UGANDA

1994 – 1997

Parties banned in Ugandan election

(334) ARG 28/3/94

LONDON. — Ugandans vote today in the country's first election for 14 years — but political parties are banned from taking part and candidates must stand as individuals.

The four main political parties, like other "interest groups", are allowed to nominate two members each to the 288-member assembly.

The electoral law bans candidates from standing on "sectarian grounds such as religion, tribe or political party", and they are not allowed to hold meetings — except those organised by the electoral commission.

President Yoweri Museveni, whose National Resistance Army fought its way to power in 1986, has blamed the country's political problems on party politics.

He suspended the parties while co-opting their leading members into his broadly-based administration.

Uganda is a comparative success story compared with many other African countries — and with its own appalling past — even though there are two rebel movements still active in the country and hunger due to a severe drought in the north-east.

The 1980 election, now widely regarded as fraudulent, resulted in the return of Milton Obote, Uganda's first prime minister, and president from 1966 to 1971.

The country was plunged into a barbarous civil war in which more atrocities were committed than during the rule of Idi Amin, who ruled from 1971 to 1979.

BRIEFING

Edited by Mike Siluma

*In its attempts to reconstruct the semblance of a health service, this African country has cut a path which holds important lessons for South Africa's health reconstruction efforts. Health Writer **David Robbins** reports from Kampala*

Looking at Uganda now . . .

Star 7/11/94

As Uganda has picked itself up after the nightmares of the '70s and early '80s, two elements have emerged as crucial in attempts to rebuild a shattered health service.

The first is co-ordination of energies within the rebuilding effort; the second is unleashing the innate resources of communities in running their own health care programmes.

From a health point of view, the situation could hardly have been worse. Between 1970 and 1985, incomes in Uganda fell by 25 percent while consumer prices increased by 1 200 percent. During the same period, public health care collapsed, with the health budget in 1985 less than 7 percent of the 1970 amount.

The results were obvious.

"While Uganda had once been near the top of the league table in terms of health status and health services in Africa, by 1986 it was near the bottom," remarks a recent report to emanate from the London School of Hygiene and Tropical Medicine.

When the guns finally fell silent early in 1986, reconstruction began with a rush of enthusiasm, and the often unco-ordinated assistance of scores of international agencies and non-government organisations (NGOs).

Hammered

But Uganda had missed the introduction of primary health care concepts hammered out at Alma-Ata in 1978. A consequence of this was that health authorities concentrated on rebuilding the old curative-based health care infrastructure, even though their financial resources were totally inadequate.

The London School of Hygiene and Tropical Medicine report pinpoints the need for "setting modest objectives". But above all, says the report, there should be mechanisms for community participation and co-ordination between all interested parties.

This is the philosophy of an organisation which began in 1986, and which is now rapidly growing into a significant force in Uganda's somewhat muddled health care sector.

"The Uganda Community Based Health Care Association advocates community involvement and self-reliance," says the association's technical adviser, Ben Osuga. "Equally important, we are a membership organisation which brings together and co-ordinates, but in a supportive rather than a controlling role."

The association (UCBHCA) started with 84 member organisations in 1986, but membership has climbed to 420 and is growing.

Trying to rationalise the work of so many different organisations and, at the same time, to integrate this work into the efforts of the Ministry of Health, is complex and demanding. But the measure of success achieved can be illustrated by mentioning just three of the association's members: The Catholic, Protestant and Muslim medical bureaux.

Osuga says: "The level of co-operation is quite high. But it would be wrong to say that we do not face major problems."

Although the UCBHCA has the official sanction of the Ministry of Health, bureaucratic high-handedness and corruption are major impediments.

"So is the inadequate national budget allocation for the social sector in general, which includes health," explains Osuga.

The UCBHCA is controlled by the annual general meeting of its membership, and also by an executive board elected at this AGM. In return, UCBHCA staff maintain statistics on what health services and projects exist on the ground, and they also link specific needs, especially in under-served areas, to NGOs which could help to fulfil them.

"One of the mistakes of development agencies in the past has been to assume that people need to be taught everything," Osuga says. "In Africa, the store of indigenous knowledge is impressive. But they need to be encouraged to use what knowledge and resources they have."

The mechanism for releasing this potential into Uganda's health system is encapsulated on a poster in Osuga's office which reads: "When the work of the best leaders is accomplished, the people will remark that they did it by themselves." (334)

To get to the people, the UCBHCA has launched district associations in more than half of Uganda's administrative districts. Next step, currently assisted by an American NGO called World Neighbors, is to place full-time co-ordinators to guide the activities of two district associations. The purpose is to refine the co-ordination role of UCBHCA, and also increase community participation.

UCBHCA has trained community health facilitators who, in turn, train community health workers, as well as traditional healers and birth attendants.

Extensive training and resource manuals have been published in partnership with the United Nations Children's Fund and the Ugandan Ministry of Health. Many thousands of these manuals sets have been sold in Uganda, and to other parts of Africa.

But perhaps the real success of UCBHCA needs to be measured in the impact it is now having on official government thinking, especially as this government turns its attention, however belatedly, away from curative institution-based health care to the Alma-Ata principles of primary health care.

"We have convinced the ministry that the mere provision of primary care is insufficient. What Uganda needs, and is now going to get as official policy, is the active involvement of communities in their own health care," says Osuga.

■ **Do readers have any questions to put to Ben Asuga? Write to him at UCBHCA, Box 325, Entebbe, Uganda. Or send him a fax on 256-42-20371.**

Community based health care defined

The primary objective of community based health care (CBHC) is to build the capacity of each community to care for its own health. How best to achieve this?

Obviously, medical services must not be ignored, but when members of a community begin to think about the problem of their and their children's health, they soon identify other elements such as education, the availability of good food and water, pressure on the land, adequate housing, and so on.

But the key to successful CBHC does not lie in handouts. It lies in self-reliance.

A community is considered self-reliant when it can:

- ■ Identify its own health problems.
- ■ Establish the root causes.
- ■ Decide which problems are more pressing.
- ■ Decide on activities to overcome the root causes.
- ■ Plan and implement these activities.
- ■ Monitor the activities and evaluate their effect on the health problem.
- ■ Know where to look for assistance when required.

Sowetan 1/11/94

(334)

Uganda govt eyes NGOs uncertainly

WESTERN donors love non-government organisations (NGOs) but the Ugandan government is not so sure.

It is worried that they are taking over from the government and might even be a threat to security. The director of Uganda's External Security Organisation, Kahinda Otafiire, has described them as agents of colonial interests.

Government relations with NGOs are handled by the Ministry of Internal Affairs, which is also responsible for internal security. This creates a suspicion that the government sees them as rivals rather than partners.

Official figures show that 1 200 NGOs are registered here, and several have budgets of more than R3,5 million a year — provided by foreign donors.

The World Bank estimates that NGOs have spent R59,5 million in the last three years in the health sector alone.

