



Investment and trade in post-conflict Northern Uganda

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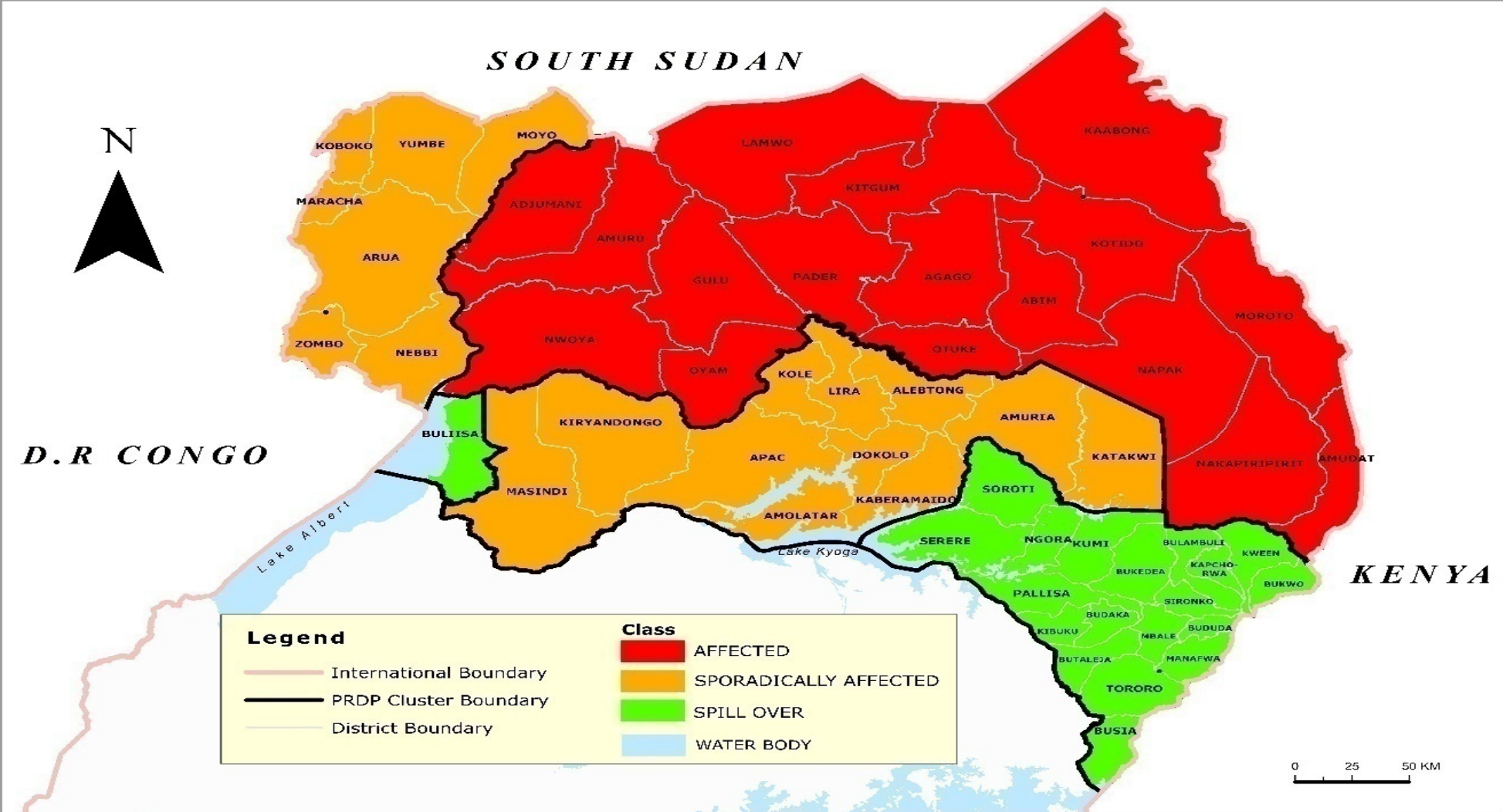
April 7, 2016

REPOA-Annual Research Workshop

Outline

- Rationale
- Status of Northern Uganda
- Data and approach
- Analysis
- Investment
- Trade
- Policy actions

