

SOCIO-ECONOMIC TRANSFORMATION IN UGANDA: for attainment of Middle Income Status

Paper by

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1.0. Introduction

Socio-economic transformation is commonly defined as a process in which an increasing proportion of economic output and employment are generated by sectors other than agriculture¹. This process of transformation means the shift from agricultural-based societies to urban, industrial and/or service-based economies with sustained high GDP growth rates.

Uganda, like many developing countries, has gone through different stages of social-economic transformation. It has however also experienced in the past incidences of stagnation when all development efforts proved futile mainly due to political turmoil. Also underlying these development initiatives are different national, regional and international factors that have been taken into account to influence development programmes in Uganda and improve the livelihood of the people.

This paper therefore, provides an insight on Uganda's social-economic transformation journey since independence in 1962 to date. It highlights the various development planning stages that the country has undergone in pursuance of the middle income status.

2.0. What is Development Planning?

Development Planning is principally an act of deciding ahead of time on identifying and determining development goals, policies and plans.

A national economy is built up of several sectors (health, education, infrastructure, security & defense) all of which compete for resources. Therefore, development planning involves two major aspects namely: the analysis of the country's objectives and priorities in relation to all these sectors in response to well-identified national needs; and proposing and justifying an overall plan in which the role and performance of individual sectors is reflected. In Uganda, NPA is charged with this mandate and works closely with other stakeholders to deliver on it.

3.0. Evolution of Development Planning in Uganda

Development Planning in Uganda has evolved since independence, characterized by the different development challenges faced by the country. Since independence, Uganda has been marred by political turmoil for two decades starting in 1967. From Independence, the country has gone through five phases of economic development stages, namely: i) the post-independence development phase (1962-1969); ii) the social and economic instability phase (1970-1986); iii) the post war reconstruction

¹ Mpango, P. (2012). **Socio-Economic Transformation for Poverty Reduction: Eight Key Messages for Unlocking Tanzania's Potential**. In REPOA Brief No. 37, January 2013.

phase (1986 – 1997); iv) the poverty eradication phase (1997 – 2009); and, v) the social economic transformation phase (2010- 2020).

With the exception of the first independence (1962-1970) and the social-economic transformation (2010- 2020) phases, it was difficult to consider long term strategic development planning along all the other phases. The period between 1986 and 1997 was considered a recovery and reconstruction period for Uganda, following the social and economic instability in the 1970s and early 1980s. It saw the introduction of the Structural Adjustment Programmes (SAPs) and then the **Economic Recovery Programme (ERP)** in 1987. The poverty eradication (1997 – 2008) period which pursued the poverty eradication agenda through the implementation of the **Poverty Eradication Action Plan (PEAP)** which was Uganda’s medium term planning tool, totally aligned to the Millennium Development Goals (MDGs).

The introduction of long-term strategic planning for socio-economic transformation coincided with the commencement of the Millennium Development Goals (MDGs) and other global development agendas. All these have collectively contributed to improving the livelihoods of the community.

4.0. Comprehensive National Development Planning Framework (CNDPF);

As part of the **Consolidation Phase (2003-2009)**, Government of Uganda approved a CNDF in 2007 to inform development planning in the country. It includes the following major planning & implementation instruments; 30year Uganda Vision 2040 (2010 – 2040), 5year National Development Plan(s), Sector Development Plans (SDPs), Ministries, Departments & Agencies (MDAs) Strategic Plans, Local Government Development Plans (LGDPs) and National Budget through which all plans are funded and implemented.

Development Planning in Uganda is a deliberate and coordinated process that ensures participation of all key stakeholders to enhance ownership of the plans, as well as harmonization and alignment of the plans and the budget for social-economic development and better service delivery.

5.0. Sustainable Development Goals (SDGs):

For the last 15 years the world has been guided by Millennium Development Goals (MDGs) which have since 2016 been succeeded by SDGs and will guide the world for the next 15 years till 2030.

The SDGs, officially known as *Transforming our world: the 2030 Agenda for Sustainable Development*, are an intergovernmental set of aspiration goals. The 2030 Agenda is a global commitment to achieving sustainable development in its three dimensions of economic, social

and environmental, in a balanced and integrated manner. The Agenda is a plan of action that is centered on *people*, the *planet* and *prosperity*. Its aim by 2030 is: to end poverty and hunger everywhere; to combat inequalities within and between countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality; to ensure the lasting protection of the planet and its natural resources; and to create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all, taking into account different levels of national development and capacities.

6.0. Uganda Vision 2040:

In consultation with all stakeholders, Ministries, Departments & Agencies, Private Sector, Local Governments, Civil Society, Development Partners and the grass root people in different fora, the Uganda Vision 2040 was formulated reflecting Uganda's aspirations and became operational in 2010/11 financial year.

Uganda's journey to the middle income status as envisaged under the Uganda Vision 2040 takes into account all the 17 SDGs and other regional and global development agendas.

The Government proposed to drive Uganda from a Predominantly Peasant Society to a Modern Prosperous Country within 30 years, targeting the upper middle class with an annual average national income of over **Shs34, 000,000** per Ugandan (at current conversion rate).

Uganda Vision 2040 revolves around **harnessing** the **opportunities** through **strengthening fundamentals** to foster faster socio-economic transformation.