Many of the organisations are not home-grown products responding to the needs of local people. They are in business as a result of donor pressure.

The World Bank, the Swedes and the Germans, for example, who are providing most of the money for a major programme to curb sexually transmitted diseases, have pressed for the active involvement of NGOs in the belief that they perform better than the civil service.

"Donors have been attracted to NGOs because of their perceived ability to outperform government in certain areas," said a World Bank report on Uganda. "They have continued to operate in areas where government services have virtually broken down," the Bank added, and their average level of service was higher than anything the government could do.

The Bank estimates that government workers — such as doctors or nurses — are half as efficient as their counterparts in NGO-run hospitals, partly because they are so badly paid that they have to spend time earning money elsewhere or through corruption.

There is certainly a role for NGOs, because Uganda's soundly based education and health facilities and generally efficient infrastructure was blown to smithereens by years of bad government and civil war.

The country is one of the poorest in the world, with an annual per capita income of about R595 and an average life expectancy of 42. Few people have the means to extricate themselves from poverty. The school dropout rate is high, particularly for girls. The ravages of the disease Aids have started to have an impact on all areas of life.

Government is doing its best with rehabilitation and pushing what little money is available into productive areas, but it has few ways of raising money and can therefore offer few services. The budget is largely provided by donors.

So there is plenty of work for NGOs, whose presence is strengthened by the way a few of them stayed with Ugandans through the days when government virtually broke down altogether.

Despite its reservations, the government has created a hospitable and secure environment for them, and has imposed few restrictions.

The aid coordination department in the Prime Minister's Office convenes a monthly meeting of NGOs, attended by about 60 organisations, at which there is an exchange of views and information.

One of the government's concerns is that many NGOs do not involve local people, and treat people as passive beneficiaries.

Research by a group of social scientists found that the current generation responds poorly to community mobilisation efforts and that many young people look to foreign organisations for their salvation without making any effort for themselves.

President Yoweri Museveni has constantly warned about the creation of a "dependency syndrome".

There is concern that some NGO activities are ill-conceived. Instead of building on the existing ways of life of the small Batwaa tribe from western Uganda, the Adventist Relief Agency tried to resettle it in a "project": Most of the "beneficiaries" ran away.

In addition, many NGOs do not have clear roles and there is evidence that some are abusing their position.

Dubious goods are being imported duty free, for example. Mark Ellyne, head of the International Monetary Fund office in Uganda, said it was "very unfortunate" that "we have had some NGOs importing cosmetics to sell on the local market with claims that the proceeds are to be used to enhance the status of women".

He also pointed out that "if an NGO imports a Mercedes-Benz to be used in its activities and another imports a Land Rover to do the same, couldn't it be in order to tax the one importing the Benz?" Some businessmen are using NGOs as a cover for free imports, says Edward Rujojo, chairman of the National Chamber of Commerce: "They are undermining the business community through this method of cheating."

The World Bank estimates loss of government revenue through NGO imports at R11,6 million a year.

Many NGOs are weak in management; some do not keep proper accounts.

These complaints might not have found fertile ground if the record of the NGOs had been better. A World Bank study in Luwero, one of the worst hit areas of the civil war and now awash with NGOs, found that impact of NGOs on poverty alleviation was limited and uneven.

Most activities were targeted at small numbers of people — subsidising school fees for a few hundred children, providing roofing for 35 houses, digging 10 shallow wells, distributing a few cows.

Similarly, in the northern district of West Nile, a major and systematic Lutheran World Federation programme in education, water, agriculture and community development, had been felt in only a few areas.

Uganda enjoys new favour with donors

(334) CT(DR) 19/7/95

Named the 13th fastest-growing economy in the world by the UN, things are looking up for this African nation, reports Joe Khamisi of the Independent Foreign Service

Nairobi — Donor nations and multi-lateral organisations are literally tripping over each other on their way to Uganda — with briefcases full of money.

Within the past month alone, the United States, Austria, and the World Bank have come knocking at the door at a time when they are cutting aid to other countries.

Last week, Uganda received the first tranche of a $20 million grant from the United States to support small, micro and medium-size enterprises.

The grant is for a five-year period and will offer support, training and organisational development for private enterprises, particularly those geared towards the employment of women and low-income families.

A few days later, Austria announced a new debt swap programme for Uganda. It offered to help reduce the country's debt by at least $33 million on condition that Uganda support small-scale enterprises that have no access to long-term credit.

The project is expected to be operational in October. Austria will first give Uganda $4 million with which to pay debts owed to countries which are not members of the Organisation for Economic Co-operation and Development (OECD).

For each debt payment, the country would be required to commit at least $3 million to small-scale enterprises over a three-year period.

The debt-for-development swap programme is new to Africa but it has been employed with success in Latin America.

Uganda's main non-OECD creditors include Tanzania, Nigeria, India, Pakistan and the United Arab Emirates.

In addition, the European Union has pledged to continue with its yearly commitment of $292 million in aid.

The East African country also received encouraging news from the World Bank.

At the end of a successful three-day visit to the country last month, James D Wolfensohn, the president of the World Bank, said his organisation would fund key sectors of Uganda's economy.

These will include agriculture, education and health. Uganda receives 25 percent of its aid from the bank.

All this encouraging activity occurred as the United Nations named Uganda the thirteenth fastest growing economy in the world.

Also named in Africa by the United Nations world economic and social survey was Tunisia, together with 13 other nations.

Others expected to record growth of between 5,87 percent and 19 percent this year are China, Vietnam, Singapore, Thailand, Malaysia, South Korea, Indonesia, Taiwan, Papua New Guinea, Burma, Sri Lanka, India and the Philippines.

Uganda is often cited along with Ghana as an example of what structural adjustment programmes can do to a developing economy.

The East African country managed to reverse years of negative trends in its economic dossier into positive shifts by strictly adhering to international reform prescriptions.

By this year, Uganda had registered a 10 percent GDP growth rate, reduced its inflation to 3 percent and improved its overall balance of payments to an equivalent 2,7 percent of the GDP.

But Uganda's external debt of $3,2 billion remains its biggest headache.

About 70 percent of it is owed to powerful multi-lateral aid lenders such as the World Bank and the IMF, whose rules do not permit debt write-off.

It is projected that the country's debt servicing ratio will stand at 60 percent of the export earnings until 1998.

Export earnings are expected to increase in the current year by 111 percent from $254 million to $536 million.

