FORTY YEARS ON: ARE WE FORGETTING HOW WE GOT HERE?

By Paul Busharizi



Tomorrow, President Yoweri Museveni takes his seventh oath of office.

Politics aside, the last 40 years represent the longest period of sustained economic growth in our country's recorded history. And if you ask observers to name the two biggest achievements of the National Resistance Movement era, the answers converge quickly: the restoration of security and the revitalisation of the economy. What is less often appreciated is how deeply the two fed off each other.

In 1986, Uganda was not merely poor. It was dangerous. Investors do not build factories in war zones. Farmers do not plant crops they cannot be sure of harvesting. Security was not just a political achievement, it was the precondition for everything that followed. And as stability returned, the economy began to breathe. As the economy grew, it gave the state resources to consolidate security further. Growth and stability became mutually reinforcing, a virtuous cycle now so established that we have forgotten it was ever built.

In 1986, the economy was worth roughly $3.5–4b. Today, it stands at over $50b. Exports have grown from under $500m to nearly $14b. Value Added Tax (VAT) alone now contributes sh8-10 trillion annually, more than the entire tax take of 2006. That is not a footnote. That is a transformation.

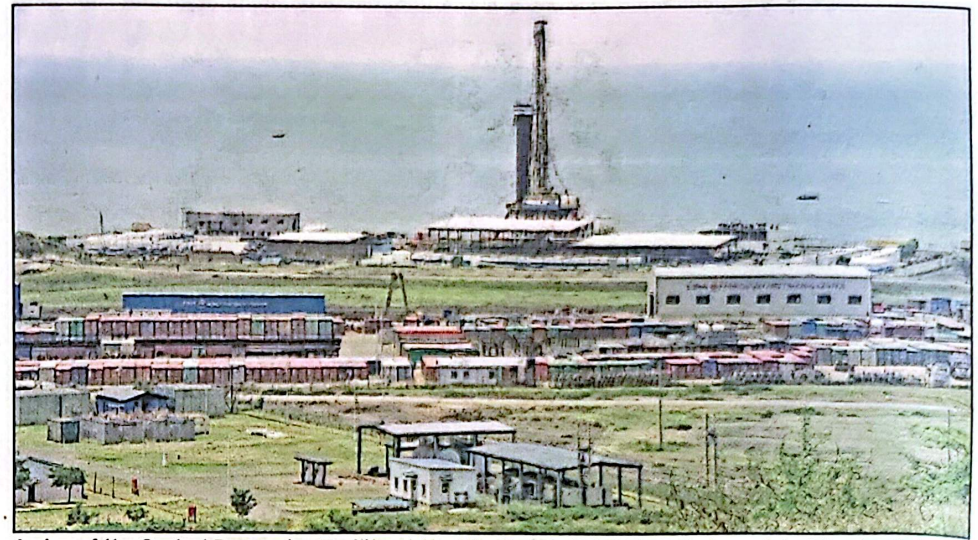
But transformations have authors. When VAT was introduced, Kampala City Traders Association shut down shops in protest across Kampala for a week. The reform held anyway.

When Nile Breweries was privatised after fierce, protracted debates, the President presided over personally, it was producing 2,000 crates a month. Today, that output disappears over a long weekend on Bandali Rise.

Agricultural liberalisation led farmers to earn 70-80% of world prices instead of the fraction they had received under state monopolies.

Behind all of it, the Government forced discipline at a time when indiscipline would have been far easier and far more popular. And we have begun, rather dangerously, to take what was built for granted.

■ But here is the part the numbers do not tell you.



A view of the Central Processing Facility at the Kingfisher oil field in Buhuka parish, Kikuube district. Such developments emerged with political stability that allowed the economy to breathe

The gains have not been shared equally. Uganda remains one of the more unequal economies in East Africa, and the gap between those who have benefited from four decades of growth and those still waiting is wide and in some places, widening.

The answer starts in agriculture, where the majority of Ugandans still earn their living. Better incentives for farmers, investment in rural infrastructure, access to inputs and markets; these are not new ideas. They are ideas that have not been implemented with the seriousness they deserve. An economy growing at 6% while most farmers operate at subsistence level is an economy running on one engine.

The business environment matters too. Corruption — at the counter, in the procurement office, at the border, remains a tax on ambition. Every shilling lost to a bribe is a shilling that does not become a job or an export. Fighting corruption is not a moral exercise. It is an economic one.

■ And then there is oil.

Uganda is edging towards first oil, and the temptation will be to treat the revenues as a solution, a cushion against fiscal pressures, a substitute for the harder work of broadening the tax base and improving the investment climate. That would be a mistake.

Oil revenues, without extraordinary discipline, concentrate wealth rather than distribute it. The resource curse is not a myth. Rents flow upward. Politics become more transactional. And there is a deeper risk that oil money disrupts the very virtuous cycle that sustained Uganda for 40 years, funding patronage rather than institutions, rewarding loyalty rather than productivity, and quietly hollowing out the foundations that made growth possible.

Uganda cannot afford to let oil scuttle four decades of hard-won progress. The revenues must serve the economy, not replace it.

Forty years is long enough for an entire generation to grow up knowing only stability. The battles that produced it — over VAT, privatisation, liberalisation — are ancient history to a 25-year-old in Kikoni. The architecture of the economy is taken for granted, like electricity that only becomes remarkable when it goes off.

The restoration of security and the revitalisation of the economy is a genuine achievement. It should be acknowledged clearly and without embarrassment.

But the next 40 years will be defined by whether those gains reach the farmer in Kapchorwa, the trader in Arua, the graduate in Lira who is talented, ambitious and running out of patience. That is the real measure of the milestone. And it remains unfinished business.

pbusharizi@gmail.com
X: @pbusharizi

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