Map 1: Intensity of conflict

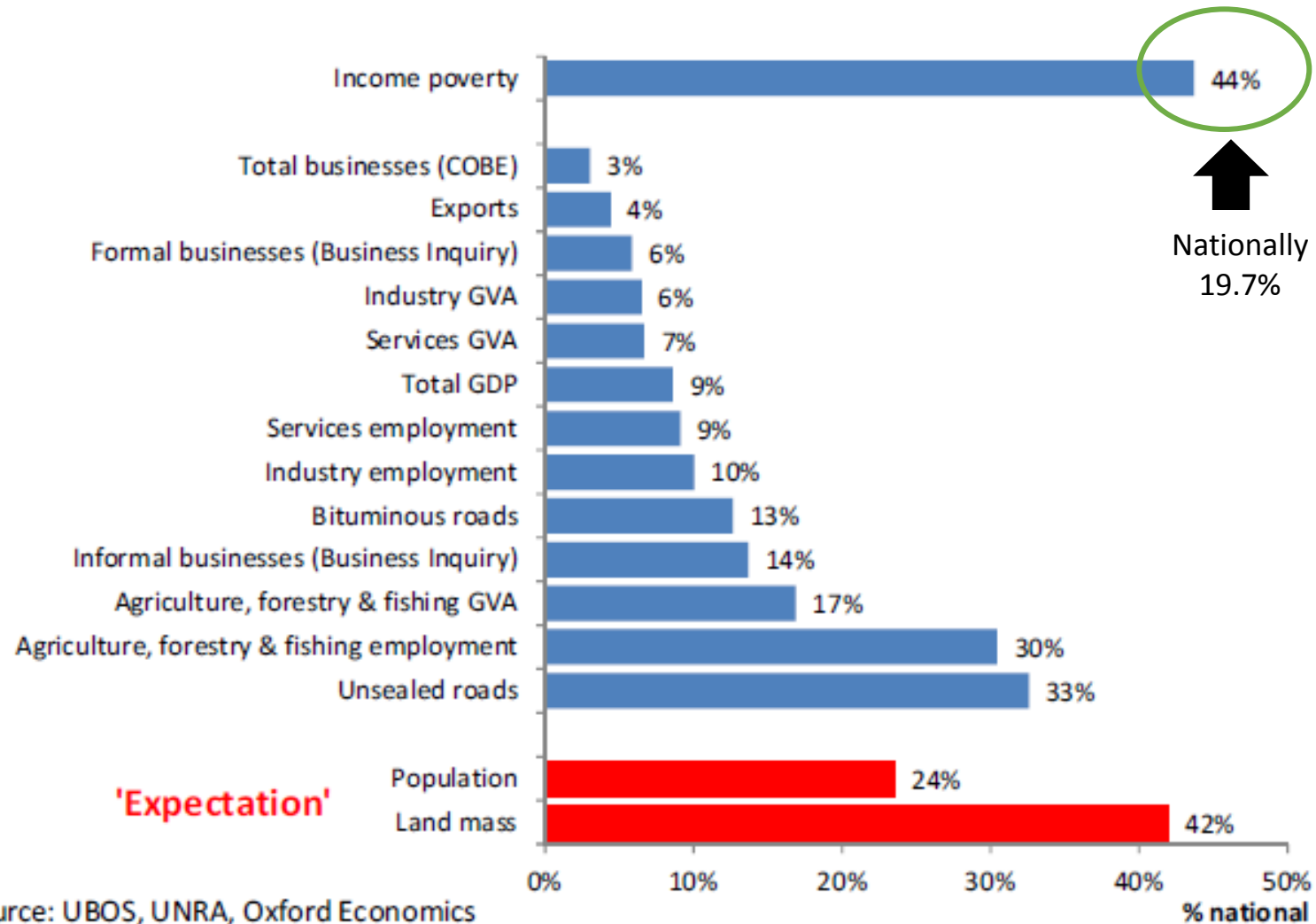


Source: UBOS 2015.