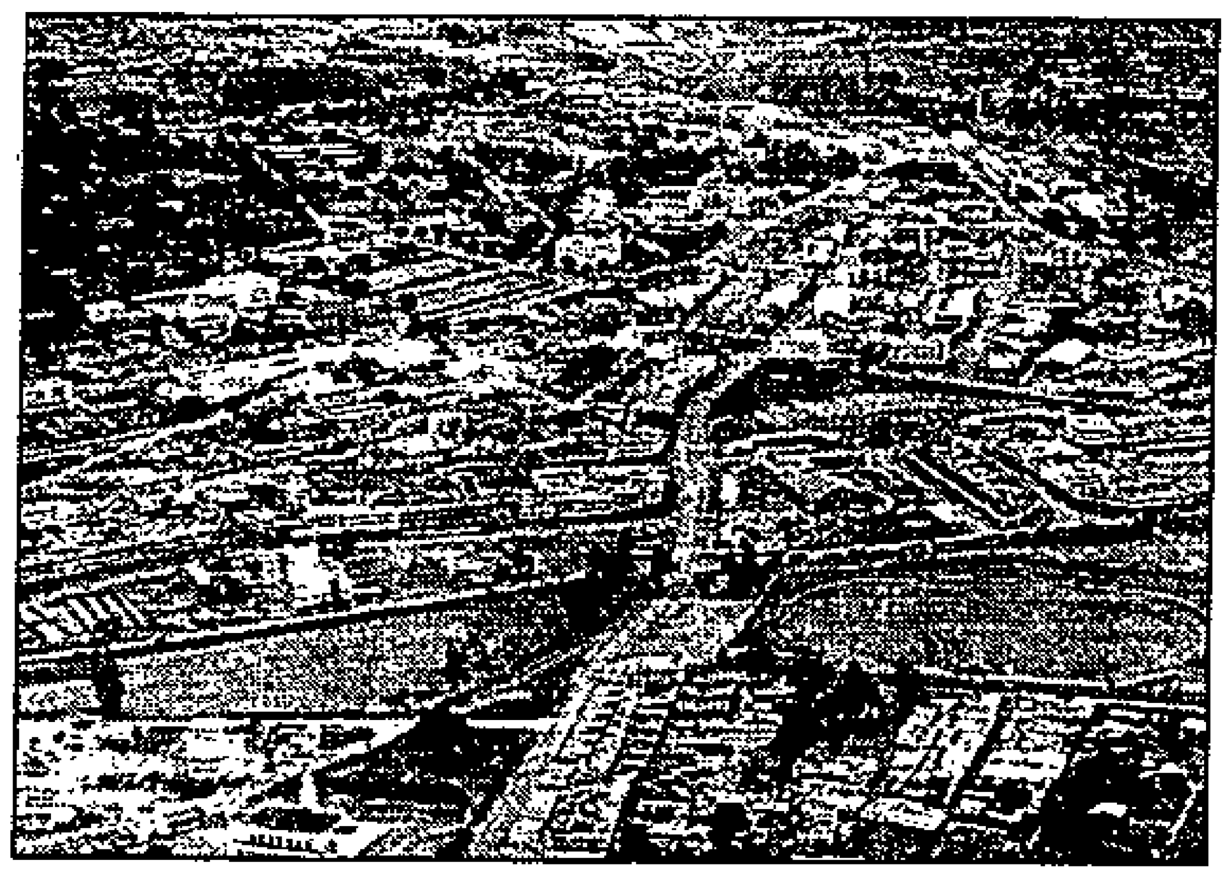
This is due to a substantial increase in earnings from coffee, its main export.

Uganda's economic success story has overshadowed its dismal political performance under president Yoweri Museveni. A committed critic of pluralism, Museveni recently managed to have the country's constituent assembly vote for a no-party system of government for the next five years.

The assembly, comprising representatives of various political ideologies, has been debating a draft constitution for the past few years.

This means candidates for parliamentary and presidential elections scheduled for later this year will only stand as individuals and not as members of political parties.

NO PARTY *Economic success has overshadowed Uganda's dismal political performance under President Yoweri Museveni, who has secured a no-party system for five years*



AFRICAN MAGIC *The Ugandan capital of Kampala is experiencing a flood of eager aid agencies*

AFRICA

(334)

Uganda still poor, 'but is moving in right direction'

BD 21/7/95

KAMPALA — Once dubbed the sick man of Africa because of a 20-year reign of terror and spectacular economic decline, Uganda has, over the last nine years, clawed its way back from economic and political disaster.

President Yoweri Museveni, who came to power after a guerrilla war in 1986, has been credited with the turnaround in the country's fortunes.

An economic restructuring programme, supported by the IMF, was launched in 1987 and last September the organisation approved a \$175m three-year enhanced structural adjustment facility, which was supported by the the International Development Association, the World Bank's soft-loan arm.

Earlier this year, Uganda became the first country to benefit from enhanced debt reduction terms, agreed to by the Group of Seven industrialised nations at their annual summit.

The package was said to have been worth 67% of the debt owed to the Paris Club of official creditors though Oxfam said the write-off was much less than claimed.

GDP grew by 5,1% in 1993, 7% last year and is estimated at 5% this year, although the government has predicted growth of nearly 10%.

Coffee remains the country's main export and foreign exchange earner, and the increase in international coffee prices had been expected, before this month's collapse, to push total exports beyond \$500m this year.

Inflation has fallen to about 5% from 16% a year earlier — thanks to a decline in food prices as the country recovers from a drought. The current account deficit is expected to show a slight surplus this year of about \$20m from a deficit of \$40m.

Increased economic stability has in turn boosted inflows of capital, helping increase the level of business activity, particularly in Kampala, the capital where traffic jams are now a feature for the first time in a generation and the cost of mobile phone connections is the talking point at suburban dinner tables.

In the same period, the government has reduced the number of ministries from 30 to 21, cut the once-bloated civil service by 50% to its present level of about 160 000 people and reduced the once-huge army by nearly 30%.

Defence spending, however, increased by 40% last month to deal with rebel activity in the north, including what the government calls bandits supported by the government of Sudan and its opponents, the Lords Resistance Army. The increased defence spending may come in for some criticism at the Paris meeting.

The government says it plans to double its efforts on what has, until now, been a privatisation programme with little momentum. Only \$60m has been netted through the sale of 14 public corporations.

Uganda remains one of the world's poorest countries, one that will continue to rely on aid for the bulk of its development for the forseeable future and one that is unlikely to reduce the poverty of the mass of its people for the next 10 years.

Yet many in the donor community have been impressed with the economy's management, hence expectations of further pledges of aid. Last year Uganda secured pledges of about \$850m from a similar meeting, far higher than the \$500m requested.

"What we have here is a country that is poor but one that is performing well, and moving in the right direction," said one economist.

Economic success, however, may yet be threatened by the political tension of recent months, brought about primarily by debate on the country's new constitution ahead of presidential and parliamentary elections at the end of the year.

Last month the country's constituent assembly rejected an immediate return to multi-party democracy, effectively postponing it for at least another five years.

The constituent assembly also voted against proposals for a federal government system, angering the Baganda, the country's biggest ethnic group. Several groups have taken up arms over the last few months in a bid to fight for Buganda federalism, calling for regional powers as existing on independence in 1962. — Financial Times.

