrowers. Creditworthiness has indeed returned credibility to the vital Finance Sector. WB50

Private Sector Takes Seat at Table

While divestiture and privatization were being adapted as key policies for economic recovery, the initial strategizing was done by the Government and the World Bank.

Dr. Kalema headed the investors' and manufacturers' bodies at a critical stage of economic recovery

Dr William Kalema, who has served as Chairman of both the Uganda Investment Authority (UIA) and the Uganda Manufacturers Association, observes that the Private Sector was initially excluded. "It was a two-way dialogue – the Private Sector was not part of the negotiations, but it eventually asked for a place at the table. The World Bank agreed and so it became a three-way arrangement when policies were designed."

The Private Sector's influence has since grown. "In 2012 more than 80% of the proposals the Private Sector Foundation (PSFU) put across were taken in the budget speech framework paper," says Gideon Badagawa, PSFU's chief executive.

Kalema outlines the Bank's influence at the UIA as being:

- Support for the initial development of UIA
- Sponsoring materials for promotion
- Supporting the development of Namanve Industrial Park
- Underwriting the establishment of the President's Investors Roundtable WB50

Less Emphasis on Banking, More on Capital Markets

Two of the most critical institutions in Uganda's financial markets are the Uganda Securities Exchange and the Capital Markets Authority, the latter being the regulator and the former where company stocks and shares are traded.

CMA's Chief Executive Japheth Katto thinks too much emphasis has been placed on banking, at the expense of the Financial Sector's other non-banking arms, creating an imbalance. Photo/David Sseppuuya

The Capital Markets Authority (CMA) regulates the capital markets industry - stock exchange, brokers, fund managers, investment advisors, and collective investment schemes. It was established in 1996 and became operational in 1997.

CMA regulates, develops and promotes the market with the objective of promoting investors. It also operates the Investors' Compensation Fund for investors who may lose their money as a result of a broker or dealer not fulfilling their obligations.

Capital Markets and the World Bank have a relationship. The Financial Markets Development Plan was funded by the World Bank and the Government of Uganda through the Second Private Sector Competitiveness Project (PSCP II). It was administered by the Bank of Uganda that housed the secretariat, and Private Sector Foundation of Uganda, which was the implementing agency of PSCP II.

The IFC's Efficiency Securities Markets Institutional Development (ESMID) targeted the financial markets. Another program called FAST Initiative looked at how Uganda's financial industry benefited. Those programs are no longer operational, but currently there is the World Bank East African Community Financial Sector Development and Regularization Project that is administered from Arusha, Tanzania. It also targets capital markets, pensions, banking, microfinance, insurance.

Under the FAST Initiative, Uganda developed collective investment schemes, or unit trusts legal regime which resulted in the enactment of the Collective Investments Schemes Act that is a crucial part of the legal and regulatory development, and has led to licensing of some fund managers and collective investment schemes.

"Collective investment schemes are a very good vehicle for small investors to access the capital markets by making small investments," says Japheth Katto, the Chief Executive of CMA.

FAST Initiative was for consolidating regulation of the non-banking sector. "A couple of years ago, during the time when we were talking about creating a regulator for the Pension Sector, we undertook a study to see whether it was feasible to consolidate the regulation, in other words bring the pensions to capital markets, then to insurance, so that we have a regulator for non-banks. That study was done and has been very instructive," says Katto.

Under ESMID, consultants were engaged to develop a road map for regional integration of the capital markets in the East African Community.

A number of studies were done on the development of the bond market and how it should be regulated.

A framework for the issuance of regional bonds has been passed with ESMID's support, and the regulations were about to be published. "If I wanted to issue a bond in East Africa. It doesn't have to get separate approvals from the different regulators. If you say you are going to issue a bond and it is going to be issued in other jurisdictions, you make your application to the Uganda CMA, which then liaises with the other CMAs. But for you, you are dealing with one regulator instead of having to go to Rwanda, Tanzania, or Kenya. It is consolidation," says Katto.

The World Bank has provided financial support for capacity building especially under FMDP, which has included attending training sessions like the US Securities Exchange Commission program for international regulators. "I have personally made presentations at the World Bank pensions conference. It also helped us to benchmark with other regulators like Mauritius on the Securities Central Depository," says Katto.

To improve efficiency in clearing and settlement, the Uganda Securities Exchange, with support from World Bank through its partnership with Private Sector Foundation, embarked on an electronic Securities Central Depository (SCD) development and implementation project. After the enactment of the SCD Act in 2009, the SCD project was completed in 2010. The major successes were identifying the service providers, SCD promotion, public awareness and understanding, and ensuring adequate training of the system operators.

A coutry-wide public awareness campaign, targeting current and potential investors on the Securities Exchange culminated in several investors opening accounts and depositing securities in the system.

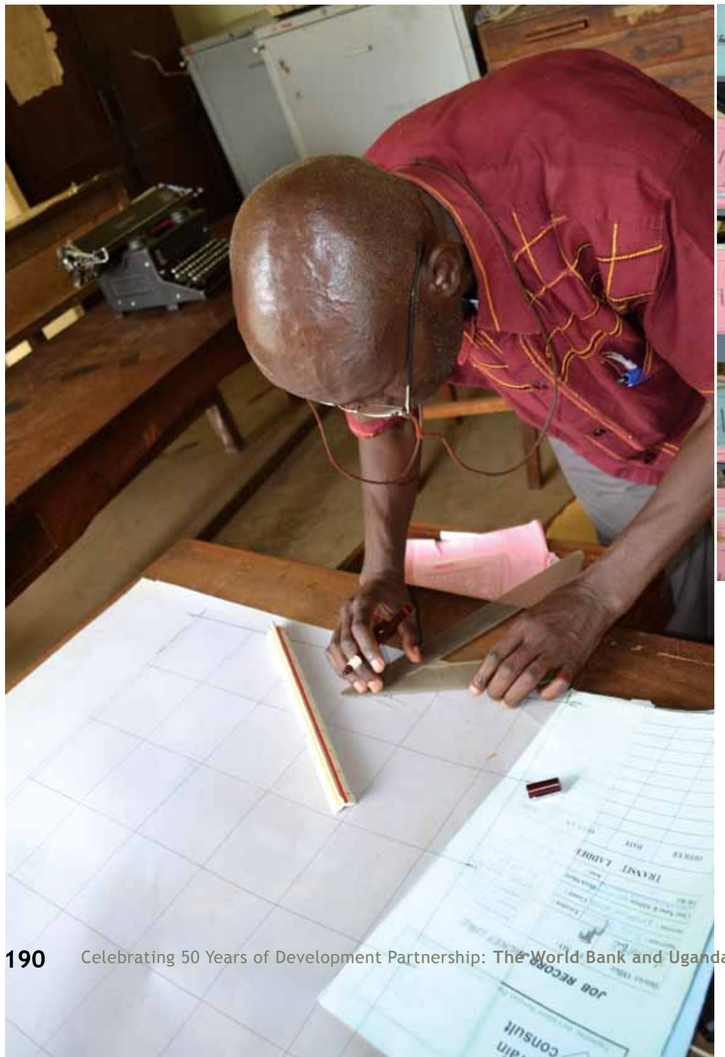
(Above) A model of how capital markets integrate and benefit the economy. (Left) Uganda Securities Exchange boss, Joseph Serwanga Kitamirike

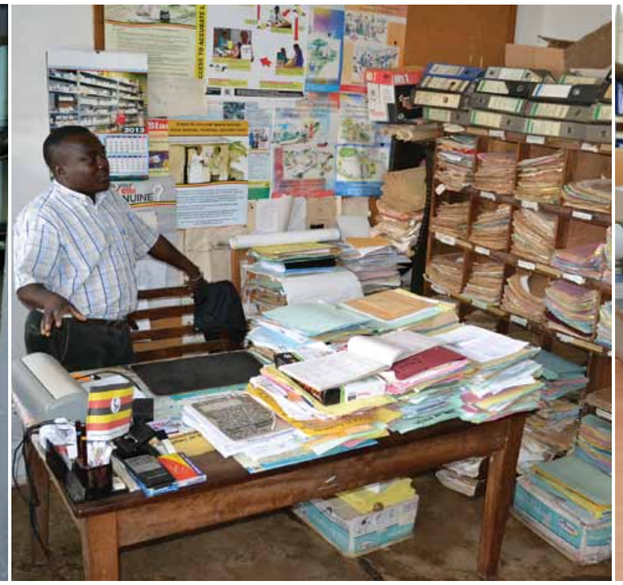
About the future, CMA's Katto says: "From my perspective, there is still a lot that needs to be done to convince policy makers and the World Bank that capital markets are going to be critical for the growth of Uganda's economy and the Financial Sector. When they are allocating projects and resources more emphasis needs to be put on the capital markets. There needs to be a mind shift to one that will say that, 'alright, the banking sector is very critical, but let us not over-focus on the banking sector (at the expense of capital markets)'. There is a need to provide diversification in the sources of funding, so more effort needs to be put in the capital markets as an alternative source of finance like through bond issuances, shares and so forth." WB50

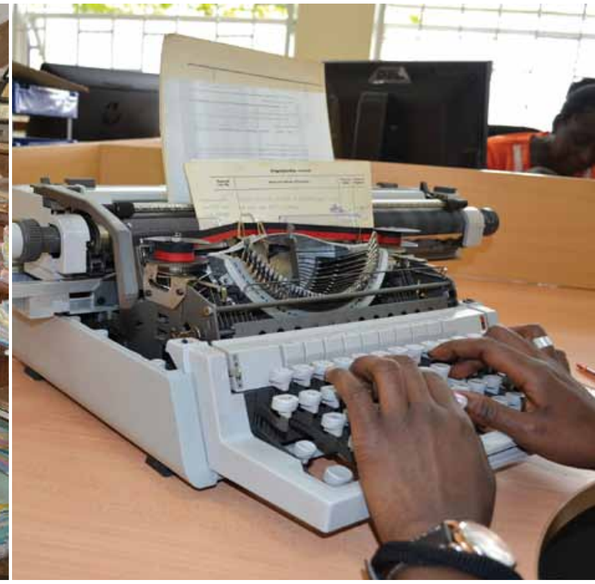
Digitalized Land Management

Promises Speed and Order

Good news: You can now get your land title processed in a few days. And you do not have to come to Kampala to get it. Ugandans' attachment to land is second to nothing else. Society revolves around land; cultural attachment is on land; and land as a factor of production is taking on an increasingly greater economic profile.







Land is crucial in economic development, in agriculture, industry, roads, and as collateral for loans.

For many years, Uganda had just one Land Office, located in the capital city Kampala. Disputes, transactions, transfers, and registry were mostly centralized, much to the inconvenience of most citizens and businesses. Now there are fully-fledged offices around the country that are able to conclude all land-related issues.

To improve the business environment, the Private Sector Competitiveness Project II (PSCP II), costing $70.0 million, undertook to reform the delivery of land services through improving land administration; systematic registration of communal and individually owned land; strengthening institutions and mechanisms for land dispute resolution; and strengthening land administration and management institutions.

The project has captured data from around the country, done digital mapping, digitalized manual data of all land titles at the Ministry of Lands, and updated the Government's Land Inventory. All leasehold and freehold titles have been transferred from Kampala to zonal offices. Kampala's 'mailo' land registry, which was by far the busiest and would take clients even months to conclude searches, has been so reformed that processes are now down to four days or less.

"Part of the land management reform process will be the review of laws that are not in harmony with the legal framework," says Richard Oput of the Directorate of Land Management.

The need for reform is evident in Fort Portal, where the Land Office was still huddled in the District Administration building before shifting to new autonomous World Bank-sponsored premises on 1.5 acres of land. In the old premises, a Victorian-looking safe, manufactured in England by Samuel Withers & Co Ltd, squatted in solid resistance in the corner of an official's office. Trade-marked 'Without Which None Are Genuine', the 10-ton safe is the perfect picture of long-held practices in land management; flapping in front of it are ancient maps of the mid-Western Uganda region, tearing and yellow with age, but still perilously holding precious information.

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(Left to right) Manual cartography skills like Fort Portal office's chief cartographer, David Tinkasimire's, will be phased out with digitalization. The strongroom at the Kampala Zonal Office still holds thousands of paper files. Folder and spring files, paper, stamps, pads, and boxes still clatter a land official's desk in Kabarole. Filling out land titles by manual typewriter will also come to an end. Photos/ Laura Walusimbi

Out With the Old, in With the New to Unlock Uganda's Land Potential

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In the room across, cartographer David Tinkasimire still gets value out of those maps on the wall but he, like others, are being trained in new digital methods. At the Kampala Zonal Office, another set of professionals in the Survey & Cartography Department pores over maps and documents, supervising and checking work to see that it conforms to the principles of surveying before it is logged into the Land Information System. This group is always consulted before land titles are made.

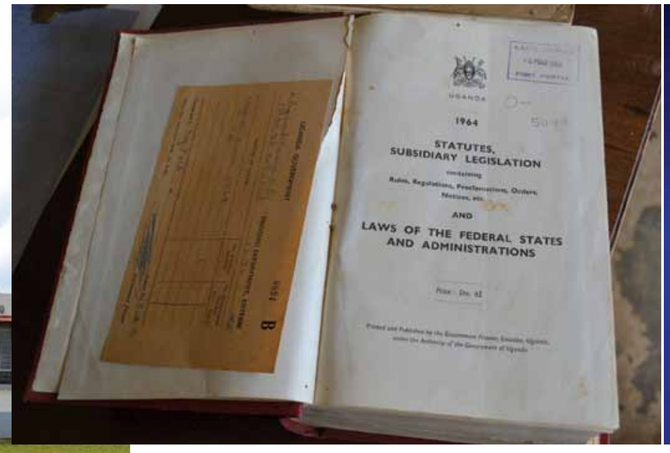
The two floors, on City Hall, where the Zonal Office sits, were refurbished by the World Bank. Before the refurbishing and digitalizing, the office could only process 100 transactions a day, manually. But now with all land titles being online, the capacity has increased many-fold.

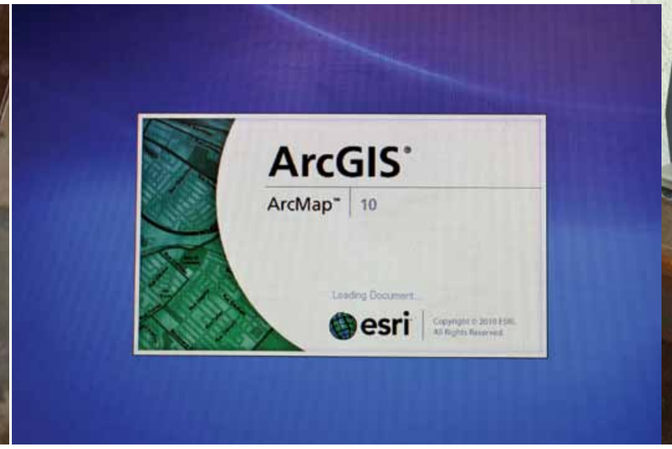
PSCP II's second component is business registration and business licensing reforms to reduce the burden in dealing with registration and licensing procedures through creating an online one-stop-shop for registration and an e-registry for business licensing, and by implementing measures to streamline registration and licensing procedures. Tourism competitiveness development is the third component, to strengthen Public and Private Sector stakeholders for a competitive tourism industry.

There are now Land Offices in:

- Kampala (City Hall)
- Wakiso
- Masaka
- Mbarara
- Fort Portal
- Kibaale
- Masindi
- Arua
- Gulu
- Lira
- Mbale
- Jinja

Furthermore, there are plans to establish offices in Kabale, Rukungiri, Luweero, Mpigi, Mityana, Moroto. A Land Information Centre, linking all, has been established in Kampala to act as a nerve center, which promises to bring to an end age-old land management strongholds, and spur economic and social growth. All the potential that Uganda's abundant land holds should be unlocked. WB50





(Left to right) Out with the Old and in with the New: The new Zonal Land Office for Kabarole in Fort Portal is spacious and airy. A 50 year-old statutes book in the old district administration office in Fort Portal typifies the outgoing manual approach to land management. The new global positioning software, used for mapping, is already under use at the Kampala office. The machine that embosses land titles with seals is heading to obsolescence. Photos/Laura Walusimbi

Enterprise

Garden-to-Export Dried Fruit Firm Recovers From 9/11

Not far from the banks of the River Nile, a worker takes a set of pineapples and gives them a thorough scrubbing. But even before the process begins, the worker himself must have a thorough scrubbing of his body in the shower that is a compulsory starting point for all.

The pineapples of Bugerere in central eastern Uganda are particularly tasty, courtesy of the rich soils of the valley at the confluence of the river and Lake Victoria where the Nile begins its 6,650km journey to the Mediterranean Sea.

Alongside pineapple, the main produce, Flona Commodities dries and packs large bananas ('bogoya'), jack fruit ('ffene'), small sweet bananas ('ndiizi'), gooseberries ('ntuntunu'), mango, pumpkin, tomatoes, mondia white root powder, and 'safari mix' (a compound of different fruit). All fruit is organic, and much of it is grown in the fertile crescent around Lake Victoria.

Seventy percent of the produce is supplied by out-growers, while Flona Commodities grows the rest on its 8.5 acres. The operations in the processing house are still basic – washing, slicing room, pulping, drying, and packaging.

Frederick Isiko, the Managing Director, is hopeful that further investment, alongside a Private Sector Foundation grant through the Business Uganda Development Scheme (BUDS), will take the business to a higher level. "We need a stainless steel drier of a 300kg capacity. We sourced two, at $28,000 and $35,000 respectively. Now we need financing, as well as for pulping equipment, at $250,000."

This would be upgrading from current machinery. In 2006/7, Flona had invested 43,000 euros ($58,000, shs163 million), of which 23% was a grant from the Private Sector Foundation (PSF), with the rest as a loan from the Uganda Development Bank (UDB). It was invested chiefly in a drier.

Flona started in 1998 as a fresh fruit exporter, with Switzerland as the main market. This was to fall foul of the 9/11 (the September 11, 2001 terrorist attacks in the US) which undercut the global airline industry, leading to the folding of Sabena, the carrier that used to ship Flona's produce from Uganda to Europe. Flona tried alternative carriers out of Entebbe Airport, but the routes and transfers were not as efficient, and the exporter lost clients.

When Brussels Airlines took to the air in 2003, Flona was able to resume, and got a client in Belgium and eventually in Japan. Today, the main export market is Kenya, where the Japanese client set up stall to consume 80% of Flona's produce, 300kg to 350kg of dried fruit every month and a half.

The agro-processor has participated in the Germany BioFach Fair, the big annual organic trade fair in Nuremberg. Isiko says that at one exhibition a potential client approached him for 10 shipping containers of produce per month. He had to decline because Flona currently does not have the capacity to produce so much. Flona is still paying the UDB loan. Isiko however laments the high interest rates (between 19 and 23%), saying, "Ugandan banking is not agro-friendly." WB50

The process of converting fresh fruit to dry, preserved and packaged produce at Flona's factory is a highly hygienic operation that also requires deft hand skills from the small workforce. Photos/Laura Walusimbi

Flona in Numbers:

- $58,000 loan
- $90,500 BUDS grant for dryer, export brands, investment plan, Germany exhibition
- 80% exports to Kenya (300-400kg per 40 days)
- 20% exports to Austria and Germany
- 70% of inputs from out-grower farmers
- 30% of inputs grown by company
- $28,000 or $35,000 needed for new drier
- $250,000 needed for pulping equipment
- 8 person workforce: managers, quality controllers, field officers, inspectors, processing assistants

Enterprise

Sameg is producing a range of household products, including liquid soaps and detergents, shampoos, cleaners, and bleaches. They are becoming more competitive on Ugandan and regional supermarket shelves. Photos/David Sseppuuya, Laura Walusimbi

Beauty and the Kitchen, Sameg has Provided them all

Shopping for beauty products or household cleaning materials in a Ugandan supermarket today will inevitably bring one face-to-face with Jireh products.

Jireh Bleach, Jireh Liquid Detergent, Egg Shampoo, Pearlised Shampoo, Herbal Shampoo and Petroleum Jelly are a few that have taken firm space on shelves, and found their way into homes.

Jireh is the product name of the output from Sameg Chemical Products in Kampala. Sameg is a sole proprietorship that started operations in 1990, fulfilling the vision of Sam and Margaret Rugambwa.

Over the years, Sameg has initiated, nurtured and consolidated the manufacturing of detergents, shampoos, bleaches and cosmetics with much success on the domestic market.

Between 1998 and 2001, Sameg completed six activities with the assistance of the Business Uganda Development Scheme (BUDS). The scheme provided a total of $14,000 as cost-sharing grants. The activities that BUDS part-funded include Domestic Marketing and Sales Promotion-exhibition and launch of new product in 1998, for which BUDS reimbursed $2,600 (50%); Financial Management Systems - design and installation in February 1999, where BUDS reimbursed Sameg $1,840 (50%); and International Marketing & Sales Promotion-targeting exports to Tanzania in June 1999, in which the Scheme reimbursed $1,850 (50%).

Sameg's other three BUDS-funded initiatives were the launching of a new product at the Uganda International Trade Fair '99 – Lugogo in October 1999, in which the reimbursement was $ 1,710 (50%); a Domestic Marketing & Sales Promotion in the launching of Mbarara branch and introduction of new product in April 2000, for which Sameg was reimbursed $1,350 (50%); and the management systems –designing and developing new products and training in November 2000. For this one, BUDS reimbursed $ 4,700 (50%).

Sameg has grown from obscurity to become one of the leading local producers of liquid detergents. It has won several awards: it has been recognized by the Uganda Manufacturer's Association for its quality products. WB50

Enterprise

(Left to right) Mutuma Commercial Agencies' ginnery, where cotton seed is processed in the mill to produce cooking oil and animal feed. The new machinery that produces high-quality cotton wool. (Below) The new factory where the latest machinery is installed. Photos/Laura Walusimbi

Mutuma's Value Addition Chain

Lie down on the treatment table in a mainstream hospital in Uganda today and there is a big likelihood that the roll from which the nurse will pluck a wad of cotton will be labeled 'Pearl Fine Cotton Wool'.

Pearl is a highly absorbent surgical cotton that has steadily captured the market in Uganda's pharmacies and treatment rooms, and is looking to soon absorb a bigger market in the East Africa region.

Mutuma Commercial Enterprises' operation, tucked away in the rural recesses of Luuka District in Eastern Uganda, is a classic case of a value addition chain: It assists farmers with knowledge on pest control and inputs like fertilizer; it takes cotton lint from the farmers; it gins cotton; it spins yarn; it picks up by-products like cotton seed cooking oil, soap, animal feeds, fuel, fertilizer; it uses the best technology to make the wool; it sells to the local market; it exports.

Taking over the premises of the defunct Busoga Cooperative Union in 2005, Mutuma added to the old machinery like the ginnery and the oil press, new equipment including an automatic plucker for spinning and drying. It threw in an assorted range of the most affordable new technologies to bring out finished products from the old ginning routine.

"We got a grant of $100,000 from the (World Bank-supported) Private Sector Foundation", says Amos Mugisha, the Managing Director, in reference to the $600,000 in capital that went into the new equipment. Most of the rest is a loan, though the company still hopes to take further credit from the Uganda Development Bank to enable it increase production as it targets the East African market.

The cotton wool department started in 2010, while the ginning and pressing on the Luuka premises began in 2005. Today Mutuma produces 4,000 rolls of 500 gram wool per day, but the medium term target is 10,000 rolls, which would also be focused on the regional market. Break-even for the company has been set at 6,000 rolls per day.

It all begins with the farmer. Mutuma, which employs 243 people in the high season after harvest, works with 2,800 farmers in the surrounding dis-

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Enterprise

(Left to right) Pressing cotton lint to produce the sheets that are eventually turned into high-quality wool to supply the domestic market. Photos/Laura Walusimbi

Mutuma's Value Addition Chain

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tricts. Outreach programs teach the farmers how to increase yield on limited acreage through applying good agronomic practices like pesticide control. Mutuma supplies fertilizer.

A lot of the produce that does not go into the Cotton Wool Department to make surgical wool is actually exported as lint. Mutuma has been able to export 4,000 to 5,000 bales of lint yearly to Singapore and the United Kingdom.

Mutuma works with the Uganda Industrial Research Institute in Kampala to get technical information on packaging. The surgical cotton wool has been tested and certified by the Uganda Bureau of Standards, while its main client is the National Medical Stores.

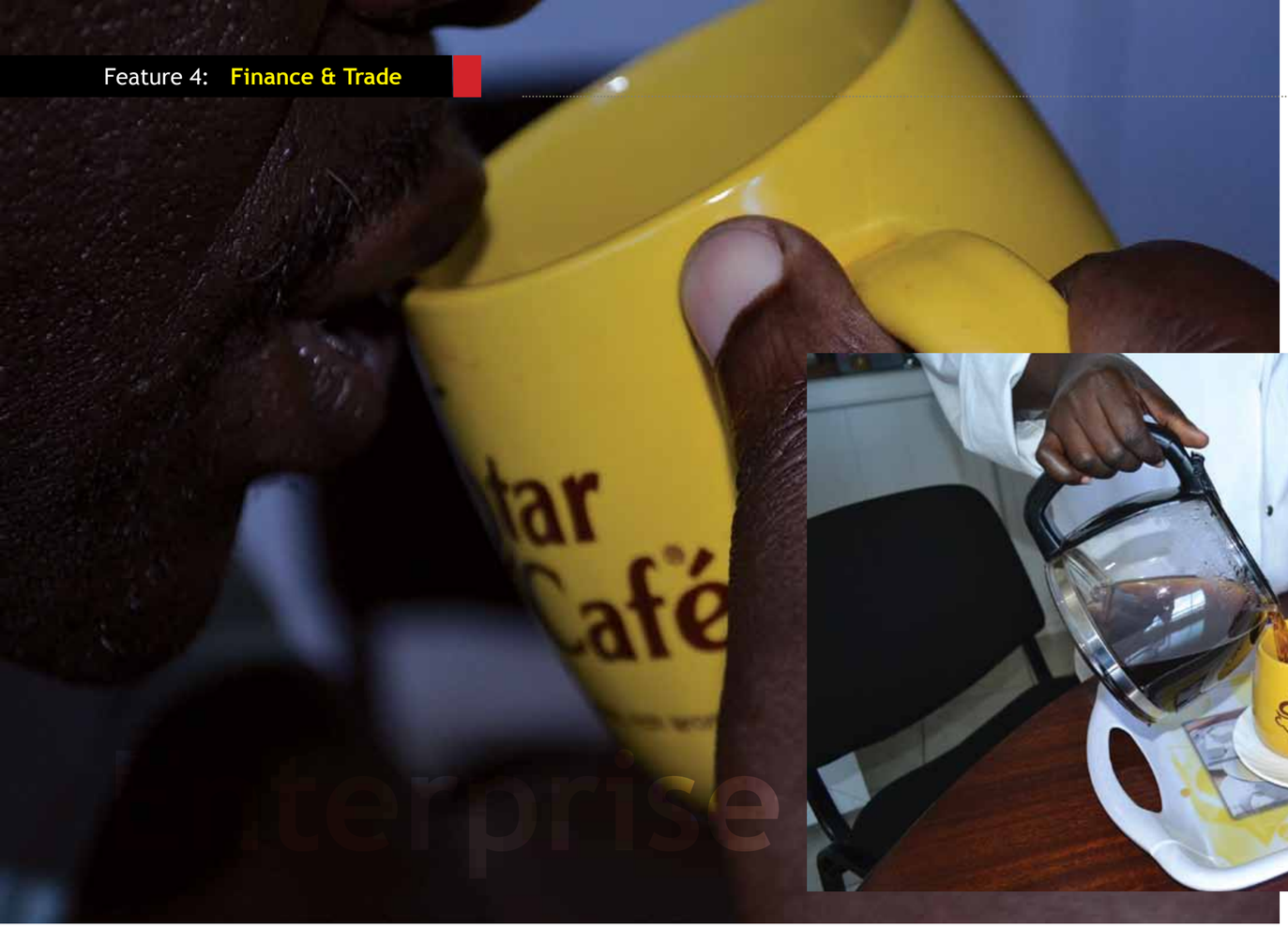
"This cotton wool is of good quality; better than what the Ministry of Health imports," says Mugisha.

Lamenting the high interest rates, which make borrowing too expensive, and the erratic power supplies, whose tariffs anyway keep increasing, Mugisha believes that the company can do better if these were addressed. He also laments a dearth of skilled manpower for specialist roles. Mutuma has to go to Kenya to source trainers, and then do a lot of training on the job.

Backward linkages could possibly involve a partnership with Busitema University, which is running a Textile Engineering course, and is set to send out its first graduates. **WB**50

Mutuma in Numbers

- 2,800 cotton farmers
- 700kg - 1,000kg per acre
- Shs1,200 (US cents 50) farmgate price per kg of cotton in 2012 season
- Shs1,500 (US cents 60) in 2011 season
- Shs3,000 (US cents 120) in 2009 season
- 243 employees in high season
- 4,000 rolls of 500 grams surgical wool production per day
- 6,000 rolls per day to break even
- 10,000 rolls target for regional market
- 4,000 to 5,000 bales of lint export to Singapore and UK per annum
- Shs35,000 ($14) sale price of 50kg cotton seek cake
- $600,000 investment in machinery and infrastructure
- $100,000 grant from Private Sector Foundation's Business Uganda Development Scheme for machinery



Star Cafe has stepped into a big breach, taking a commodity that has been a backbone of the Ugandan economy even in its raw form, and turning it into an award-winning final product. Star's range of coffees is widening, to bring wider appeal on the international market. Photos/Laura Walusimbi

Coffee, the World's Favorite Drink

"Coffee - the favorite drink of the civilized world," is what Thomas Jefferson, a founding father of the United States of America, called it. Justina Chen, a fiction writer, qualified it even better, saying "Adventure in life is good; consistency in coffee even better."

For decades Uganda has been one of the world's leading producers of coffee and at one point, the country's economy relied almost exclusively on the coffee bean. Therein was the problem – the coffee bean. Uganda continually exported beans, extracting only the minimum it could get – raw beans. In the last decade and a half there has been a rallying cry about adding value to our products, and Star Coffee has answered that call.

Star Café Ltd is a limited liability company incorporated in November 2000, after the 1990s coffee crisis that led to extremely low prices for green coffee, which was then the core business of Kampala Domestic Stores. Shareholders of Kampala Domestic Store decided to add value to the green coffee through roasting, blending and packaging Ugandan coffee, and Star Café was incorporated to undertake the venture.

In 2011 Star, working with the World Bank-backed Private Sector Foundation (PSFU), began implementing a new project to transform the company to prepare it for the export market, especially with new brands. From PSFU's Business Uganda Development Scheme (BUDS), Star got matching grants totaling $85,140, which was distributed through numerous endeavors: brand study ($10,720), brand plates ($8,850), and point of sale/website ($65,570). You can now smell the coffee at the plant in Kampala's industrial belt. The processes emphasize food safety. They are realigning the product to be of international standards by ensuring that there is no contamination.

Star has already won a number of awards, and has broken through to the overseas markets, exporting instant coffee to DR Congo, Sudan, Liberia and China. WB50

Enterprise

(Left to right) Seed is sealed in tins at Victoria's Kampala factory. In Masindi, maize seeds that have been protected from weevils are bagged for onward shipment to farmers, wholesale and retail outlets. The shop in Masindi stocks seed varieties, herbicide and pesticide. Photos/Laura Walusimbi

Planting Seeds for Agro-Economic Growth

A few hundred meters after the outskirts of the Murchison Falls National Park in North-Western Uganda, the jungle suddenly gives way to a big factory and the traveler experiences a complete switchover from the wild to a peri-urban working environment.

The factory, a red brown set of high-walled buildings on the northern approaches of Masindi town, is home to Victoria Seeds Limited's processing plant, and site of a large operation handling especially maize seed, and selling a variety of agrochemicals and seed. It is late April, which is the early weeks of the year's first season, and workers pack red-tainted pest-protected maize seed in sisal bags ready to distribute to farmers in due season.

Harvest will be in June and July, and there is a keenness to keep the seed dry, before contracting 100 farmers in the Masindi neighborhood to grow the next crop.

Hundreds of miles to the south in Kampala, Victoria Seeds has two other outfits, a spanking new factory in the Namanve Industrial Park on the eastern edges of the city, and a packing yard in the old Industrial Area. To the far north, it also has a site in Gulu.

The contrast between the two Kampala sites could not have been starker. The old site is in cramped premises where vehicles and women packing seed are competing for space even as rains threaten to fall and potentially ruin the seed. Across town in Namanve, the new $2million factory lies idle. Inside its vast spaces are unopened crates of pre-cleaners, seed graders, and gravity separators. The cold room is a cavernous empty space, while the laboratory has been planned, though equipment is yet to be purchased.

The reason the new site is idle, in spite of completed buildings and a full range of equipment, is that there is no power, nor a passable road to the Kampala-Jinja highway, which is just 1 km away.

Founder and Managing Director, Josephine Okot, thinks that a lot can be better. "We are an agro-economy that wants to industrialize, so we have to install the requisite infrastructure," she says, pointing to the multimillion shilling investment, which received financing from Europe at interest rates far friendlier than Uganda's. "We need a public road to a place like this?"

Victoria Seeds started in 2004, setting up a vegetable processing unit. It trains farmers, processes seed, and liaises with research organizations to develop the seed industry. In Masindi, Ndabezinhle Dube, the operations manager, says the company, working with the National Agriculture Research Organisation at Kawanda, has developed two hybrids of maize: Victoria F1 and Victoria F2, whose disease resistance is higher than normal Ugandan types, is drought-tolerant, and has a higher yield.