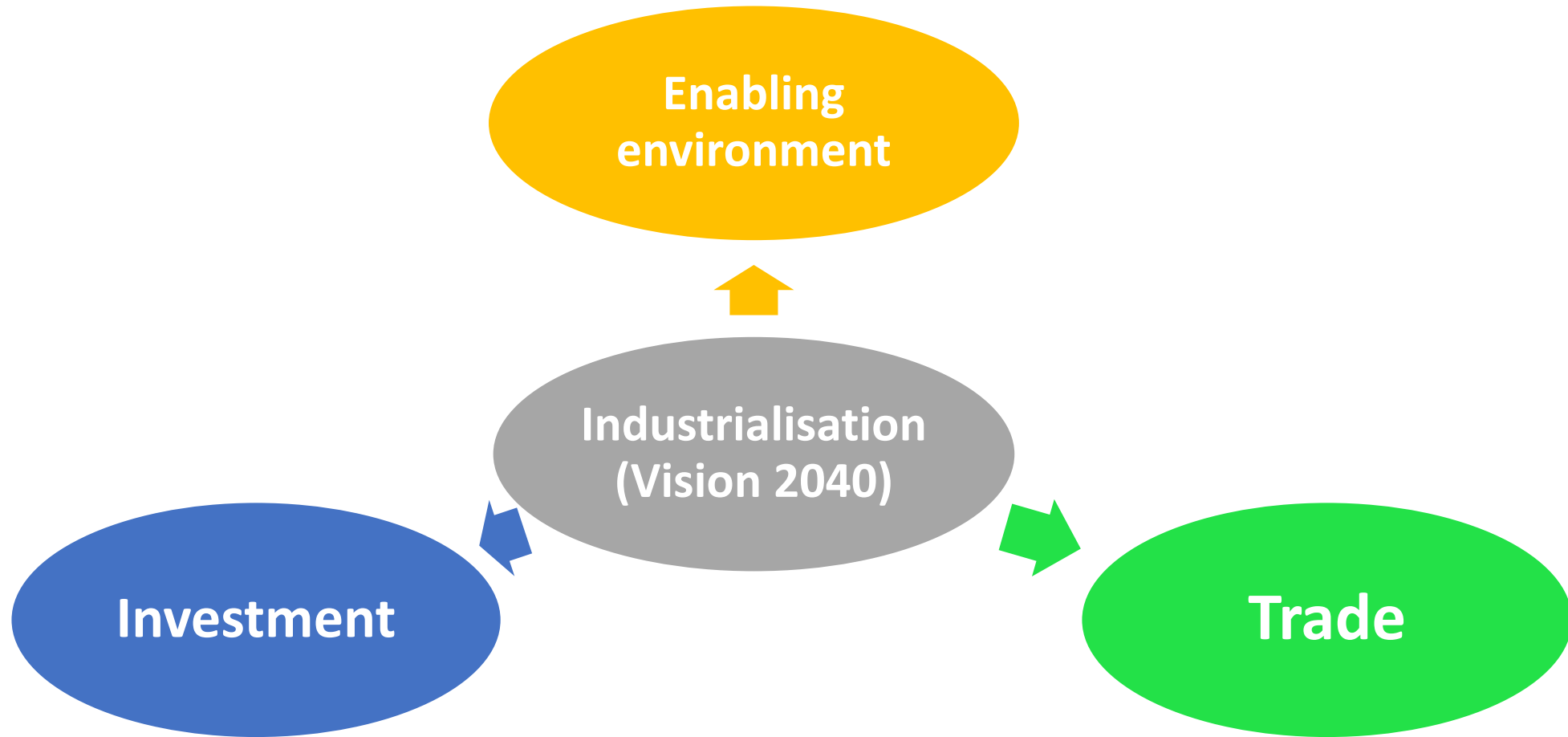
Rationale

- Part of book on “The Political Economy of Post Conflict Development in Northern Uganda”
 - PRDP (2010) and Karamoja Integrated Disarmament and Development Programme
- Northern Uganda is currently capitalising on its ‘post-conflict bounce’.
 - Expected to maintain GDP growth at around 6% in coming years [UBOS, 2015]
- But this is unlikely to be sustained without widespread and rapid investment and business growth.
- A wide area of the region was affected by displacement and disruption (between 1987 to 2005).
- A generation has grown up without commercial and agricultural skills of their forebears-which are critical in attracting investments.
- Thus, an in-depth understanding of the current status of the region’s potential in trade and investments is vital in spurring growth, increasing employment opportunities and improving livelihoods.

Figure 1: Status of Northern Uganda's economy, 2012/13



What it will take to industrialise the North?