CT (BE) 17/8/95 (334)

BACKGRC

Uganda's mistake wa

This is the first of two articles on Uganda by John Wanda for the Independent Foreign Service. It covers the background to Uganda's economic collapse under the regimes of Idi Amin and Milton Obote. The second article will explore Uganda's economic performance under Yoweri Museveni

Over the past few weeks, a number of favourable articles on Uganda have appeared in the media. This is laudable given the bad press Uganda has often received.

South African newspapers have in the past ignored stories on African countries. Those that were used often concentrated on catastrophes and disasters; impressive achievements made by a number of African countries were often ignored.

Yet the recent favourable reporting on Uganda needs to be put in perspective, both in a national and global setting.

Uganda's economic recovery started in 1988. The devastation wrought by the brutal and inept regimes of Idi Amin and Milton Obote lingered long after they were gone.

Amin in particular devastated the industrial infrastructure of the country and the social fabric of an entire society.

Entire industries, notably manufacturing, were laid waste during Amin's regime.

By the time Amin was overthrown in April 1979, Uganda had become the laughing stock of Africa. The miracle is that people survived the devastation and havoc wrought by Amin.

The devastation continued under Obote.

Despite massive foreign aid to Uganda following the overthrow of Amin, massive corruption and nepotism during the short-lived Uganda National Liberation Front (UNLF) government and the Obote regime ensured no development took place.

Foreign aid was diverted to the pockets of corrupt politicians and banked abroad in foreign accounts.

The limited foreign exchange from exports was also misused, often appropriated by corrupt ministers and heads of parastatal bodies. New infrastructural projects were abandoned half way through due to lack of funds.

And the growing insurgency by rebels loyal to Museveni meant that over 50 percent of the national budget was allocated to military expenditure.

When Museveni took over early in 1986, the exchequer was empty. Corruption had reached endemic levels. All infrastructure had broken down.

Yet Museveni did not seem to understand the enormity of the situation. He rejected foreign borrowing, and embarked on a strategy to repay foreign loans which at that time totalled $2 billion.

Even worse, he antagonised foreign donors and lending agencies by alleging they had propped up Obote's government.

His publicly acknowledged allegiance to socialism, and close ties with Muammar Gadaffi, Fidel Castro and east Germany's Erich Honnecker, alienated him from the West.

Yoweri Museveni's publicly acknowledged allegiance to socialism and close ties with Libya's Muammar Gadaffi and Cuba's Fidel Castro alienated him from the West

He invited Gadaffi to visit Uganda only a few months after the American raids on Tripoli and Benghazi in April 1986.

His lack of diplomatic skill was astonishing and most Western leaders were appalled by his seemingly simplistic approach to Uganda's complex problems.

Three things during 1986 and 1987 made Museveni change his mind.

The first was the growing insurgency in the country, led by the self proclaimed Holy Spirit rebels of Alice Lakwena.

Starting as a rag-tag army in Acholi in northern Uganda, they exploited the growing discontent among Ugandans, recruiting former soldiers and prominent politicians such as Isaac Newton Ojok, the erstwhile minister of education.

Within a few months, Lakwena's forces had overrun most of northern and eastern Uganda and, by November 1986, were within 100km of the capital, Kampala.

Museveni had to marshall all his forces to repulse this threat.

More importantly, he realised how an economically deprived people could support any opposition, how quickly a crowd that had been singing "Hosanna" can cry, "Crucify him".

He realised that if he was to win the support of the people, he had to deliver quickly.

The second factor was the performance of the Ugandan currency.

In October 1986, Museveni had introduced a new currency, devalued the shilling from about 14 to the dollar to 60.

But within a few months the exchange rate had fallen further, and by August 1987 the shilling was selling at 600 to the dollar.

People had once again lost faith in the Ugandan shilling.

The situation was made worse by Uganda's hosting of the 1987 Preferential Trade Area summit.

Millions of shillings had to be printed to fund the summit, further fuelling inflation which, it was estimated, had risen to over 500 percent. The third factor was the open hostility displayed to Museveni's government by the neighbouring countries.

Kenya, through which most of Uganda's imports and exports flow, closed its borders and started massing troops at the border in December 1987.

Sudan was already harbouring most of Amin's and Obote's rebel soldiers. Zaire was opposed to Museveni.

Tanzania's support was lukewarm. Tanzania wanted repayment of the almost $500 million Uganda owed it from the 1979 war.

Museveni was in a fix. He had to win the support of the people if

UND&ANALYSIS

to spurn aid

(334)

OT(BR)17/8/95

he was to succeed, and this meant some measure of improvement in their welfare, and he had to ward off the threat of internal insurrection and threats of external aggression.

But Museveni is a fighter.

Seven years before, he had gone to the bush with only 27 people, fighting a government that was armed to the teeth and supported by most of the international community. And he had won.

He now had an army of his own. He had access to the country's resources. He would fight back.

He started by making far-reaching changes in the army and the government.

He removed his own brother, Salim Saleh, from the army command and promoted a more seasoned fighter to head the army.

He demoted the minister of finance, Ponsiano Mulema, and in his place installed a medical doctor, Crispus Kiyonga, with no experience in economics, other than his understanding of National Resistance Movement policies.

This ensured Museveni could personally pull the strings in economic policy.