"Victoria Seeds agronomists help farmers with training, and do frequently visit the fields between planting and harvest," Dube says. Victoria provides its 100 contracted farmers in Masindi with transport and packaging material; the farmers only harvest, shell and store. Peak season yields about 800 tons of maize.

Victoria also does its marketing in outlets countrywide, while also distributing to agro-dealers and stockists. Victoria is the country's dominant player in seed distribution.

Victoria's business model, which includes developing farmers, research, processing, packaging, and distribution, has received support from the World Bank-backed Private Sector Foundation' s BUDS program. BUDS helped Victoria set up accounting systems for collecting data. WB50

Victoria Seeds in Numbers

- 4 sites: Kampala Industrial Area, Namanve Industrial Park, Masindi, Gulu
- $2 million factory at Namanve
- $5,332 matching grant under PSFU's Business Uganda Development Scheme (BUDS)
- 100 maize farmers contracted per season in Masindi
- 800 tons of maize per season in Masindi
- 900 farmers contracted in Gomba, Masindi, Gulu, Kasese, Mbale
- 6,000 - 8,000 tons processing capacity at Namanve and Masindi
- 20,000 tins of 'sukuma wiiki' (collard greens) vegetable seeds wanted by NPK Norway per week

INSIGHT EIGHT

Louis Kasekende

Financial Sector Overcame Resistance to Reforms

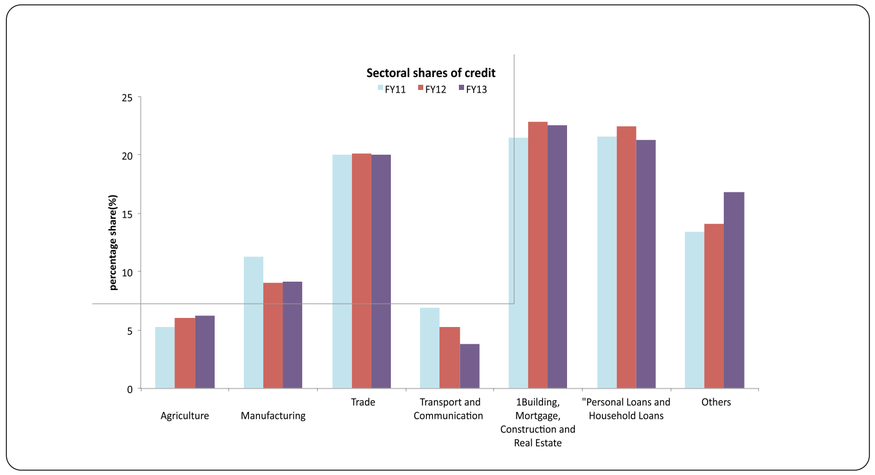
Dr. Louis Kasekende is the Deputy Governor of the Bank of Uganda. Between 2002 and 2004 he sat on the World Bank Group's Executive Board as Executive Director representing 22 African countries. He has also served as Chief Economist at the African Development Bank.

From 1990 to about 2000, the Financial Sector reforms were resisted a lot in Uganda. There was a fear that reforming the sector would result in indigenous Africans not having access to financial services. The apprehension was that locals would only get access to services if there were institutions which were run and owned by Ugandans; that any participation of foreign banks in the Financial Sector would mean that people would be mobilizing Ugandan resources and externalizing them.

But look at what we have achieved through reform. We no longer have state banks that are a drain on the Budget; we had huge non-performing assets; and there was a lot of financial intermediation.

Photo/Bank of Uganda

Private Sector Credit: Construction, Trade and Personal Loans Absorb 60% of Credit. Borrowers Increasingly Prefer US Dollars to Uganda Shillings



Source: BOU and World Bank

Since 2000, there has been some support to the Private Sector from the banking system; in fact outreach has increased. We see products being introduced by the system, not supported in any way by Government. Mobile banking has come and it has increased the outreach of the financial system.

Now there are loans coming from microfinance institutions; we see ATMs (automated teller machines for retail personal banking); there is appreciation of the rule of technology in the Financial Sector. All these are investments by a very efficient, well-regulated banking system. The global financial crash in 2008 came, but we see that Uganda was insulated from the effects of that meltdown in the West.

The Development Partners' past errors were especially conspicuous back in the 1990s. There were many stand-alone projects financed by the World Bank, and most of them would not be integrated in the broader national development picture. They would be outside of Government's budget and as a result they would be heavily dependent on the financial support of the World Bank, which would raise the issue of sustainability.

There was also the challenge of well-implemented, effective programs whose ownership on the ground was limited. But give credit to the Government and to the World Bank, and credit to all the donors. They have learnt a lot and addressed this. Ownership matters a lot because we need to ensure that there is a transition, where the environment permits, from project financing to budget support.

Thirdly, we should align financing, any financing, to the Government's development programs in order to get greater commitment. It is a learning process that has evolved over the last 27 years. At the moment (2013/14 fiscal year) the National Budget is financed up to 80% by local resources.

For Uganda to stop taking development aid and budget support, the strategy has to evolve around exploitation of oil, which would avail a huge resource to the Government. Dependence on donor financing will reduce, though that is the narrow way of looking at a development relationship. You do not only get the financing from

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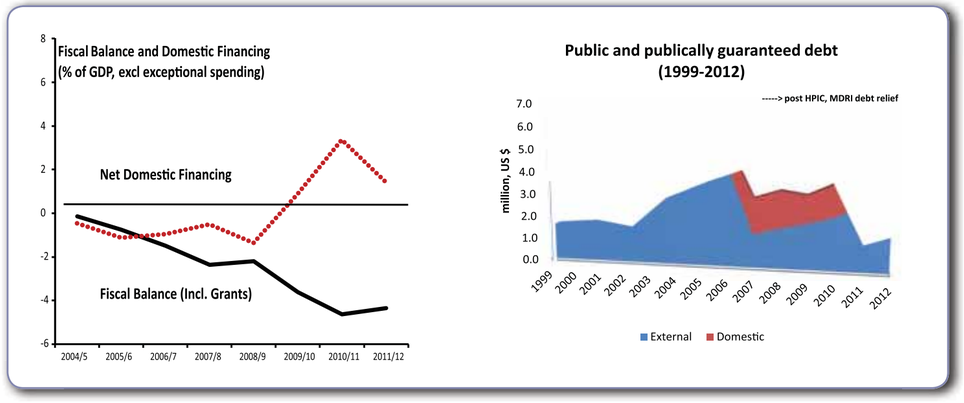
Financial Sector Overcame Resistance to Reforms

A Shift from Domestic to External Borrowing



Source: Ministry of Finance, Planning and Economic Development, and World Bank

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especially institutions like the World Bank, which also advise on policy as well as share knowledge.

The World Bank Group operates in almost 170 countries, so nations like Uganda get knowledge and experience from the others. For instance, oil: We would learn how best to exploit that resource for the benefit of this country, how best to exploit that resource in a sustainable manner. The World Bank is more than a source of financing; it is also a source of knowledge.

Development partners share knowledge and at times that is a bigger resource to the country. The World Bank will provide you with technical assistance, and also share with you research reserves from their own research work.

In addition, getting the resources to finance the budget is one thing, but Uganda could also still have pockets that would remain or require interventions by donors. Pockets of poverty, for instance, and those other islands that require financing from Development Partners and knowledge for development.

So the relationship between Uganda and the Bank is here for some time.

The other point is that while the World Bank is a provider of resources to Government, it is also a source of financing to the Private Sector. As the Private Sector expands, especially during this period in the 2010s, they will be looking to the World Bank as a source of medium and long term financing.

Uganda will also need to finance its infrastructure projects to support the exploitation of oil. There is this whole new area of public private partnerships; we need a lot of knowledge on how to structure it. So, I see relationships that would go into many years.

The Highly Indebted Poor Countries (HIPC) initiative, in which Uganda benefitted with debt forgiveness, was one intervention which gave very big relief to the budget. Without HIPC and the Multilateral Debt Relief, we had these huge debt servicing costs, which were a very big drain on our budget resources and meager foreign exchange resources. Uganda also had a challenge to break into Private Sector financing because of the very big arrears.

HIPC helped us on reducing the debt servicing costs; it reduced the burden on the budget; it eased foreign exchange resources; and also improved Uganda's credit rating.

There is no danger of slipping back into heavy indebtedness as the management of this economy has improved a lot. There are different indicators that are monitored, we now have a three-year budget program and we have everything with us. It begins with the development plan, then on to the budget, and I think we should give credit to those that have helped us to build the necessary capacity to manage this economy and, so, chances of heavy indebtedness are minimal. Uganda is now a post-HIPC country.

Over the 50 years the World Bank has been a listening bank; and in that mode, development financing has evolved a lot. It is to their credit that now, in many countries, governments have been put in the driving seat and empowered to lead in identification of their priorities. That's number one.

Secondly, the World Bank has taken on every lead role in the relationship between all donors and governments in convincing donors to harmonize and align to Government priorities. For example, financing where all donors align their funding to the national development programs of countries, as opposed to picking on projects and placing flags. That has been very important - putting a lot of emphasis on capacity building.

There was also a time when emphasis was on the Social Sector. But the Bank recognized that just putting a lot of money in the Social Sector would not provide us with sustainable growth and development, and they then shifted to financing infrastructure.

There was a time when financing of dams was taboo, but the Bank learnt from that and said, 'Okay, if we do the following, you can get back to financing of infrastructure and dams because at the end of the day it is supporting the development of these countries. Find what works best and if you have made a mistake, you learn from that.'

That is credit to the World Bank. WB50

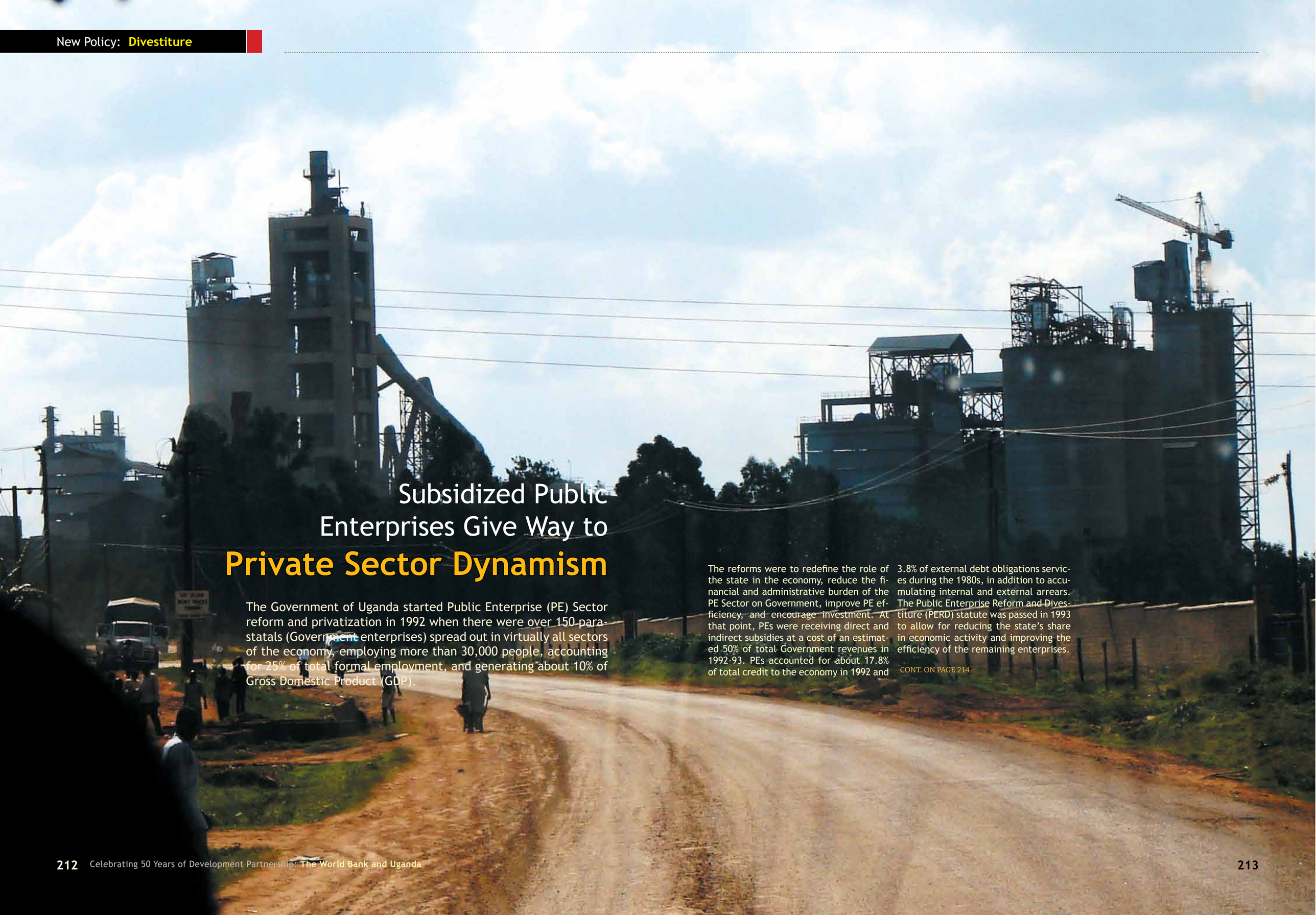
Centenary Bank, which is headquartered in the sky-scraping Mapeera House, is a Banking Sector achievement

Privatization and Divestiture

SECTION NINE

At a time when it was just a byword in most parts of the world, Uganda embraced privatization as a key strategy for the revamping of an economy that was largely in Government hands and grossly underperforming. Taking up the Thatcherite model, the state divested itself of interest in managing economic enterprises, and concentrated on policy and regulation. Ten methods of divestiture have been used: Sale of Assets, Share Sale, Joint Venture, Pre-Emptive Rights, Initial Public Offering (IPO), Concession, Auction, Management Buyout (MBO), Debt-Equity Swap, and Repossession

50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA



Subsidized Public Enterprises Give Way to Private Sector Dynamism

The Government of Uganda started Public Enterprise (PE) Sector reform and privatization in 1992 when there were over 150 parastatals (Government enterprises) spread out in virtually all sectors of the economy, employing more than 30,000 people, accounting for 25% of total formal employment, and generating about 10% of Gross Domestic Product (GDP).

The reforms were to redefine the role of the state in the economy, reduce the financial and administrative burden of the PE Sector on Government, improve PE efficiency, and encourage investment. At that point, PEs were receiving direct and indirect subsidies at a cost of an estimated 50% of total Government revenues in 1992-93. PEs accounted for about 17.8% of total credit to the economy in 1992 and 3.8% of external debt obligations services during the 1980s, in addition to accumulating internal and external arrears. The Public Enterprise Reform and Divestiture (PERD) statute was passed in 1993 to allow for reducing the state's share in economic activity and improving the efficiency of the remaining enterprises.

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Subsidized Public Enterprises Give Way to Private Sector Dynamism

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The World Bank's Enterprise Development Project of 1993-2000 supported the implementation of the privatization program. By the end of 1999, some 93 divestures had been completed, of which 62 had been privatized and the 31 liquidated. By June 30, 2011, progress had reached a total of 134 divestiture transactions, of which 39 were liquidations or strike-offs. There had been a hiccup when, in early 1999, responding to the lack of transparency and allegations of corruption, Parliament suspended the program and began an investigation by the Parliamentary Select Committee on Privatization.

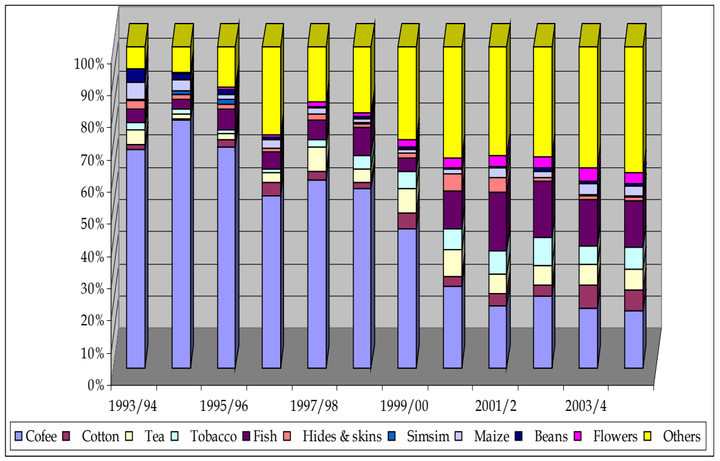
The PERD statute was amended in 2000 to clarify the roles and responsibilities of the various bodies and establish clear procedures, signalling the commitment of the Government to transparent and high quality privatization transactions.

Reforms in the Utilities Sector in the 1990s had been slow due to the piecemeal sectoralapproach taken to restructure each sector separately, lack of clarity on the institutional responsibility to lead the process, and weak capacity to design and manage the reforms.

The main beneficiaries of the privatization drive were the Private Sector, where the business community (in particular, mining, tourism, construction, and retail) enjoyed business opportunities and benefits from better quality of utility services and reduced costs of factors of production, leading to increased competitiveness of the economy.

The other major beneficiary was the local population. As end users of the utility services, the local population has benefitted significantly through increased quantity, quality, and accessibility of infrastructure services. Between 2001 and 2006 the Uganda Investment Authority reported that the privatization program had been key to attracting foreign direct investment - the largest FDI projects involved privatizations. FDI has been seeing an upward trend in the last several years. Access to electricity, telecommunications and water has also improved dramatically over the past 15 years.

After Liberalization of Markets, Productivity Diversified Away from Traditional Produce



Source: Uganda Bureau of Statistics

To complement the privatization drive, the World Bank-financed Private Sector Competitiveness Project (PSCP) was designed to make the Ugandan Private Sector more competitive so that it would expand sales to both domestic and international markets. PSCP took up these:

- Helping to improve the business and investment environment by decreasing policy constraints
- Strengthening institutions which provide services to the Private Sector
- Enhancing the dialogue between the private sector and government
- Alleviating problems associated with inadequate know-how and the then weak Financial Sector. WB50

(Below) The width and breadth of Kakira Sugar Works' plantation in Jinja, Eastern Uganda, a venture that was run down in Government hands, before it returned to private enterprise through pre-emptive right in July 2000. Photo/www.kakirasugar.com (Previous page) Uganda Cement Industries, Tororo, was privatized through a Sale of Assets in 1995. Photo/www.tororocement.com

How the Government Got Out of Business

David Ssebabi is the Director of the Privatisation Unit in the Ministry of Finance, Planning and Economic Development. The Unit was created as a result of the Parastatal Enterprise Reform and Divestiture Statute (PERDS) Act. Ssebabi has overseen privatization and divestiture over the years, and he shares:

The PERDS Act came in 1993 and provided the law for which the enterprise development project was operating. The Government wanted to create an agency that would implement divesture or privatization in a formal, liberal way, supported by law.

The state of public enterprises in the 1980s was in a very sorry state - goods and services from these enterprises were non-existent. Most were in a state of insolvency; the solution then was committing a huge proportion of public funds to supporting them.

Clearly Government was not the best to provide certain goods and services that could be provided by the Private Sector. The nature of Government was such that they didn't have the capacity for certain risks in delivering these services. And as much as the World Bank and other institutions were pushing privatization, Government recognized that the best entity to provide certain services was the Private Sector.

The World Bank's role is to promote economic development. So the World Bank did recognize that if they did not deal with the resources, which Government was committing to businesses that were not adding any value, if they did not support Government to ensure that resources were focused on economic development, then services to the citizenry would not improve.

The World Bank's role was more to support the Government to achieve social welfare and economic development than to force Government to allow the Private Sector to take over the public enterprises.

Initially the Bank helped to focus Government resources on social welfare and other infrastructure investments to enable take off, and that is where most transformation happened in Uganda in the 1990s. The liberalization and the Private Sector-led growth model was implemented, which led to increasing economic growth.

Today subsidies to commercial-like ventures have reduced tremendously so most of the public and World Bank resources are now focused on hospitals, schools, and roads. Of course given the rate of economic growth and development, it might be difficult for us to feel that impact because of population growth rates and other factors.

The Bank supported the Privatisation Unit with monetary interventions through the IDA credits up to 2005/2006 when direct funding stopped.

Privatization would not have taken off as quickly, independent of the creation of PERDS and World Bank intervention, as it did because in the late 1980s, when the World Bank came in, the Government was financially constrained.

Most of the sale and marketing of enterprises was done by the Government, with the assistance of advisors from the World Bank. The actual implementation was owned by the Government, and by law there was a framework under which the marketing and sale happened.

The Privatisation Unit is still relevant, but the process of divestiture or privatization is what is coming to an end. There are still a few parastatals and public owned companies. However, the role of the Private Sector in getting into partnership with the Government to deliver services is not about to come to an end.

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(Left) Deregulating the Telecommunications Sector precipitated the mobile phone revolution, with exponential growth in the numbers of handsets. (Above) The Privatisation Unit's David Ssebabi. Photos/David Sseppuuya

How the Government Got Out of Business

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Some critics think that divestiture was rushed, and advocate, like in other countries, for ownership and control to be returned to Government; but there is mixed empirical evidence. There are some countries where Government has the skills and capacity within themselves to deliver certain services. But it is also true that there are countries where certain services are being handed over to the Private Sector.

Similarly it is true that there are countries that have not had that history of believing in Government doing business. Now for the latter, (the ones which have not got that capacity), the model of relying on the Private Sector to deliver certain services is the best.

For others that have got a rich history of perfecting this, public enterprises behave and work like the Private Sector, founded on the principles and autonomy given to them. There is no question about it, that you have examples around the world where the state is still involved in delivering these infrastructural services, and they have managed them like the Private Sector.

A good example is Emirates Airlines. Many say that Emirates is the best airways in the world but it is state-owned; from the way it was created, it was created to act like the Private Sector. So that is important. The principle is how you get the Government to operate like the Private Sector would.

The New Vision here in Uganda is a bit similar though the major difference is that it is not wholly Government-owned, but the majority of its ownership is. It is possible that entities can walk and talk like the Private Sector, but they have to be disciplined. That is why many governments are looking at the option of having partnerships rather than selling off entirely to the Private Sector; so there are various models but it always comes back to the fact that you have to walk and talk like the Private Sector. The framework has got to be such that the incentives for the Private Sector to be able to operate the way they do are offered by Government. That is where the World Bank has been useful; the Bank has a global outlook.

But the state should not necessarily get out of all sectors - for provision of certain goods and services, the public private partnership (PPP) model is applicable. Roads, for instance, are more of public goods; a backbone of economic infrastructure, but also the access of the road is such that all citizens should be able to access a given road. Even sectors like hospitals, education, and airports. For economic infrastructure per se, Government plays an important role. That drives the shift to PPPs.

The PPP arrangement allows both Government prioritization and regulation, as well as Private Sector involvement. However, that does not rule out the fact that there are some sectors, which call for having to devolve to the Private Sector, leaving the Government to regulate.

The Telecommunication Sector is one where the Government should not be heavily involved, save for regulation. In Uganda you can see the result - the telecommunications sector has been transformed.

The New Vision Printing and Publishing Co. Ltd was partially privatized with an IPO offer of 20% of its value in September 2004. Ubiquitous transmission masts (right, in Pakwach) are signs of the privatization-driven telecommunications revolution. Photos/David Sseppuuya

A good example is Emirates Airlines. Many say that Emirates is the best airways in the world but it is state-owned; from the way it was started, it was created to act like the Private Sector.

Uganda has privatized about 90% of public enterprises. Now Uganda needs the support of the World Bank to harness the benefits of PPPs. The nature of entering into PPPs, the technical know-how of entering these complex partnerships is like a long-term marriage. PPPs are programmed to last 30-40 years and the World Bank is basically to put in place infrastructure, which in most cases is not yet there. WB50

Ugandan Rice

Back on the Dinner Table

That steaming bowl of rice at the Ugandan dinner table is more likely to have been grown in the country than abroad. Although Uganda imports rice, local production has improved many-fold in the last few years principally because the producers have increased and the dominant player has stepped up operations.

Tilda Uganda is located 168km on the Kampala-Malaba highway. It is impossible for anyone traveling on the country's main eastern route not to notice it. Tilda's rice 9,600 acres of rice paddies straddle the highway. Typically you would find that some are flooded by seasonal rains and the irrigation cycle, others have young shoots ready to take in the sunshine, and some have massive combine harvesters combing through the rich clay soils.

Tilda is by far the most mechanized agricultural operation in Uganda. It has backward and forward supply chain linkage. Tilda is well connected to out-grower farmers in the neighboring districts, carries out scientific research into rice varieties, chemicals and fertilizers; and also operates a technologically advanced packaging factory. Tilda Uganda's products are distributed on the local market and are also exported.

After the Chinese-designed Kibimba Rice Scheme collapsed under the mismanagement that many other public enterprises suffered in the 1970s and 1980, Uganda had to import a lot of rice for many years.

Tilda Uganda, a private enterprise run by the Thakrar family, has been instrumental in contributing to and catalyzing Uganda's production. Production has increased from 60,000 tons in 1997, when Kibimba was privatized in the national divestiture program, to 350,000 tons in 2012. The turn-around at Kibimba happened with an investment of $25m, of which $1.75m came from the IFC/World Bank.

It is an enormous investment. Out in the fields, four combine harvesters (with plans to buy two more at a cost of $250,000 each) harvest rice plants at amazing speed. Uganda's first hydro tiller tills a hectare of land a day - this technology would be very suitable for a Ugandan farmer who works in swampy soil. Back at headquarters, two technicians in the Quality Control Laboratory huddle over microscopes, mini cleaners, huskers and polishers, verifying the quality of paddy rice before it is processed at Tilda's modern rice processing plant, an investment that the Director, Venugopal Pookat, calls "world class facilities."

"75% of the rice we produce is consumed in the domestic market. The balance is exported to neighbouring East African Countries," Pookat

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(Left) Rice is prepared in different dishes by the diverse Ugandan community and in public eating places. (Above) Tilda's produce is dominant on supermarket shelves around the country. Photos/Laura Walusimbi

(Far left) Fried rice is a particular favorite in Ugandan homes and restaurants

(Left) October 1971: President Idi Amin (first left) being shown maps of the then Government-owned Kibimba Rice Scheme by Chinese experts. Photo/DS Archives

(Below left) A combine harvester cutting, threshing and cleaning grain in the vast acreage of paddies

(Below right) Tilda Uganda's plant has a new processing factory (in background)

(Bottom) A worker tending to young shoots in the paddies. Photos/Laura Walusimbi

Ugandan Rice

Back on the Dinner Table

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says. "The main market for various brands of Tilda namely Tilda Kibimba Rice, Tilda Classic Aromatic, Tilda Crystal Rice and Tilda Rice Halves is the domestic market in Uganda, Western Kenya, Southern Sudan and Eastern Democratic Republic of Congo. Tilda's fortified rice flour production begins later this year, which will also be exported to these markets"

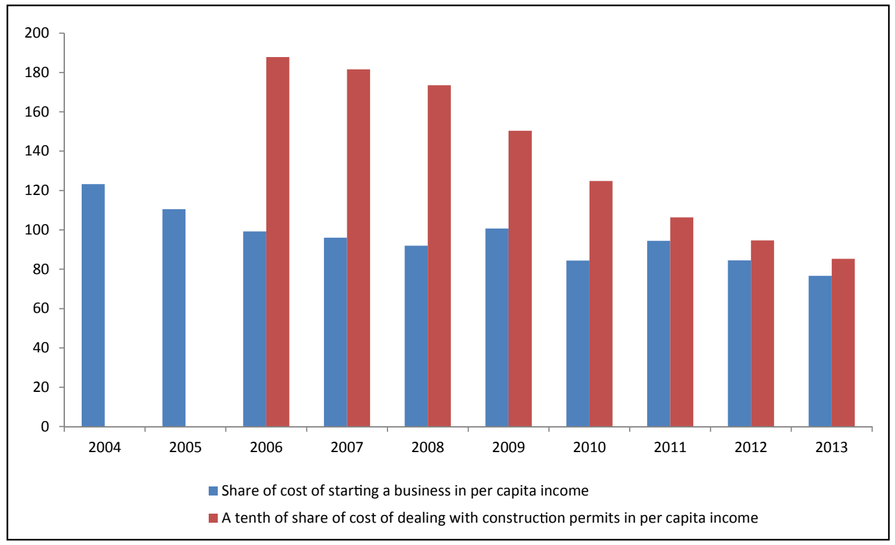
Mechanization is widely used here - land preparation is carried out by 450 horsepower tractors, planting is by aerial seeding, and harvesting is done by combine harvesters. These are assisted by a labor force of 1,200 in the high season, drawn mainly from the neighboring community. The community also supplies a lot of Tilda's raw product through an outgrower scheme, providing a good and steady income to rural families for livelihood.

By mid-2013, Tilda was raising a dam to enable it irrigate the 1,200 hectares of land that are not yet under cultivation. Irrigation capacity was at 4.5 million cubic meters of water, but the plan is to have 15 million in order to maximize production on the available land. If the dam is raised by 2.5 meters, as many as 3,000 out-grower farmers would be able to benefit from the irrigation waters, 50

Cost of Doing Business
Must Reduce

Gideon Badagawa is the Executive Director of the Private Sector Foundation Uganda (PSFU). He has been with the Private Sector for 12 years, and he shares his evxperience. PSFU was established in 1995 through a tripartite arrangement between the Government, the World Bank and 11 Private Sector associations. He explains:

Mixed trends in cost of doing business over the decade



Source: World Bank 2013 Doing Business Indicators

In the early 1990s Government wanted to institutionalize public private partnership dialogue to foster an environment for enterprise growth, primarily to reduce the cost of doing business. In Uganda raw materials are imported so if the country does not handle transportation, the legal frame work, and the institutions meant to facilitate private sector growth, it will remain a high cost producer and therefore unable to be competitive.

The Business Uganda Development Scheme (BUDS) was started as a matching grant: To-date over 5,000 enterprises have had PSFU support in capacity building and training. We try to understand the enterprises and the business that they are in, and together we try to come up with solutions. We have been doing a 50-50 cost-sharing arrangement with these enterprises.

PSFU is focusing on small and medium size enterprises (SMEs), which make up 90% of enterprises in Uganda's Private Sector. So the BUDS

PSFU's Executive Director Gideon Badagawa. Photo/David Sseppuuya

program primarily focuses on them, coming out of an idea of the first $18 million Private Sector Competitiveness Project (PSCP), from 1995-2002, supported by the World Bank.

The concept of PPPs (public private partnerships) has strengthened; initially when PSFU was set up to support Government formulating policy and monitor the performance of the economy, not a lot of appreciation was coming from Government. But today our input goes into public policy-making including the budget framework.

In 2012, more than 80% of the proposals PSFU put across were taken in the budget speech framework paper, which is a result of the partnership, which has been supported by the World Bank.

The PSCP II began in 2004; it was wider in scope, beyond investment facilitation and support, advocacy, and the BUDS. We included other components like computerizing the Land Registry ($23 million). We think land is not only about agriculture. If you have a land title you can easily access a loan from a bank, and you can access markets.

The other component was the investment park in Namanve, under the Uganda Investment Authority, to build local enterprise competiveness with export as a target.

This $27 million project faced a number of challenges and at the end of five years it was not completed, but is a start. There was a master plan, but the challenge was the infrastructure, the utilities, and the allocation of plots.

There was also the Standards Strategy under the Uganda National Bureau of Standards, and law reforms under the Uganda Law Reform Commission, to which PSFU proposed 17 business laws. At the end of the project not many of them had been approved. This remains a challenge for advocacy, but we have started and eight of them are now approved and five assented to.

Advocacy is a process - PSFU assists Government to shape that policy based on the National Development Plan, the manifesto of the ruling party, and PSFU's own platform. Those policies we feel are crucial for the Private Sector to be able to propel forward.

This is one of those major activities that have been funded by the World Bank since PSFU's inception. There are more than 125 business associations at national level - the bankers association, the insurers association, the farmers' federation, and so on.

The Presidential Investors Roundtable's purpose under PSCP II was that Government and a group of investors, both local and foreign, would come together to share options for the investment climate.

For instance if I am an investor and I want to build a factory, I would not be looking at a 10-year tax holiday; I am looking at whether the country has the utilities. "Do you have power; do you have water? Do you have good roads so that if I established in Mbarara or Kapchorwa I can be able to transport my produce to the market?"

If someone else is offering a better bargain like Kenya or Ethiopia, then the investor will go there, so it is not about giving a 20 year tax holiday, but to do with the legal framework and the business environment. Counterfeits, among others, have been one of the key challenges of the Presidential Investors Roundtable.

I remember in the initial Roundtable, we were debating business priorities; we were meeting every six months, and the Prime Minister was going through the progress made, and the challenges, but you would realize that often, not much was happening in implementation even after you had agreed on a number of fundamentals. The challenge was with the implementing institutions and ministries.

The President was clear on where we wanted to go. He would to say, "We need to move like this." I remember him standing up to say, "We want this railway yesterday."

That never lived to reality. The Investors Roundtable was to advise the President on what works and what doesn't. Foreign investors that have invested across Africa like Coca Cola are the kind that used to sit around the table and say, "In Ethiopia, this is what happens and this is why we put our money there," so that the President is informed and causes action across the ministries. But again there is a challenge of the mindset.

The Roundtable was put on hold as PSCP II came to an end. The President thought that probably it was not working and he instituted the Presidential Economic Council. The intention is to have a new approach where the investors will come in, but much of the work remains with the Public Sector.

If the World Bank had not intervened in the Private Sector we would be way back, starting with certification. We have been singing about AGOA (the US's Africa Growth and Opportunities Act) because we cannot go to the American market unless we are certified.

The other key contribution was the establishment of the credit component, the Credit Reference Bureau (CRB), which is essential to the Private Sector for accessing credit and business finance since one long term challenge is loan defaulting. You borrow from one bank, can't pay back and you run to another bank. CRB addresses this.