Data and source

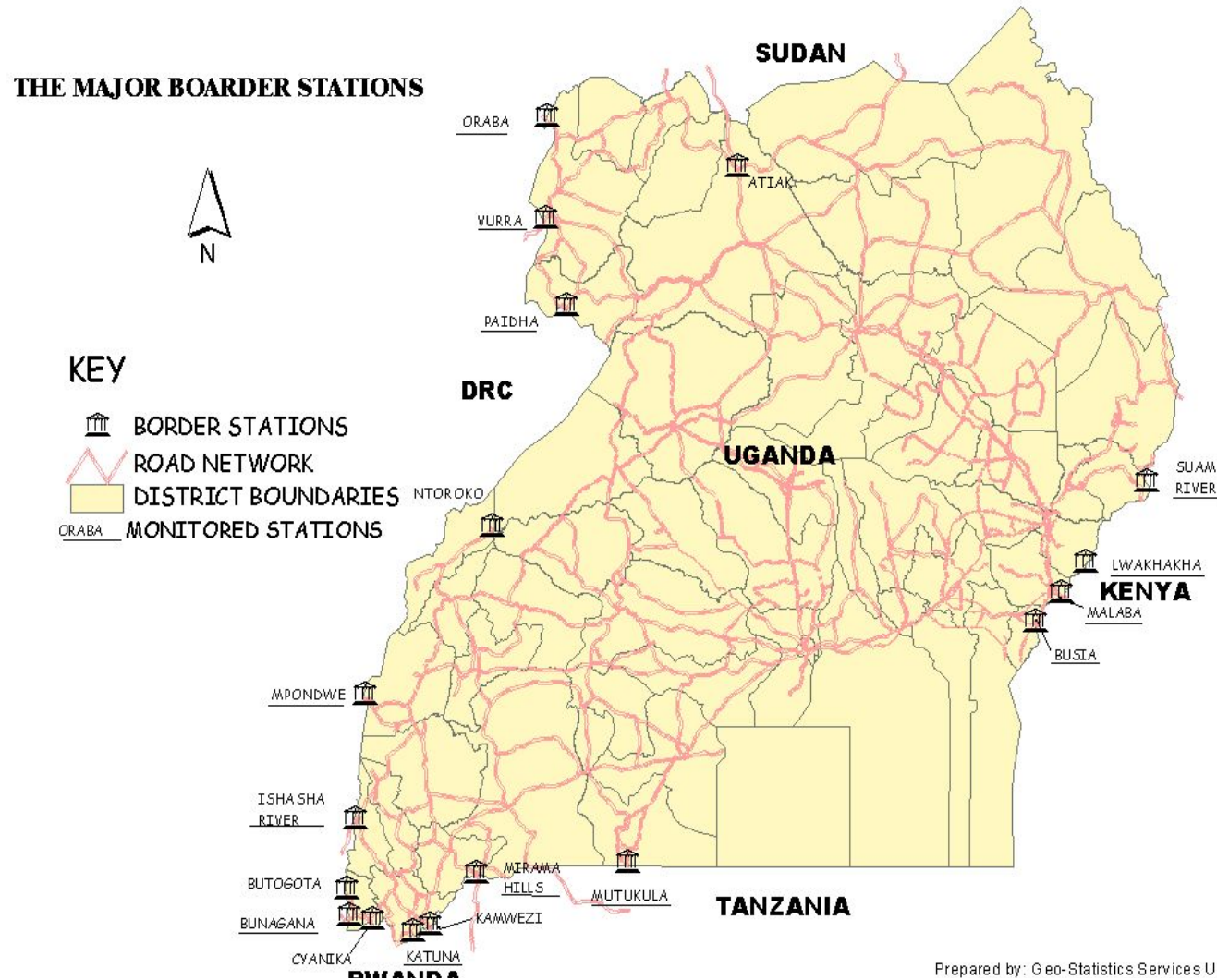
• Investment data

- Period: 2006/07 to latest available
- Fiscal and annual year data from Uganda Investment Authority.
- We interrogate the extent and nature of investments being undertaken in Northern Uganda
- Identify investment gaps for future interventions

• Trade data

- Customs Department of URA collects mainly data on visible trade through all the gazetted border points even those inland
- URA uses the Single Administrative Document (SAD) through the Direct Trade Input (DTI) Centers using the ASYCUDA++ system by clearing agents on behalf of the importers and exporters.
- Form88 (F88) is used to capture imports of small goods.
- Informal Cross Border Survey (ICBT) has since 2004 been used as an additional source of external trade statistics that is not recorded by customs-not necessarily illegal.
- Informal trade data -Uganda Bureau of statistics (UBOS) in collaboration with Bank of Uganda (BOU).
- Informal trade data-collected from all the border points bordering Uganda and her neighbour, but showing existence of information cross border trade, whether gazetted or not.
- **Period: 2005 to 2014**

Map 2: Major borders



Prepared by: Geo-Statistics Services Unit

Note

❖ There many border posts inside that are gazetted but this map only shows for those major at border points.