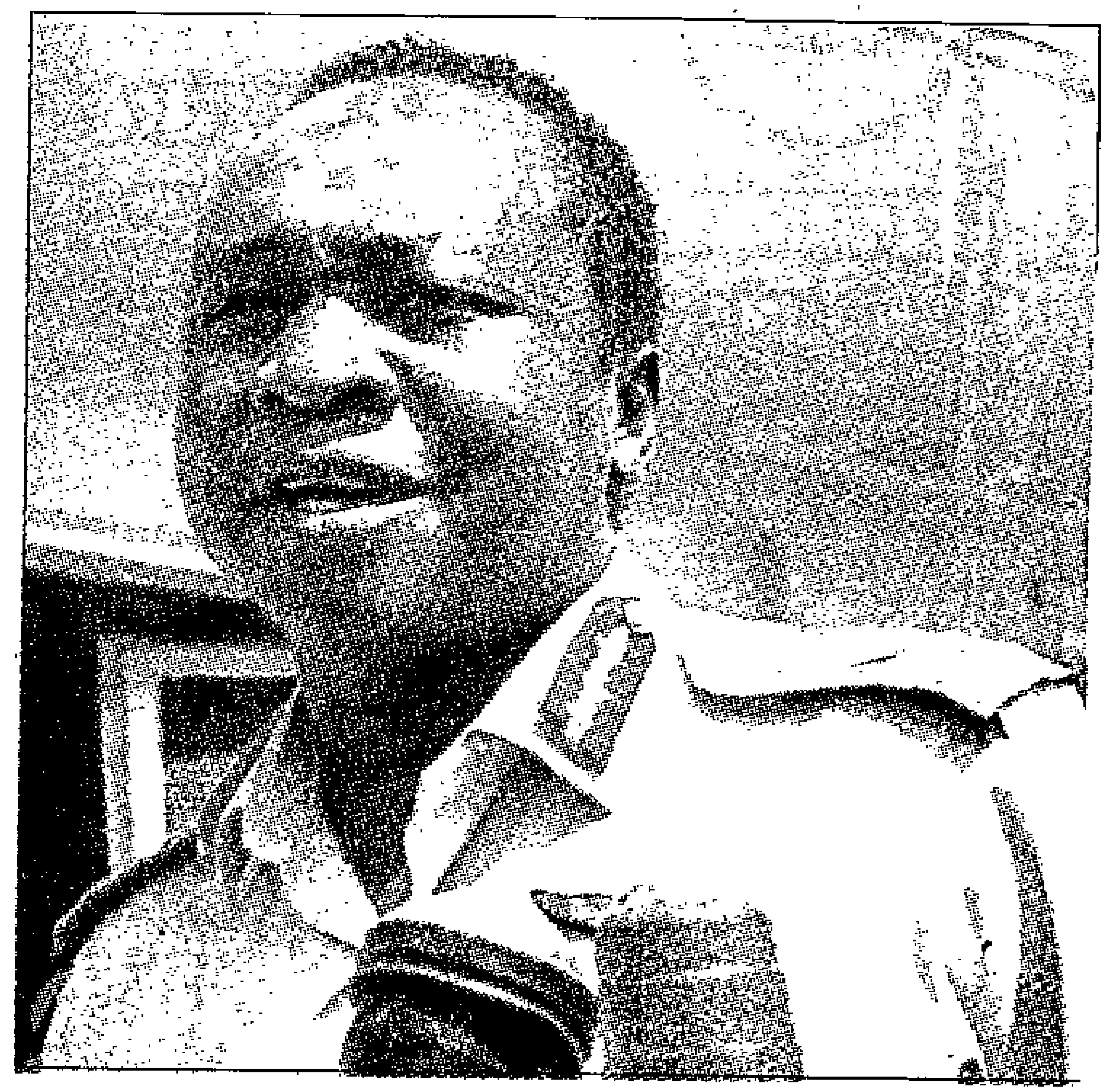
Above all, he made an abouttum on loans from world financial agencies.

He went cap in hand to major world capitals, pleading for loans to rebuild his country. The world community obliged — on one condition.

Uganda had to comply with the strict structural adjustment programmes imposed by the International Monetary Fund and the World Bank, and these bodies had to oversee the implementation of the required reforms.

Museveni had no choice. The short-lived flirtation with socialism had ended.

❑ *John Wanda is a chartered accountant with JCI Limited and works as a corporate finance officer*



LEGACY OF DISASTER *Under the dictatorship of Idi Amin, Uganda's manufacturing sector all but collapsed*

Uganda's economic miracle may be resting on shaky ground

(334) CT (BR) 18/8/95

This is the second article in the two-part series on Uganda by John Wanda for the Independent Foreign Service. It examines Uganda's economic performance under Yoweri Museveni and questions whether the rapid growth seen in the country over the past two years is sustainable in the long term

Uganda's economic performance since 1988 has been remarkable. Inflation, at 2,9 percent, is the lowest since the early 1960s and GDP growth has averaged 7 percent over the last six years.

Economic activity within the country has been intense. Highways linking major cities have been rebuilt, new schools built, new dispensaries and clinics erected, and the construction industry has boomed. A major feature of Kampala today is the new flats and complexes springing up.

The tourist industry has burgeoned, with most hotels in Kampala fully booked.

The capital now boasts four four-star hotels of international standard, compared with six years ago when hardly a decent hotel could be found.

The star performer during this period has been the Uganda shilling. In 1990, the Uganda shilling was exchanging at 1 250 to the dollar. Since then, the shilling has been appreciating in value, and now stands at about 950 to the dollar. People who had previously preferred to keep their wealth in dollars now find themselves holding a depreciating currency.

Forex bureaus, where any type of foreign currency can be bought and sold, have sprung up everywhere in Kampala.

There are no restrictions on the amount of foreign exchange brought into or taken out of the country. A new investment code passed in 1991 allows foreign investors to repatriate 100 percent of profit and dividends.

But this progress has come at a price. Uganda's population remains poor, very poor, for the country's economic recovery has benefited very few people.

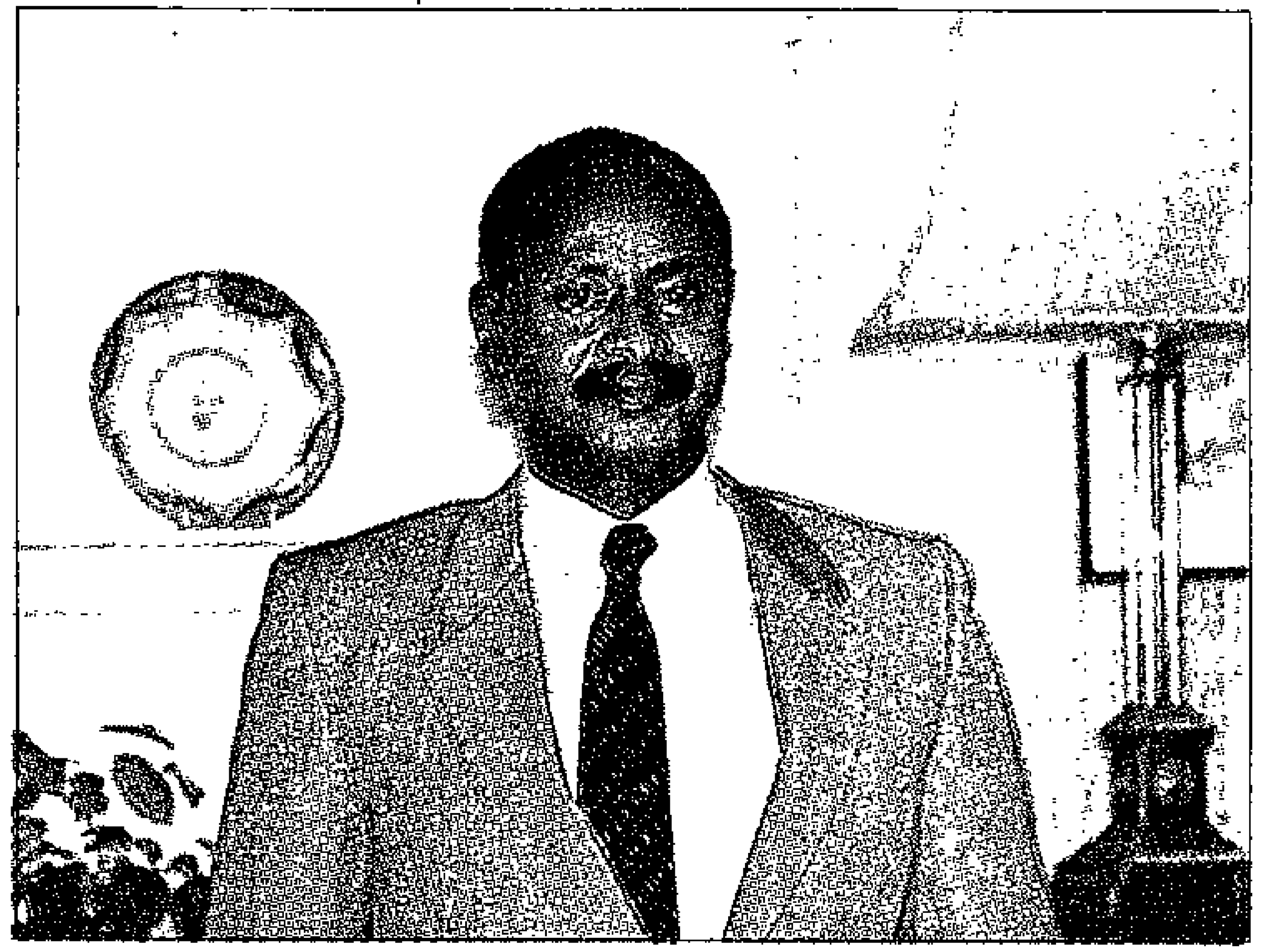
Despite self-sufficiency in food production, many Ugandans sleep hungry because they do not have money to buy food.