PSCP II has also handled constructing of a national land information center which is computer-linked to 13 zonal offices around the country.

In the new Competitiveness Enterprise Development Project (CEDP), with a budget of $100 million, there are four main components: Land Administration Reform, Business Registration and Business Licensing Reforms, Tourism Competitiveness Development, and a Matching Grant Facility. Tourism is taking a big chunk of money - it has potential for Uganda. We are revamping the Hotel & Tourism Training Institute in Jinja, and will do a lot of skilling, product development, value chain in the tourism sector, and marketing.

Next we are looking at matching grants (the BUDS), we are going to look at a defined scope of activities focused on specific sectors especially coffee, grains and pulses, maize, edible oils, fisheries and horticulture, and ICT. This is going to be funded by the World Bank as well. CEDP is a request from the Government of Uganda; it is a loan; it is not that somebody is giving you some kind of free money. It is Uganda's money actually. WB50

Cooperative Union is a Privatization Star

The hands shoot up with impressive regularity. It could be a wedding reception, for the men are in suits and many women in colorful floral dress. But it is the annual general meeting of Nyakatonzi Growers Cooperative Union in Kasese, Western Uganda.

For a collection of rural farmers, this is a well-informed group, who appreciate what they are into, and know what they want. About 250 of them are gathered in a hall in the town center of Kasese, the main city near the border with the Democratic Republic of Congo.

Nyakatonzi is one of the few old cooperative unions that are still thriving, their success owing partly to the purchase of Uganda Seeds, a government-owned business, in the national privatization drive of the 1990s.

Nyakatonzi, which groups 62 cooperative societies in the mid-estern region, has had to work from scratch to restore Uganda Seeds, whose old managers stole or sold assets with privatization in the offing. "They did a big disservice to us. Uganda Seeds had combine harvesters and tractors, but these were not handed over at divestiture," recalls Florence Betty Masereka, a 60 year old farmer and social worker, who is particularly active in Nyakatonzi.

The treasurer of Kasese Youth Nyakatonzi Growers Co-operative Union, Masereka has seen Nyakatonzi through the early years of uncertainty as the multipurpose union grappled its way through becoming a private entrepreneur, through an insurgency by Allied Democratic Force rebels who terrorized Kasese from their rare bases in Congo, to relative prosperity today.

(Above) Florence Betty Masereka, the treasurer of Kasese Youth Nyakatonzi Growers Co-operative Union. (Top left) Nyakatonzi's AGM. Photos/Laura Walusimbi

Nyakatonzi and the seed operation are both profitable, and so is their warehousing service for farmers. Alongside the warehouses, farmers are availed tractors for ploughing, trucks to transport produce, training, crop finance, field extension services, and expertise for marketing. The warehouses store seed for the farmers till marketing opportunity comes. **WB**50

Business Laws Reviewed by Law Reform Commission

The Private Sector Foundation of Uganda is not mandated to develop bills. Under PSFU's Private Sector Competitiveness Project II, the Uganda Law Reform Commission who are mandated to review and draft bills, were supported to review priority business/commercial-related bills. The following were reviewed:

- Trade Secrets
- Contract
- Trade Marks and Services
- Partnership
- Hire Purchase
- Electronic Transactions
- Digital Signatures
- Computer Misuse
- Insolvency
- Capital Markets
- Companies bill
- Chattel Securities
- Geographical Indicators
- Industrial Property
- Free Zones
- Sale of Goods
- Investment Code Amendment
- Counterfeits
- Mortgage

Source: Private Sector Foundation of Uganda

Divested Enterprises
PICTORIAL

The World Bank acted as Transaction Advisors for the privatization process

Divestiture by Sale of Assets

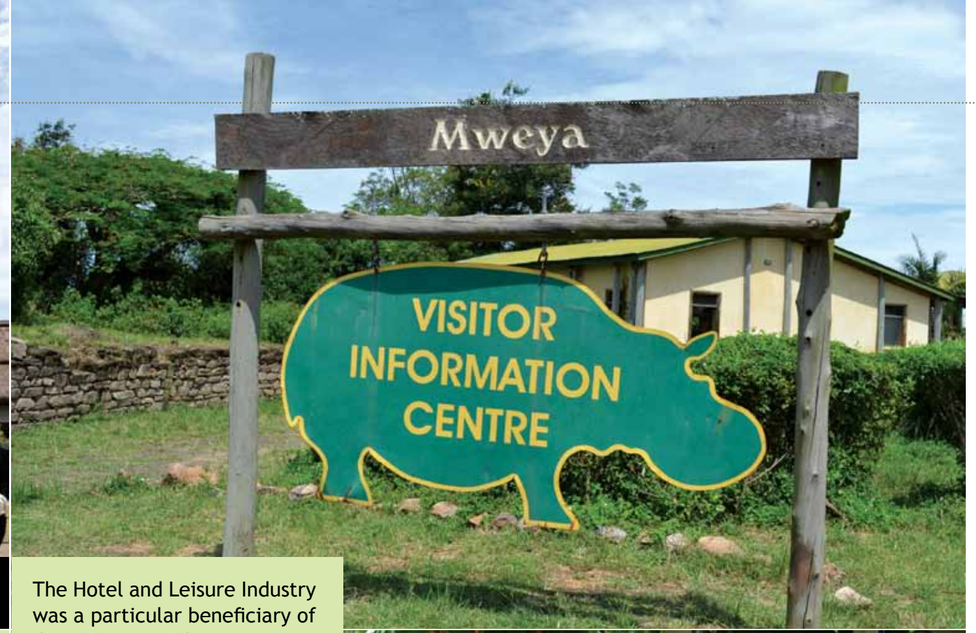
Enterprise	Buyer	Participant
Acholi Inn	Ms Laoo Ltd	Ugandan
African Ceramics Co.	Muhindo Enterprises Ltd	Ugandan
Hilltop Hotel	Three Links Ltd	Ugandan
Hotel Margherita	Reco Industries Ltd	Ugandan
ITV Sales	ROKO Construction	Foreign
Lira Hotel	Showa Trade Company Ltd	Ugandan
Masindi Hotel	Ottoman Engineering	Ugandan
Mt. Elgon Hotel	Bugisu Cooperative Union	Ugandan
Mt. Moroto Hotel	Kodet International	Ugandan
NYTIL	Picfare Ltd	Foreign
Rock Hotel	Swisa Ind. Ltd	Ugandan
Uganda Cement Industries (Hima)	Rawals Group of Industries	Foreign
Uganda Cement Industries (Tororo)	Corrugated Sheets Ltd	Foreign
Soroti Hotel	Speed Bird Aviation Services	Ugandan
Uganda Garment Industries	Phoenix Logistics Uganda Ltd	Ugandan
Uganda Leather & Tanning Industries	IPS (U) Ltd	Ugandan
Uganda Meat Packers (Kampala)	Uganda Meat Industries Ltd	Ugandan
Uganda Meat Packers (Soroti)	Teso Agric Industrial Co Ltd	Ugandan
Uganda Spinning Mills (Lira)	Guostar Enterprises (U) Ltd.	Foreign
White Horse Inn	Kabale Development Company	Ugandan
White Rhino Hotel	Dolma Associates Ltd	Ugandan

Divestiture by Share Sale

Enterprise	Buyer	Participant
African Textile Mills	P.S. Patel	Ugandan
Agip (U) Ltd	Agip Petrol International	Foreign
Apollo Hotel Corporation Ltd	MIDROC Ethiopia plc (Sheraton)	Foreign
Blenders (U) Ltd	Uniliver Overseas Holding BV	Foreign
Comrade Cycles (U) Ltd	Uganda Motors Ltd	Ugandan

Kibimba Rice Scheme was a Government-run farming and food-processing enterprise in Bugiri, Eastern Uganda. In September 1996, the Government divested its interest through a share sale to Tilda Holdings, who have since expanded the venture. (Clockwise from top left) Local labor is used in the rice paddies; Tilda's produce is prominent on supermarket shelves; the state-of-the-art Quality Control Laboratory; Gathering the ripe harvest using combine harvesters in a highy mechanized farming operation. Photos/ Laura Walusimbi

Divested Enterprises
PICTORIAL



The Hotel and Leisure Industry was a particular beneficiary of divestiture, with many concerns leaving public hands

East African Distilleries	International Distillers & Vintners	Foreign
Kibimba Rice Co. Ltd	Tilda Holdings	Foreign
Kinyara Sugar Works Ltd	Rai Holdings	Foreign
Lake Victoria Bottling Co. Ltd	Crown Bottlers (U) Ltd	Ugandan
Lake Victoria Hotel (PHASE 1)	Windsor Ltd	Foreign
Lango Dev. Co.	Sunset International Ltd	Ugandan
Motorcraft and Sales Ltd	Andami Works Ltd	Ugandan
National Insurance Company Ltd (60%)	Insurance Group of Nigeria	Foreign
PAPCO Industries Ltd	Praful C. Patel	Ugandan
SAIMMCO	Steel Rolling Mills Ltd	Ugandan
Stanbic Bank (U) Ltd	SBIC Africa Holdings Ltd	Foreign
Total (U) Ltd	Total Outre Mer	Foreign
Transocean 1998 (U) Ltd	Coin Ltd	Ugandan
TUMPECO	GM Company Ltd	Ugandan
Uganda Commercial Bank	Stanbic Bank	Foreign
Uganda Fisheries Enterprises	Nordic-African Fisheries Co	Foreign
U G M Co.(Phase 1)	Calebs International	Ugandan
Uganda Industrial Machinery	F.B. Lukoma	Ugandan
Uganda Pharmaceuticals Ltd	Vivi Holdings	Foreign
Uganda Telecom	Detecom	Foreign
Divestiture by Joint Venture		
Enterprise	**Buyer**	**Participant**
Agricultural Enterprises Ltd	C D C	Foreign
NEC Pharmaceuticals Ltd	Haupt Groupe	Foreign
Divestiture by Pre-Emptive Right		
Enterprise	**Buyer**	**Participant**
Associated Match Company	Madhvani Group	Foreign
Bank of Baroda	Bank of Baroda (India)	Foreign
Barclays Bank of Uganda Ltd	Barclays Plc	Foreign
BAT Uganda (PHASE 1)	BAT Investments Ltd	Foreign

Mweya Safari Lodge is the main hotel in Queen Elizabeth National Park. Formerly owned by Uganda Hotels, it was privatized in August 1995, by concession to Madhvani Group. (Clockwise from top left) The giant sculpture of an elephant welcomes visitors; An information center provides a wide range of information about history, environment, and conservation; Golf carts and safari vehicles provide guests' transport. Photos/Laura Walusimbi

(Bottom right and far left) Kampala's skyline has for long been dominated by this 5-star hotel. Alternately known as Apollo Hotel, and then International Hotel. Apollo Hotel Corporation's shares were bought by MIDROC Ethiopia plc for a Sheraton Hotel franchise. Hotel photo/David Sseppuuya

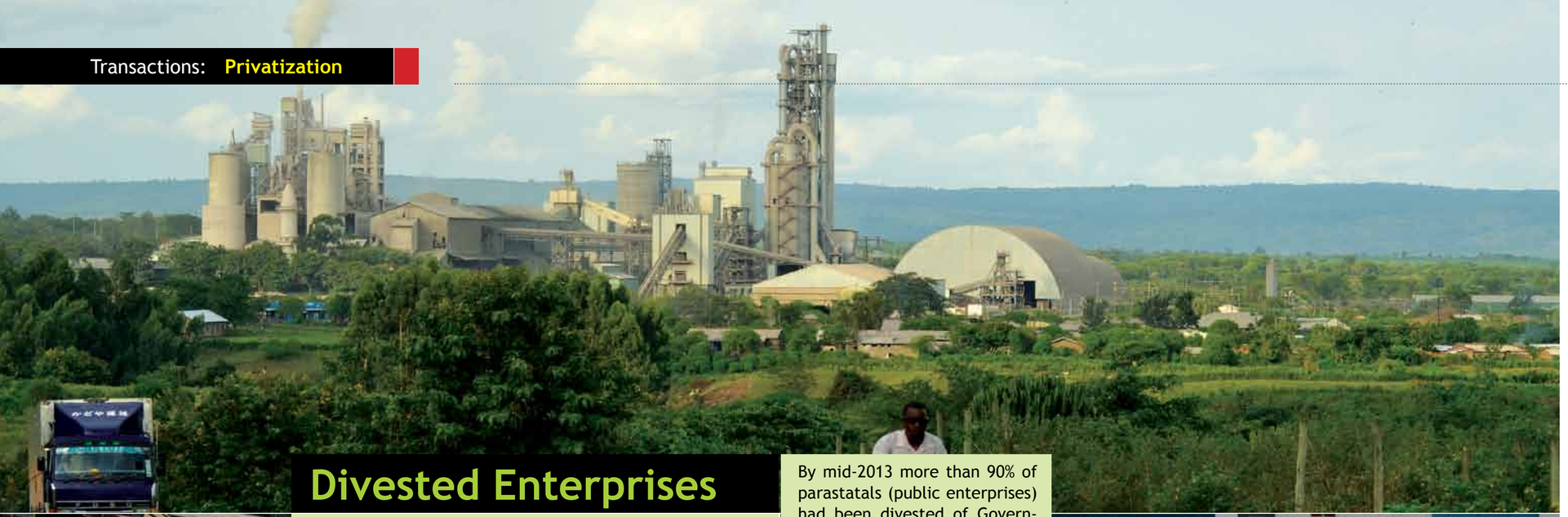
Divested Enterprises
PICTORIAL

By 1992/93 direct and indirect subsidies to public enterprises were taking 50% of Government revenues

ENHAS	Efforte Corp, G/Airlinks & SN	Ugandan
Kakira Sugar Works	East African Holdings Ltd	Foreign
Lake Victoria Hotel Ltd (Ph. 2)	The Windsor Ltd	Foreign
Rwenzori Highland Tea Co.	Finlays Groups	Foreign
Steel Corporation of E A Ltd	Muljibhai Madhvani & Co. Ltd	Foreign
Uganda Libyan Arab Holding	Pre-emptive	Ugandan
Sugar Corporation of Uganda Ltd	Mehta Group	Foreign
Cable Corporation	Mehta Group	Foreign
UGMA Engineering Corporation	Mehta Group	Foreign
Divestiture by Initial Public Offering (IPO)		
Enterprise	**Buyer**	**Participant**
BAT Uganda (PHASE 2)	Public	Ugandan
DFCU Bank	Public	Ugandan
New Vision Printing & Publishing Co. Ltd (20%)	Public	Ugandan
Uganda Clays Ltd.	Public	Ugandan
National Insurance Company	Public	Ugandan
Divestiture by Concession		
Enterprise	**Buyer**	**Participant**
Dairy Corporation Ltd	Sameer Agric. & Livestock	Foreign
Mweya Safari Lodge	Madhvani Group	Ugandan
Nile Hotel International Ltd	Serena Tourism Promotion Svs	Foreign
Second National Operator	MTN	Foreign
Uganda Electricity Distribution Co	Umeme	Foreign
Uganda Electricity Generation	Eskom Enterprises	Foreign
Uganda Railways Corporation	Sheltam Railway Company	Foreign
Uganda Seeds (Kasese)	Lease/concession	Ugandan
Uganda Seeds Masindi & Kisindi	Lease/concession	Ugandan
ULI Ltd - Kiryana Ranch	Zziwa Ranchers	Ugandan
ULI Ltd - Kyempisi Ranch	Royal Ranchers Ltd	Ugandan
Divestiture by Auction		

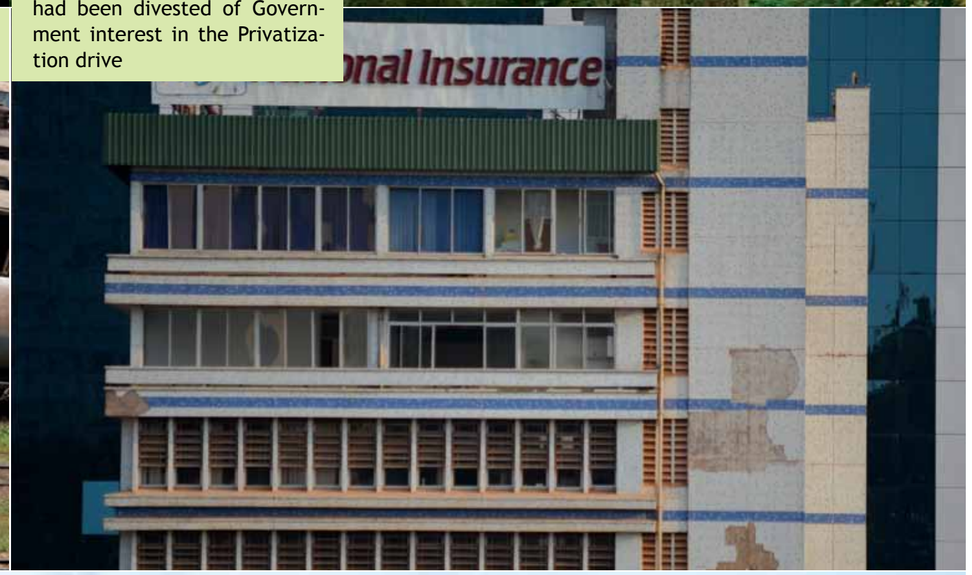
(Clockwise from mid-left) The lobby at Kampala Serena; The front expanse of Kampala Serena Hotel; A guest room on one of the floors. There was a complete make-over after Nile Hotel International Ltd was privatized by concession to Serena Tourism Promotion Svs in January 2004. Photos/ Kampala Serena.

(Bottom left and right) The top of the skyscraper building that used to house the headquarters of Uganda Commercial Bank before Government divested its interest through a share sale to Stanbic Bank, now headquartered in the Crested Towers building. Photo/David Sseppuuya



Divested Enterprises PICTORIAL

By mid-2013 more than 90% of parastatals (public enterprises) had been divested of Government interest in the Privatization drive



Enterprise	Buyer	Participant
Foods & Beverages Ltd	James Mbabazi	Ugandan
Fresh Foods Ltd	Eddie & Sophie Enterprises	Ugandan
Kampala Auto Centre Gomba M.	Management	Ugandan
Republic Motors	Rafiki Trading Company	Ugandan
Uganda Hire Purchase Co.	Tadeo Kisekka	Ugandan
Winits (U) Ltd	EMCO Works Ltd	Ugandan
Divestiture by Management Buyout (MBO)		
Enterprise	**Buyer**	**Participant**
Government Central Purchasing Corp.	Management and Employees	Ugandan
Printpak (U) Ltd	Cancelled-Assets owner - Lonhro	Ugandan
Uganda Hardwares Ltd	Management	Ugandan
Uganda Motors Ltd	Management	Ugandan
Divestiture by Debt Equity Swap		
Enterprise	**Buyer**	**Participant**
National Housing & Construction Corp	Libyan Arab Foreign Investment	Foreign
Shell (U) Ltd	Shell Petroleum Co. Ltd	Foreign
Divestiture by Repossession		
Enterprise	**Buyer**	**Participant**
Nile Breweries Ltd	Madhvani Group	Foreign
Uganda American Insurance Co.	American Life Insurance Co.	Foreign
Uganda Crane Estates Ltd.	Buganda Kingdom	Ugandan
Uganda Securiko Ltd	Securiko (U) Ltd	Foreign
Uganda Tea Corporation	Mehta Group	Ugandan
Total transactions	**95**	
Liquidations/Strike Offs	**39**	
Total divestiture transactions (as at June 30, 2011)	**134**	

Source: The Privatisation Unit

(Top) Uganda Cement Industries, Hima was bought by Rawals Group of Industries in a Sale of Assets transaction in December 1994. Photo/Laura Walusimbi

(Middle left) In October 2005, Sheltam Railway Company was granted a concession to operate Uganda Railways, which has since become Rift Valley Railways (RVR). Photo/Laura Walusimbi

(Middle right) National Insurance Corporation was partially privatized through a 60% share sale to Insurance Group of Nigeria in June 2005. Photo/David Sseppuuya

(Bottom) The Mehta Group regained its interest in Sugar Corporation of Uganda Ltd by pre-emptive right in December 2009. Photo/Laura Walusimbi

INSIGHT NINE

Dan Kasirye

$1.5 Billion Committed Through IFC Since 1965

Dan Kasirye is the International Finance Corporation's Country Representative in the IFC's Africa Department. In 25 years of service, he has been involved in the structuring and execution of IFC investments in energy, telecommunications, tourism and financial markets in Sub Saharan Africa.

Photo/World Bank Archives

Since 1965, the International Finance Corporation has approved funding for over 50 projects in Uganda, representing a total project outlay of about $1.5 billion. The IFC has supported Private Sector development through investments and advisory work. The IFC's strategy has focused on (i) improving the investment climate, (ii) building up the capacity of SMEs and micro-enterprises and that of institutions that can support them, and (iii) proactive support to project development in the financial, agribusiness, and infrastructure sectors. Major achievements were:

- IFC's support for Private Sector participation in the power sector with investments in Bujagali hydropower and Umeme distribution concession
- The expanding SME portfolio, which includes a range of agribusiness with rice, dairy and sugar producers, service, and manufacturing operations including support to Roofings Ltd steel expansion at Namanve Industrial Park.
- The involvement of local banks to support private education following IFC's First Education Project.
- IFC advised on the restructuring of the Telecommunications Sector. This resulted in significant new private investment in a second national operator, a second cellular operator, and a successful privatization of Uganda Telecoms.
- In the Financial Sector, IFC has supported leasing, insurance, and development finance, and advised the Government on the establishment of the stock and securities exchange.
- IFC was also involved in the reform of the Investment Code, identification of bureaucratic barriers to investment, and institutional development of the Uganda Investment Authority.

IFC Investment Highlights

- IFC provided $130 million in loans to Bujagali Energy's hydropower project, a public private partnership with the Government, as part of World Bank Group support, which also included a partial risk guarantee of $115 million from IDA and an investment guarantee of up to $115 million from MIGA to Sithe Global Power
- The privately-owned power distributor, Umeme, received a $25 million loan and $5.0 million equity from IFC to localize its business and expand its distribution network. IFC is also assisting Umeme to raise $200 million for network upgrade, expansion of the distribution network and to increase connections, estimated to cost $500 million over the next six years.
- IFC is also exploring opportunities to support the development of a combined potential of 210 MW of small hydro projects in collaboration with IDA.

IFC was the advisor to Kenya and coordinated with the Uganda Government in the privatization of the joint Kenya-Uganda railways concession. IFC as the lead lender raised $164 million debt and $82 million equity financing for rehabilitation and expansion of the railways system to cost about $300 million under implementation by investors led by Citadel. IFC commitment amounts to $75 million.

The International Finance Corporation advised the Uganda and Kenyan governments on the privatization, by concession, of the joint railway. It was also the lender for rehabilitation and expansion

IFC has played a key role in the Telecommunications Sector (reform advisory and investment) and is exploring opportunities to continue to provide financing. This resulted in significant new private investment in a second national operator, a second cellular operator, and a successful privatization of Uganda Telecoms. IFC subsequently financed Celtel Uganda (now Airtel Uganda following the acquisition of Celtel's operations by Zain and then more recently in June 2010, the acquisition of Zain's African operations by Bharti of India) the first cellular operator in Uganda, providing a total of $32 million to Celtel, including a $12 million loan. IFC committed $2.6 million in a risk facility implemented jointly with Stanbic Uganda to assist Celtel Uganda's dealers to access finance.

In the Financial Sector, IFC helped start up the Jubilee Insurance Company of Uganda. Established in 1993, Jubilee performed very well, and is now one of the largest insurance companies in Uganda. IFC was also an equity participant in Development Finance Company of Uganda (DFCU). IFC is engaged in the development of the local financial market, with particular emphasis on housing finance, term finance to SMEs, microfinance, trade finance and opportunities for quasi-equity. IFC provided technical assistance advisory using trust funds to carry out a mortgage finance and housing sector advisory. IFC has provided long term finance facilities to DFCU, Bank of Africa, Orient Bank and Diamond Trust Bank Uganda to promote term finance products for SMEs, including gender entrepreneurship markets, health and education sectors. In the medium term, there will be a strong role for IFC in the financial sector

IFC supported the Sugar Corporation of Uganda Ltd (SCOUL), Nile Roses (floriculture), White Nile Dairies, Gomba Fishing Tilda (rice) and, in education, Rainbow International School and Kabojja Primary School. IFC will continue to support agribusiness intermediaries - either financial or agribusiness companies, such as the Pearl Dairy powdered milk project in Mbarara, that in turn finance or purchase materials from farmers.

In the Manufacturing and Services Sector, IFC helped start up Kiwa Industries (building tiles) and Polypack Industries (polybags). IFC supported the construction of commercial real estate for office and retail markets. These include Rwenzori House, Rwenzori Towers, Mosa Courts, Dolphine Suites, Conrad Plaza and Executive Apartments. IFC is following up with Uganda Investment Authority on the progress and potential investors in the Namanve Industrial Park. IFC committed a $24 million loan to assist the expansion of Roofings Ltd, a steel-coated zinc project at Namanve. IFC committed a senior loan of up to $2.5 million to support the restructuring and upgrading of IMG's Kampala International Hospital.

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$1.5 Billion Committed Through IFC Since 1965

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IFC committed an investment of a senior loan of up to US$35 million to support the acquisition, building and maintenance of a telecommunication tower network in Uganda for a total project cost of $153 million.

IFC Advisory Services highlights

Investment Climate

IFC and the World Bank's investment climate team have been reducing barriers to business in Uganda. The country has made strides in reforming the licensing process and tax administration. The Government is also seeking the World Bank Group's support in developing leasing laws and promoting the tourism industry.

Public-Private Partnerships

IFC's public-private partnerships team advises the Government on how to work with the Private Sector to catalyze growth and development. The Health in Africa initiative helps the Government build partnerships with private healthcare providers to improve the quality of services. In Kampala, IFC is advising the City Council on involving the Private Sector in waste management. The Government has also sought IFC's expertise on structuring water distribution contracts with private operators. Most recently, IFC was appointed transaction advisor by the Uganda National Roads Authority on selected public-private road projects. IFC is providing transaction advisory services to Uganda Electricity Generation Co. Ltd (UEGCL) to introduce Private Sector participation to design, finance, build and operate the Nyagak III SHPP (4.4MW) plant for the duration of the Power Purchase Agreement. IFC Infra advisory will also support UEGCL on Muzizi Hydro (26-55 MW).

The Uganda Small Scale Infrastructure Provider (SSIP) Water Program has helped the Department for Water Development to structure water distribution contracts with SMEs and to provide business development services for these private operators in small towns to partly enable them access financing from banks.

Housing Finance Advisory implemented a three-year technical assistance program. The program objectives were to (i) launch and/or strengthen mortgage operations among banks in the project, (ii) improve the legal and regulatory framework for mortgage finance, and (iii) develop and strengthen institutions that support the mortgage market. Key achievements of the program include: (i) Contribution to the enactment of a modern, market-and-consumer-friendly Uganda Mortgage Bill, (ii) capacity-building support to stakeholders critical for a successful housing sector such as real estate valuers and agents, and (iii) provided training on mortgage lending to financial institutions.

The Africa Micro Small and Medium Scale Enterprise program aims to enhance access to finance for SMEs through capacity building of client Uganda banks: Ecobank, Diamond Trust, Bank of Africa, and DFCU Bank.

Africa Schools Program has supported Government efforts to increase access to education in Uganda, targeting over 500 schools. Through the program, IFC's partner banks provided loans to improve school facilities and services. IFC also advised private schools on how to become sustainable businesses, with improved risk profiles and operations.

IFC's current total exposure in Uganda is $228.8 million in 10 projects and the current total investment pipeline is $88.3 million in 5 projects.

IFC specialized facilities

Launched in 1989, the Africa Enterprise Fund provided debt and equity financing of $100,000 to $1.5 million for projects with a total cost of $200,000 to $5 million. It financed start-up of new businesses as well as expansion, modernization, and diversification of existing ones.

The Africa Project Development Facility (APDF) was established in 1986 as a joint initiative of the African Development Bank, the UN Development Programme and IFC. APDF identified African entrepreneurs and helped them organize, diversify and expand their businesses by assisting them throughout project preparation. APDF was replaced by the Private Enterprise Partnership for Africa (IFC PEP-AFRICA) which subsequently became the Sustainable Business Advisory (SBA) program.

The African Management Services Company (AMSCO) helps strengthen African enterprises by providing experienced managers and by training local management teams. AMSCO provided experts to a number of private sector enterprises including financial institutions in Uganda. WB50

In the upmarket office space segment of Uganda's commercial real estate industry, the International Finance Corporation supported the construction of Rwenzori Towers in the Nakasero district of Kampala. Photo/David Sseppuuya

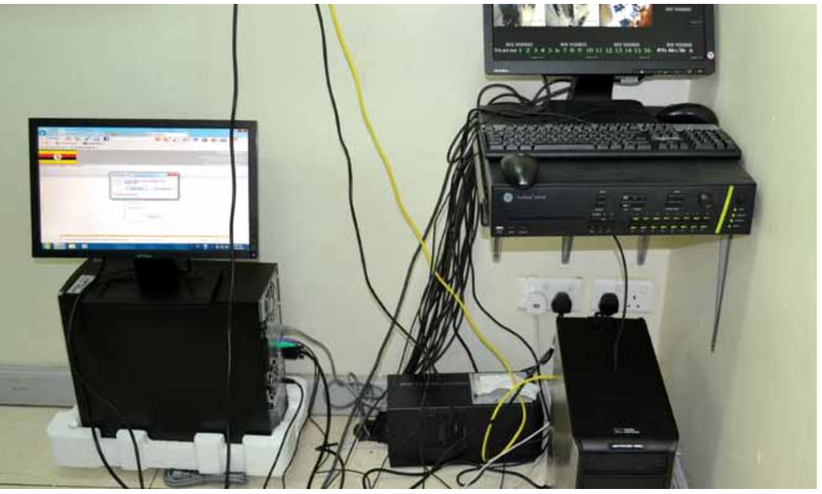
About IFC

IFC is the Private Sector arm of the World Bank Group. IFC fosters sustainable Private Sector investment in developing countries, mobilizing local and international private capital, and providing advisory services and risk mitigation services to businesses and governments, which will reduce poverty and improve people's lives.

- IFC is the largest multilateral source of financing for private enterprises in emerging markets. Financing is long-term and market-priced.
- IFC's share capital is provided by its 184 member countries, which determine policies and approve investments.
- IFC has committed more than $20 billion from its own account to projects during FY12. Since 2008, spending on advisory services has totaled approximately $200 million. IFC provides advice to companies and government authorities in 105 countries.
- IFC shares project risk with sponsors and financial partners but does not participate in project management. IFC's charter requires commercial terms, targeting profitability.
- IFC does not accept Government guarantees.

Public Service

SECTION TEN



The efficiency of the Public Service has been a dogged challenge for long. Efforts to halt the decline in standards and efficiency of public administration, and model a small, well-motivated Civil Service to deliver essential services in an efficient and effective manner continue under the different Government ministries. Public Service Reform has run alongside decentralization in the form of circumscribing the role of central ministries, and assigning to district councils the expenditure and revenue responsibilities related to service delivery system and poverty eradication

50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

A Scholarly Touch at the Civil Service College

Out in a leafy suburb of Jinja in Eastern Uganda, just a stone's throw from the shores of Lake Victoria near where the River Nile starts its northerly journey, lies a truly scholarly setting.

They may be squatters on the premises of a nearby institution – the National Fisheries Resources Research Institute in Jinja – but the Civil Service College of Uganda (CSCU) has found a suitable setting, well away from the noise and heaving masses of the town's central business district. Architectural plans for the college's own property are impressive in their breadth and detail, and execution has commenced.

Set up in 2010 with a World Bank sector investment loan of $8 million, of which $2 million was for refurbishing the physical facility, the CSCU came into being as part of the Public Service Reform Programme (PSRP) that the Government has been implementing in phases since 1991 to improve the efficiency and effectiveness of the Public Service.

"CSCU was designed to provide in-service training with special reference to Government machinery and re-orientation of public officers, conduct policy research and reviews to help move reforms forward, and to support innovative ideas for enhanced performance and public service delivery in the strategic areas of national development," says Jane Kyarisiima Mwesiga, the Commissioner of Human Resource Development at the Ministry of Finance.

The National Development Plan and the Policy Paper on Transformation of the Uganda Public Service identified the need for a Civil Service College as a unique and long-term way of strengthening quality of human resource to address poor performance and the insufficient leadership and management capacity in the Uganda Public Service. Barbara Senkatuuka, CSCU's Director, spells out its functionalities, "We are a Civil Service College for the entire Public Service, all the ministries, agencies, departments and local governments. So we relate with them in two ways. We have core programs that we developed, which cover the entire spectrum of the country. We also have tailor-made programs. We go to them, carry out training needs assessment and identify programs for them to access, but we also go and develop customized programs that suit their specific needs."

Continuing staff training and skills development of persons who are already employed in the Public Service is the fulcrum. Regular orientation of public officers is seen as essential in improving the attitudes, culture and responsiveness to public needs and aspirations, leading to offering of comprehensive needs-based programs that enhance technical and behavioral competences.

By mid-2013 the College was running three core learning programs: Early Leadership Development (ELD), Competence Based Recruitment (CBR), and Leadership and Change Management (L&CM). The ELD programme targets new public officers, and is designed to instill positive values, attitudes and culture in the new public officers to perform their duties in a patriotic, courteous and responsive manner. The CBR program targets all Central and District Service Commissions. It is designed to enhance the capability of service commissions to recruit public officers with the required technical and behavioral competences. The L&CM program targets both technical and political leaders across the Public Service, and is designed to build a critical mass of well-trained professional and ethical leaders that support the country's transformation. Custom-made training courses in Procurement and Management of Public Assets and Financial Management for all cadres in Government have also been developed.