❖ Border posts represent over 90% of the exports and imports.

Northern Uganda's investment structure

Investments

(Pillars of investment climate-WDR 2005)

Security & stability

- Physical security
- Macroeconomic stability
- Contract enforcement and judicial redress
- Land & property rights

Finance & infrastructure

- Access to credit and financial services
- Access to utilities (power, water, energy)
- Infrastructure (telecoms, transport)

Workers & labour markets

- Supply of skilled labour
- Ease of hire & fire

Regulatory frameworks & taxation

- Red tape (permits, licenses, registration)
- Customs
- Tax policy/rates
- Tax administration

Table 1 : Regional Distribution of domestic and foreign owned Licenced projects, (%)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Domestic								
Central	-	84.9	84	72.7	76.1	67.6	66.7	-
Eastern	-	7.5	6.9	14.1	10.2	14.3	18.1	-
Northern	-	3.2	0.7	4.2	2.4	5.7	2.8	-
Western	-	4.3	8.3	9.1	11.8	12.3	9.7	-
Foreign								
Central	-	92.6	87.8	86.6	82.4	84.1	80.1	83
Eastern	-	2.7	5.7	8.1	9	8.4	8.1	6
Northern	-	2.1	1.4	0.5	3.2	0	6.6	6
Western	-	2.3	5.5	5.1	5.3	7.6	5.3	2

Table 2 : Planned Investments by region, USD (million)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Central		1,063.79	1,888.71	1,233.85	781.641	710.319	740.935	1,091.72
Eastern		58.646	64.514	191.739	176.19	598.703	169.917	816.953
Northern		114.222	6.969	9.656	10.719	23.284	87.236	55.475
Western		9.528	52.903	278.584	1,080.90	142.158	126.341	94.744
<i>Total No. of licensed Projects</i>		428	363	369	366	335	236	461
<i>Total planned investment (USD million)</i>		1,574.32	1,246.18	2,013.10	1,713.83	2,049.45	1,474.46	2,058.89
<i>Total actual investment (USD million)</i>								

- Increase in planned investments in the North is attributed to increased investments in manufacturing, and mining & quarrying
- Continued poor investment performance is attributed to:
 - Nature of land ownership-communal, political interference from politicians in the region, poor work culture.

Using UNHS 2012/13

Vast investments in agriculture needed

Sector of employment	Central	Eastern	Northern	Western
Agriculture	802,810	981,307	1,277,887	779,761
Manufacturing	268,766	131,720	127,198	111,117
Construction	136,136	41,806	37,932	58,740
Trade	542,749	234,741	155,676	227,462
Transportation	170,519	65,744	48,005	61,684
Services excl. trade & transport	505,288	190,805	174,542	237,589
Not stated	65,450	39,430	57,724	29,022
Not working	66,213	52,372	56,019	50,479