Unemployment remains very high at over 40 percent, and graduates from Uganda's five universities and the many tertiary colleges have no assurance of jobs.

Exports

And despite the rapid growth during the last few years, Uganda's per capita GDP is only $190, compared with $300 about 20 years ago. Last year, export earnings were only $254 million, less than half of that of 1977, while imports exceeded $1 billion.

Coffee remains the major export earner, contributing over 80 percent of export earnings. This year, exports are expected to earn the country $540 million, mainly because of the increased price of coffee.



FUNDS DILEMMA *Uganda's failure to embrace full democracy under Yoweri Museveni and its poor human rights record threaten aid flows*

The attempt to diversify Uganda's exports has largely failed. The improvement in the country's terms of trade is attributable to the rise in the coffee price, which is seen as temporary.

It is estimated that even if the current growth rate were sustained, it would take Uganda at least 50 years to reach middle-income status. But sustaining the country's growth rate of 7 percent for any length of time is almost impossible.

Uganda is heavily dependent on foreign aid, which in 1993 contributed 48 percent of its GDP. Most of this aid, in the form of soft loans, is bilateral or multilateral, and is susceptible to political influences.

There is little certainty that foreign funding will continue, given the pressure in Western countries to cut foreign aid.

Moreover, these loans have to be paid back. More than 60 percent of Uganda's foreign earnings are used to service its $3 billion debt. Even the much-publicised debt write-off under the Naples terms constitutes less than 10 percent of the country's debt.

The increased foreign capital inflow into Uganda must also be put into perspective. Uganda's total foreign capital inflow between 1990 and 1993 was only $1,2 billion, or $66 per capita. Most of this was bilateral aid tied to specific projects. There was little private foreign capital inflow to speak of.

In this same period, Mexico received $53 billion and China $49 billion from private sources alone. The per capita private capital inflow to Singapore during this period was $6 400. Among the developing countries, Hungary received $1 200 per capita, Malaysia $1 000 and Argentina $800.

Inflows

Of the total $380 billion in private capital inflows to developing countries, 83 percent, or $315 billion, was invested in just 16 countries. Of the total $56 billion in bilateral aid flows, $18 billion was allocated to Africa. Ethiopia, Mozambique, Tanzania and Kenya remain the largest recipients of foreign aid in Africa.

It is unlikely, given Uganda's high dependency on aid, that its impressive economic performance can be sustained.

Three factors militate against any substantial increase in aid and sustained economic growth.

First, bilateral aid flows are increasingly tied to democratisation and human rights in developing countries. Uganda's failure to embrace full democracy and its poor human rights record present a danger to these flows.

Second, the growing military resistance in Uganda will turn away many foreign investors. There are at least four forces fighting the government: the Buganda Federalists, the Uganda People's Army in eastern Uganda, the Lord's Resistance rebels in northern Uganda, and the Rwenzururu movement in western Uganda. Apart from the effect on foreign investors, quelling such resistance means the government has to divert huge resources from productive sectors to the military.

The third factor is the nature of the inflows themselves. Most of the aid to Uganda is in the form of debt write-offs, or specifically intended to service existing debt. Bilateral aid is often tied to particular projects which may not be in priority sectors for the government. It may thus be suicidal to rely on aid as a catalyst for growth.

In recent years, most bilateral aid to developing countries has been earmarked for emergency relief. Estimates showed that by 1993, there were 160 cases of conflict around the globe.

At a time of tightening aid budgets in the developed world, many countries in Africa will suffer as a result of this diversion of aid. Total aid for Uganda, for example, fell from $716 million in 1993 to $415 million last year.

Uganda's economic "miracle" may be built on quicksand.

☐ *John Wanda is a chartered accountant working with JCI Limited as a corporate finance officer*

NO GAIN *Despite intense economic activity, most Ugandans, like this peasant mother,* [illegible]

Africa's 'forgotten' civil war

Uganda's troubles continue as children are abducted, civilians executed and the government plays down the number of rebels who make the locals' lives a living hell. ***Mwambu Wanendeya*** *of The Star Foreign Service reports.*

(34) Star 20/9/95

Largely forgotten by the outside world is the civil war which has been raging here in Uganda for more than 10 years.

In 1986 former Yoweri Museveni battled his way to power in Uganda after a five-year war which toppled two regimes and a few months later soldiers of the deposed government of Milton Obote started a rebellion in the northern part of the country in an effort to regain power.

The rebels of the Lord's Resistance Army say they are fighting to overthrow the government of President Museveni and replace it with one that strictly follows their version of the biblical Ten Commandments. They tell their followers that they want to overthrow Museveni because he is a "bad man" who has consolidated all political power in his hands.

Initially the rebels were poorly equipped but recently they have acquired new arms. The Uganda government says these weapons were given to the rebels by the Sudanese government and alleges that Khartoum also provides the rebels with a base in Palutaka, 40km from the Uganda border inside Sudan.

The Sudanese government denies the allegations and says Uganda is supporting the rebel Sudan People's Liberation Front which is fighting for the secession of southern Sudan.

The Uganda government has consistently tried to play down the number of rebels saying that they only number a few. Initially, the rebels, called the Holy Spirit Movement, were led by a woman who claimed to possess mystic powers, Alice Lakwena. The rebel priestess concocted potions which were mixed with butter which her followers smeared on themselves believing that they would render the bullets of the government soldiers harmless.

Among the followers were university professors and other well educated people. After four years the Holy Spirit Movement was defeated and from its members arose another Christian fundamentalist rebel group the Lord's Resistance Army.