The quiet environment helps in providing good learning conditions, but the College is not confined to its campus. "Jinja is where the College is based, but we also have what we call a *Caravan Approach*. We have a big van with all the necessary training gadgets; so we can move from here to Soroti in the east, or Fort Portal in the west and carry out the training in the clients' premises. If you don't have electricity we have a generator. We are saying that we can go to even the farthest part of the country," says Senkatuuka. This innovation has saved the ministries and local governments valuable time and resources that would have been spent on travelling and accommodating officers during off-

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(Clockwise from top left) The Director, Barbara Senkatuuka and an Advisor, Ulle Purga, reviewing participants' submissions during the early leadership development training; An artist's impression of the aerial view of the soon-to-be-built head offices of the Civil Service College of Uganda; The front view entry of the college; The proposed car park. Photo & illustrations/CSCU

Reforms Rationalize Generous Allowances

In the years before the World Bank-backed Civil Service Reforms of the late 1980s and early 1990s, the Public Service's Standing Orders (below) had some fairly generous conditions.

Authored by Samwiri Serwanja in his capacity as Permanent Secretary in the Ministry of Public Service (1972 - 1991), the Standing Orders were regulations governing the terms, conditions, and discipline of public officers. They outlined, among others, probation and appointment, transfer within service, grievance procedures, handing-over and taking-over procedures, discipline, and pension and gratuity. The fairly generous conditions included the allocation of staff housing, travel allowances, medical and dental care, study leave, duty allowances, and spousal travel. Most of the latter were withdrawn as the reforms targeted cost control. The Standing Orders were reviewed in 2009. WB50

(Above) April 24, 1963: The Salaries Commission of the Uganda Civil Service. Seated left to right: GS Wasswa, Clerk; Thomas Elwood C.B.E., Member; Michael O. Ani, Chairman; Ms Ann Mead, Personal Secretary; Samwiri LN Serwanja, Secretary to Commission. Standing: Drivers to Commission. Photo/DS Archives

(Left) The College has a fully-equipped van that is central to the 'caravan' approach that takes training services to the client. Photo/Laura Walusimbi

A Scholarly Touch at the Civil Service College

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site training.

CSC's popularity is growing, says the Director. "The leadership and change management program started in Jinja, but we have rolled it out in five regions - Northern, North Eastern, Western, and South Western and now the Central Region."

There is a feedback mechanism that has brought a lot of encouragement to the staff. "People are saying that this college should have started a long time ago. When they attend the programs and experience the kind of training provided, they feel that what is being taught touches their own lives and their institutions. One participant realized that he was the problem in his institution, that he was one of these senior problematic leaders, and he was blaming his colleagues, but he realized that he was the bottleneck to the institution's smooth running, that he had to change. So with such feedback, the College feels motivated that they are beginning to make a difference. Others say that, 'even our juniors should also have the opportunity to be trained'," notes the Director.

The College has started with a focus on senior leaders, managers and new staff in the Public Service, but part of the strategic plan is to extend further down to middle management as well. This will ensure that middle managers have an excellent environment to learn in and implement what has been taught. WB50

Civil Service Reforms Reduce Ministries by Half

As part of its fiscal adjustment program in the late 1980s and early 1990s, the Government undertook several measures to halt the decline in standards and efficiency of public administration, and to create a small, well-motivated Civil Service to deliver essential services in an efficient and effective manner.

The measures included a reduction in the number of ministries from 38 in 1989 to 21 in 1994.

There was rationalization in ministerial structures, withdrawal of Government from direct involvement in productive activities, a significant reduction of Central Government staff from 320,000 to 148,000 by 1994 (through the removal of 'ghost' workers, redundant employees, over-aged civil servants, as well as poor performers), and increases in real wages of civil servants.

However, a 1990 report of the Public Service Review and Reorganization Commission (PSRRC) identified the importance of advancing Civil Service Reform beyond the immediate fiscal concerns associated with staff size and wage bill sustainability to longer term issues of incentives, restructuring, and operational effectiveness.

The Commission recommended a more thorough review and revision of Public Sector remuneration (including salaries and benefits) and grading policies; improvements in payroll administration; restructuring in line with functional decentralization; strengthening of personnel and ethics management; and development of policies and procedures for asset and facilities management.

After the PSRRC report and the downsizing of ministries, the Government, with external assistance including the IDA-financed Uganda Economic and Financial Management Project, focused on restoring the efficiency of core Central Government functions like budgeting and financial management.

As the Government's Public Sector reform agenda progressed, however, it became apparent that democratic decentralization was the driver of state transformation, and effectiveness would depend on whether it could responsively support the development of local governments.

In addition, the $36.4 million 1994 Capacity Building Plan for Uganda, based on the 1990 sector report on capacity building prepared by the Government and IDA, was designed to help coordinate donor assistance in priority areas. The Capacity Building Secretariat in the Ministry of Finance and Economic Planning was tasked with the policy and coordination role to guide capacity building efforts. Several priorities emerged: legal and judicial systems, the accountancy professions, local training institutions, manpower planning, economic policy analysis, return of skilled Ugandans, local consultancy profession, technical and vocational training, contribution of women to policy development and management, and non-governmental institutions. WB50

Early leadership training and staff orientation for newly recruited civil servants. Photo/CSCU

I was Transformed by the Civil Service College

Silver Mwesigwa is the Speaker of Isingiro District in Western Uganda. He participated in leadership training at the Civil Service College, and he recounts his life-transforming experience.

"About two weeks ago, I attended a workshop on leadership and change management organized by the Civil Service College of Uganda. The College has been conducting similar training for all the district chairpersons, resident district commissioners, district speakers, chief administrative officers, mayors and town clerks across the country; region by region.

I must commend the team for having a very well-organized and well-packaged message to the district leadership. These workshops have come at the right time when we have continued to see stories in the media of in-fighting and conflicts either between politicians or between politicians and civil servants in some of our districts. This has been one of the greatest challenges to service delivery, as was noted at the workshop.

I believe most of the challenges we have at the local governments are associated with some stereo-typed culture among the majority of civil servants and politicians. It has almost become the common belief that the Government should increase salaries in order to improve the performance of civil servants. It is evident in some sectors where salaries were increased that there is no direct link to improvements in performance or reduced levels of corruption, the efficiency challenges will remain if no leadership and change management skills are developed.

As part of our recommendations, we agreed that we must focus more on changing our mindsets, attitudes and character towards work, workmates, and the people we serve. Until we have self-motivated leaders in districts, we will continue to see the same slow results in the general performance even if the Government doubles every one's salary. The Public Service usually employs the best of the best employees at entry level. Within a few years, majority of them are inducted into the Civil Service culture of (being) "permanent and pensionable," meaning that they have no pressure to be accountable to anyone since their salaries will continue to flow for as long as they are alive. As Government, we must learn from the Private Sector and borrow best practices in order to cause the change that we desire.

We know that despite the low funding from the Central Government, some districts cannot utilize the little money meant for critical sectors like Water and Health in time (the financial year). We have continued to see many districts returning unspent balances to the Treasury even when these funds were disbursed early. Therefore, what is urgently needed is to have leaders, both political and technical, who have the capacity to inspire their employees, who can challenge the systems in order to expedite the much-needed services in most Ugandan communities.

I, therefore, implore the policy makers to give all the support needed to empower and functionalize the Civil Service College in order to have a work force that is genuinely concerned about the development of this country and reversing some of the negative trends like corruption, poverty and illiteracy in our society.

As we strive to achieve middle income status by 2040, let us focus on how best we can have self-driven and patriotic civil servants and politicians who truly care more about the needs of their constituents than how to survive and win the next election. I am personally convinced that we can achieve this but it will require a lot of sacrifice, patience and bold decision makers, who have the capacity to challenge the systems and to inspire others.

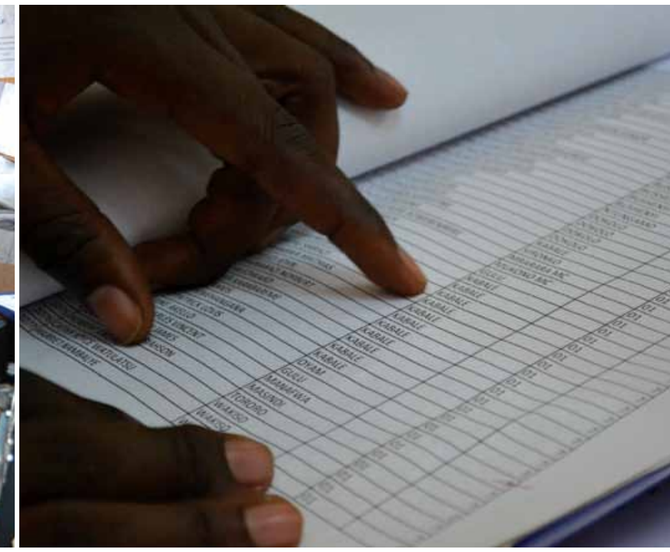
Lastly, I ask the leadership of the College not to be like the majority of the Government institutions that have been set up to challenge the system and have ended up becoming worse than the old system. For some of us who have so far enjoyed your services, we do appreciate your package and you will continue to receive our support. I hope and pray that this training can extend to our parliamentarians and later to the lower local governments.

I look forward to a future where our civil servants can work five days a week and eight hours day, where we have less or no corruption in our government institutions, a day where all kids can access quality education, and I dream of that day where all health units will be able to serve patients 24/7 with no women and children dying at child birth because of negligence. I cannot wait for that day when majority of our politicians will truly care for the needs of the poor and stop exploiting the poor's woes to enrich themselves. The public has had enough of the beautiful speeches and promises; what we need as a country is focused leaders right from the LC1 chairperson that can be assessed by what we have done and not what we promise to do." WB50

(Adopted from the New Vision newspaper, Kampala, February 26, 2013)

Finally Public Servants Catch Up With

Payroll System Implementation



(Left to right) Mountains of paper and manual filing shall reduce. A digitalized system will ease data entry and analysis. Photos/Laura Walusimbi

A long-term boast by people in the Private Sector over their compatriots in the Public Sector has been on payment of salaries. The archetype was that public servants needed to borrow (usually from the privately employed) to pay back in mid-month when their delayed salaries would hopefully be paid.

But no more, if the Integrated Personnel and Payroll System (IPPS) lives up to its billing.

Under the Public Service Reform Programme, a number of human resource management problems were identified for urgent attention. Poor establishment control and records management, wage bill overruns, combined with poor internal system controls and delay in accessing staff on the active and pension payrolls. Furthermore forgeries of appointment and deployment letters; invalid records on the payrolls; and manual and standalone human resource systems came under the loop.

The Public Service Reform Programme has instituted specific measures to modernize the human resource information system. Computerizing the active and pension payrolls; strengthening internal payroll controls with improved accountability; continuous payroll cleaning and update of the pensions data; standardizing salary pay day as the 28th day of the month; paying salaries and pensions directly to recipients' accounts; and continuous training and support supervision for payroll managers.

There was also the review of HR business processes, and implementation of the recommendations by the Inspector General of Government and Auditor General to improve payroll and pensions management. Success included the reduction of invalid bank accounts on the payroll from 50% in July 2008 to the current 1% in 2013, and timely payment of monthly salaries and pensions.

There are still delays in providing critical human resource information for decision making; the processing of salaries and pensions still experiences challenges; wage overruns still occur; and ghost workers are still being reported. But this is mainly due to the fact that most of HR processes are still manual and are not digitally integrated.

In order to find a lasting solution, Government took a decision to introduce a modern and integrated system for personnel, payroll and pensions management. The IPPS will help move the reform agenda forward by streamlining and modernizing management with proven technology.

The work started in 2002 when a system study was commissioned to identify and document the business processes, information needs and technological solutions.

IPPS will provide a single interface for public officers to perform HR management functions effectively and efficiently in an integrated environment. HR activities can be undertaken with greater ease and speed; the HR data will be centralized in one data bank, which will make it easier for all Government institutions to use. Automation of administrative human resource processes will enhance productivity through faster processing, better work environment, and reduction in mistakes and errors, as well as overlapping work. The IPPS will enable the sharing of information more quickly and allow for faster communication among all Government institutions.

The Joint Venture Team commenced work in October 2009 and by mid-2013, new HR business processes had been developed; the hardware and software delivered and installed at the Ministry of Public Service and at the pilot sites; the personal files at the 11 pilot sites had been scanned; IPPS Users trained; and the data center refurbished.

All public officers will have access to the IPPS to change their bio-data, which they are authorized to change, and to apply for leave and promotions through the self-service portal. They will be equipped with skills to receive and use the IPPS depending on their roles and responsibilities. WB50

National Archives: A Promising Future for the Past

The earliest written official records of Uganda at the National Archives date back to 1890, when Captain Frederick Lugard was laying the ground for British colonial rule. This record is probably not surprising, given that literacy and formal writing also dates back to about the same time.

What is probably more surprising is that today, the National Archives' latest entries are records from the 1970s! Yes, the 1970s.

Located within the limited confines of a Government complex in Entebbe that houses, among others, the National Agricultural Research Organisation's head office, the National Archives has a small office on the ground floor. It seats two officers. Its only other space is some square meters of the basement, amounting to not much more than three average Ugandan living rooms, whose height is 6 feet and 6 inches, slightly taller than the average Ugandan adult male. This is where records are kept.

Because of limited space, the three officers (compared to Kenya National Archives' 240) who comprise the entire staff, cannot take in more material. They simply cannot accommodate anymore. "Many records are still lying at the districts, because here we have no space," says Archiving Officer Justine Nalwoga Lukwago. "We cannot even visit the districts (to ascertain the records' status) – there is no budget. We assume that the District Records Officers are looking after them." Other records are at government ministries, each of which has a mini-record center.

Being bandied around from one ministry to another has probably not helped in giving the National Archives a settled sense of belonging. Created in 1955, by Independence in 1962 they were under the Office of the President. In 1994 they were transferred to the Ministry of Public Service. In 2003 they reverted to the Records & Information Management Department of the Ministry of Public Service.

Nevertheless, in their limited way, the staff at the National Archives has done a sterling job in preserving and putting to order what little precious chronicles that are in their possession. The available space is stacked, in orderly fashion, with file upon file of annals. They are all stored in acid-free boxes, whose security is further assured by an annual fumigation exercise. Even though it is fully packed, retrieval is easy because of the spaciousness of the shelves and the chronological order and compartmentalizing of the stacking. Most of all electronic cross-referencing in the ground floor office makes research that little easier.

The National Archives have received support in the past, including a donation of equipment by DANIDA. That equipment, according to Lukwago, included a microfilm camera whose size was too big to fit in the 6ft 6in-high basement.

The institution will receive a real boost with the coming construction of modern facilities in a World Bank-funded project. The site has already been set aside at 8-10 Lourdel Road in Kampala, and structural plans have been drawn and approved.

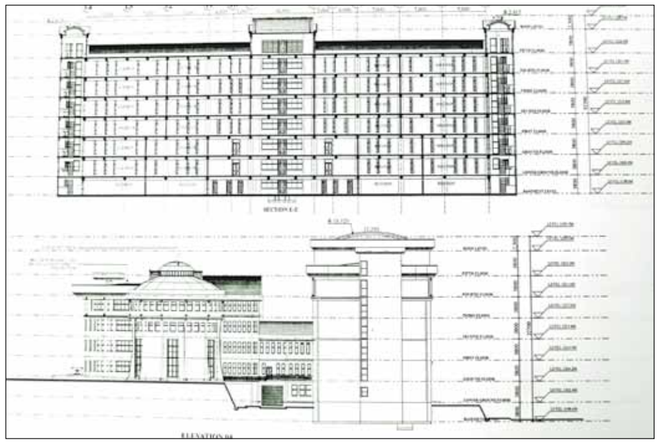
"With the new premises, we shall be able to redeem (records) backwards by 30 years," enthuses Nalwoga. That promises a good future for the country's past. **WB**50

Voice of Uganda

Kampala, Thursday, February 22, 1979

Enemy forces loot villages

Marshal Amin signs decree on land reform



(Top to bottom) The current filing system is cramped, installed in the basement of an old building shared with many other Government departments in Entebbe; A newspaper clip of historical national events in 1979 that can be accessed in the Archives; The architectural plans of the multi-storeyed building to be constructed for the National Archives in Kampala. Photos/Laura Walusimbi

INSIGHT TEN

Barbara Waliggo Senkatuuka

Attitude Change Will Transform Public Service

Photo/Laura Walusimbi

Barbara Waliggo Senkatuuka is the Director of the Civil Service College Uganda. Established in July 2010, the College is under the Ministry of Public Service, and was funded initially by the World Bank, with $8 million, to build the capacity of Civil Service institutions and to develop human resources.

Q: What is CSCU all about?

We have four core functions: Public Service training and orientation of public officers; supporting Public Service research; providing advisory services to Government; and supporting innovations in performance and service delivery.

Q: What was the situation before the World Bank's intervention?

The Public Service had been branded as ineffective when compared with the pre-reform Public Service which was a model, where people were proud to work in the Civil Service. But over the years (through the 1990s and 2000s) things were not as good. So this college was established to see whether it could change the (degenerate) attitudes.

Q: How do you relate to the other ministries and the rest of the broader Civil Service?

The Civil Service College is for the entire Public Service: All the ministries, agencies, departments and local governments. We have core programs that cover the entire spectrum of the country. We also have tailor-made programs. We can go to the client, carry out training needs assessment and develop customized programs that suit their needs.

Q: How is demand for your services?

Demand is increasing as people get to know about the College. We are still a young, growing college but we are marketing ourselves. We started in Jinja, Eastern Uganda, but we have rolled out in five regions - Northern, North Eastern, Western, and South Western and now the Central Region.

Q: What feedback do you have that helps improve efficacy?

Some people are saying that this college should have started a long time ago. When they attend our programs and the kind of training we have, they feel that what we are saying touches their own lives and the institutions.

Q: Are you focusing more on leadership?

Yes, senior leaders and managers, but we want to roll it further. Some managers are requesting to put their teams together so that they can also benefit from the leadership and change management programs.

Q: Do you see that as something for the future?

Yes, it is part of our strategy; we have to roll it down to at least middle management as well.

Q: What was on CSCU's premises before?

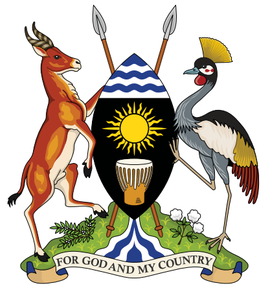
The National Fisheries Resources Research Institute, but they were not using this building. So the ministry was innovative: Instead of waiting for us to get our own building, we started business out of these premises; after all, we have a caravan approach. So they worked out an arrangement with the National Agricultural Research Organisation (under who the Institute falls); so this is a temporary arrangement but next to us is land where our college will be.

We have come up with building designs, which we have submitted to the World Bank, we are waiting for a no-objection then we shall start refurbishing that facility and move in. $2.5 million was committed for operationalization, and $2 million was set aside for capacity building, especially for the leadership and change management program, while $1 million went into renovations.

Q: Key developments?

We held the first Public Sector Innovation Conference in 2012 using the support of the World Bank. We are trying to raise the innovation consciousness among public servants to do away with the attitude of "business as usual", because we are living in a dynamic world and things are changing. We cannot continue being the traditional civil servant if we are going to compete globally.

At the conference we recognized seven institutions which included Mulago Hospital, Gayaza High School and the Public Service Commission. We feel proud as a college to have spear-headed something like this and we are going to ask the award recipients to replicate some of these innovations in other institutions. So every year we are going to call this conference and recognize even more Public Service institutions. WB50



Local Government

SECTION ELEVEN

The philosophy of decentralization has been most evident at the Local Government level. It has led to improvement in public service delivery and increase in the ability of the poor to raise their incomes and quality of life. Strategies included strengthening local revenue policies and legislation, training officials, together with increasing and monitoring revenue

50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

Outdated Administrative Structures

Democratized and Modernized

The pre-colonial form of local government in the central Kingdom of Buganda was so highly effective that the colonial government decided to replicate in the rest of the country after it had been amalgamated into a larger territory. The local administrative units which were in many cases aligned natural topography took care of the development and maintenance of infrastructure like roads and water sources and of course general administration that included collection of various levies.

When the territory became the Republic of Uganda, many elements of the local administration structures were retained, but then years of insecurity and governance problems eroded their effectiveness and usefulness.

When the National Resistance Army was waging the guerrilla war that finally brought it to power in 1986, it set up village committees in areas it controlled to handle the security and administrative matters. These administrative structures were called Resistance Councils or RCs as they popularly got to be referred to. Once in power, the National Resistance Movement (NRM) established RCs in each village all over the country. The RCs were immensely popular because they were freely elected and the people for once tasted real power to manage their public affairs.

In 1987, a law was enacted making RCs the official basic administrative structure of the NRM government. Every resident of the village was a member and elective leadership offices were open to all residents regardless of their citizenship at the village and parish level. The village was RC1 (Resistance Council One), the parish RC2, the sub-county RC3, the county LC4 and the district RC5.

The nine member executive at every level joined other similar executives to form the council at the next level, hence all the RC1 executives in a parish constituted the RC2 council for that parish, and they elected the nine-member RC2 executive that joined other parish executives in the sub-county to form the RC3 council. The different RC3 executives went ahead to constitute the district or RC5 executive. (The RC4 level that was equivalent to a county was 'skipped' as a local administrative unit and instead became the unit of representation in the national legislature – the National Resistance Council or parliament in effect.) Eligibility for office only became restricted to Ugandan citizens at RC 3 upwards.

The system worked smoothly and in 1993, the Local Governments Statute effectively abolished the appointed 'muluka' (parish) chiefs who had been there for hundreds of years and replaced them with elected leaders. All local government office bearers in the country had to be elected. The 1997 Local Government Act defined the highest authority as the district, led by the District Chairman. The President however still appoints Resident District Commissioners (RDCs) and some municipalities have 'council agents' who carry out some functions of the defunct 'muluka' chiefs like enforcement of by-laws.

(Left) A municipal road in Malaba, Eastern Uganda, is maintained by the Malaba Town Council, a beehive of activity that serves Uganda's busiest land border. Photo/Laura Walusimbi

(Above) Heavy earth-moving equipment used by Kigumba, in North Western Uganda. The Town Council was curved out of Kigumba Sub County in 2010. Having reached the minimum threshold of a population of 25,000, developed detailed structural plans, been declared a district headquarters, and established a stable source of water, Kigumba was elevated from Town Board to Town Council under the Local Government Management and Service Delivery project of 2007-2008. Photo/Laura Walusimbi

The development of the local government units under the NRM administration has followed an amazing re-alignment to the natural order and this can be seen clearly in the Kampala district city. The five divisions of Kawempe, Nakawa, Central, Rubaga and Makindye correspond to the original topographical–ecological divisions of the 'kibuga' (city) as it was administered by the Kabakas (kings) of old.

The World Bank has been on hand to assist the Government of Uganda since the 1990s to streamline, modernize and strengthen the local government structures and operations. Under the First and Second Local Government Development Projects (LGDP I and LGDP II), the World Bank supported the local governments to acquire capacity to take over activi-

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Ancient Administrative Structures

Democratized and Modernized

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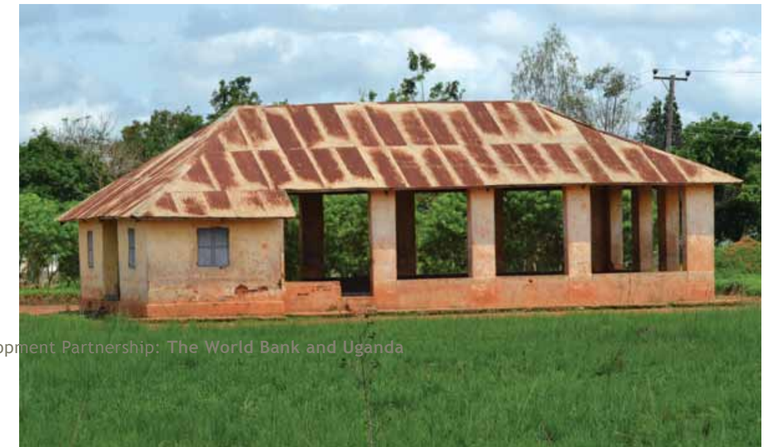
ties that used to be centralized in the two to three decades after independence. These include planning for development and implementing projects like building schools and maintaining roads. The local governments have also been supported to supervise contracts and manage public tendering processes. Other important capabilities the local governments have developed with support of the World Bank are physical planning, valuation of properties for taxation, computerization of management functions, planning for infrastructure including roads and water supply, and revenue enhancement strategies.

In urban areas, specific projects have been carried out and the major ones include the rehabilitation of infrastructure in Kampala. This saw the re-development of the Nakivubo and Lubigi drainage channels. The major markets of Kampala had been renovated and developed by 1997, providing stalls for over 25,000 vendors. Kampala also benefitted from the Bank's support to redevelop roads, manage solid waste, and also repair and enhance the drainage system. WB50

New and Old: The new headquarters of Koro Sub County (above) in Gulu, Northern Uganda. Staff relocated in February, 2013, from the old quarters (below) that were constructed in the 1950s. Photos/Laura Walusimbi



Towns Planned Under LGDP II and Local Govt Management & Service Delivery 2007-2008

	Urban Centers in Cluster
1	Gulu, Kitgum, Pader, Kalongo
2	Arua, Nyadri, Pakwach, Paidha
3	Adjumani, Koboko, Amuru, Yumbe, Moyo
4	Lira, Masindi, Dokolo
5	Hoima, Buliisa, Kigorobya, Kagadi, Kiboga
6	Soroti, Kumi, Bukedea, Kaberamaido
7	Moroto, Kotido, Abim, Katakwi, Amuria, Kapchorwa
8	Mbale, Pallisa, Namutumba, Busembatia, Kaliro, Bududa

	Urban Centers in Cluster
9	Fort Portal, Hima, Katwe-Kabatoro
10	Tororo, Malaba, Busia, Bugiri, Nagongera
11	Jinja, Kamuli, Lugazi, Mayuge
12	Entebbe, Mpigi, Kakiri, Nansana, Kalangala
13	Masaka, Sembabule, Kyotera, Rakai, Kalisizo
14	Kayunga, Mukono, Luwero, Bombo, Wobulenzi, Nkokonjeru
15	Mbarara, Lyantonde, Bushenyi, Kabwohe-Itendero
16	Kabale, Ntungamo, Kisoro, Kanungu, Kihihi, Rukungiri

Town Boards elevated to Town Councils

- Anaka in Nwoya District
- Padibe in Lamwo District
- Kigumba in Kiryandongo District
- Serere in Serere District
- Aduku in Apac District
- Budadiri in Sironko District

Source: Ministry of Local Government

Construction work on the Busawule Road in Mbale has stalled because of the many buildings that have gone up in the road reserve. Under the Local Government Development Program, sections of the town's 121.2km road network have been constructed or repaired, though there are many constraints as well. Photo/Laura Walusimbi

Mbale Town Struggles to Recapture Old Glories

Mbale was once reputed to be the cleanest and neatest town in East Africa. Not anymore; certainly not in the present. Located at the foot of the Elgon Mountain range, it is easy to see why, back in the 1960s, it was such an idyllic setting.

A lush mountain green, cool breeze, fresh air, with waterfalls flowing majestically down the mountainside, the natural setting was always there and all it took was good planning and administration to complete a picture-perfect reputation.

But as was in the rest of Uganda, the social and economic breakdown of the 1970s and 1980s brought this city to its knees. Today it still enjoys pride of place as the commercial and administrative capital of the East, it has a booming population, and its proximity to Kenya, Uganda's closest neighbor and biggest trading partner, does give the town a lift.

The challenges of haphazard planning, the conversion of small trading centers into towns, illegal structures, irregular reclaiming of wetlands, and a host of other problems continues to exercise the minds of the local administrators.

In their office, the Town Clerk, the Senior Planner, the Municipal Engineer, and the Accountant, spread out approved plans and contrast the ideal with the reality. Well-demarcated residential, open spaces, recreational land, and commercial areas have all generally morphed into one uncoordinated whole. There are plans for the municipality to become a full-fledged city, but as many as 26.9km of road has not been opened up. A new guideline requires commercial properties in business districts to be at least four storeys high, but many developers still construct the 1-2 storeys, similar to the old Asian-style buildings of 60 or 70 years ago.

But not all was lost. Mbale, alongside Lira in the north, Fort Portal in the west, and Masaka in the south, were the four municipalities chosen in 1997-98 to start the Peri-Urban Infrastructure Development Plan, funded by the World Bank. Fred Mwambu, the Senior Accounts Assistant, remembers that it was "in the suburbs, not the central business district, because the services were targeted for low-income earners. The services were mainly water and sanitation. We got grants and set up water kiosks."

Today Mbale's suburbs of Moni, Boma, Nkoma, Kiteso, Namatala, and Maluku still enjoy the benefits of that intervention, and the subsequent one, the first Local Government Development Program (LGDP I) of 1999-2003. The benefits included capacity building for technical staff, re-tooling and computer train-

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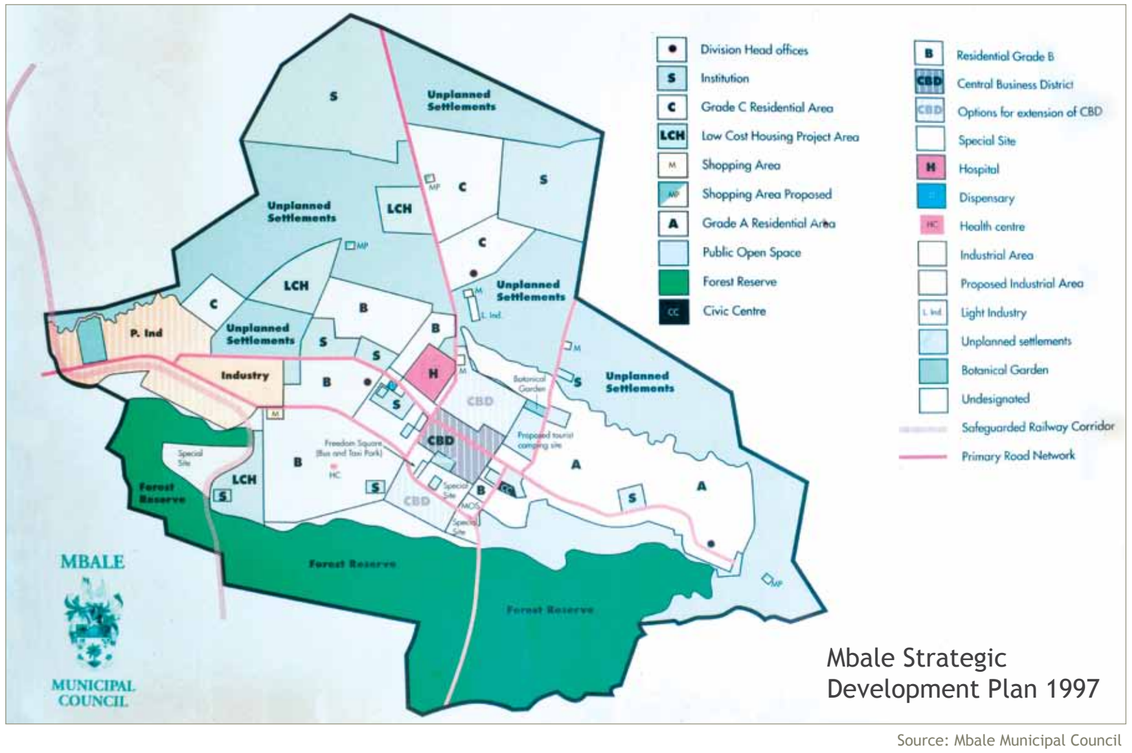

Mbale Strategic Development Plan 1997

Source: Mbale Municipal Council

(Left) Fresh fruit and vegetables on sale in Kigumba's market. The market was refurbished under a Local Government Development Program project. Photo/Laura Walusimbi

(Above) The well-laid out physical development plan for Mbale has not been implemented as efficiently as envisaged because of financial constraints and non-conformist developments

Mbale Town Struggles to Recapture Old Glories

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ing, new roads and road signposts, refuse management skips, health centers, and furniture in schools.

The health center is an evident social benefit. Dozens of mothers and small children crowd its veranda waiting for the doctor's attention in the early morning cool of the shadows of Elgon. Next to the health center, enjoying the very same cool climes, the pupils of Busamaga Primary School recline on desks provided under the LGDP program, in classrooms built by the School Facilitation Grant.

Implementation of LGDP I was all-inclusive, a bottom-up approach, says Mwambu. "The villages wrote wish lists", which were then considered.

A few kilometers farther from the mountain range, in the Northern Division, Busawule Road rises from a swamp through fields of yams growing in the wetland. On either side, the road is hugged by a grove of banana trees, and it brushes by an elevated latrine, a sign of poor development that so frustrate Edison Kasaata, the Municipal Engineer.

On the Kampala-Gulu corridor that connects the central and northern regions, one of the highway towns is Kigumba, whose main benefit from LGDP II was its elevation from a Town Board to a Town Council. Kigumba's Town Clerk, Gabriel Akugizibwe, outlines the basic criteria for elevation as being "a minimum population of 25,000, having a detailed structural plan, maintaining a stable source of water, and status as a district headquarters." Kigumba's physical benefits from second Local Government Development Program (LGDP II) have been supply of classroom desks and reconstruction of a 16-stall market.

Some 150km farther north in Anaka, another elevated town, the Clerk Ajabi Okongo is still enthusing about the project "empowering the township to budget and plan, while benefitting from a capacity-building grant."