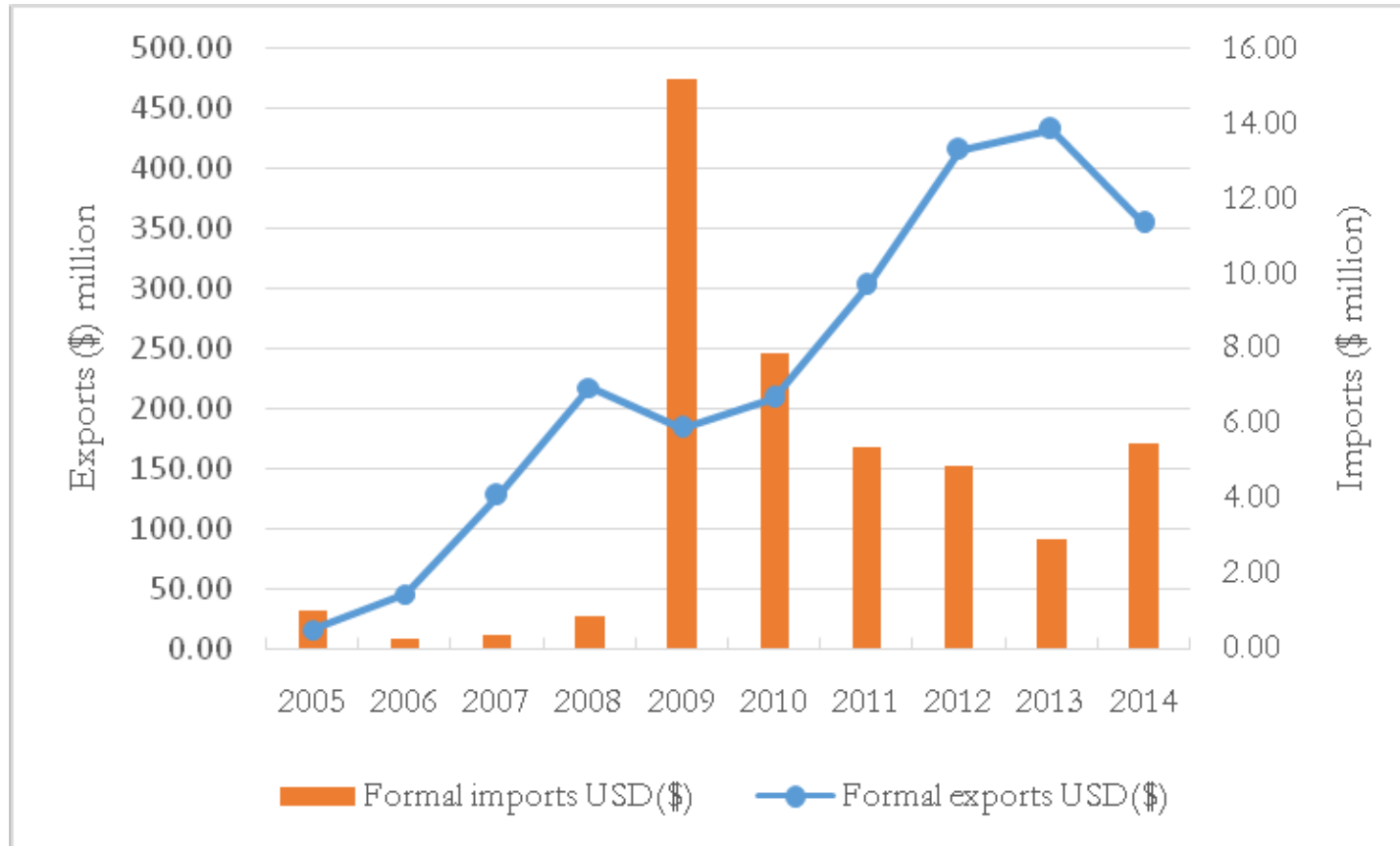
Education level	Central	Eastern	Northern	Western
No formal education	403,656	564,535	716,866	611,186
Some primary	1,815,300	2,610,024	1,720,718	1,932,055
Completed primary	440,262	323,986	235,532	451,310
Some secondary	744,570	640,113	221,984	432,784
Completed secondary	370,380	211,173	80,924	170,173
Post secondary plus	657,390	228,736	224,922	235,718
Not stated	67,605	34,679	28,987	39,710

Northern Uganda's trade dynamics

(2 digit grouping at Chapter level)

Formal Trade

Figure 1: Formal trade through Northern Uganda



Source: Authors' computations based on URA data

Borders

Bibia, Elegu, Goli,
Moyo, Oraba,
Paidha, Vurra

Countries

Belgium, Burundi, Canada,
Central African
Republic, China, DR.
Congo, Eritrea, France,
Germany, Greece, Haiti,
India, Indonesia, Italy,
Japan, Kenya, Korea,
Malaysia, Pakistan,
Portugal, Russia,
Rwanda, Saudi Arabia,
South Africa, South
Sudan, Sudan, TZ, UAE,
UK, USA

Table 3: Formal exports and imports Volumes through Northern Uganda, (Net weight'000) 2005-2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Exports									
Congo Brazzaville	270.1	2,535.2	7,260.5	5,427.2	2,412.5	-	-	-	-
D.R. Congo	8,679.7	17,188.5	45,523.5	38,607.8	47,775.0	117,782.2	55,671.4	83,537.7	139,263.5
South Sudan	-	-	-	-	-	-	-	34,732.0	234,212.6
Sudan	6,513.5	50,659.1	210,767.5	315,566.5	279,394.6	257,273.4	359,638.5	490,953.9	245,484.7
Imports									
Congo Brazzaville	-					-	-	-	-
D.R. Congo	1,340.1	27.0	11.9	1,766.6	3,564.6	4,365.4	4,570.3	5,922.7	4,317.9
South Sudan	-	-	-	-	-	-	-	19.9	297.4
Sudan	-	-	57.0	796.7	1,829.2	6,521.3	14,589.5	4,402.1	2,446.3