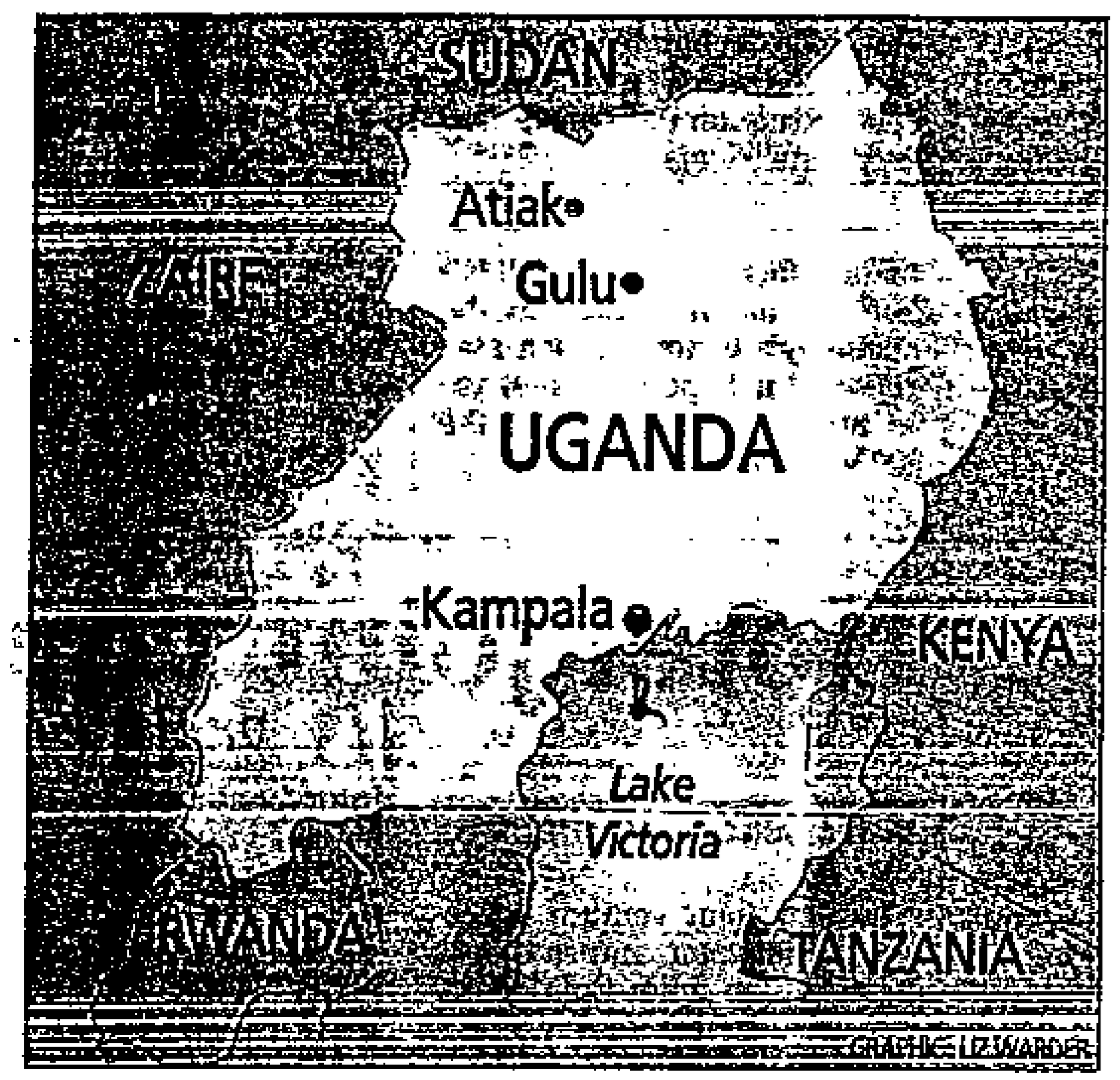
Lakwena fled into neighbouring Kenya. She lives as an exile in a tent in a refugee camp but the Uganda government has started talking about the possibility of her returning home. Her father lives in the northern town of Gulu where he carries out petty trade during the week and preaches in his own church on Sundays to faithful followers upon whom he sprinkles holy water.

The local population of almost one million people have had their lives disrupted by one of Africa's most vicious rebel movements which has been roundly condemned by human rights groups.

At a recent press conference Uganda's President Yoweri Museveni compared the rebels to Renamo (the former rebels in Mozambique) saying that they, too, only fought civilians and were not keen to attack genuine military targets.

In the town of Gulu it is not uncommon to see evidence of the atrocities. In the bustling market I found a man who had had his lips cut off because he said the rebels accused him of reporting them to the government. The most common atrocities committed by the Lord's Resistance Army include the cutting off of lips, ears and limbs of people who refuse to assist them.

As their support from the local population has dwindled the rebels have resorted to abducting thousands of children as young as eight-years-old to swell their ranks.



The children are often captured on their way to dig the fields as they walk across the vast plains of northern Uganda. One was David Komakech (15) who escaped from the base of the Lord's Resistance Army. "There are about 500 well-trained rebels soldiers in the camp where we were held and I also saw about 200 Sudanese government troops."

Days in the rebel camps start early. "We would be called to help repair the huts and fetch cassava from civilians who live near the camps which we would cook for the commanders." During the day the children received military training. "We were taught to strip our guns and reassemble them. The rebels do not believe in parades or other forms of training. They said that was this was the most important thing to know."

Doren Abot, a 16-year-old girl, was abducted by the rebels several months before David escaped, following a rebel attack on a Ugandan village. She described what had happened to her after she was captured by rebels on October 15 1994. "At 4pm I was on my way home with my sister-in-law and mother after digging in the fields. We came across a group of over 100 men dressed in tattered civilian clothes. I knew they were rebels because they were destroying huts and burning fields.

"They had a few guns and they forced us to walk to Sudan with them."

Thousands of kilometres across the plains and up mountains covered in small trees and thick vegetation has taken its toll. The soles of Doren's feet are now sheathed in thick skin and her toes are battered and bruised.

Doren says she spent two weeks in the rebel camp in Palutaka. "We were fed twice a day on maize meal and vegetables. At least three times a day we had religious services and everyone had to take part. The worship was led by a man called Omwona. The services were like Catholic prayers but since I'm not a Catholic I could not tell if we were worshipping in the correct manner."

Unlike most of the other girls her age she says she was not raped and forced to become a rebel's wife.

Innocent Aloyo, a local journalist based in Gulu has met many of the estimated 2 000 abducted children who have been freed or escaped from the rebels since August last year. Nobody is sure how many children have been abducted by the rebels. But Doren Abot said most of the people she saw in the rebel camp at Palutaka were abducted children.

Ironically, one of her most harrowing experiences was shortly before she escaped. She was part of a group of 400 people force-marched by the rebels for four days. When they reached the small northern Ugandan border town of Atiak at about 5am the rebels separated them into two groups.