Engineer Paul Mukasa Kasule, the Program Coordinator at the Ministry of Local Government in Kampala, says "the Peri-Urban Infrastructure Project was aimed at supporting basic infrastructure in municipalities - roads, sanitation, drainage, water, and health services. Later on with the introduction of the decentralization policy, the World Bank designed LGDP, which was aimed at supporting not only the municipalities, the urban areas, but now the whole country with those same services. This time it broadened from water and roads to education facilities, agricultural demonstration farms, provision of seeds and through a grant, which was being applied for the very first time to test how local governments could actually deliver these services with very little intervention from the central government.

"When LGDP was being introduced, most of the services like schools, roads, and water, were being delivered by the central government and the World Bank came in to enable local governments to start delivering these services themselves. We think that was a major shift in the service delivery program, because it was the very first time that a sub county or district was being given money to construct schools, and water facilities for its residents. That was a major achievement.

We also introduced a capacity-building grant, which was being managed by the local governments themselves to train people within their jurisdiction: The councilors, management staff, contractors, NGOs, youth groups, women groups, and service providers. This was also a pioneer innovation introduced with World Bank funding. "

In a hall in Mbale's Northern Division, it is a Wednesday morning in April and the works committee, comprising technocrats, business people, and elected representatives, is meeting. It is a small but comforting step forwards towards returning Mbale to its old glory. WB50

Local Govt Service Delivery
Undergoes Paradigm Shift

Engineer Paul Kasule Mukasa has been the Program Coordinator for the Local Government Management and Service Delivery Program in the Ministry of Local Government since 2005, and Sylvia Kera works as a specialist in the Local Government Management and Service Delivery Program. They share about how the Local Government Sector started working with the World Bank in 1996.

The Bank begun by financing the Peri-Urban Infrastructure Project that supported basic infrastructure in municipalities, mainly roads, sanitation, drainage, water, and health services. With the introduction of the decentralization policy in the early 1990s, the World Bank designed the Local Government Development Program (LGDP), broadening from water and roads to education facilities, agricultural demonstration farms and provision of seeds, testing how local governments could deliver services with little intervention from the Central Government.

Paul: Some groups have invested in the production sector, some have bought seeds, heifer cows, day-old chicks, or grinding mills for farmers to be able to crush and package their produce. Some have invested in chalk-making, detergents, or wine production.

There are youth groups that have invested in things that are not necessarily production-driven but improve their livelihood like sports and musical equipment. Some have invested in football gear. There are groups of disabled people investing in the laundry business - in Jinja, for instance, where they have invested in washing.

Sylvia: One intervention that we didn't plan for is the enormous investment in livestock in Northern Uganda because the thinking had been that such projects benefit mainly the individual and not the public. However, the people had been living in displaced persons camps, where they had no livestock yet traditionally they are animal keepers, alongside being crop farmers.

Animal and crop production were the key livelihood activities so when they left the IDP camps, they were at loss on how to live.

Our thinking was that this is public money so it must be invested in items, which will benefit the majority of the people. For example with shs10 million, you can build a classroom, which will benefit at least 100 children, or water sources for a community, but animals are not consolidated in one place, they are distributed. The one advantage is that free-ranging livestock will interact with other animals, which were not donated by the program to bring multiplication of good breeds, and everybody in the community will benefit. That is one finding.

Another unintended consequence was that some communities where the local governments were implementing Functional Adult Literacy classes were teaching preparation of project proposals.

The Local Government Development grant is non-discretionary. The funds can be used on most things - they are not conditional. The result was that the people were very innovative. There was a time when the world market price for vanilla was booming - communities bought vanilla and made people rich. They then branched into planting oranges and mangoes, helping the Gov-

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(Top left) Women and children wait for medical attention at a clinic in Mbale. Photo/Laura Walusimbi

(Middle) Local Government's Paul Mukasa Kasule. Photo/David Sseppuuya

(Above) KCCA Executive Director, Jeniffer Musisi (in black), inspecting dredging work on Lubigi Channel in Bwaise, Kampala. Photo/Laura Walusimbi

(Far left) The technical committee of the Northern Division of Mbale sitting in a planning session. Photo/Laura Walusimbi

(Left) Gangama Road in Mbale town has been tendered for resealing and drainage work. Photo/Laura Walusimbi

Local Govt Service Delivery
Undergoes Paradigm shift

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ernment to identify that there were other priorities of the community, which had never been explored.

So it was really a very wise move to send some discretionary grants where people can invest in those things Local Government were not prioritizing. The Government also recognized the significance of the LGDP grant and took it over from the donors, so the bulk of the program has been funded by the Government.

Paul: The World Bank supported us in revamping the law on physical urban planning. We had a very archaic law, the Town and Country Planning Act 1951, but now we have the new Physical Planning Act that only became law in 2011 after ten years of debating. When we started revising the law, we also requested World Bank to assist us with planning towns, and we were able to plan 76 Ugandan towns concurrently.

We prepared town plans for 76 towns, which probably had never been done before. Government could not afford it; towns like Jinja, Mbale, Kabale, Fort Portal, and Masaka could not afford to prepare their own development plans, but with the assistance of the Bank we were able to do that. In the last year we have also planned another 30 towns.

Sylvia: The 30 towns were basically IDP camps, which had started growing like towns. After the war ended many people did not go back to their homes, so we opted to plan the camps as towns so that they could take on the shape of properly planned towns.

Paul: In Northern Uganda during the insurgency, led by the Lord's Resistance Army, very many sub-county and district offices were destroyed. So with World Bank aid we have been able to rebuild those that were destroyed and improve those sub-county offices and build new ones in 323 sub-counties, in 54 districts. Every sub county in Northern Uganda is fully refurbished, has staff houses and we are installing solar equipment in 205 of them, as well as providing furniture for the 54 districts.

The World Bank also enabled us through these programs to recognize and actualize environment mainstreaming. Local governments were implementing projects without due regard to the environment. Many times they would just open roads, construct classrooms, protect springs and wells, all without any regard to the environment.

The World Bank also helped to introduce a computerized management tool at the local level, we call it the Local Government Information and Communication System (Logics), for the documenting of all projects and storing in a database.

A lot of effort has been put in valuing properties in all the urban areas of Uganda so that local governments can raise some revenue. Property tax hitherto was something of the colonial era. Most of us in Uganda don't think that paying property tax is our business; people find it very alien.

Sylvia: Under the Local Government Development Program II (LGDP II), seed capital was given to local governments to devise different strategies on improving the tax base.

Paul: We also introduced a national assessment process for local governments. We made it competitive so that every year local governments that perform well are rewarded and those not performing are penalised. The reward was more grant money the following year. It stimulated performance and we are glad that many countries have copied this system and are using it - in Tanzania, Bangladesh, Nepal, and Ghana. We are glad it started here.

Through World Bank funding we were able to train accountants. By the early or mid-1990s there were only eight registered or qualified/ certified accountants in all the districts of Uganda, but over the years we trained these accountants for a period of five-six years and by early 2013, the numbers have risen and we have trained more 1000 accounts staff, some of who are now registered or certified accountants. The Auditor General will tell you that right now he gets less qualified accounts with fewer queries.

Sylvia: The capacity building program encourages local governments to implement projects using contractors in fulfillment of the belief that the Private Sector can execute the projects better than the local governments. The local governments are better at supervision so because of that, the local contracting capacity was developed and local contractors were given a chance to execute the projects. Now we have very many contractors out there who are capable of undertaking very big projects like constructing health centers and roads. Previously most of the contractors would travel from Kampala to say Gulu, which was very expensive. Now we have a lot of contractors all over the country. We did a lot of training and if you go to Kaabong, Kisoro, or Moyo (*see map on page 259*), you will have local contractors with capacity to do very many things.

Because they are local contractors, they also use local artisans while if you get someone from Kampala, they would take their people from the capital city. Also the fact that they are local contractors helped create some distribution of wealth throughout the country, because that money remained there.

Paul: Under LGDP I and II we implemented about 12,000 projects, large and small, ranging from very small ones where you buy desks to large ones where districts are constructing bridges or district hospitals.

Sylvia: There are many districts and lower governments whose offices were built using money from the World Bank. The way all programs were designed was that local governments must use at least 80% of the funds in the national priority program areas of water, health and education, but they could use the 20% in other things like building offices. Those who were wise would set aside 20% and you find that they have benefitted being accommodated in offices constructed by the local development grant in the sub counties, municipalities and districts.

The 30 towns were basically IDP camps, which had started growing like towns, so after the war ended many people did not go back to their homes, so we opted to plan the camps as towns so that they could take on the shape of properly planned towns.

Paul: There are many districts like that, including Mukono, Mbale, Kyenjojo, Kibuku, Oyam, Rakai. Today every sub-county displays how much money they receive, in which quarter and how much they spent. We introduced systems like that to inform about what the money is being spent on. We think that also makes the local population more aware of what Government does for them; many of them would complain that, "we don't know anything going on here."

So when we construct a classroom it is labeled, "This was constructed with LGDP 1 funds, Financial Year this and that." WB50

INSIGHT ELEVEN

Charles Magala

Retrenchment Was a Necessary Reform Measure

Photo/David Sseppuuya

Charles Magala participated in the implementation of Uganda's Public Sector reforms from 1989, while working in the Ministry of Public Service. He is currently working as Senior Governance Advisor at the Embassy of Denmark in Kampala. He has worked in partnership with the World Bank, and other bilateral donors (Austria, Belgium, DfID, the Netherlands and Irish Aid) through the Public Sector Management Working Group and the Decentralisation Development Partners' Groups, to engage in policy dialogue with Government on financing and implementation of Public Sector reforms.

The Public Service Reform Programme implemented by the Government with support from Development Partners helped to reorganize ministries and departments by putting appropriate structures and staffing in place. The program, which was jointly supported by the World Bank, DANIDA, DfID, Irish Aid and the Netherlands, was, among others, aimed at enhancing performance and accountability of public service organisations. In this regard, the program implemented a number of interventions to strengthen the capacities of the different government departments including job evaluation exercises to clarify what each job was about, and determined the necessary competencies for the holder to be able to deliver to expectations.

It also resulted in retrenchment where those that were considered no longer productive were either asked to retire voluntarily or were retired in the public interest. The World Bank provided support to the Government to pay terminal benefits and to ensure that there was smooth transition into getting leaner and more effective structures.

Retrenchment was necessitated by the need to eliminate the bloated nature of the Government, characterized by a lot of inefficiencies and duplication. A lot of money was being wasted on people who were unproductive; they were in the system but they did not have the right competencies and attitude to work for the Government. People were simply occupying offices and using the Government offices to do other business. It was therefore important for Government to clean up the system so that those who remained in service were actually working and doing a good job.

The target was to reduce the number of civil servants to about 250,000 or thereabouts. There were some sectors with big numbers like Education, Police, Prisons and Health and it was not possible to reduce them below a certain minimum. Nonetheless, it was a very useful exercise.

This strategy achieved a number of quick results: unproductive staff were released, new ones, more energetic with better attitude were recruited, but there was also opportunity to help them get the necessary skills and competencies. The Uganda Management Institute was instrumental in running tailor-made courses.

In reviewing and re-strategizing, there was also need for the pay reform strategy, which was necessary to motivate public servants. Government expressed commitment to work towards paying a living wage, but unfortunately there has been slow progress in this regard. There was an attempt to introduce a unified single spine salary structure where different categories of civil servants were mapped alongside each other in the same structure. Under this arrangement, it was much easier to see how one's job was graded and compared to the other job categories and professions. Unfortunately, the implementation of the new salary structure did not take off as had been expected and up to now there are still salary differentials for different professions within the same scale.

The Government has expressed a strong preference to reward scientists better than other professions. This is for good reasons; but we need to appreciate that scientists don't work in isolation of other public servants; even in schools if you reward science teachers better than for example the English language teachers, you risk destabilizing other teachers' confidence. Similarly when the judicial officers and medical professionals got selective pay awards, other professionals like investigators and prosecutors as well as accountants and administrators who provide support service got alienated.

I know that the Government is under pressure to for example balance between raising the number of teachers for the Universal Secondary Education and Universal Primary Education programs, while at the same time paying those employed a decent wage. It is difficult to increase both the numbers and the pay at the same time.

Implementation of the Integrated Pay and Personnel System (IPPS) was one of the key achievements of the Public Service Reform Program that made some strides in getting personnel information onto a computerized system. The manual system of maintaining public servants' records was ineffective and easy to manipulate. The IPPS was designed to ensure that once you got employed in the Public Service, your personal information is linked to the payroll system and within a specified period, you would gain access to the payroll. In addition, if fully operational, the IPPS would be linked to the pension system so that, as you grow towards retirement the system could easily trigger alerts, for example that "Charles is due to retire in the next two years and therefore he should also be notified to prepare for exit". Such innovations were very good for the Public Service.

> Similarly when the judicial officers and medical professionals got selective pay awards, other professionals like investigators and prosecutors as well as accountants and administrators who provide support service got alienated

Together with the World Bank, donors supporting the decentralization reforms were able to enhance collaboration and coordination in the policy dialogue with government on key reform issues. DANIDA has been a long standing partner with government in implementing decentralization reforms and was instrumental during the design of the policy and formulation of the legal frame work for decentralisation. The period between 2006 and 2010 attracted more bilateral donors to support implementation of the Local Government Sector Investment Plan through a basket fund arrangement. The basket funds enabled implementation of larger interventions, which would otherwise be difficult to support by a single bilateral donor. Similarly, the World Bank through the Local Government Development Program I and II and later through the Local Government Service Delivery and Management Program also provided useful project support to the decentralisation reforms in Uganda.

At a more strategic level, Development Partners in Uganda have organised themselves under the Local Development Partners Group (LDPG) where the World Bank has been the de-facto chair. Heads of Development from the different donor agencies meet on a regular basis to harmonize and coordinate their support to Government of Uganda. This coordination mechanism has facilitated shared analyses on governance issues and facilitated common understanding of the factors impeding effective service delivery in Uganda.

It has also helped in ensuring that there is consistent messaging to Government about the key reforms. With common analysis, it is easier to agree on a common position and the message to take up in the policy dialogue with the Government. WB50

Northern Uganda

SECTION TWELVE

Long drawn-out back-to-back insurgencies in extensive parts of Northern Uganda presented a special challenge to the Government and Development Partners. The challenges were at the same time an opportunity to tackle poverty, a key tenet for the Government and its partners. The opportunities still exist

50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

The Unique Challenges of Northern Uganda

Usually a geographical region would not constitute an official economic sector in a country. But Northern Uganda has had a peculiar history from the rest of the country since the 1980s, making many ordinary solutions inappropriate to its economic predicament.

Normal life has returned to all parts of Acholi following three rebel insurgencies that had left hundreds of thousands of people displaced. New amenities like clean water sources helped the displaced persons return to their communities. Photo/Laura Walusimbi

Even as insecurity gripped large sections of the central and southern part of the country in the early 1980s, there was not much economic progress that could take place in the north either because the West Nile sub-region was under extreme insecurity following the fall of the military regime in 1979 that ended with a large portion of the population fleeing to the Congo and Sudan, or because the north east was under the terror of marauding and lethally armed rattle rustlers, and a large part of the male population from the Acholi and Lango sub-regions were engaged in soldiering.

After the change of government in 1986, the remnants of the defeated armies regrouped and mounted a serious rebellion in the north that cost a lot in lives. The economically disruptive and socially destructive insurgency was to go on for over two decades, making any serious economic transformation work impossible. For a long time, most of the Acholi population was living in camps for internally displaced people (IDPs). But even as the north, especially Acholi, was under such terrible security and social conditions, it registered the highest population growth in the country in the 1990s. And in spite of the north being targeted with considerable financial support over the two decades, it remained the poorest region of the country with the people of Acholi and Karamoja having the lowest standard of living in the country. And the north was not spared the administrative wastefulness of the multiplication of districts that

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After Insurgency, North Faces Unique Challenges

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gripped the whole country.

As the insurgency raged and after it ended, the World Bank-initiated programs aimed at rehabilitating the social and economic infrastructure, mitigating the devastating effects of the prolonged civil war, resettling the people and the combatants, as well as helping the revival of meaningful economic activity. The programs have included the $71.2 million Northern Uganda Reconstruction Project (NURP), the $100 million Northern Uganda Social Action Fund (NUSAF 1), and the on-going NUSAF 2.

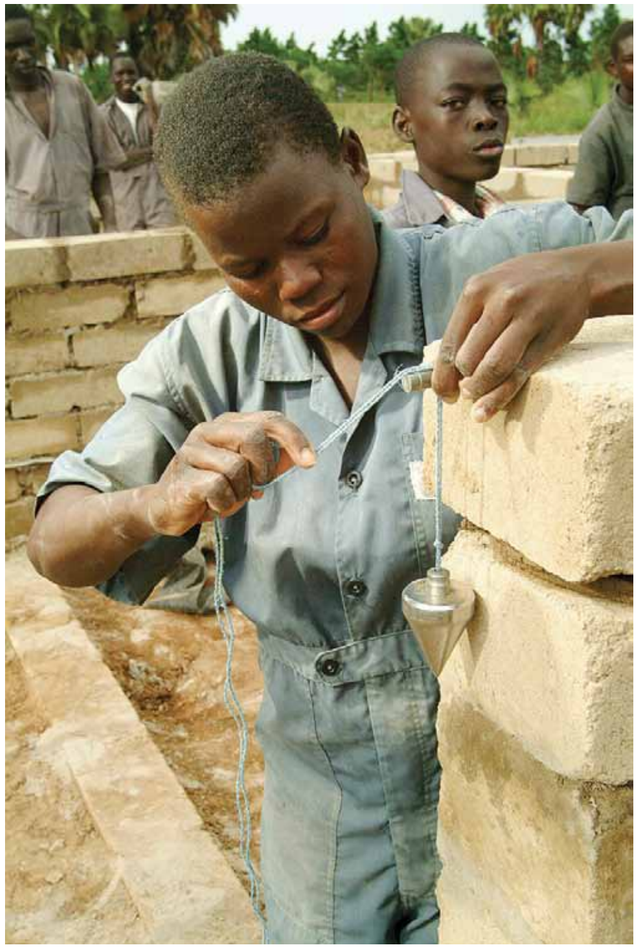
The support for public works was designed in such a way as to be labor-intensive so as to engage as many people as possible, giving them gainful economic activity. Also skills were imparted in the process. The activities supported by the Bank resulted into improving the quality of life and livelihoods of the people such as securing water sources, repairing schools and building new schoolrooms, improving feeder roads and upgrading them to all-weather roads.

A large number of young people had been abducted and forcefully conscripted into the rebel ranks. Demobilizing, rehabilitating and re-integrating them into society was a major undertaking, which required the Bank's support together with international and local NGOs. The Bank also funded a similar exercise for ex-rebels who were operating out of Congo in the west of the country.

Mindful of the need to create capacity for transparency and accountability after the return of peace, the Bank conducted a specific public expenditure review for Northern Uganda so as to identify the weaknesses and to recommend actions to ensure that reasonable value-for-money benefit is obtained from funding to the region that comes from multiple sources, but seems to have far less impact than would ordinarily be expected. **WB**50

(Above) A girl tending goats in an internally displaced people's camp during the insurgency. Most people have returned home after the closure of IDP camps. Photo/World Vision Uganda

(Right) Reconstruction work being done by local people, assisted by the Government and Development Partners. Photo/World Bank Archives



Kony's Favorite Apprentice

Now Teaches Chemistry

As a boy, Bosco Christopher Oyetalit was abducted twice and conscripted into two rebel armies in Northern Uganda. Now 42, he feels like a veteran, but has found his true vocation as a Chemistry and Biology teacher at Koro SS, a Universal Secondary Education school in Gulu. He shares his experience:

"It was around mid-day when the rebels struck. The day was May 11, 1991 and I was going to town with my young brother when we ran into a band of about 250 rebels of the Lord's Resistance Army of Joseph Kony, which was about four battalions! We were about 500 meters from our home in Koro sub-county, a few kilometers south of Gulu town and they abducted us.

My brother was walking behind me, and the rebels just came running to us and asked, 'Where are you going?' I said, 'I am going to town.' Then many more came and barked, 'Can you leave that bicycle of yours!'

They split us and took us to different groups. The group they took me to called themselves intelligence officers or the Control Altar. I was interviewed. They asked me what I was doing and before I could answer they, unfortunately for me, found a school identity card in my pocket and said, 'Oh! You mean you are a schoolboy? That is wonderful!'

On the second day, May 12, as we were marching in the countryside, the Operations Commander, a man called Ojok, met his uncle relaxing and drinking at home in a village that happened to be on our route. The uncle was a soldier in the government army, the National Resistance Army, and so he was an enemy. Ojok did a very terrible thing. He just cut his uncle, his real uncle! Just cut him with a 'panga' (machete) when people were seeing and burned his uncle's new bicycle. The uncle was in full combat uniform. Witnessing this made me think that my end had also come.

They had warned the officer in charge of the group that had interviewed me, 'If you let this man escape, you will also escape from our group.' The man was called Ocaya Lagira. I was told he was from Palabek, farther to the north near the Sudan border.

Three to four days after our abduction, we were marched deep into the game park. New recruits' training commenced in the Murchison Falls National Park with parades. Unlike most abductees, I was familiar with the language they were using, Kiswahili, so I was responding and parading very well. Another part of my background was that I was also a scout. The senior officers were resting under a tree and as we were parading, they were watching us closely. A further incentive to parade well was that I was fearful of the canes. If you made any mistake, they would cane you. One evening, it was about 7:30pm, and the commander sent for me. He ordered, 'Can you go and bring for me those recruits? There is that man who was parading very well, bring him here!' He described us very well.

They took me to him and he introduced himself, 'I am Mr. Joseph Kony. I am the one heading this group

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(Far left) A typical Acholi homestead in Koro sub-county, from where Bosco Oyetalit was abducted in 1991. Photo/Laura Walusimbi

(Middle) Joseph Kony, the commander of the Lord's Resistance Army rebel group. Photo/The Daily Monitor

(Left) Mr Oyetalit instructing students at Koro school. Photo/Laura Walusimbi

Kony's Favorite Apprentice

Now Teaches Chemistry

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of rebels. This is Mr. Otti, the second-in-command.' There were six senior officers.

Then he made a statement that shattered me: 'I know you have been a soldier. So please can you tell me if it is true, then you come to my room and I give you guns.'

I told him, 'Sir, I have never been a soldier.' And he said, 'From your looks you must be a soldier.' We were speaking in the Acholi language.

Then he asked me, 'From where did you learn how to parade very well like that?' My mind raced back to a few years before, in 1987. I told him, 'This group of rebels were at my uncle's place when I was very young, so I know how to parade.'

Then he asked me, 'Do you know any of the senior commanders of those days?' I said, 'I know' and he retorted, 'Who?' and I told him.

In fact rebels started disturbing me since 1986. That year, the first group of rebels to fight President Museveni's government in Northern Uganda was the Uganda People's Defence Army (UPDA) of Brigadier Odong Latek. Between 1987 and 1989, I was in the bush with them. I had been abducted as a 15 year-old boy. My parents knew that I was with the rebels. I spent two-and-a-half years there, and then I escaped from them in March or April of 1989.

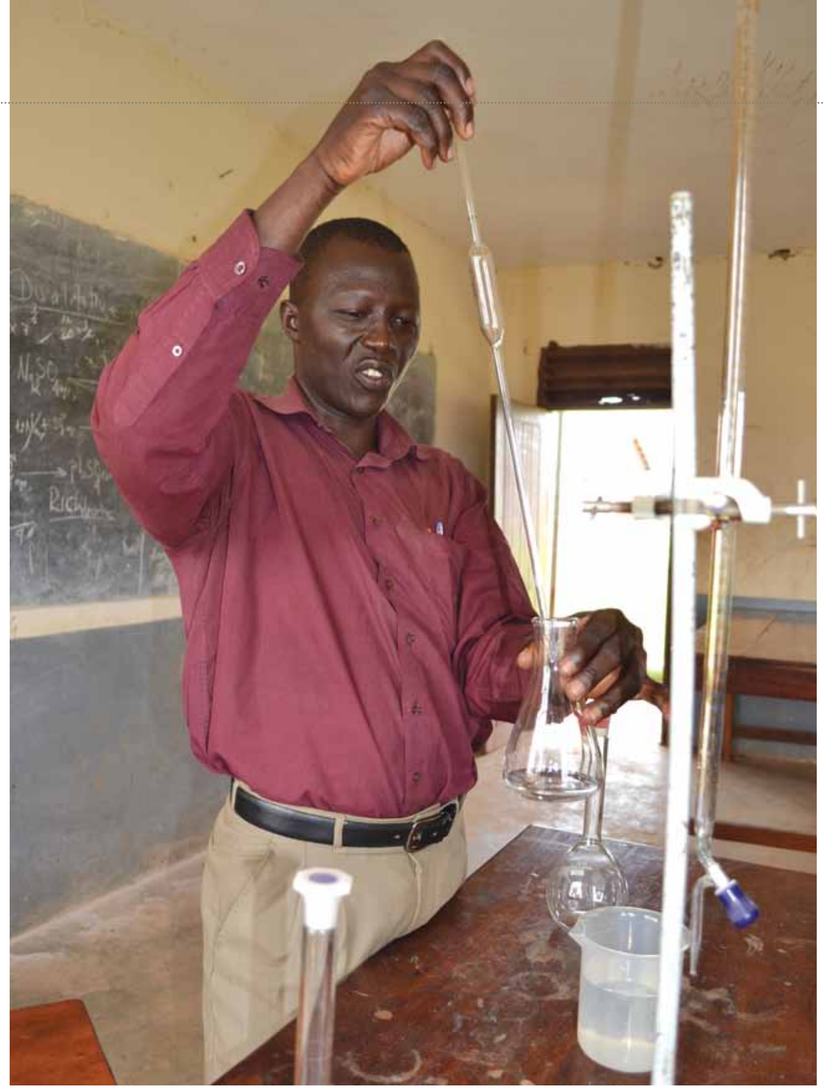
In the UPDA ranks, we would just be used to mount roadblocks because we were young and innocent-looking. In those two-and-a-half years, I would get to hear that some of my friends were already in town and in secondary school. So I escaped to come and catch up with them. I came out of the bush and straight away returned to school, between 1989 and 1991, when the LRA then abducted me and my brother.

Now in the first week with the LRA in the Murchison Park in May 1991, after meeting Kony and seeing that he was interested in me, I started planning to escape. I remember the sixth day of our moving to the camp, there was very heavy fighting between the Government forces and this rebel group. They captured about ten Government soldiers and tortured them! They were cut into pieces as people were seeing; you would hear them pleading, but you would see them being hacked and chopped.

When I saw those kinds of things I knew I would not continue. I had made up my mind. My family had always told me, 'When you are abducted, escape.' Unfortunately that brother of mine whom I was abducted with was killed in 2004. He had escaped, in 1991, after me. He was abducted for the second time, taken to Sudan, escaped but they followed him and killed him. When I came back from a job interview, I found he was dead and he left me with seven children to look after.

After that battle on the sixth day, I returned to the camp, but I knew I had to leave. One shock I experienced was meeting a very good friend in the bush. She had disappeared from school. She welcomed me and said, 'Oh my friend, you are now welcome. For us we are doing some good work, so you should join us.' I realized that she had been fully indoctrinated.

On the eighth day of abduction, it was raining heavily in the evening. We had just finished a big prayer when the rain began falling. At about 7pm I organized a group of five – all of us were schoolboys. We waited until about midnight, then we made our move. We walked through the countryside for over two days before we reached the first inhabited home. The people there started to run away from us, fearing us, till we explained ourselves. They felt sorry for us, and then eventually led us to the Gulu-Kampala highway.



Mr. Oyetalit titrates in his chemistry laboratory at Koro Secondary School. His studies were interrupted severally by the insurgency and its aftermath, but he still managed to complete his studies. Photo/Laura Walusimbi

> In the UPDA ranks, we would just be used to mount road blocks because we were young and innocent-looking.

But even these people who helped us were constantly changing direction, and coming back to the same place. On the eighth day of the escape we heard a gunshot. So we had to move on. On the ninth day I managed to make it to Koro, my home.

I resumed school in Gulu High for my O' Levels (lower secondary), and then went for A' Levels (upper secondary) in Lango College between 1994 and 1996. I joined Mbarara University of Science and Technology in 1998 and completed my BSc Education in Biology and Chemistry in 2002. I have been a teacher since, though teaching science has been difficult. There was no laboratory, no lab assistant. Doing practicals was tricky - we had to carry apparatus into classrooms. But now the World Bank has built two blocks and a lab for us. Teaching has improved because of the lab. We have got two more Biology and Chemistry teachers, and at the moment, we have four science students in A' Level.

By 2004, the Internally Displaced Peoples' camp was still open - in fact even by the time I started practicing as a teacher my parents were in the IDP camp, and at times I would leave Layibi town center and visit them. Relief items were given out in the school, where I now teach, because of the better setting for distribution and registration.

Today in my role as a teacher in a region recovering from war, I have found psychological issues with my students. In 2004 when we started this school there was already a building here but we could not access the place because of the insecurity. So classes began as a displaced school near the Gulu-Kampala highway, where it was safer.

At the time there were two students who would not eat the food we prepared at school. I asked them what the problem was. One of them told me that his father was killed, chopped up and cooked by rebels, who then ordered the boy to feed on him. Now traumatized, the boy could no longer muster any appetite for food that is not prepared at his home. We had to counsel him; at times you would see him begin to cry. We had to be close to the two of them. Unfortunately this one could not continue beyond Senior 3 (halfway through secondary school). He joined a security company and is now an armed guard." WB50

Doreen Abalo, some of whose family were slaughtered in the Lukodi Massacre, is part of a scheme that has provided survivors with livestock to help them resettle. Photo/Laura Walusimbi

The Cows Come Home for Rebel Massacre Survivors

It was two hours of mayhem that painted another bloody chapter in the history of the 20-year Northern Uganda insurgency. At about 6pm on the evening of May 19, 2004, Doreen Abalo witnessed, an indescribable terror that still haunts her, when the rebels of the Lord's Resistance Army raided her camp.

The Lukodi Internally Displaced People's (IDP) camp was one of dozens of such settlements set up in the early 2000s in different parts of Acholi to protect the locals from Joseph Kony's marauding rebels. The idea was that clustering communities in one camp, guarded by soldiers from the Government army, would secure them from rebels. But on numerous occasions the LRA breached those defenses and wreaked great havoc on the occupants.

That May evening in Lukodi, about 20km north of Gulu town, an estimated 150 rebels descended on the camp and eventually overcame the army detachment of 40 soldiers. Doreen, then 47 years old, saw them approach from the eastern side, setting cylindrical huts on fire. Her husband was in another house when the raid began.

"One rebel wanted to enter that house, but somehow could not proceed. The door was open, but he could not advance, possibly because he was cut off by soldiers shooting from the other side," she narrates, still heavy-hearted, nine years later.

Doreen hid in the latrine, but had enough latitude to see her husband run to hide in their hut, where he removed his clothes.

"Within a few minutes I saw my hut on fire." She sneaked out of the latrine, knowing, dreading, that five people were in that hut that was now ablaze. She was not immediately aware that her husband had been found burnt alive in that hut. It was later, at about 7.30pm, that she ventured in and found his charred remains. He was still clutching a one year-old boy, the grandson of their neighbour who he had tried to rescue.

By 7.30pm, Doreen's husband and five year-old baby lay dead, two of 54 camp residents who lost their lives that night. Thirty youth had been abducted and taken away that night. In the days that followed, after identifying the bodies, every survivor had to bury their own dead – there was no community to help in the funerals, the way it has been done for generations, since most people had run away during the raid. There was nobody to stand with them in their grief.

Today the community is trying to pick up the pieces, to dry the tears. To support household incomes and to socially resettle these survivors, the World Bank-supported Northern Uganda Social Action Fund (NUSAF II) has provided cows in a re-stocking communal program.

The cows graze on expansive pastures in the shadow of giant signage, announcing the 'Lukodi Memorial Site', a shrine that ensures that the memories of May 19, 2004 do not go away. Thirty households, including Doreen's family, are benefitting from two restocking projects.

"When we returned in 2007 to Bishop Onono Onweng village, next to the now disbanded camp, most of us were poor and vulnerable. The sub-county local government asked us what it was we needed. We said we needed cows – the restocking begun in 2013, and we expect the milk and beef to generate money for school fees and our general livelihood," Doreen says, her optimism still guarded by the evident pain of loss and trauma.

To the east of Gulu, in Wanglobo village in Koro, Regina Olowoch is eking out a living with a household that includes two sons, four daughters, and 20 grandchildren. It is not easy. But the one saving grace is the Wanglobo Elders Goat Rearing Sub-Project that provides the village with oxen for cultivation, boreholes as a water source, and goats that not only provide nourishment from meat and milk, but are also a positive social distraction for young boys.