Source: Authors own compilation based on URA trade datasets, 2016

Formal commodities traded

- **Exports**

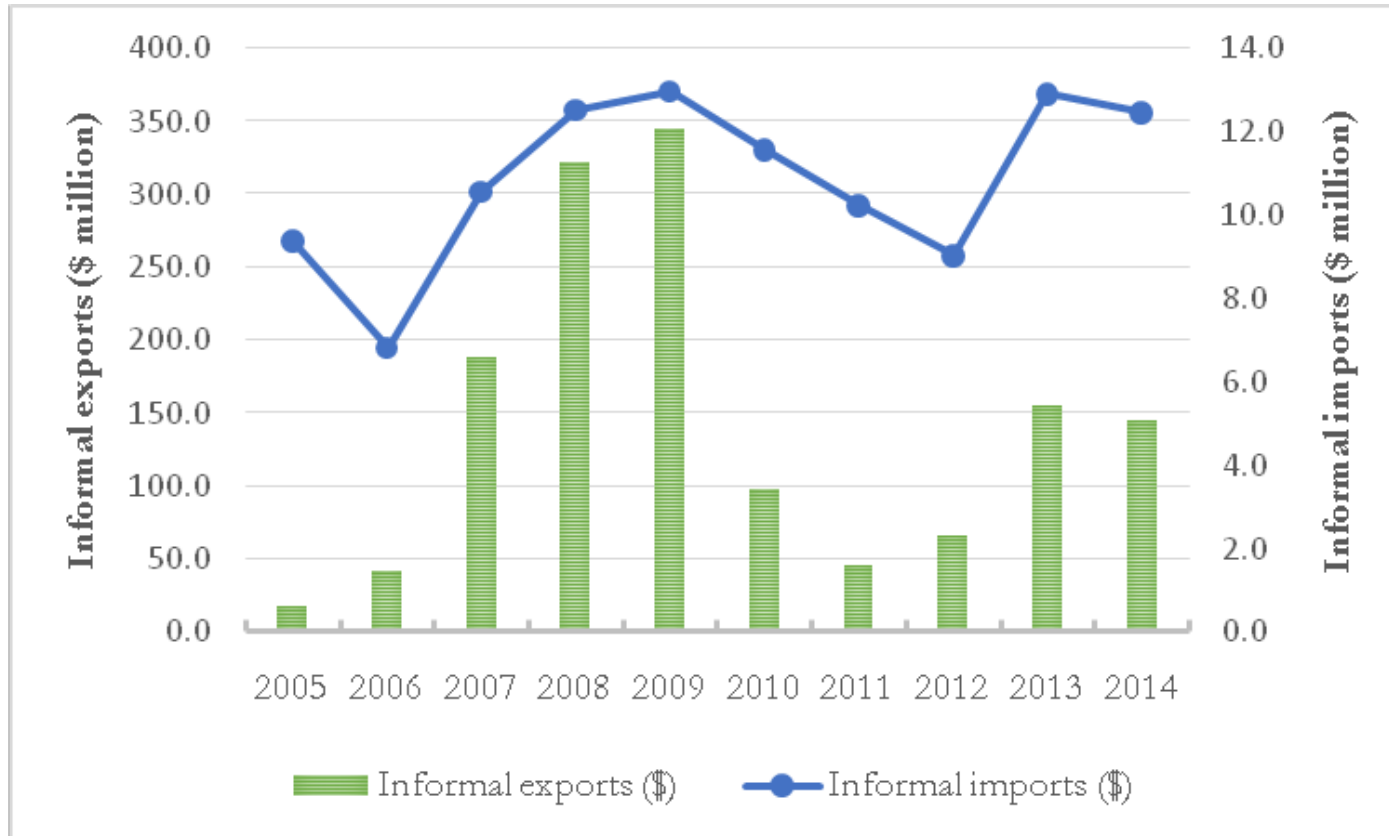
- Sugar and sugar Confectionery
- Cereals
- Prod Mill Industry; Malt; Starches; Inulin; Wheat Gluten
- Salt; Sulphur; Earth & Stone; Plastering Mat; Lime & Cement
- Beverages, Spirits and Vinegar
- Vehicles O/T Railw/Tramw Roll-Stock, Pts & Accessories
- Iron and Steel
- Animal/Vegetable Fats & Oils & their Cleavage Products; etc.