The **opportunities** are; Agriculture, oil, gas and minerals, tourism, industrialization, abundant labour force/ demographic dividend, fresh water resources, strategic geographical location and ICT. To tap these opportunities, the country will strengthen the following **fundamentals** namely; Infrastructure (construction of roads, railway, energy projects, water transport), human capital development, science technology engineering and innovation, urbanization, land, and peace security & defense

The Vision is being implemented through 6 (six) 5year NDPs, SDPs, LGDPs and National Budget. If the Uganda Vision 2040 is fully implemented the wellbeing of all Ugandans will improve to reflect that of people living in other Upper Middle Income countries such as Malaysia and Singapore. The implementation of the Uganda Vision 2040 is every Ugandan's responsibility, including students and education institutions.

7.0. 1st National Development Plan (2010/11 – 2014/15):

Being the first, NDPI was very comprehensive resulting into many challenges. However, it made many achievements including; Poverty Reduction: 24.5% to 19.7%, increase in Electricity generation: 595MW (2010) to 825MW (2012), and Increase in the transition rate from P7 to S1: 47% (FY2006/07) to 73% (FY 2013/14).

There lessons learnt that informed NDPII including the need for; prioritization, enhanced implementation for better service delivery; increase domestic resources, and develop investment ready projects.

8.0. 2nd National Development Plan (2015/16 – 2019/20)

The plan was informed by the NDPI, Vision 2040, SDGs and other continental development agendas/strategies. NDPII focuses on strengthening Uganda's Competitiveness for Sustainable Wealth Creation, Employment and Inclusive Growth. It aims at the country attaining Middle Income Status with per capita income of USD 1,033 (**Shs.3, 500,000**) by 2020".

The plan **priorities** 3 (three) opportunities/ growth areas namely; *Minerals, Oil & Gas, Agriculture & Tourism*, and 2 (two) fundamentals namely; *Human Capital Development (i.e. education, health and skills development) and Infrastructure (energy, transport & oil and gas)*.

Human Capital Development fundamental is aimed at exploiting Uganda's **demographic dividend**. It is projected that Uganda's population will be 71m in 2040. The key areas to invest and focus to realize our demographic dividend are: *demographic transition (family planning); health; education; governance & accountability; and economic reforms & job creation*.

The prerequisites and accompaniments for realizing demographic dividend include; Rapid fertility decline [window of opportunity only 30 – 50 years; W. Europe took 150 years]; Definite infant and child mortality decline; Massive investment in education; and Concerted investment in human development and human capital. The demographic dividend will greatly foster social and economic development in Uganda.

9.0. Middle Income Status

The investments that are being done during the 2nd NDP will make Uganda graduate to middle income status with annual average national income of **Shs3, 500,000** for each Ugandan by 2020. Given the progress that has been achieved as a result of the above plans and interventions, and reflected in the

poverty deductions from 56% to 31% in 1986 and 2009 respectively and currently at 19.7% (*National Census 2014*) the country is now ready for takeoff to middle income status.

This transformation will lead to an increment in what Uganda exports and the wealth of Ugandans will increase through employment generated by exporting industries and taxes paid by these same employees and industries to government. Therefore, household incomes will increase boosting the quality of life for all Ugandans. The cost of doing business in Uganda will reduce thereby attracting foreign and domestic investments. This would create more jobs for the population along the various value chains, increase production and productivity of factories, industries and farms.

However, to achieve sustainable Middle Income Status, government will focus on inclusive growth through establishment of various safety nets & increasing household incomes through such interventions as Operation Wealth Creation (OWC), women fund and Youth Fund.

The cumulative outcome of the above will be a middle income country where Ugandans will be able to access the following services;

- a. Enough food to eat*
- b. Clean & adequate drinking water*
- c. High quality education*
- d. High quality health services (including infrastructure, personnel & medication)*
- e. Good public transport, roads & low transport costs*
- f. Good high paying jobs*
- g. Increased household incomes (ongoing operation wealth creation initiatives)*
- h. Adequate skills*
- i. Affordable & adequate energy*
- j. etc*

The above would improve on the quality of the livelihood and wellbeing of all Ugandans.

Uganda is going to graduate to middle income status country category by 2020. The President, Cabinet, Parliament, National Planning Authority, development partners, private sector and all Ministries, Departments and Agencies are now working tirelessly to achieve this goal.

10.0. Conclusion:

NPA, in collaboration with other development stakeholders, is facilitating the social economic transformation of Uganda, as part of delivering on its huge mandate. Ultimately, achieving the goal of middle income status will require success at all the 3 level of service delivery namely; policy making, planning & implementation. However, to realize above projected socio-economic transformation, the following things have to happen;

- i) Shared responsibility by all Ugandans to implement Vision 2040
- ii) Doing business unusual by both public & private sector to grow the economy (GDP)
- iii) Strengthen implementation effectiveness and efficiency in public service delivery
- iv) Increase public and private sector investment in infrastructure
- v) Maintaining macro-economic stability
- vi) Zero tolerance to corruption and bureaucracy

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REFERENCES

- i) The National Planning Authority Act, 2002
- ii) The Uganda Vision 2040
- iii) The First National Development Plan (2010/2011 – 2014/15)
- iv) The Second National Development Plan (2015/16 – 2019/20)