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The Cows Come Home for LRA Massacre Survivors

(Left to right) Herdsman Rwakatare has found employment looking after the massacre survivors' cows after peace returned to Northern Uganda. There are many livestock projects supported by the World Bank-financed NUSAF II to help insurgency victims like Doreen Abalo (right). Photos/Laura Walusimbi

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Herdsman Makes Move from South to North

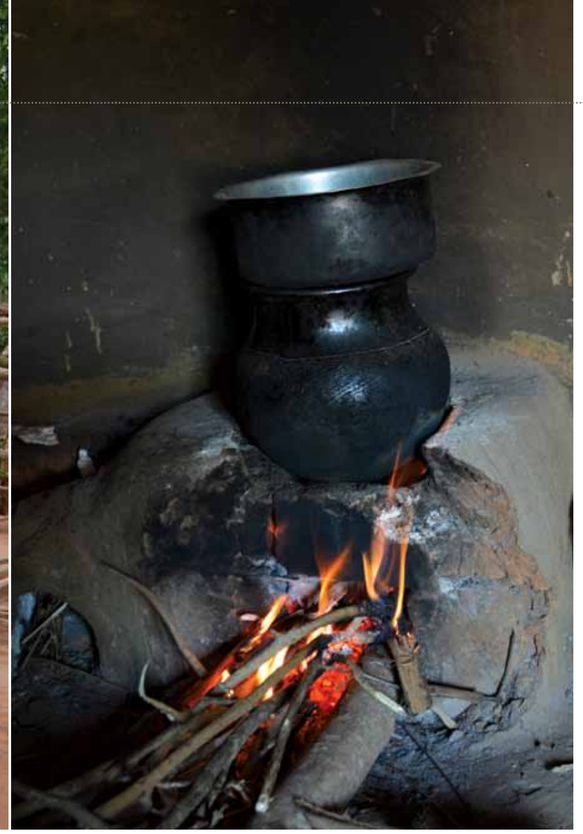
He stands out like a sore thumb in the crowd of war survivors in Lukodi. Leaning on his herdsman's stick as he carefully studies a heifer in front him, William Rwakatare's slight physical build and light-skinned complexion separate him from the locals quite distinctly. He does not speak, Acholi-Luo, the local language.

Yet he is very much a part of what is happening in Northern Uganda – in fact the best advertisement of the return to normality after 20 years of war.

Rwakatare came to Lukodi in January 2013, relocating from the southern Ugandan district of Kiboga, where they speak Luganda, a dialect with no linguistic similarities to Luo. "The language here is too difficult for me to master – I speak to them in Kiswahili," he says.

Of Rwandese extraction, he was born 42 years ago in the central region district of Nakasongola, farther farther south in Masaka, and got married in Kiboga, all in Buganda, where his wife and four children still live. When he came to Lukodi, Rwakatare was employed to look after the herds freshly distributed by the NUSAF social resettlement scheme, the Lukodi War Survivor Community 'A' Cattle Restocking, Bungatira.

His initial herd was 15 heads of cattle, by April 2013. No doubt he hopes to grow this kraal as he, against many odds, embodies the return of normalcy to Northern Uganda, which the World Bank-financed NUSAF II is underwriting. **WB50**



NUSAF II Planned Expenditure

DFID

Cost Category	US Dollars (as per plan)
Sub Projects	30,450,000
Operations	3,500,000
IGG Operations	1,255,360
Total	**35,205,360**

IDA

Cost Category	US Dollars (as per plan)
Sub Projects	81,000,000
District Operations	4,035,840
Office of the Prime Minister (OPM) Operations	13,964,160
IGG Operations	1,000,000
Total	**100,000,000**

Source: NUSAF II Quarterly Progress Report, September 2013

No More River Water in Cubu's Cooking Pots

'Water is Life' goes the popular saying, but not necessarily so for the waters of River Pece in Gulu. While the river waters the farmlands and offers nurture to livestock, its waters have bred disease over the years. So it is a relief for the citizens of one particular community that they do not have to drink it any more.

Mrs Judith Onek, a nurse who is resident in Cubu A & B, a community of 92 households (average size 7 persons), has recorded a fall in incidences of typhoid, worms, and diarrhoea ever since the people stopped fetching water from River Pece 2km away, upon the construction in October 2012 of NUSAF project boreholes. Previous to the boreholes, water sources would include a spring and a well near the river, but these were equally dangerous as the protective cement foundation was broken, exposing the water to contamination.

Mrs Christine Abur, 68, a retired teacher and railway worker who has lived in Cubu all her life, has witnessed enough misery, including the death of community's most famous son, Dr. John Odong of National Medical Stores, in the rebel insurgency, and two war-enforced evacuations of the entire community in the 1980s and 1990s. Settling with proper social amenities like water has been especially helpful in reviving Cubu.

Farther away from the outskirts of the town, out in Lapainat Parish in the countryside, Severino Ochen, the Headmaster of Laminadera Primary School, is equally happy with the Northern Uganda Social Action Fund (NUSAF II), whose water source has bailed out Cubu.

For Laminadera, two classes used to sit under a tree shade before a new classroom block was constructed. Today the 515 pupils of the co-education school are all comfortable indoors under iron sheet roofs and surrounded by brick walls, built in 2011. The one struggle they still have is teachers' housing, which is mud-and-wattle, with grass thatch roofing, built through parents' contributions. There is still hope yet. WB50

(Clockwise from top left) Collecting safe drinking water at a community borehole in Cubu, Gulu; Cooking in a typical rural Acholi homestead; Financial assistance given for various programs under the Northern Uganda Social Action Fund II; Students using a borehole next to a World Bank-funded classroom block at Koro Secondary School. Photos/Laura Walusimbi

Sisterhood Hammers Away at Community Quarry

It is a stretch of only 1.5km, but its impact on the community is evident in the sheer number of women out on the quarry's slopes breaking, chiseling and carrying stone in a communal project.

The Obiya-Opwoyomal Community Road Construction Project has turned what used to be a 'panya' (footpath) that crossed a low wetland into a road to the booming construction market. Struggling to get heavy haulage vehicles to their site, the Laro Cooperative Union, which runs Laro Quarry Works, approached the Northern Uganda Social Action Fund (NUSAF II) to help improve the road, says Dr Anthony Aliro, the NUSAF Desk Officer. NUSAF drew up a $160,000 project that has widened and raised the stretch to motorable standard, ensuring that commercial trucks are able to access the quarry for stone and gravel that is a key input in bitumen road construction.

At the quarry, the chatter of women's voices makes for an exotic mix with the thud-thud-thud sound of hammers at odds with the squealing of chisels. Beatrice Ajok, 47, is a veteran of 25 years at the quarry, which provides a livelihood that ensures that she will work through the pain.

Laro Cooperative Union, which operates the Laro Quarry Works in Gulu, is dominated by women who chisel, carry and load stone for sale. The Northern Uganda Social Action Fund has financed the construction of the Obita-Opwoyomal community road that leads to the quarry. Photos/Laura Walusimbi

"I get not only money for food. I have also been able to pay school fees for three children, one of who has completed university with a Business degree," she says proudly, with not a wince, as she pounds away at stone aggregate.

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Community Road Offers Access to Cooperative Quarry

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Beatrice is one of 200 members of the Cooperative Union, a majority of who are women. She says that if any one individual is overwhelmed by work, she will share it out with others who are, in effect, the sisterhood. All aspects of the operation – breaking stone, ferrying, chiselling, loading – is by hand. It is not yet mechanized, but that does not seem to be a particular worry, as access to the market was the big concern that the road has now addressed. WB50

The local people prioritized the road that led to a key economic activity as very important to their livelihood. Under NUSAF II, the Obita-Opwoyomal community road construction project has opened up the quarry to critical heavy vehicle transportation. Photo/Laura Walusimbi

INSIGHT TWELVE

Emily Twinamasiko

PhDs, Fisheries, Forests, Animals and Crops in Perfect Mix

Dr. Emily Kabushenga Twinamasiko is the Director General of the National Agriculture Research Organisation. She has worked with NARO since its inception in 1994.

The National Agriculture Research Organisation (NARO) has worked with the World Bank for the last 19 years to strengthen formation of an organization that coordinates research in all aspects of agriculture.

Originally Uganda had scattered, autonomous institutions like the research stations at Kawanda and Namulonge, working under the Ministry of Agriculture. The forestry institutes were under another ministry, Forestry, and there was also livestock under the Department of Animal Resources. Then there was fisheries under the Department of Fisheries, but with the formation of NARO it was agreed that they all needed to work more closely.

Photo/NARO

(Left) Mechanized and commercialized farming is a key target for NARO. Photo/World Bank Archives

NARO was formed so that there could be collaboration across the institutions. For example, we know that water and crops are interdependent, so bringing them together would help them support one another to increase productivity.

This was seen as an advantage and to kickstart it the World Bank made a big input. The first project, the agricultural research and training project, was broad – it funded very rapid capacity development because, although we were active in research, the capacity was very low and not really commensurate with the work. By the time NARO was formed, livestock had only one PhD person; right now we have 10. Forestry did not even have Master's degrees. The Bank also funded concrete research projects – there were many that were under-funded, others had no money, but the Bank's assistance helped deliver research output based on key indicators.

NARO has four main sources of funding: Government budget allocations, which mostly cover staff salaries; grants from charitable organizations especially the Rockefeller, and the Bill and Melinda Gates foundations; non-tax revenue like royalties on our technology; and the World Bank that has been the main funder in the last 18 years. The Bank has given the biggest part for research funding, all the others are additional.

The Agricultural, Technology and Agri-business Advisory Services (ATAAS) is financed by a combination of the Uganda Government, the World Bank and IFAD.

So we have had achievements, we have had new crop varieties, but the development of a crop variety cannot be attributed to a single funder, except maybe the Bill and Melinda Gates Foundation that set out from the start and said they shall deliver this and fund a team of scientists, train them, and give them money till they deliver. They are very result-oriented.

NARO has increased the number of scientists with PhDs, and Masters but also other critical competencies including short-term training for specific skills. We have really highly-qualified people we are proud of.

The Bank has given funds for the establishment of zonal agricultural research institutes, in Kacwekano in Kabale, South Western Uganda, and Abi in West Nile and also financed the conversion of district farm institutes into research institutes: Mukono in the south Lake Victoria crescent, Bulindi in the Lake Albert crescent, Ngeta which serves the mid-northern farming systems, Bujinyanya which serves the eastern highlands. There is also Nabwini (in Nakapiripirit, North Eastern Uganda), which we are struggling with and actually the World Bank has given us money to develop Nabwini, which is a very important input, because not many people would have put money in a place as remote as Nabwini. There is also Mbarara in the south west and Rwebitaba in the mid-west.

NARO's institutions have also acquired very high quality equipment. The biggest challenge in research is getting up-to-date equipment because they are very expensive, but with World Bank support we are getting quality. So we have no excuse for using obsolete equipment.

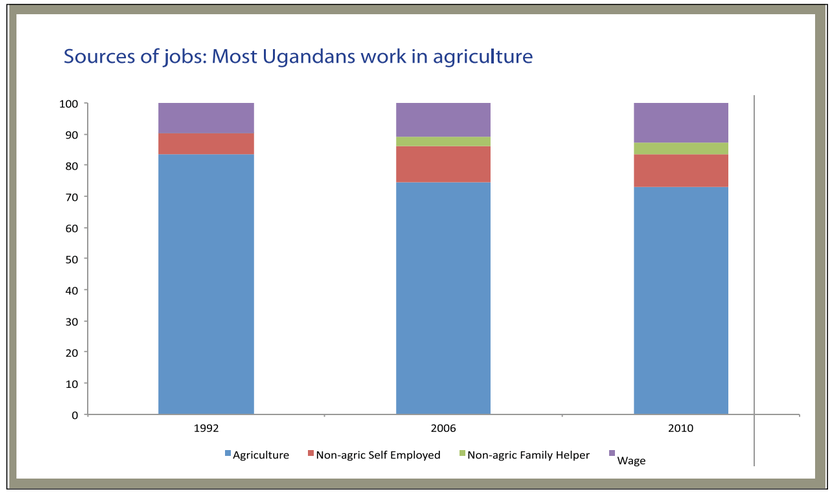
Kawanda and Namulonge research station have a lot of equipment, as well as the National Genetic Resources Centre and Databank's apparatus for artificial insemination, which came from World Bank financing.

The Bank also financed centers of excellence, through strengthening regionalization of research and extension of technologies: Uganda with cassava and rice; Kenya in dairy; Tanzania in rice; Ethiopia in wheat. Each country does what it is best at then we exchange the technology. That is a commendable input by the World Bank.

Some of the land marks NARO has had in partnership with the World Bank is the fight against banana bacterial wilt, the development of coffee wilt-resistant varieties, the cassava mosaic, and the water hyacinth. WB50

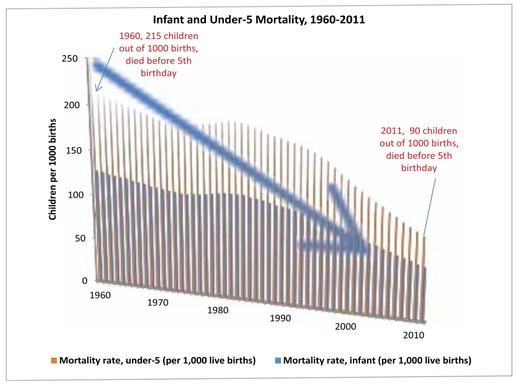
Analytical & Advisory Activities

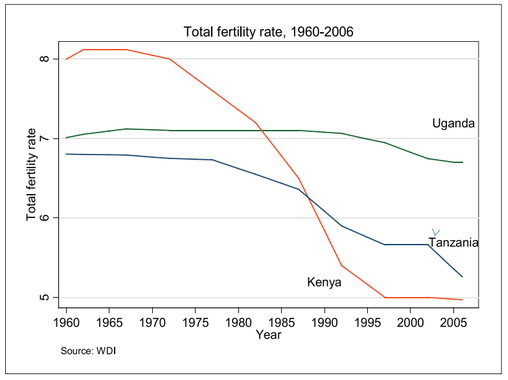
SECTION THIRTEEN

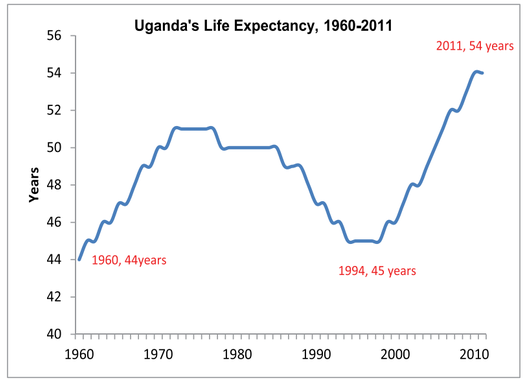


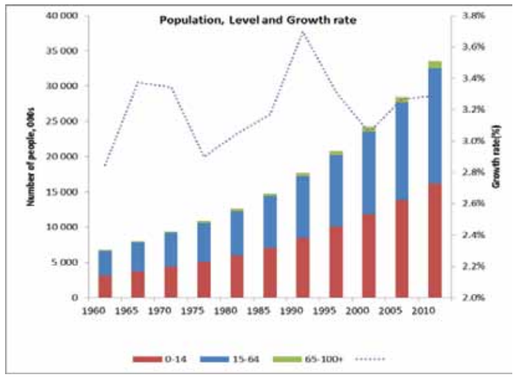
A History of Knowledge: 50 Years of Partnership between the Government of Uganda and the World Bank. This is a summary of the Analytical and Advisory Activities (AAAs) of the World Bank in Uganda from 1963 to 2013. The AAAs mainly comprise Economic and Sector Work, and Technical Assistance

Lower Mortality rates and Higher Life Expectancy Drove Rapid Population Growth (1960-2011)









The Economy of Uganda

Although the World Bank in Uganda is publicly best known for its lending projects, it has all along carried out the equally crucial Analytical and Advisory Activities (AAAs). The resultant growing body of knowledge has in many cases informed Government's strategic planning while the related technical assistance helps strengthen the country's implementation capacity.

The Economy at Independence

The first major analytical report on Uganda after the country joined the World Bank was released in November 1964, just a year into the country's membership to the institution. Entitled 'The Economy of Uganda', the report can be described as the precursor to today's periodic Country Economic Memoranda (CEM). There is a discernible consistency in the Bank's handling of its advisory services to the country, which runs through the 1964 reports to the latest ones of 2013.

The 1964 'The Economy of Uganda' was issued during very favorable and promising times for the country, when Uganda had just been independent for two years and was described as having a favorable financial position and leadership character that made it "creditworthy for the Bank's lending" and qualifying it for IDA assistance for "larger development effort". Uganda was then enjoying a surplus budget, positive balance of payments in its external trade and growing exports of the three Cs (Coffee, Cotton, Copper) with increasing significance of tea and animal products. But characteristically, the Bank noticed the looming risk of unchecked population growth which, at around 3%, would make positive increase in the quality of life harder though the population then stood at just over seven million people.

More than 50% of the country's GDP was being produced in the central region, which was home to 29% of the population and the phenomenon of lagging areas was already visible. The Bank even at that time encouraged more public investment into East African regional infrastructural projects, which would promote better economic integration. At that early stage, the Bank also indicated the importance of developing a strong central bank, at a time when the three East African states still had a single currency board. Nonetheless the Bank still strongly recommended the strengthening of regional integration as a precursor to the formation of the regional central banking structure.

Findings:

- Promising economic outlook based on growing exports
- Over 50% GDP still in the central region
- Population growth rate already worrying by 1964

Recommendations:

- More investment in regional integration projects
- A strong Central Bank needed
- Start taking care of population growth

Other analytical reports have informed policy formulation at the macro level. 'The Economy of Uganda' reports, later termed 'Current Economic Situation', were periodic assessments of the national economy. These were later supplemented with public expenditure reviews that analyzed the systems of public expenditure to ensure 'value-for-money' in public spending.

Country Economic Memoranda

In 2007, two decades after the National Resistance Movement had taken power in Uganda, the World Bank released the latest Uganda Country Economic Memorandum (CEM). CEMs have been the cornerstone of periodic knowledge services to Uganda. The first Economic Memorandum was part of a regional report of three countries (Uganda, Kenya, Tanzania) in 1968. Even then the CEM pointed to the need for diversification of the economy, and the need to raise development expenditure to achieve the targets of the 1966-1971 plan.

The CEM of 1983 formed the basis for the Structural Adjustment Program that started in the mid-1980s, while that of 1996 took stock of the outcomes of reforms, and defined the second generation of reforms for the country to accelerate broad-based growth.

The Bank of Uganda building in Kampala. In 1964 the World Bank called for a strong central bank to buttress the economy. Photo/ David Sseppuuya

Findings:

Uganda's past growth was robust, but in 2007 the country was mainly under recovery, propelled by strong policy reforms. Future growth needed to move beyond recovery. Key constraints included:

- Inadequate infrastructure which stifles production, exports, and jobs
- Financial system too shallow to support growth
- Persistent perceptions of cronyism and corruption that discourage investment
- Galloping population, which is a time bomb that is ticking underneath

Recommendations:

- Behavioral change urgently needed for policy makers to steer public investment where it is needed for growth; towards corruption as it kills off public investment; to rebuild accountability in the Public Service and in policy making; Private Sector in doing business; to remove waste; for technocrats to become less dogmatic while interpreting 'Washington Consensus' policies; for Development Partners to also embrace the growth agenda and become intolerant to waste and inefficiency
- An investment agenda for growth focusing on high-return public infrastructure especially Energy and Transport so as to reduce business costs, increase productivity, encourage job-creating private investment
- The Finance Sector must style up and do a better job channeling savings to those who need credit
- Generate a rapid demographic transition seeking to bring down the high fertility, prioritize girls' education, and pursue a structural economic transformation that creates off-farm employment under the increasing urbanization
- Address coordination gaps in the Transport – Power sectors and reduce transport costs as they adversely affect the cost of production in this landlocked, hilly country

- Improve public infrastructure better and provide for it the requisite budgets
- Link education policies to the labor market
- Engage Kenyan authorities over increasing efficiency at the port of Mombasa, (Kenya)

Public Expenditure Reviews (PERs)

Periodic expenditure reviews have been the foundation for policy dialogue with Government on where to spend public resources, how to spend these resources, and monitoring spending for results. They became especially critical starting in the early 2000s as Government embarked on budget reforms both at central and local government levels. During the mid-2000s, the PER2004 adopted an integrated approach to address budgetary and financial accountability challenges at all levels of Government. These integrated volumes highlighted the progress that had been achieved by Uganda in strengthening the PFM legal and regulatory framework, but also highlighted the remaining risks, related especially to enforcement of procurement and payroll rules and procedures and independent oversight. In 2007, the PER focused on securing fiscal policy for growth quantified the huge waste of public resources in the Public Sector (e.g. through absenteeism), and became the first of a programmed series.

Findings of the 2007 PER:

Finding fiscal space for growth would require belt-tightening given:

- Uganda needs to double its infrastructure stock in the next 15 years, which requires investments of about $125 million (equivalent to 1.2% of GDP) per annum.
- Spending trends over recent period (with over 50% in staff costs), plus the demographic evolution which requires increased expenditure in education and health, suggests limited space left for infrastructure.
- Prudent new concessional borrowing for infrastructure is limited by slow disbursement rates in existing projects

Recommendations:

- Shifting composition of spending towards infrastructure for new investments and for maintenance; driven by reforms in the Public Sector
- Address causes for slow disbursements in infrastructure projects
- Reduce waste and increase efficiency – e.g. in education, 80% of teachers are absent from class at any one time
- Conduct value for money studies in all sectors to find areas for improving efficiency of spending
- Improve revenue performance, but without over-taxing key growth sectors

Public Investment Management

To enhance the effectiveness of Uganda's Public Investment Program (PIP), the Bank carried out a study which it released in December 2010 – the 'Strengthening the Effectiveness of Public Investment in Uganda'. It was meant to assist the Government to direct resources to those investments that provide the highest economic and social return, in light of the increasing public investments from the Government's own resources, the Development Partners' and from the anticipated oil revenues. The public investment management processes in place were found not to be adequate to secure value-for-money. The report therefore showed how to enhance PIP by improving the different stages of the PIPs right from conception, quality proposals, budgeting, and all the way through implementation and evaluation.

Workers House, the head office of the National Social Security Fund, in Kampala's central business district. The NSSF and the Pension Sector should become major players in the Term Finance Market

The Uganda Economic Update

In 2013, the first periodic Uganda Economic Update was released by the World Bank. Entitled 'Bridges across Borders', it focused mainly on "Unleashing Uganda's Regional Trade Potential", demonstrating how harnessing the potential of expanding regional trade can help the country to renew growth and expand employment opportunities to achieve sustainable growth at a rate fast enough to match the country's rapid population growth.

Findings of the first Uganda Economic Update:

- EAC and COMESA agreements have enabled Uganda to double its exports, but the unexploited potential is still bigger
- Non-Tariff Barriers remain a hindrance to more trade
- Manufacturing still constrained by power and infrastructure deficits
- Government uses more external rather than internal sources to fund its fiscal gap
- Civil unrest (now in urban areas) still threatens economic performance by disrupting business

Recommendations:

- More diversification of the economy through smart use of oil-related revenues
- Focus on regional production chains driven by trade
- Leverage the country's position to become the land bridge connecting the Great Lakes region
- Continue engaging regional neighbors to remove the remaining non-tariff barriers

Inclusive Growth - still about transformation

After two decades of strong, positive economic growth the Bank concluded a study, 'Promoting Inclusive Growth for Transforming Farms, Human Capital and Economic Geography'. The report issued in February 2012 aimed at promoting policies that enable as many people as possible to benefit from the growth. To this end, it seeks to promote: the transformation of agriculture so that farmers, particularly the smallholders get easier access to infrastructure, financing, and inputs; transformation of human capital through higher quality primary and post-primary education; enhancing development in all geographical areas and planning for urbanization and changing demographics.

Procurement

To say that a poor public procurement environment contributes greatly to corruption and distortion of national development plans is an understatement. The World Bank has been working to promote efficient public procurement and has been compiling Country Procurement Assessment Reports. The CPAR of 2001 recommended the abolition of the Central Tender Board; the enactment of procurement policies/laws; the establishment of a regulatory body; setting up contract committees and procurement units; incorporating procurement plans in sectoral investment programs and the professionalization of procurement in the Public Service. Most of these have since become a reality. The 2004 CPAR followed up on the recommendations and the Bank has continually followed up on their adoption and implementation.

Population/Demography

The Bank's Uganda Demography and Economic Growth report of December 2011 makes a detailed analysis of the country's demographic status and demonstrates the main challenge, which lies in the structure rather than the size of the population. With a fertility of 6.7 children per woman and growing at 3.3% per year, Uganda's population is already one of the youngest and fastest growing in the world. The report presents the requisite data and alternative strategies to enable the formulation of policies to bring about a shift through reducing mortality and fertility so as to attain a demographic dividend. This would arise from a situation of getting more people in the working age bracket (assuming low unemployment) so as to reduce the dependency ratio. This would reduce the dependence burden to get more working people generating higher savings, and having more working age women engaging more in economic activities and spending a less portion of their prime life in mothering activities. The body of knowledge gathered and presented puts the country in position to formulate sound policies and strategies towards developing a population structure that enhances quality of life and faster economic growth.

Fiduciary Process

The Bank's Country Integrated Fiduciary Assessment Process of 2004 sought to comprehensively address the budgetary, financial accountability, and transparency challenges facing Uganda. While significant progress was made in upgrading and strengthening the legal framework and regulatory environment for public financial management, reducing the risks arising from lack of rules and regulations, it was recommended that implementing the new rules requires attitudinal change, improved capacity, political will, and more widespread demand for accountability. The report also recommended that the Auditor General be accorded greater independence and for more capacity for the Public Procurement and Disposal of Public Assets Authority.

Poverty Reduction

The Bank's main business is fighting poverty; the current and ongoing specific anti poverty policies and measures that have seen poverty halved in a decade and a half and the GDP per capita double in Uganda can be traced to the June 1995 Uganda Challenge of Growth and Poverty Reduction report. It came at a time when government needed to tackle poverty head-on after the successful completion of economic policy and institutional reforms, and having macroeconomic stability. The Bank identified the remaining constraints as poor infrastructure, weak institutions, shortage of human capital, a weak financial sector, and distortions in the investment incentives regime.

A Macro Economic Policy Agenda was born and it focused on a tighter fiscal policy, growing of public revenue, increasing public savings, managing the borrowing so that Government only sought highly concessional loans, improving the incentives regime, supporting the growth on non-traditional agricultural exports, investing in rural infrastructure, and human capital, that is health and education.

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Growth and Structure of Uganda's Economy

Economic Activity	2005/6	2006/7	2007/8	2008/9	2009/1	2010/11	2011/12
Real GDP Growth Rates (%)	10.8	8.4	8.7	7.2	5.9	6.7	3.4
Agriculture	0.5	0.1	1.3	2.9	2.4	0.7	2.2
Industry	14.7	9.6	8.8	5.8	6.5	7.9	2.4
o/w manufacturing	7.3	5.6	7.3	10.0	6.6	8.0	-1.0
o/w construction	23.2	13.2	10.5	3.7	5.9	7.8	3.2
Services	12.2	8.0	9.7	8.8	8.2	8.4	3.3
GDP at market prices (%change)	13.4	16.7	15.5	22.9	16.0	11.9	27.6
Shares of GDP (%) 2002 Prices							
Agriculture	24.1	22.3	21.4	23.1	23.6	22.7	24.4
Industry	22.8	25.2	25.8	24.7	24.9	25.3	26.4
o/w manufacturing	7.1	7.1	7.3	7.9	7.7	8.6	8.3
o/w construction	11.7	13.1	13.6	12.3	12.7	13.0	13.0
Services	47.2	47.0	46.9	46.4	45.5	46.2	44.3
FISM and net taxes	5.9	5.6	6.0	5.7	6.0	5.8	4.9
Contribution to Real GDP Growth (%)							
Agriculture	0.1	0.0	0.2	0.5	0.4	0.1	0.4
Industry	3.5	2.4	2.2	1.5	1.6	2.0	0.3
o/w manufacturing	0.5	0.4	0.5	0.7	0.5	0.5	-0.1
o/w construction	3.0	1.9	1.6	0.6	0.9	1.2	0.3
Services	6.0	4.0	4.8	4.4	4.2	4.4	1.6
Shares of GDP by type of expenditure (%)							
Final Consumption Expenditure	91.9	89.7	84.7	88.2	89.5	93.5	92.3
Households	77.8	76.9	73.5	78.1	79.8	83.6	83.6
Government	14.1	12.7	11.2	10.1	9.7	9.8	8.7
Gross Capital Formation	21.2	23.7	23.0	22.0	23.5	25.0	24.4
Gross fixed capital formation	21.0	23.4	22.7	21.7	23.2	24.8	24.1
Charges in inventories	0.2	0.2	0.2	0.3	0.2	0.2	0.3
Net exports	-13.1	-13.3	-7.7	-10.1	-12.9	-18.5	-16.7
Gross domestic saving (% of GDP)	13.2	16.0	15.9	12.2	12.2	11.3	10.2
Public	-1.2	-0.8	-0.1	0.9	-0.4	-5.3	-0.3
Private	14.3	16.8	16.0	11.3	12.6	16.6	10.5

Source: IMF, UBOS

Key Macroeconomic Indicators

Indicator	Unit measure	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/1	2012/13p
Population	Millions	26.7	27.6	25.6	29.6	30.7	31.8	32.9	34.1
GDP	USD	9,958	11,903	14,440	15,596	15,246	14,791	16,904	20,973
Per capita income	USD	372	431	565	527	497	465	513	615
GDP growth	%	10.8	8.4	8.7	7.2	5.9	6.7	3.4	5.1
Gross Domestic Savings	as % of GDP	13.2	16.0	15.9	12.2	12.2	11.3	10.2	13.3
Gross Investments	as % of GDP	21.2	23.6	23.0	23.5	24.2	24.7	25.2	26.5
Inflation (period average)	%	6.6	6.8	7.3	14.2	9.4	6.5	23.4	6.2
Exchange Rate (period average)	UGX/USD	1825.10	1777.99	1696.45	1904.70	2029.90	2323.40	2568.83	#REF!
External Sector									
Exports - Goods and Services	Million USD	1,041.2	1,473.8	2,073.0	2,216.4	2,317.3	2,297.8	2,676.9	2,808.8
Imports - Goods and Services	Million USD	-1,969.0	-2,495.2	-3,510.4	-4,062.2	-4,116.8	-4,671.1	-5,289.7	-5,496.0
Current Account Balance	Million USD	-314.5	-342.0	-902.7	-1,258.6	-1,435.0	-1,686.3	-2,070.5	-2,380
Balance of Payments (overall bal.)	Million USD	198.23	703.85	562.99	-45.70	210.89	-581.22	731.37	83.59
Foreign Reserves	Million USD	1408.3	2090.8	2684.4	2442.0	2384.7	2044.0	2346.1	2,713.8
External Debt	Million USD	4464.4	1466.8	1687.0	2046.4	2343.4	2904.9	3972.3	4,823.9
Foreign Direct Investment	Million USD	512.04	718.28	760.58	785.22	692.72	755.07	1065.34	1,309.63
Tourism Earnings	'000 USD		449	590	564	662	805		
Monetary Sector									
Average Deposit Rate	%	2.6	2.2	2.2	2.1	2.0	2.6	3.3	#REF!
Average Lending Rate	%	16.1	16.9	18.2	18.8	18.2	19.2	#REF!	#REF!
Growth in Money Supply	%	16.4	17.4	31.1	25.0	31.7	25.9	15.7	#REF!
Government Finance									
Total Domestic Revenue	as % of GDP	12.5	12.6	12.8	12.5	12.2	13.3	13.1	14.5
Tax Revenue	as % of GDP	11.8	11.9	12.3	11.8	11.7	12.7	12.5	12.6
Non Tax Revenue	as % of GDP	0.7	0.7	0.5	0.7	0.6	0.6	0.6	0.6
Total Expenditure	as % of GDP	18.6	18.6	17.9	17.3	19.6	22.8	19.4	19.9
Recurrent Expenditure	as % of GDP	12.3	11.5	11.8	10.9	12.3	15.3	11.1	10.3
Development Expenditure	as % of GDP	6.0	6.1	5.6	5.6	6.6	7.1	6.9	9.4
Grants	as % of GDP	5.4	4.5	2.7	2.6	2.5	2.3	2.3	1.9
Fiscal Balance (overall)	as % of GDP	-0.8	-1.5	-2.4	-2.2	-4.9	-4.3	-3.0	-3.4
Note: fy2012/13 figures are provisional/projections									

Note: Figures for FY12/13 are provisional/projections. Source: IMF, UBOS

A tea plantation in Western Uganda. Consolidation, diversification, and modernization have been key approaches to a successful sector. Photo/World Bank Archives

Financial Sector - the linchpin for liberalization

By 1991, Uganda had embarked on the road to economic liberalization. However, institutional weaknesses were enormous, inflation was spiraling and the Government's monetary measures were having minimal effect on stabilizing the economy. The World Bank's Financial Sector Review of May 1991 was therefore really a blueprint towards restoration of confidence, discipline, and stability in the economy. The review in particular recommended that Bank of Uganda should be guaranteed authority and autonomy in order to perform as a true central bank. It also gave direction on the rationalization of the operations of Uganda Commercial Bank and the Cooperative Bank and provided a roadmap for the establishment of a capital market.

The Bank supported the groundwork for preparation of the Anti-Money Laundering and Financing Terrorism laws. This involved studies that assessed the capabilities of relevant agencies and institutions, a thorough examination of all related laws, and recommend how their efficacies can be updated.

In June 2008, the Bank commissioned a study for delivery to the Bank of Uganda on how to avail retail funds for mortgage lending, and a feasibility study for introducing innovative loan products for low income households combined with low cost house designs for the urban setting.

In 2009, the Bank released a major report on the Finance Sector that had taken two years of study to compile, 'Making Finance Work for Uganda', with a view to improving access to financial services and improving the supply of Term Finance. Against a background of a generally sound but inefficient Banking Sector, the study identified the constraints to expansion of the sector, especially in the area of agricultural and rural credit. It also tackled the issue of modernization so as to improve remittances and payments systems in an economy that is still too cash-based. Another major component of the study was the Pension Sector, and development of housing finance.

Findings:

- Commercial banks are doing well for themselves, but are still inefficient and are not sufficiently mobilizing savings and channeling them to lending
- Agricultural and rural credit is poor

Recommendations:

- Banks should to do much better than dealing government treasury bills, but get a bigger portion of the population into the banking system and mobilize more domestic savings for lending
- The Pension Sector and the NSSF should become a major player in the term finace market
- Housing Finance needs to be developed.