- **Imports**

- Wood and Articles of Wood; Wood Charcoal Mineral fuels
- Iron and steel
- Other Made Up Textile Articles; Sets; Worn Clothing etc
- Nuclear Reactors, Boilers, Mchy & Mech Appliance; Parts
- Electrical Mchy Equip Parts thereof; Sound Recorder Etc

Informal CBT

Figure 2: Informal cross border trade through Northern Uganda (\$ million), 2005-2014



Source: Authors own compilation based on UBOS trade datasets, 2016

Borders

Elegu, Goli,
Oraba, Paidha,
Vurra,
Odrachaku

Countries

DR. Congo, South
Sudan and
Sudan

Table 4: Informal CBT exports and imports through Northern Uganda

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Value (in \$ million)										
<i>Exports</i>	<i>18.40</i>	<i>41.92</i>	<i>187.93</i>	<i>322.90</i>	<i>344.63</i>	<i>97.65</i>	<i>46.23</i>	<i>66.21</i>	<i>155.46</i>	<i>144.95</i>
D.R. Congo	9.30	34.08	30.63	24.52	20.44	25.47	27.78	37.66	24.64	25.48
Sudan	9.11	7.84	157.30	298.38	324.18	72.18	18.44	28.55	130.82	119.47
<i>Imports</i>	<i>9.38</i>	<i>6.81</i>	<i>10.58</i>	<i>12.53</i>	<i>12.98</i>	<i>11.57</i>	<i>10.23</i>	<i>9.03</i>	<i>12.93</i>	<i>12.48</i>
D.R. Congo	8.56	6.31	9.43	9.39	11.91	11.34	10.04	8.72	7.37	8.63
Sudan	0.82	0.50	1.15	3.14	1.06	0.24	0.19	0.31	5.56	3.85

- Consumption and construction booms in post-conflict South Sudan—a sharp increase in demand coupled with lack of local production capacity—are the driving force behind this increase.

- **ICBT-Exports**

- Edible Vegetables and Certain Roots and Tubers
 - Edible Fruit and Nuts; Peel of Citrus Fruit or Melons
 - Cereals
 - Prod Mill Industry; Malt; Starches; Inulin; Wheat Gluten
 - Beverages, Spirits and Vinegar
 - Salt; Sulphur; Earth & Stone; Plastering Mat; Lime & Cement
 - Footwear, Gaiters and the Like; Parts of Such Articles
 - Other Made Up Textile Articles; Sets; Worn Clothing etc
- ✓ **Both formal and informal trade commodities/goods through Northern Uganda are manufactured and majority not necessarily from the region**

- *According to the Economic Recovery Report (2015)*
- *“Most businesses in the North are small, informal, insular, lack growth ambitions, do not export and are dependent on internal funds... most sales are just within the same district the business is operating, which means growth is limited by local demand... Creating more businesses, growing existing businesses, attracting larger firms and reversing the insular nature of businesses is a key challenge.”*

Policy Action

• Security of land

Land in transforming the North

- ✓ Plans of land use seem to be driven by political imperatives in the North. For example when Madhivani started to use the land in Amuru, politicians interfered and up to now the investment has failed to take off. The need to be open about land use (security of land and security of people who use the land)-for economic use and not political gain-and encourage acquisition of certificate of customary ownership and avoid instilling fear that investor usage will lead to deprivation of people from their land is vital. Such a move will make the locals more positive on land use for investment and lead to big opportunities on its use that will transform northern Uganda.
- ✓ The fear is that issuance of a certificate of land ownership will encourage migration within the country as people from other parts of Uganda will come and take over their land as other regions understand the value of land. But inflow of external investments on land that is based on recognition of its status in the community, and that which is based on a win-win situation is what the region needs. So this will require a lot of sensitization on land and developing a common understanding amongst the Acholi on what this land can do for them with their full participation.

Source: KIIs 2015

- **Regional markets:** Investment and trading relationships in the region are critical to success of commercial processing and farming but these are threatened by conflict (particularly in South Sudan).
- **Environment:** Ensuring sustained peace in region is vital for growth and hopefully for industrialisation.

- Thank you