Trade and Competitiveness

With trade being envisioned to remain an important route out of poverty, the Bank's analytical work has ranged from identifying constraints to trade and addressing them, to deepening regional integration, developing services, and addressing non-tariff barriers to deepen regional trade, among others. The studies delivered have therefore informed the country's trade and industrialization policies, and the national competitiveness strategy.

In 2006 for instance, the World Bank, under the auspices of the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries, undertook a diagnostic trade integrated study (DTIS) that concluded that the main factors affecting Uganda's export competitive advantage were its landlocked status and its natural advantage in agriculture. This study hence identified the key economy-wide issues inhibiting trade to include: High cost and unreliable access to power supply; high transport costs arising from great distance to sea ports; high costs in trade on account of trade and transport facilitation issues in its littoral neighbors; high cost of finance; poor sanitary, phyto-sanitary and other standards (quality) management; and weak and uncoordinated institutions related to trade. More recently, in 2012, the DTIS was updated with the aim to take stock of progress in addressing issues highlighted earlier, deepen the analysis in selected areas of new interest; and revising the Action Matrix.

Harvesting pumpkin in Central Uganda. Photo/ World Bank Archives

Recommendations of the 2012 DTIS Update:

- Strengthen Uganda's export orientation especially in the face of moving into an oil economy. This would require building infrastructure (energy, transportation, ICT), and semi-skilled and skilled manpower, while leveraging the potential of regional markets.
- Build on the success in custom's reforms that were mainly focused on revenue collection, to improve trade facilitation.
- Pursue export diversification to go beyond goods, and tap into services by addressing gaps in education, regulation, trade policy, and labor mobility.
- Foster deeper regional integration under the principal goal of an open, competitive single market in goods and service, anchoring on some of the common policies like such as the Common External Tariff (CET) and the regional NTB monitoring mechanisms.

SECTOR WORK

1. Agriculture

The analytical work within the Agricultural Sector has also resulted into better institutional knowledge, which increases the country's capacity to among others, enhance the farmers' knowledge. A major analytical work in modern times came in early 1990s in the form of the Agriculture Sector Memorandum (1993) undertaken five years after 1986 political changes. Coming at a time of recovery in most of the country from the ravages of civil war, the research contended with increasing agricultural production amid declining productivity (more acreage for similar or less yield per hectare), changing regional and international markets and an overwhelming majority of the population depending directly on agriculture (with 2.5 million holdings of less than 2 hectares from a total population of 16 million) and food crops accounting for 71% of the agricultural output and only a third of this going to the market – the bulk being eaten directly by the 'farmers'. The resultant memorandum assisted the formulation of the Agriculture Sector Strategy that catered for increasing the traditional exports while introducing diversification into non-traditional exports; improving and adopting better technologies to increase productivity through land use, better breeds, water use, mechanization; government divesting from agricultural production and marketing parastatals; liberalizing exports and prioritizing research.

The country's Program for the Modernization of Agriculture in the 1990s had seven pillars. The Bank supported these pillars, putting specific emphasis on the research and extension services pillars (whose best known beneficiaries are NARO and NAADS). The Banks's technical assistance to the Ministry of Agriculture and Animal Industry has helped the authorities to re-prioritize the subsectors that have not received enough attention in the past, enabling it to produce 22 new Investment Plans in Agriculture. Different donors are able to pick out which among the 22 to give funding assistance.

Nearly two decades after the Bank issued the Agriculture Sector Memorandum of 1993; it has released the Inclusive Growth Policy Note for Agriculture Extension, which recommended interventions to achieve agricultural commercialization as a way towards attaining overall economic structural transformation. These interventions, in particular the smallholder, point towards more pro-rural policies and strategic interventions, better rural infrastructure, a more flexible land market, improved access to finance in the rural areas and improved quality of agricultural extension services.

Findings:

- Over two decades of intervention in the Agriculture Sector have seen major leaps in the non-traditional export crops though benefits have been limited for the food crops whose transaction costs are high
- Uganda still has comparative advantage in food production in the region
- Commercialization of smallholder farming, which constitutes 97% of agricultural production, is still the most sustainable way towards poverty eradication
- Agricultural production has improved despite low support from the Public Sector

Recommendations:

- Smallholder commercialization is more than marketing, and involves transforming all the stages of farming. It can and should be accelerated through investment in infrastructure, more research, more flexible land market and improvement of the advisory services.
- Improve the atmosphere for agri-business
- Go beyond relying on the country's natural advantages and create advantages through investment in transport and institutional development, rural connectivity, more research, and better land use
- Focus on pro-rural policies regarding rural/agriculture finance, warehousing, and extension services

2. Environment and Natural Resources

In January 2012, the World Bank handed over a comprehensive analytical report of the country's Oil Industry development strategy options – the Refinery versus Pipeline issue. The analytical report clearly lays out to the Government the implications (risks and benefits) of each choice so as to help decisions over the strategies of developing the sector. Benefits, fiscal revenues, stimuli to other industries, costs, and the risks of both options are tackled in order to inform Government decision.

The most recent Uganda Country Environmental Analysis CEA, released in April 2012, gives an update of the country's environment and natural resources status. The analytical report quantifies the magnitude and rate at which the country's ENR assets are being degraded yet most of its income, growth and investment depend on them. It provides the government and stakeholders with the data and cost of the degradation of forests and wetlands, fish depletion, soil degradation, pollution of surface water and air, factoring in the effects of Climate Change and Corruption, so as to make ENR sustainable management and taking the required institutional initiatives possible.

In June 2012, the World Bank submitted a rapid situational assessment of the country's Tourism Sector that was done with support of the British Department for International Development (DfID). The assessment noted that although the number of international visitors to the country has grown impressively over the decade (from two hundred thousand in 2001 to 1.15 million in 2011), those coming for leisure tourism had not grown significantly to match the 1960s

A class in progress at Laminadera Primary School in Gulu, where a local church, Watoto, sponsors the uniform for the entire Primary 7 candidate class. A lot of work has gone into reforming, improving, broadening and deepening education. Photo/Laura Walusimbi

levels when the country was a top Africa destination owing to its geographical location, which commands access to big game, primates, birds and culture, all year round.

Findings:

- Majority of visitors still coming for business and conferences
- Massive potential in big game, primates, birds and culture underexploited
- Gaps in policy framework, funding, sector leadership and coordination.

Recommendations:

- Revamp hotel and tourism training for boosting industry skills
- Critical evaluation of Ministry of Tourism institutional framework to tackle task of sector revamping
- Deploy specialists to 13 strategic districts of Jinja, Kanungu, Kisoro, Kabale, Arua, Kasese, Kabarole, Kampala, Wakiso, Mbale, Kalangala, Masindi, and Gulu
- Improve National Parks infrastructure
- Ensure oil companies mitigate environmental impact of their activities
- Create a robust Tourism Information Management System (TIMS)

3. Education

When Uganda took the bold step and declared Universal Primary Education starting 1997, the main consideration then and for the next decade was to get as many (if not all) the children of school-going age into school. This involved constructing new schools, more classrooms in the existing schools and sending capitation grants. By the end of the decade, it was discernible that expansion and enrollment had grown much faster than quality of the education delivered and, in many cases, quality had actually deteriorated as teachers were overwhelmed by the numbers. The World Bank made systematic studies including the Public Expenditure Review of 2007 and a special 2008 study on The Efficiency of Public Education in Uganda, defining the problems, identifying the specific causes, quantifying the losses in shillings, and identifying ways of effectively tackling them so as to secure value-for-money for the Government and the children.

The original World Bank reports assessing the UPE performance and subsequent ones arising from them have specifically documented the problems, quantified them and given the Government clear analysis of the issues, and provided logical strategic ways forward. The Bank has, for instance, established and quantified the waste arising out teacher absenteeism – that is 25,000 teachers being absent from school on any given day when they are supposed to be on duty, the cost of this being equal to 21% of the wages paid for no work done. It is also calculated that ending this absenteeism would reduce the need to employ 5,000 teachers!

In all, one third of the budgeted resources for primary school education are lost between the Government and districts, between districts and schools, and within the schools. The effect on the whole nation is massive because 90% of the primary school children go to public (government) schools. The Bank established that there is "substantial scope" to reduce the waste in Education's recurrent budget; 21% can be saved from not paying wages for no teaching done. The Bank makes clear operational guidelines to measuring efficiency and waste in Education so as to get value-for-money, which would result into educating more learners who would come out with better skills using the same funds or less. One unfortunate finding is that the teaching wage bill grows even as the enrollment remains stagnant as has happened in the last few years, and pupil-completion rate is falling. It has also been established that even the resources that are not wasted are not fully or productively used, as can be easily seen from the dismal performance of the learners during and at the end of their studies: 65% lack literacy and numeracy competence after their Primary Six, which is the second-last class in the

Power infrastructure maintenance in rural Central Uganda. The World Bank has been involved in the Energy Sector for over 50 years. Photo/Laura Walusimbi

primary school system. The reports also give some scenario options like double-shifting as a way of getting more value-for-money from the available facilities.

The Bank has subsequently supported numerous analytical activities in the Education Sector. These include recent SABER (Systems Approach for Better Education Results) initiative whose reports help the Government systematically improve the education system. Recent SABER reports have covered School Finance, Teacher Policies and Early Childhood Development.

The Bank's Uganda Business, Technical and Vocational Education and Training Strategy delivered in March 2012 shows the way for the country to develop a sustainable strategy to produce a better-skilled and more productive work force and to expand opportunities for income generation for a large percentage of the youth.

Other Bank funded analytical activities in education include reports on funding higher education in light of the growing numbers that qualify to enroll at the universities and higher tertiary institutions, exploring the use of loans, grants and rationalization of fees payable.

The 2009 report on Uganda's Human Development; Meeting Challenges and Finding Solutions, quantified the sector's potential in terms of capacity, numbers, funds and identified challenges affecting the quality of education delivered at the higher institutions.

The 2007 study on ICT in Education assessed the spread, penetration, and effectiveness of ICTs in the country's schools, indicating the challenges and potential available.

The Tertiary Education Sector Report of 2004 was designed to help Government to better support tertiary education, using well-compiled and analyzed data on the sub-sector required reforms.

Findings of SABER:

- Quality has not matched quantity/expansion of Universal Primary Education
- Massive waste in budgetary resources given to education with over 21% of the wage bill paying for lessons taught; 25,000 teachers not at station on any day
- Increasingly less value-for-money being obtained by the country and the pupils from the education expenditure, as more teachers are being employed while more pupils are dropping out of school

Recommendations:

- Institute measures to stem the massive leakages and waste
- Accountability from teachers
- Review posting practices and get more teachers to disadvantaged areas
- Implement reforms already recommended by studies to give students more relevant skills

4. Energy

The World Bank has over the decades conducted different studies on Energy in Uganda. In recent years, the major analytical work has been the Power Sector Implementation Master Plan 2010-2011. Upon its release, stakeholder dialogue guided Government to adopt the Master Plan to guide the sector's development through the Ministry of Energy. It has resulted into, among others, the targeted development of 42 identified mini hydro sites for power generation projects, earmarking the best ten to start with and short listing the top three sites for immediate development.

Performance Appraisal done in 2012 appraised the entire Energy Sector financials and resulted into the phased end of subsidies, which have already greatly reduced.

The Accelerated Rural Electrification Study of 2011 is helping the Government develop a policy framework for ten years (2011 – 2020) that should result in a successful rural electrification program to attain the target of universal access to power by 2035.

The Bank is also helping create the Power Sector Information Centre (in the Ministry of Energy), which will be the focal point of all information and data relating to the Energy Sector.

5. Health

The Bank has done a lot of analytical studies in the Health Sector. In the early 1990s, these studies resulted into the formulation of the Uganda Minimum Health Care Package. This is the one that informs the development and implementation of all the country's health delivery systems and strategies, defining what can be offered and from where. Subsequently, by using the UMHHCP, government agencies have been able to effectively review plans, studies and program offers from different sources. The package guided the review of the (Harvard University) Feasibility Study for the National Health

Residents pumping water in Gulu. Boreholes are a key water supply source in rural Uganda. Photo/ Laura Walusimbi

Insurance, which has already been discussed by Cabinet.

The Bank also did the Fiscal Dimension of HIV/Aids in Botswana, South Africa, Swaziland and Uganda (2012) which tackles the financial aspects, and informs strategies for treating the disease that is still bound to be around for a while.

The Public Expenditure Review done by the World Bank in the Health Sector in 2008 helped to analytically unpack the health budget for the Government, revealing underfunded non-salary components, controllable costs at ministry headquarters, showing increasing recurrent expenditures hidden in development budget and identifying possible savings. The report was a valuable tool for helping the authorities design a program of public expenditure measures to reduce waste and enhance efficiency to improve service delivery in the Health Sector. It also tackled staff performance, absenteeism, and drug leakages to help secure value-for-money for the public. The PER also dealt with the optimal integration of off-budget donor funds provided for the Health Sector.

From 2011 to 2013, the Bank conducted a study that resulted in the Situational Analysis Report on the Medical Human Resources situation of the Health Sector in Uganda, which is helping inform the optimal utilization of the available skilled manpower.

6. Water and Sanitation

For a long time, it has been assumed that Uganda has a comfortably sufficient water supply for consumption and development needs. However, studies have progressively shown that the country faces increasing risk of water stress, which would reach crisis levels around 2030 – a mere 17 years away. The World Bank has made comprehensive research in the country's water resources and recently came out with the Uganda Water Country Assistance Strategy, which is assisting the Government to identify priority actions for building on successful outcomes, tackling challenges, and exploiting opportunities in the country's Water Sector.

The Water for Agricultural Production (WfAP) Technical Assistance report submitted in 2011 helps setting strategic agenda for development and management of agricultural water; serving both Ministry of Agriculture and Animal Industry with the Ministry of Water and Environment; helps show the way towards integration of agriculture water development within agricultural and water resources management framework; and helps define role of government in WfAP and assigning tasks between relevant agencies.

Environmental Sanitation has been a matter of great national concern and concerted action by leaders at all levels helped the country attain just over 50% toilet coverage by the turn of the century. In 2001, a Memorandum of Understanding was signed by the three key ministries for Water, Health and Education to promote sanitation. The World Bank has been giving technical assistance to the process by conducting several studies and facilitating several workshops for stakeholders in the sector which have resulted in more awareness campaigns including the national hand washing campaign. Finally the Bank's Uganda Environmental Sanitation - Addressing Financial and Institutional Challenges - report was released in February 2010. It shows the way towards reforming the 2001 MOU and address institutional and political-economic factors in the sector. It also deals with municipal solid waste management and urban drainage, with specific focus on the capital city of Kampala. The Bank's analytical work and technical assistance has helped strengthen the sanitation coalition and led to the unprecedented creation of a designated budget line for sanitation. Another resultant groundbreaking initiative has been the commercialization of solid waste collection and transportation. Involvement of the Private Sector in sanitation waste management has created a new sub-sector employing increasing numbers of new young entrepreneurs.

Other ongoing Bank technical assistance projects include 'Strengthening Capacity for Supply and Demand Creation for Improved Sanitation that should be ready in 2014 and will support the Government to develop tools and guidelines for demand creation using behavioral change communication; support the development of an innovative business model to strengthen the supply chain for improved sanitation products and services, thereby improving the lives of the people by getting access to clean water and sanitary services.

The 'Strengthening the Domestic Private Sector' concludes at the end of 2014 and will strengthen the Domestic Private Sector, which is used by Government for service delivery. With the increased capacity of the Domestic Private Sector Participation (DPSP), Government will scale up water supply and sanitation services for poor people.

The DPSP in small towns which will be ready at the end of 2015 and will strengthen the management framework of the DPSP in small towns in order to enable Government to scale up improved water supply and sanitation services for poor people leading to the increased use of improved water supply and sanitation services for people.

The 'Strengthening the Enabling Environment to Scale up Sanitation in Uganda' will be ready mid-2015 and is to support Government improve programmatic conditions (enabling environment) for scale up and sustainability of rural sanitation and hygiene for poor people.

Findings:

- Uganda is no longer water secure. Projections show that by 2030, the country could be facing a water crisis
- A rising population, better living conditions with more consumer demand for piped water, and farmers' rising aspirations with more smallholder farmers making their own schemes to draw irrigation water (inefficiently) from the water bodies are all contributing to a possible water stress situation that could catch up with Uganda in the near future
- More wetlands are being converted to unsustainable cultivation practices with the Government showing little capacity to regulate this
- Anti-environmental activities like deforestation on the increase

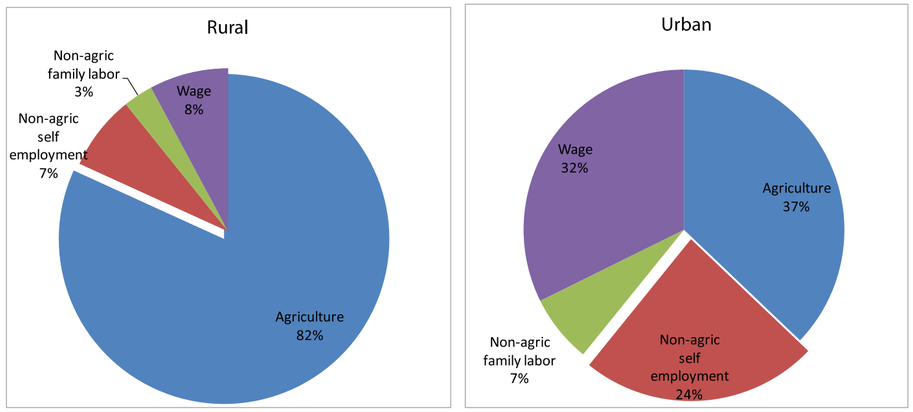
Recommendation:

- Integrate planning for water resources and environmental management

7. Transport

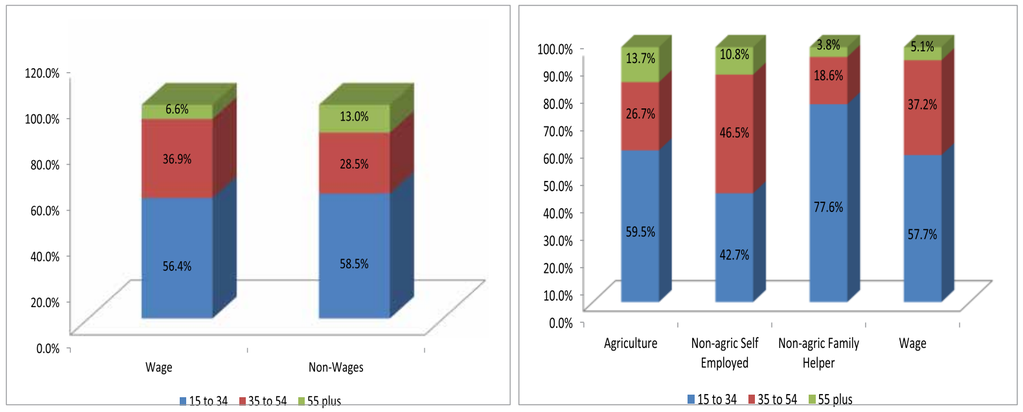
The Bank has for long been providing technical assistance and analytical advisory work in the country's Transport Sector. As far back as 1983, the Bank compiled Uganda's Transport Sector Memorandum when the sector was dominated by parastatal transport companies – from aviation, railway, buses and haulage.

Big differences in the Jobs Ugandans do in Rural and Urban Areas



Source: Uganda Bureau of Statistics, National Household Survey 2009/10

Uganda's Youth (15-34 Year Olds) are Occupying a Higher Proportion of Jobs and Taking Wages in Most Sectors



Source: Uganda Bureau of Statistics, National Household Survey 2009/10

The main objective of the study then was to take stock of the situation, identify and recommend solutions to the main problems faced by the sector, which the Bank bluntly described as being "in disarray".

Today, a significant transformation, which the Bank has supported deeply, has already taken place, including the privatization of much of transport business. More recent technical assistance by the Bank has been over development of the transport infrastructure, policies and laws and the birth and maturing of institutions like the Uganda National Roads Authority and the Road Fund.

The Bank has also been involved significantly in work for integrating the transport networks and policies of the countries in the region.

8. Private Sector

Since the Government started embracing pro-Private Sector economic reforms in the late 1980s and early 1990s, the Bank has been carrying out constant extensive studies in the country's business atmosphere. There has been ongoing research, analysis and consultations with the Government, resulting into a steadily improving investment climate. Issues that were major problems in the 1990s are declining in number and magnitude. For example, in the early 1990s the regulatory framework ranked very high on obstacles to growth and investment, but following continuous progressive reforms, it is now nearer to the bottom of problems in the business atmosphere. The quality and absence of infrastructure was also among the top impediments in the 1990s, and still is a major factor militating against investment, but major improvements have been registered. Electricity supply reliability was also a major issue, and still was at the time of the last reviews, but recent increase in generation and improvement in transmission capacity are likely to return positively different findings in the next findings.

By the time a major survey was conducted by the Bank in 2003 to 2004, focusing on hundreds of firms in Commercial Agriculture, Construction, Manufacturing and Tourism, major problems were found to include related to low labor productivity that compares poorly with fast growing economies and even against neighboring Kenya. The fact that labor costs in Uganda remained among the lowest in the world in 2004, its low productivity made labor in the country a disincentive to investment. The health of Uganda's labor force was also found to be relatively poor, with high costs of treating employees. Electricity remained a big problem and another problem described as "informal payments" (bribes/corruption) that companies need to keep paying out remained. The Bank's recommendations sought to enhance the creation of a framework for sustainable growth and structural transformation, ensuring good governance and security, and increasing the ability of the poor to raise their incomes and increase their quality of life. The Bank explicitly called for the tackling of corruption, the improvement of tax administration, and addressing the high interest rates on Treasury Bills, which were "crowding out" on lending for the Private Sector by financial institutions.

When in April 2009 the Bank released its comprehensive Investment Climate Assessment (ICA) on Uganda, it went deeper and into the remaining issues raised in previous ICAs and the Country Economic Memorandum of 2007. The 2009 ICA made an updated appraisal of the still outstanding obstacles to investment regarding Labor productivity, Infrastructure, Power, access to Finance, Informality, Technology and Regulation, coming up with updated, practical recommendations to tackle them.

9. Local Government

The entrenchment of the present form of the Local Government system under the process of decentralization has taken some two decades to develop. And in the process, new major units of Government in the form of additional districts being created have kept coming up. This devolution of powers involving political, administrative, and fiscal reforms also came with attendant problems of accountability. The World Bank's June 2009 report on Local Government Discretion and Accountability – Application of Local Governance Framework, makes a diagnostic evaluation of the whole process thus far and identifies and analyses the weaknesses in the local governance processes and how they need to be addressed.

It found that some confusion remains in the roles and responsibilities amongst decentralized bodies and actors, and this adversely affects accountability structures. The Bank report also identifies some services (like Health) whose effective delivery is sometimes susceptible to suffering under decentralization unless operational changes are instituted in the local government units.

10. Northern Uganda

Public Expenditure Reviews are usually done at a national level. However the Bank has also undertaken a Northern Uganda specific review not just because of the region's two decade-long problems arising out of civil strife. Because of these problems, Northern Uganda has been a target of multiple funding sources and there is a need to get a complete picture of the region's public finances. This becomes pertinent from the clear paradox that despite the significant amount of funds destined to Northern Uganda, the region remains the poorest of the country, whose people have the lowest standard of living (and highest population growth). The first PER on Northern Uganda was done in 2006-2007, and found the resources inflow for that year to be one trillion shillings, of which 65 % was channeled through the National Budget. The Northern Uganda PER dissected several mismatches between expenditures on wage versus non-wage, conditional and non-conditional grants, and effects of the multiplication of districts, and such similar issues of a national character, which, however, have more negative implications in the northern region

A typical urban setting in Uganda. Urbanization is still very low, but should increase with development. Photo/Laura Walusimbi

because of the region's weaknesses. The report identifies the weaknesses and recommends specific further follow-up research so that reliable recommendations can be made subsequently.

11. Urban Development

The Bank has been involved is several studies on Uganda's urban development, including as a key member of the Cities Alliance, which has done studies like Transforming Settlements of the Urban Poor in Uganda. However, the big ongoing one is the Structural Framework for Reform. Besides being a lender, the Bank has given Technical Assistance that has enabled Kampala City Council Authority develop institutionally to achieve higher revenues, deliver services better, and plan for infrastructural development effectively.

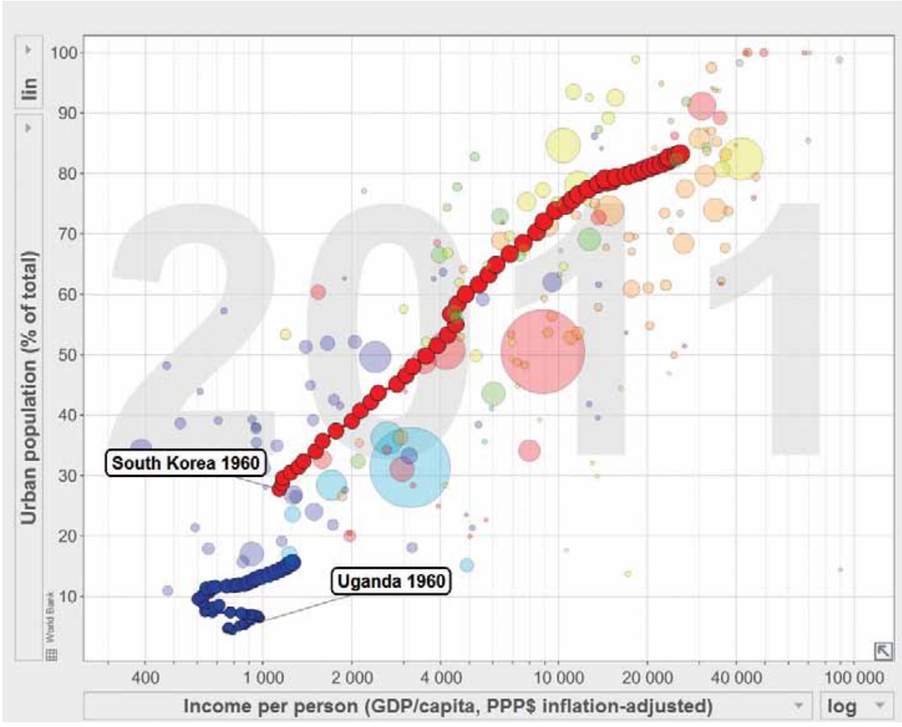
From a macro perspective, the most recent urban review was undertaken under the auspices of the 'Promoting Inclusive Growth' AAA work. Highlighting that Uganda's future growth will by necessity be more urban-based, this work underscored the importance of planning for a more efficient urbanization process.

Findings:

- Uganda's level of urbanization (13% UN, but 25% agglomeration index) is low, but will accelerate as the country develops. Achieving the full benefits of urbanization requires exploiting the economies of scale and agglomeration and increasing substitution between land and non-land assets through more efficient markets.

- Two exogenous factors to influence urbanization are: (i) The changing climate and its impact on rain-fed agriculture, which will influence the prospects of small towns that serve as interlocutors with the rural economy; and (ii) deeper regional integration, which will increase prospects for the country's largest metropolis (Kampala), but place it in direct competition with other metropolises in the region.

1960-2011 : South Korea's urbanization trends reflect its fast-paced development, while Uganda lags



Source: World Bank Development Indicators/Google Gapminder

Recommendations:

The strategy for efficient urbanization has five pillars:

1. Increase economic density – this will require to develop a credible system for documenting and valuing land, along with measures to improve urban local body finances to acquire land and pay for infrastructure in order to use land more flexibly.

2. Equalize access and quality of social services in both rural and urban areas.

3. Reduce congestion costs within urban areas by coordinating urban transport systems and land use planning.

4. Develop Kampala's role as a regional city by improving investments for main corridors joining Uganda to its neighbors, through better prioritization of investments in-country, and ensuring effective regulation of the transport system.

5. Improve living conditions in urban areas, especially for the increasing workers flocking the cities

12. Public Service

The cross-cutting Public Service Sector has benefitted from numerous studies by the World Bank, most of them related to other sectors that it services. And like Agriculture, the line between lending projects and knowledge in Public Service is thin, as the output of lending projects is on many occasions knowledge itself for enhancing performance in all other sectors. Some specific knowledge outputs include the Political Economy of the Environment and Natural Resources Sector, the Governance Assessment of the ENR sector and the Governance and Political Economy Risk Assessment in the Transport Sector. WB50

INSIGHT THIRTEEN

Charles Kwesiga

Industrialization is the Future; the Future is Industrialization

Prof. Charles Kwesiga is the Executive Director of the Uganda Industrial Research Institute (UIRI), the Government's lead agency for industrialization. Prof. Kwesiga has overseen UIRI's portion of the implementation of the Millennium Science Initiative (MSI), a $30 million World Bank loan to support scientific development and help increase the number and quality of scientists produced by Uganda's universities and research centers, and boost the country's scientific and technological productivity in Industrial, Agricultural and other sectors. $4 million of the loan was dedicated to UIRI.

Photo/David Sseppuuya

Q: When was the planning stage of MSI?

It dates back to about 2004-2005. First of all it had major impact but the involvement of UIRI in that part of MSI was to support UIRI and the Uganda National Council for Science and Technology as institutions that are involved directly in the promotion of science, technology transfer aspect and skills capacity building. MSI had other aspects, but the main aim of working with us was to enhance capacity so that we deliver on our mandate.

Q: What has the World Bank done?

They have made it possible for us to have a modern engineering workshop and well-equipped analytical laboratories. When you have well-equipped labs and a robust modern engineering workshop, then it becomes possible to develop technical skills. If there is one specific thing I want to celebrate for the collaboration is that they enhanced our technical capacity. So now we can do a lot of analysis and even make products in our workshops.

A miniature globe floating in mid-air on the edge of Prof. Kwesiga's desk in a magnetic field that simulates that of the Earth. It signals Uganda's scientific intent. Photo/David Sseppuuya

Q: Where has the biggest impact been?

UIRI's mandate is to catalyze industrialization. The development of enterprises, the hand-holding of start-up companies till they become self-sustainable enterprises. The process of developing such enterprises is not possible unless you have the money, the equipment and skills. This is a more tangible impact - the Industrial Resource Center - where we have established data bases on the specific status of industries in this country. That information is valuable for researchers and even investors who are making decisions. That was through direct support from the World Bank.

Q: What if the World Bank had not come in?

We would still be looking for funders because of limited ability, capacity, and definitely limited prospects for expansion of our services. UIRI has met some significant challenges because of inadequate funding. For example in March 2006 we had a work force of about 22 workers. Without suggesting that MSI was not responsible for expansion, it has contributed to it. Today, I can say UIRI has a work force of 210 people; because of MSI support we demonstrated our ability to contribute to the industrialization of Uganda and as a result Government has also increased their budgetary support. We now get close to shs13b ($5.2 million) a year in budgetary support.

Q: Has the National Planning Authority sought your input directly?

Yes they do it to some degree, but of course you know we operate under a ministry of Trade and Industry, through whom they would liaise.

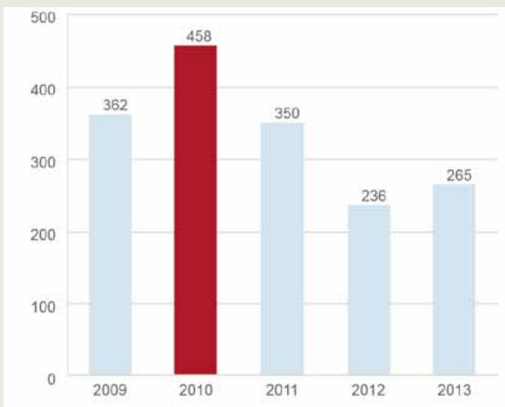
Q: Do you have any international partnerships?

When support like what we have been getting raises your profile, it may not have been from the direct support of MSI but definitely we have raised our profile to a significant degree. For example in 2012 we were selected as a center of excellence for the East African Community. If it hadn't been for the significant enhancement of services and infrastructure, we would not be recognized as such.

Also at higher levels, our involvement with the World Association of Industrial and Technological Research Organizations has seen me being elected as First Vice President. For Uganda to achieve that you have to be a visible, viable and recognized institution. I don't think we would have gained that if we hadn't got contributions from MSI. WB50

A Snapshot of the Partnership

SECTION FOURTEEN



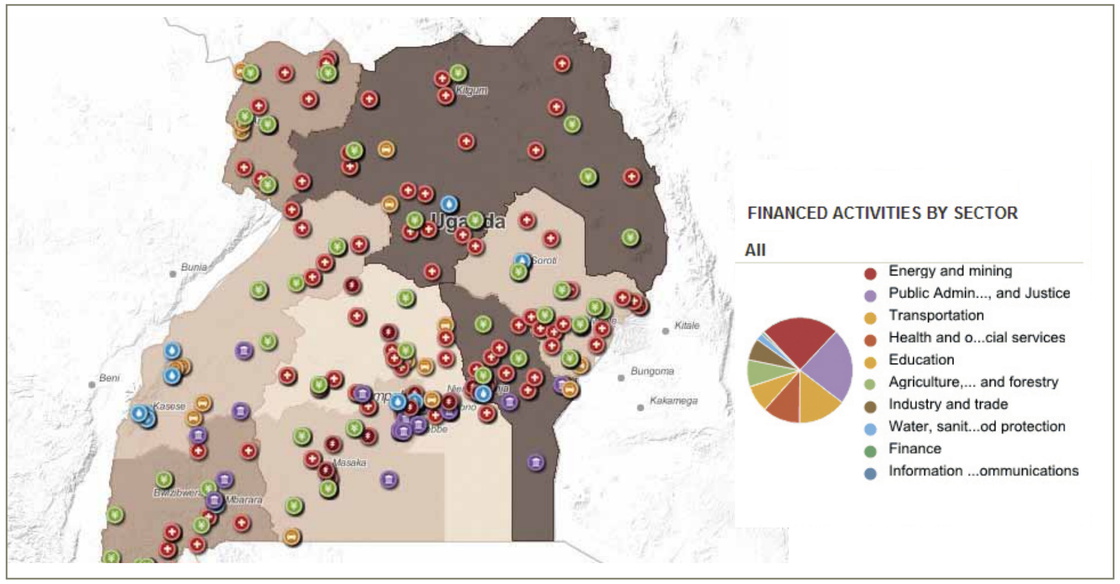
Uganda: World Bank Lending by Volume
(Millions of US Dollars)

Source: World Bank

Numerous projects have been implemented during the 50 years of partnership, ranging from large infrastructure development projects to support to small holder tea farmers. The success of these projects has been made possible due to the close and trusted relationship between the Government and the Bank's representatives in Uganda

50 YEARS 1963–2013
CELEBRATING FIFTY YEARS OF PARTNERSHIP WITH UGANDA

The World Bank and Uganda Today



World Bank Projects in Uganda

List includes major Bank-supported projects. Additional information including all project documents can be found on: http://www.worldbank.org/projects

Approval Date	Project Title	US$, m
March 29, 1961	Electric Power Development Project	8.40
April 21, 1967	Education Project	10.00
July 28, 1967	Roads Project	5.00
Sept 15, 1967	Tea Project	3.40
Sept 24, 1968	Beef Ranching Project	3.00
Sept 23, 1969	Roads Project II	11.60
July 21, 1970	Tobacco Project	4.00
June 17, 1971	Education Project II	7.30
Feb 19, 1980	Reconstruction Credit Project	72.50
Dec 2, 1980	Technical Assistance Project	8.00
Mar 17, 1981	Water Supply Engineering Project	9.00
Apr 13, 1982	Phosphate Engineering Project	4.00
May 18, 1982	Industrial Rehabilitation Project	35.00
May 25, 1982	Reconstruction Program Project II	70.00
Feb 22, 1983	Education Project III	32.00
Feb 24, 1983	Agriculture Rehabilitation Project	70.00
May 17, 1983	Posts and Telecommunications Project	22.00
Dec 22, 1983	Technical Assistance Project II	15.00
Mar 13, 1984	Highway Project III	58.00
May 15, 1984	Reconstruction Credit Project III	50.00
July 19, 1984	Water Supply & Sanitation Rehabilitation Project	28.00
Jan 8, 1985	Agricultural Development Project	10.00
Mar 19, 1985	Petroleum Project	5.10
Mar 19, 1985	Power Project II	28.80
May 21, 1987	Highway Project IV	18.00
June 17, 1987	Forestry Rehabilitation Project	13.00
Sept 15, 1987	Economic Recovery Program Project	65.00
Jan 12, 1988	Southwest Region Agricultural Rehabilitation Project	10.00
Mar 31, 1988	Sugar Rehabilitation Project	24.90
June 23, 1988	Health Project	42.50
Aug 23, 1988	Technical Assistance Project III	18.00
Nov 8, 1988	Public Enterprises Project	15.00
Nov 15, 1988	Education Project IV	22.00
Feb 21, 1989	Railway Project	7.00
Mar 14, 1989	Telecommunications Rehabilitation Project II	52.30

Uganda Country Assistance Strategy (2011 - 2015)

The Country Assistance Strategy (CAS) for the period from July 1, 2011, to June 30, 2015, was discussed by the World Bank Board of Executive Directors on May 25, 2010. The Strategy is anchored in the Government of Uganda's 2011–2015 National Development Plan (NDP), and aligned with the Africa Regional Strategy of March 2011 and Uganda's Vision 2040. The CAS (2011 - 2015) focuses on four strategic objectives:

- Promote Inclusive and Sustainable Economic Growth through: (i) improved conditions for private sector growth; (ii) improved interconnectivity for regional integration; (iii) increased productivity and commercialization of agriculture; and (iv) increased efficiency and sustainability of natural resource management.
- Enhance Public Infrastructure through: (i) increased access to electricity; (ii) improved access to and quality of roads; (iii) increased access to andquality of water and sanitation services; and (iv) improved management and delivery of urban services.
- Strengthen Human Capital Development through: (i) improved access to and quality of primary and post-primary education; and (ii) strengthened health care delivery.
- Improve Good Governance and Value for Money through strengthened accountability.

The CAS Progress Report from July 2013 found that the priorities in the CAS remained valid, and proposed three key adjustments in view of the changing context to help restore the path for faster economic growth and improve the governance environment.

First, the report recommended to place more emphasis on transformational operations and related investments. This should entail aligning IDA's support with the goals of ending extreme poverty and promoting shared prosperity, with more emphasis on infrastructure (hydro-power generation, and rehabilitation of major transport corridors), agricultural productivity (including agro-based industries) and access to markets, skills development that leads to more jobs (including developing the oil-producing region as a growth pole).

Second, the Report recommended more selective use of development policy lending. This was a joint decision of the Government and the Bank in view of the reduced momentum of certain policy reforms and institutional weaknesses in public sector governance. The Bank should instead use the development policy lending instrument in exceptional cases to support governance or sectoral reforms.

Third, the Report recommended to broaden support to Uganda's governance efforts, while recognizing the limits of technical interventions. This would imply support to both supply-side and demand-side programs and adoption of a three-pronged approach: (a) Support for public finance and procurement management systems and processes (system-wide as well as protecting IDA funds and achieving value for money); (b) Strengthening country oversight institutions; and (c) Promoting accountability mechanisms at the local level to deliver better services. WB50

Apr 20, 1989	Economic Recovery Credit (Supplemental)	25.00
Feb 1, 1990	Program for Alleviation of Poverty and the Social Costs of Adjustment	28.00
Feb 1, 1990	Economic Recovery Credit Project II	125.00
Apr 12, 1990	Water Supply Project II	60.00
Sept 11, 1990	Livestock Services Project	21.00
Dec 13, 1990	Agricultural Sector Adjustment Credit Project	100.00
Jan 22, 1991	Urban Project	28.70
June 13, 1991	Power Project III	125.00
Dec 3, 1991	Enterprise Development Project	65.60
Dec 3, 1991	Structural Adjustment Credit Project	125.00
May 5, 1992	Northern Reconstruction	71.20
Aug 4, 1992	Economic and Financial Management Project	29.00
Sept 29, 1992	Agricultural Extension	15.80
Dec 15, 1992	Agricultural Research and Training Project	25.04
May 13, 1993	Primary Education and Teacher Development Project	52.60
May 20, 1993	Financial Sector Adjustment Credit Project	100.00
Jan 14, 1994	Finance Sector Adjustment	1.10
Mar 17, 1994	Small Towns Water and Sanitation Project	42.30
Mar 24, 1994	Transport Rehabilitation Project	75.00
Apr 12, 1994	Sexually Transmitted Infections Project	50.00
May 10, 1994	Cotton Subsector Development Project	14.00
May 10, 1994	Structural Adjustment Credit Project II	80.00
Jan 24, 1995	Conservation of the Bwindi Impenetrable National Park and the Mgahinga Gorilla National Park Project	4.00
Feb 7, 1995	District Health Project	45.00
June 1, 1995	Institutional Capacity Building Project	36.40
Sept 14, 1995	Environmental Management and Capacity Building	11.80
Dec 14, 1995	Private Sector Competitiveness Project	12.30
Apr 16, 1996	Agricultural Sector Management Project	17.90
July 30, 1996	Lake Victoria Environment Project (GEF)	9.80

World Bank Lending to Uganda

July 30, 1996	Lake Victoria Environment Project (IDA)	12.10
June 6, 1997	Structural Adjustment Credit Project III	125.00
Sept 9, 1997	Road Sector Institutional Support Technical Assistance Project	30.00
Mar 24, 1998	Nutrition Child Development	34.00
Mar 24, 1998	Education Sector Adjustment Operation	80.00
May 7, 1998	El Nino Emergency Road Repair Project	27.60
July 9, 1998	Institutional Capacity Building for Protected Areas Management and Sustainable Use Project	12.40
May 6, 1999	Nakivubo Channel Rehabilitation Project	22.40
May 6, 1999	Agricultural Resource and Training II	26.00
May 27, 1999	Financial Markets Assistance Project	13.00
June 29, 1999	Road Development Project	90.98
Nov 30, 1999	Economic and Financial Management Project II	34.04
Nov 30, 1999	Local Government Development Program	80.90
Jan 20, 2000	Power Project III (Supplemental)	33.00
Aug 24, 2000	Privatization and Utility Sector Reform	48.50
Dec 22, 2000	Structural Adjustment Credit Project III (Supplemental)	25.40
Jan 18, 2001	HIV/AIDS Control Project	47.50
Feb 15, 2001	National Agricultural Advisory Services Project	45.00
Mar 20, 2001	Environmental Management and Capacity Building Project II	22.00
Apr 3, 2001	Regional Trade Facilitation Project	20.00
May 31, 2001	Poverty Reduction Support Credit	150.00
July 3, 2001	Power Project IV	62.00
July 3, 2001	Road Development Program II	64.52
Dec 13, 2001	Energy for Rural Transformation Project	12.12
Dec 13, 2001	Energy for Rural Transformation Project	49.15
Mar 26, 2002	Decentralized Service Delivery: A Makerere University Training Pilot Project	5.00
July 9, 2002	Lake Victoria Environmental Management Project (Supplemental)	4.50
July 9, 2002	Protected Areas Management and Sustainable Use (GEF)	8.00
July 9, 2002	Protected Areas Management and Sustainable Use Project	27.00
July 23, 2002	Northern Uganda Social Action Fund Project	100.00
July 23, 2002	Poverty Reduction Support Credit II	150.00
May 29, 2003	Local Government Development Project II	125.00
Sept 9, 2003	Poverty Reduction Support Credit III	150.00
Nov 4, 2003	Economic and Financial Management Project III (Supplemental)	14.60
Dec 9, 2003	Sustainable Management of Mineral Resources Project	25.00
Aug 2, 2004	Repatriation, Rehabilitation, Resettlment and Reintegration of Reporters in Uganda	4.20
Sept 2, 2004	Private Sector Competitiveness II	70.00
Sept 2, 2004	Road Development Program III	107.60
Sept 2, 2004	Poverty Reduction Support Credit IV	150.00
Jan 17, 2006	Poverty Reduction Support Credit V	135.00
May 25, 2006	Millennium Science Initiative	30.00
June 20, 2006	Uganda Public Service Performance Enhancement Program	70.00
Feb 7, 2007	Uganda Water Small Towns and RGCs	3.20
Apr 26, 2007	Poverty Reduction Support Credit VI	125.00
Apr 26, 2007	Uganda Power Sector Development Project	300.00
Apr 26, 2007	Private Power Generation (Bujagali) Project	115.00
Aug 2, 2007	Agricultural Research and Technology II (Additional Financing)	12.00
Sept 27, 2007	Kakira Bagasse Cogen (Carbon Offset)	3.08
Oct 22, 2007	Reproductive Health Vouchers in Western Uganda	4.30
Nov 6, 2007	Kampala Institutional and Infrastructure Development Project	33.60
Dec 18, 2007	Local Government Management and Services Delivery Project	55.00
May 1, 2008	OBA in Kampala - Water Connections for the Poor	3.00
May 6, 2008	Poverty Reduction Support Credit VII	200.00
June 19, 2008	Preparedness and Control of Avian Influenza	10.00
July 28, 2008	Emergency Demobilization and Reintegration Project	8.25
Sept 4, 2008	Environmental Management and Capacity Building II (Additional Finance)	15.00
Sept 23, 2008	Sustainable Management of Mineral Resources Additional Financing	5.00
Mar 31, 2009	Post Primary Education and Training Program	150.00
Apr 6, 2009	Energy for Rural Transformation APL-2 (GEF)	9.00
Apr 6, 2009	Energy for Rural Transformation APL-2	75.00
May 28, 2009	Northern Uganda Social Action Fund Project II	100.00
July 15, 2009	Sustainable Environment and Carbon Finance	8.40
Dec 10, 2009	Transport Sector Development Project	190.00
Apr 15, 2010	Kampala Solid Waste Project	2.08
May 25, 2010	Uganda Health Systems Strengthening Project	130.00
June 22, 2010	Uganda Sustainable Land Management Country Program	7.20
June 22, 2010	Agricultural Technology and Agribusiness Advisory Services	120.00
Aug 24, 2010	Transforming the Settlements of the Urban Poor in Uganda	2.67
Sept 30, 2010	Poverty Reduction Support Credit VIII	100.00
Dec 1, 2010	Support to Firm Data Generation Project	1.71
June 16, 2011	Transport Sector Project (Additional Financing)	75.00
June 30, 2011	Uganda - Financial Sector DPL	50.00
June 30, 2011	Electricity Sector Development Project	120.00
Oct 3, 2011	Support for the Uganda Petroleum Institute	1.18
Feb 28, 2012	Poverty Reduction Support Credit IX	100.00
June 26, 2012	Water Management and Development Project	135.00
Oct 4, 2012	An Innovative, Integrated Approach to Enhance Smallholder Family Nutrition	3.00
Mar 28, 2013	Support to Municipal Infrastructure Development Program	150.00
May 9, 2013	Competitiveness and Enterprise Development Project	100.00
May 22, 2013	Energy for Rural Transformation IPF II (Additional Financing)	12.00

The skyline of part of Kampala's central business district. Photo/David Sseppuuya

The Importance of Local Presence

No two World Bank projects are alike and each project is tailored to specific country conditions and circumstances. Successful design as well as implementation of projects is therefore relying on local presence in the country. The World Bank has offices in more than 100 member countries spread across the world, with 48 representations in Africa.

In a nutshell, the Bank's main business is to lend to country governments for development projects. The criteria for lending is that every Bank-assisted project must contribute to a country's development objectives and be economically, technically, and financially sound.

The Bank always works to deepen the impact of its development mission in countries and to complement the efforts of other key local partners, including governments and communities, the private sector, civil society, think tanks, and others. Projects put strong emphasis on increasing regional and national competitiveness, creating more jobs and opportunities for families, while reducing vulnerability and improving resilience.

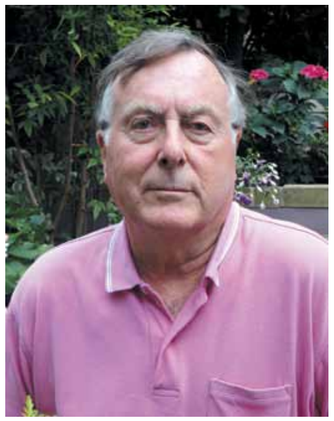
The financing of projects is often underpinned by the Bank's analytical work, which helps informing countries' own investments. This is guided by the Bank's specialists in the Country Offices together with experts from headquarters in Washington. The Country Offices are thereby linking the Bank's global technical expertise and experience with local needs and challenges.

This involves a continuous dialogue between the Government and the Country Office, which is led by Resident Representatives. Since 1980, the World Bank has had nine different Representatives in Uganda. WB50

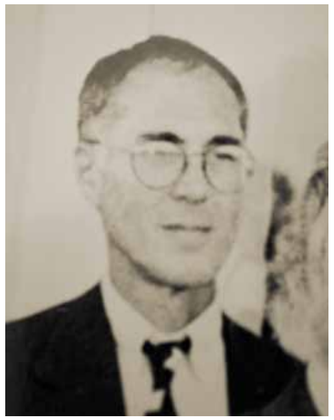
Hillegonda Goris: 1980 – 1984

Grant Slade: 1985 - 1990

Seung Hong Choi: 1990 - 1993



Brian Falconer: 1994 - 1997



Randolph Harris: 1998 – 2001

Robert R. Blake: 2002 – 2003

Grace M. Yabrudy: 2003 – 2008

Kundhavi Kadiresan: 2008 – 2011

Ahmadou Moustapha Ndiaye: 2012 to date

Good Relations With
Ministers of Finance

When the then President of the World Bank Group, Robert B. Zoellick, visited Uganda in August 2009, he paid respectful tribute to his host, the the then incumbent Minister of Finance, Planning and Economic Development, Ms Syda Bumba. He thanked her for receiving him at the airport, for accompanying him throughout his visit, and for hosting a lunch in his honor.

All this before he appreciated the business end of his stay that discussed the serious matters of opportunities and constraints to Private Sector development and trade, the Government's plans to promote growth and economic transformation, and a pledge to develop new and relevant financial products and to support improved access to education, particularly technical and vocational training, in order to provide a relevant and skilled workforce.

Mutual respect has been the byword for relations between the World Bank Group in Washington, DC, and the Minister of Finance in Kampala.

Since 1961 Uganda has had 19 ministers in this vital Government department, and each one of them, to a smaller or greater degree depending on the political circumstances, has worked with the World Bank on a daily basis.

The Minister of Finance is the key person who articulates Uganda's priorities to Development Partners, and between them the ministers have, especially in the last two decades, emphasized the imperatives of Electricity, Roads, Railways, Commercialization of Agriculture, Vocational Training, the Private Sector, and Health Infrastructure, among others, as being central to the country's development.

The World Bank has always emphasized that the relationship is maintained through its principle channels of technical assistance or financing, and has been a listening partner.

Following are the men and women who have held this key Cabinet portfolio from the 1961 self-government administration to the various post-independence governments. WB50

Lawrence Mayanja Kyompitira Sebalu: 1961

C.G.F.F. Melmoth:
1961

Amos Sempa:
1962 - 1966

Lawrence Kalule Ssettaala:
1966 - 1971

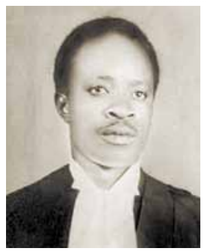
Emmanuel Bwayo Wakhweya: 1971 - 1973

Brig. Moses Ali:
1976 - 1977

Jumba Masagazi:
1977 - 1979

Sam Sebagereka:
1979

Jack Sentongo:
1979 - 1980



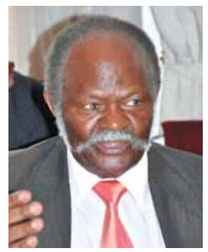
Lawrence Mayanja Kyompitira Sebalu: 1980

*****President Milton Obote:**
1981 - 1985

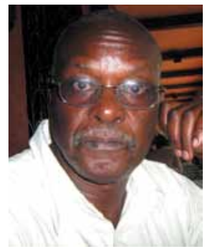
Eng. Abraham Waliggo:
1985 - 1986

Prof. Ponsiano Mulema:
Jan - Nov 1986

Dr. Crispus Kiyonga:
Nov 1986 - March 1992



Jehoash Mayanja Nkangi:
March 1992 - May 1998



Gerald Sendaula:
May 1998 - Feb 2005

Dr. Ezra Suruma:
Feb 2005 - Feb 2009

Syda Bbumba:
Feb 2009 - June 2011

Maria Kiwanuka:
June 2011 to date

***1973** - No substantive minister - (J. Geria acted to read Budget)

****1974** - No substantive minister - (Central Bank Governor Semyano MM Kiyingi acted to read Budget)

*****1981-85** Assisted by Minister of State Henry Makmot and Ambassador Extraordinaire Prof Ephraim Kamuntu

Addendum

WORLD BANK STAFF

The World Bank recognizes that poverty has no borders. Neither does excellence. So the Bank continually searches for the brightest, most talented individuals from around the globe, employing a dedicated and committed workforce that is diverse in gender, nationality and ethnic background

The World Bank
Uganda Country Office Staff

In mid-2013, the World Bank Uganda Country Office had a total of 63 staff

MOUSTAPHA A. NDIAYE
Country Manager

VICTOR OCAYA
Sr. Highway Engineer (SDN)

ZEMEDKUN GIRMA
Sr.Transport Specialist

SARAH N NSUBUGA
Information Specialist (ITS)

MARY BABIRYE
Sr. Ex Assistant

ANNETTE BYANSANSA
Team Assistant Front Office

EMMANUEL ACUC
Information Analyst (ITS)

INNOCENT MULINDWA
Education Specialist (HD)

PETER OKWERO
Sr. Health Specialist (HD)

APOLLO MUHAIRWE
Operations Officer (HD)

ROSEMARY KYABUKOOLI
Program Assistant (SDN)

AGNES KAYE
Program Assistant (HD)

JEAN-PASCAL NGANOU
Sr. Economist (PREM)

RACHEL K. SEBUDDE
Sr. Economist (PREM)

ASGER HALLBERG BORG
Country Officer

JACOB RASMUSSEN
Jr. Professional Officer (TASU)

CLARE BUSINGYE
Water & Sanitation (PREM)

GRACE NAKUYA MUNANURA
Sr. Procurement Specialist (OPCS)

BARBARA MAGEZI
Sr. Public Sector Specialist (PREM)

ELIJAH OSIRO
E T Consultant Governance (PREM)

Photo/David Sseppuuya

Half Salary in Foreign Currency,
Unused Computers 25 Years Ago

Sarah Nsibirwa Nsubuga (above) is the longest-serving officer, having been at the Uganda Country Office for half the period the World Bank has had a relationship with Uganda. She shares her experience working with eight Country Managers/Resident Representatives, late-night partying as a way of balancing life and work, and the changes of technology that have brought greater efficiency.

I joined the World Bank on April 5, 1988 when the Country Office was about eight years old. It had a very small staff of nine - the Resident Representative (Country Manager), the Program Officer, the Administrative Assistant, the Secretary/Office Technology Assistant, the Receptionist, the Office Assistant, and three drivers. The office was housed at the time in the East African Development Bank building.

The Resident Representative, Grant Slade (1985 to 1990) did most of the operations work with the Program Officer, James Matovu, whose main role was Agriculture. The Admin Assistant, Dawn Kaddu, 'tripled' up as the Res Rep's personal secretary, Office Administrator and Accountant.

Computers were just being introduced in the 1990s. Two computers were still in their packaging, accumulating dust, because nobody knew how to use them. I was hired to convert the office from typewriters and telex machines into a fully computerized operation.

I was hired as a secretary, but because the office had few staff, I then trained and doubled at the office technologist. My colleagues, Dawn Kaddu, Enid

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The World Bank **Uganda Country Office Staff**

SHEILA GASHISHIRI
Communications Associate (AFRSC)

MOSES KIBIRIGE
Sr. Private Sector Devt Specialist (FPD)

NOELINE KITONSA
Program Assistant (Urban)

HERBERT OULE
Environment Specialist (SDN)

CONNIE NEKESSA-OUMA
Social Development Specialist (SDN)

RASIT PERTEV
Sr. Agricultural Economist(SDN)

JOSEPH ORYOKOT
Rural Development Specialist (SDN)

HOWARD CENTENARY
Sr. Procurement Specialist (OPCS)

HARRIET KIWANUKA
Program Assistant (HD)

SAM D. MUTONO
Sr. Water & Sanitation Specialist (SDN)

HARRIET NATTABI
Water & Sanitation Specialist (SDN)

CHRIS DAVIS NSUBUGA
STC Market Operations Analyst(SDN)

BERINA UWIMBABAZI
Water Resources Mgt Specialist (SDN – Water)

GLADYS ALUPO
Program Assistant (PREM)

MARTIN ONYACH-OLAA
Sr. Urban Specialist (SDN)

PAUL KAMUCHWEZI
Financial Management Specialist (OPCS

EDWIN MOGUCHE
Financial Management Specialist (OPCS)

ELEANOR OLUMBE
Admin Assistant (RM)

FLORENCE K. NTONO
Accounting Analyst (RM)

JACQUELINE OKIRIA
Resource Management Officer (RM)

May 14, 2010, Serena Lake Victoria Hotel, Entebbe: Senior officers relaxing and bonding in a staff dance at a staff retreat with Country Manager Kundhavi Kadiresan (fifth from left). Photo/ World Bank Archives

Staff receive food basket, **Missions Come as Uganda Rebuilds**

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Kyomugisha (receptionist and later a senior secretary), were very supportive. Dawn, who was a perfectionist, instilled great qualities in us.

Grant was a real diplomat - soft-spoken with good communication skills, yet very strict. He was professional and a perfectionist. We enjoyed working with him on both the social and professional side. He served at a time when the country was starting to rebuild from chaos and was therefore attracting many missions and projects.

Projects like the Second Telecom Rehabilitation, Phosphates Engineering, Third and Fourth Education projects, Public Enterprise, Third Technical Assistance, Reconstruction, Economic Recovery, Railways Project Health, Sugar Rehabilitation, and Forestry Rehabilitation got underway at that time. I also saw the first Country Economic Memorandum and Economic Recovery programs initiated.

Because of the chaos, the economy was crawling, with minimal importation due to the scarcity of foreign exchange. Essential commodities were scarce and very expensive; families that could afford shopped in Kenya - Nairobi or Busia - and stocked up for a whole year. Staff of the World Bank and the UN were privileged to receive hardship compensatory allowances in the form of a food basket which comprised 6kg of Blue Band margarine, 5kg of Kimbo cooking fat, 20lts of cooking oil, 20kg of rice, a box of soap and Omo washing powder, 4pks of baking flour, sugar, and toothpaste. Some colleagues used to sell them or opened shops, which sold the goodies at retail prices. We also got half our salary in a currency of one's choice, but had to travel to the Country Office in Nairobi to collect it.

Shortly after I was hired, an economist, Emmanuel Ablo from Ghana, joined and I would give him administrative support. Ablo was eventually replaced by Chukwuma Obidegu (1991) who was then followed by Iraj Alikhan (1994) and subsequently Robert Blake. All three economists were very gentle and nice to work with. For some reason they were very low 'maintenance' and worked very closely with the Ministry of Finance. Ablo joined in 1988 during the Economic Recovery Program and worked on the Economic Recovery Credit I and II and Structural Adjustment Credit

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The World Bank **Uganda Country Office Staff**

JANET ATIANG
Team Assistant
(Procurement)

BARBARA NALUGO
Team Assistant
(FM/Roads)

JULIET GOMBYA
Program Assistant
(AFMUG)

BARBARA KATUSABE
Receptionist

PAUL NSIBAMBI
Office Assistant

STELLA LAMWAKA
STT Admin Assistant
(RM)

CAROLYN N. NDAULA
Operation Officer- IFC

JOHNSON MWESIGYE
Driver

ISRAEL S. BBOSA
Sr. Driver

PATRICK N. OLINGA
Driver

MARLON LEZAMA
Senior Programme
Coordinator
TASU-JBSF

LIV BJORNESTAD
Fiscal Economist
TASU-JBSF

CLARENCE N. TSIMPO
Economist
TASU-JBSF

JOAN OKUNE
Operations Officer
TASU-JBSF

WILLY R. KAGARURA
Researcher

ELIZABETH NINAN
Senior Education
Specialist

DAMALIE NYANJA
Team Assistant
TASU-JBSF

CELIA V. NAMYALO
Program Analyst
DFID Trust Fund

DANIEL MWANJE
E T Consultant
(PREM)

MBUSO GWAFILA
Senior Energy
Specialist

JOHN WAMBOKA
Office Assistant

ALEX LUGEMWA
Office Assistant

PELGA ORIGASHA
Short Term Temporary

The East African Development Bank building hosted the World Bank Uganda Country Office from 1980 to 1995. Photo/David Sseppuuya

Perfume Perks Stop With Expansion, **Staff Enjoy Career Development**

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I, while Chukwuma transitioned through Structural Adjustment Credit I (SACI) and also did SACII. Alikhan (1994) worked through the SACII and PRSC, while Blake worked on the PRSC.

Because Uganda was struggling, we got many visiting missions. The first Country Economic Memorandum (CEM) group was led by Paul Dachune. But the most interesting group was the economists who worked on the Economic Recovery credit. It comprised of Sanjay Pradhand, now a Vice President, Gerald Byam (now a Director), Tom Allen (retired), Ken Newcomb (retired), Anne Von (retired), Katrine Jordan, and Oye Meesook, among others. Together, we combined work and pleasure. We used to go dancing and stay out late and suffer the next day in the office. Those days, since we were still few, we all used to go together for lunch and other social activities. We would also get gifts like perfumes. Sadly as the office expanded, all these perks slowly faded away.

When Grant Slade returned to Washington, Seung Choi became the new Resident Representative towards the end of 1990. An additional secretary, Edith Ekwaro, had been hired to relieve some duties from the overloaded Dawn. Before Grant left, I had been asked to assist Dawn with accounts. Before SAP, the offices had an accounting system called FACT, which was used for project information. The accounting unit was using the field office module, which closed every 24th day of the month and diskettes sent to HQ in Washington for reconciliation.

This is a role I enjoyed for only a short period and then it became un-interesting. Much as we were using computers, the system could not be manipulated and therefore if a mistake was made, it could not be corrected but, instead, the error would remain in the system. To correct it, a reverse screen of the transaction had to be made to balance the accounts. So some years later, an accountant, Norah Nakato, came to process the normal accounts transactions while Dawn concentrated on the budget and office administration.

At this point Agnes Kaye, Trudy Ofwono, Noeline Kitonsa, and Agnes Biribonwa had joined, with Jackie Okiria coming shortly after.

During Choi's tenure the Poverty Alleviation Program (PAP) and the Social Costs of Adjustment, commonly known as PAPSCA, were launched. When Choi left in 1992, K. Loganathan acted as Resident Rep and he hired Nelson Ofwono to assist James Matovu, and later Harriet Nannyonjo to work on Education. Brian Falconer was then appointed substantively.

We enjoyed working with Loga (as he was popularly known) just as he enjoyed his acting capacity. Dur-

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Rwenzori House is the current seat of the World Bank Uganda Country Office. Photo/David Sseppuuya

Christmas Parties a Big Attraction, Office Technology Keeps Evolving

CONT. FROM PAGE 335

ing Loga's time, Agriculture boomed as he put a lot of effort in it. There was the Agricultural Research and Training project, Water Supply Engineering, Second Power, and Forestry Rehabilitation.

Loga elevated us and supported our career development. The World Bank started using a new email system called 'All-in-One', and it combined the email system, fax and telex. Loga was a workaholic and wanted systems to work without complication. For that reason, he supported me to go to Paris for training with IT colleagues from other country offices. This helped me to understand the Bank's unique network system then called the Decserver and Microvax.

From 1994 when Brian worked in Uganda, the following projects were supported: Private Sector Competitiveness (PSCP), Environmental Management Capacity Building, and the Economic and Financial Management projects.

Because of the small numbers, we had a culture of getting together whenever one of the ladies was celebrating their birthday. This is one event we looked forward to but it eventually fell between the cracks. Another social event that is still memorable is the Christmas parties, which were taken very seriously. We used to organize very interesting parties that were hosted at the Country Manager's home, which helped save money on venue hire. We used to invite our counterparts in Government, Bank of Uganda, our families and friends. We eventually would produce a list of people to invite annually and maintained a fun group on our list. So, friends outside the Bank looked out for the announcement of the year's World Bank Christmas party.

In 1995 we moved to Rwenzori House which, then, was a state-of-the-art building. During the relocation, Brian was out of the country recuperating after fracturing his leg in a serious car accident. Gaiv Tata, the Financial Management Specialist, was in charge.

Among the new faces as we settled in Rwenzori House were Victorio Ocaya, Mary Bitekerezo and Peter Okwero. Randy Harris succeeded Brian, but did not stay long before Robert Blake, an economist, took over to run the show from 2001-2003. Though Randy was here for a short time, he supported staff to develop their careers.

I recall he once supported me for a developmental assignment that had been announced by Information Solutions Group (ISG) of the World Bank. Though it did not work out, he did not sit on an opportunity that could benefit a member of his staff.

When Robert Blake left the Country Office, we were joined by Grace Yabrudy (2003 -2008) for five years; she gave me the opportunity to go to Washington for a development assignment for which I am forever grateful. Grace was succeeded by Kundhavi Kadiresan who served for three years (2008-2011)

At the time of the 50 years celebrations, Uganda had got the first indigenous African as Country Manager. It has been Ahmadou Moustapha Ndiaye's blessing to be the one under whose watch we are marking the jubilee celebration. He is approachable and very supportive of staff development. Personally, he gave me an opportunity to work in the front office and gain experience in operations. Moustapha has also encouraged other colleagues interested in developing their career to approach him with an identified area of interest. He identifies well with the country context and brings light in difficult moments.

How technology has evolved

When I joined the Country Office, there were only two computers, which we used for only word processing and accounts. Remote communication was by telex and later a facsimile (fax).

Around 1990, the office received more computers and work became more interesting as we moved away from telex to an email system, the 'All-in-One', which was combined with faxes.

With the 'All-in-One' we got the first server, called a Microvax. It was purely a mail server and had no file server functions. The local area network (LAN) with this system was the Netcommander which managed the network and its settings including print jobs and network users. Decserver was a terminal server that could connect remote terminals to a host (like a switch), and the Microvax over the LAN network. It was a dial-up system that was used to exchange mail before the dedicated line system.

We were later elevated to Banyan Vines, which allowed for file storage and printer services. This system did not last, and in 1997-8 we switched to a wide area network after VSATs were introduced. This is when we started using the DAMA lines, moving from international call dialing. We, however, did not have the internet until late. We started to use Enterprise Network 2.5 and, later, Windows NT 3.0 and Lotus Notes, which was also around the time internet was introduced in the field. From then we have moved to Enterprise Desktop 4, 5 and 5.7 and now 7, being used at the 50-year celebrations mark.

All these changes have come with a lot of products that have eased communication within the offices and remotely. While we used to dial-in the office using the SLIP modems to replicate our mail, we can now use E360 and access the whole desktop environment, which is a full office environment from home.

Access to internet services is now easier and cheaper – there is free access from many public places. Taking a computer home and connecting to the full office network has made life easy. Better still, the systems are stable and reliable. WB50