"One group attacked the town and came back at dawn with people they had captured," said Doren. "They separated the people. Children under 12-years-old, pregnant women and those who were breast feeding were sent to one side. The rebel men were ordered to shoot the rest of the people."

Her fear of being executed if caught trying did not prevent her from making a run for it. After wandering alone through the bush she came across some local government officials who sent her to her home. "I met my parents at my home village of Pobor. I was afraid. But I was so happy to see my parents. I didn't go to our house because I was afraid the rebels would come for me again."

The people in northern Uganda believe that the government has not tried hard enough to end the rebellion. Some people say the government has no interest in ending the rebellion because it wants to punish the Acholi ethnic group living in the areas where the rebels come from and many of whom strongly oppose the government.

Ford Australia gears up for SA comeback

CT(BR) 19/10/95

By Alexander Corne
SPECIAL WRITER

Melbourne — Ford Motor Company of Australia is planning to supply fully built-up Falcon motor cars to Samcor, according to a Ford Australia executive.

Two six-cylinder saloons have been under evaluation by Ford engineers in Pretoria for the past few months.

While no dates for the start-up of sales have been finalised, the cars are unlikely to arrive before early next year. They will have to be slightly re-engineered to run on leaded fuel.

The supply deal will be signed within one month, with both base and high-specification cars coming to South Africa, the exeutive said.

The Falcon is the only true Australian car still designed and manufactured in Australia. It uses rear-wheel drive, a straight-six, 157kW 4,0-litre engine and seats up to six in comfort.

Equipped with a driver airbag as standard and a passenger airbag as a relatively inexpensive option, the Falcon has been Australia's top-selling car for several years.

In the past two months Falcon has notched up more than 15 000 sales in Australia.

The car is sold in a variety of guises, and according to Ford Australia and Samcor is looking at all derivatives.

Modest

These start with the basic FLi aimed at the fleet market and include a better-equipped Futura model; a more up-market Fairmont and Fairmont Ghia pairing; while a stretched-wheelbase pair called Fairlane and LTD offer limousine accommodation at a modest price. There is also a voluminous Falcon wagon.

Sporty drivers can opt for the XR6 version which has a race-tuned 164kW engine and sports suspension.

All Falcon models are also available with an American-sourced 169kW V8 5,0-litre engine.

Samcor executives will not comment officially on the project, but sources within Ford Australia indicate the cars are well suited to South African climatic and road conditions.

The impressive towing capacity afforded by the rear-wheel drive layout will also appeal to caravan and trailer owners left without a suitable towing car since the demise of the Opel Rekord and Ford Sierra.

In Australia, the Falcon sells from about $29 000 (R75 400) including local taxes.

Duty

It could sell for around R80-90 000 in South Africa, depending on what export credits Samcor might use to offset the 65 percent import duty levied on fully built-up imports.

Ford Australia supplied Falcon, Fairmont and Fairlane motor cars to South Africa until the late 1970s, before they were killed off by successive fuel crises.

Ford Australia seems confident that sufficient demand for powerful rear-wheel-drive cars still exists in South Africa.

Ugandan banks to axe staff after pay rise order

CT(BR) 19/10/95 (334)

Nairobi — Foreign banks in Uganda are restructuring their operations following a hefty industrial court award to employees which threaten the sector's future.

The industrial court awarded bank employees salary increases of up to 80 percent, but the banks protested. They described the awards as "too high and unrealistic" and refused to comply.

The workers responded with a four-day strike that paralysed the entire sector.

Normality returned only after successful negotiations were held between the Uganda Bankers' Association and the Bankers' union.

But now the sector is feeling the pinch and foreign banks are hitting back. Three of them have started restructuring programmes that will see a cut-back in branch numbers and a substantial reduction of staff.

Another way the banks hope to recoup the extra outlay is to increase the minimum balances for savings account holders. But the increase could scare away customers. The level of savings has been dwindling since the government imposed a 30 percent tax on deposits in 1987. — Independent Foreign Service.

Uganda to win support for privatisation drive

ET (BR) 12/2/96 (334)

By Edmond Kizito

Kampala — Uganda has launched a publicity campaign to overcome opposition to its privatisation drive and persuade citizens to support the sell-off of unprofitable state enterprises.

"It is in your very interest that these companies be sold off as soon as possible," Prime Minister Kintu Musoke told a public rally on Saturday.

"By selling off these unprofitable firms, we are ending the outflow of the government money sustaining them," he told the crowd of 40 000 people at a football stadium in Kampala.

President Yoweri Museveni's government launched the programme in 1993, when it came under pressure from the World Bank. However, public opposition had slowed down progress, diplomats said.

Parliament suspended the sale of businesses in 1993, saying the nation's assets were being sold for a fraction of their real value.

The programme was later restarted but only 30 enterprises, mostly small companies, were sold for a total of $98,57 million, officials said.

Public dissent grew after a fish-canning plant was sold for $1,1 million last year, a year after it was built with a $6 million Italian loan.

Opposition politicians charged that the government was selling the properties cheaply to its own backers.

Museveni, trying to stem the tide of accusations, said last week it was better to sell off the non-performing companies as this would save his government $150 million spent on subsidies each year.

Dissent grew after a factory which cost $6m was sold for only $1,1m

"I support the selling of these enterprises as soon as possible even if this means doing so at a loss.

"Eventually we shall gain from the new jobs created, increased production and more taxes when they are revived," he said.

More than 100 companies, among them a telephone company and a newspaper group, were initially listed for sale.

Ugandans have complained that in the absence of a stock market to attract small investors the companies would probably be sold to foreigners.

However, finance ministry officials said that they would soon launch a stock market, allowing Ugandans to buy shares in some of the privatised companies.

Local analysts said the publicity drive was being launched before the elections planned for later this year because the government feared that public discontent over privatisation would draw support to opposition campaigns. — Reuter

CAMPAIGN *Ugandan President Yoweri Museveni*

Low world prices hit Uganda's tea output

(334) CT (MR) 15/2/96

By Edmond Kizito

Kampala — Uganda's tea production last year fell six percent from the previous year because of poor world prices, the industry's top body said yesterday.

Output fell to 12 687 tons from 13 461 tons in 1994, the Uganda Tea Authority (UTA) said in a report.

"World prices remained low during the year and, with the ever-increasing costs of production, many farmers abandoned some of the farmland," said Miria Mugabi, general manager of the authority.

Last year's decline was the first decline in Uganda's tea industry since 1989.

Uganda has been trying to revive its tea industry in an effort to move away from of handful of export crops.

President Yoweri Museveni has returned almost all the 20 500 hectares of tea estates to former Asian owners who lost them when dictator Idi Amin expelled all ethnic Asians in 1972.

The tea industry suffered so badly that, by 1981, only 2 000 hectares were under cultivation. Mugabi said that last year about 11 193 hectares of land under tea was tended, down from 14 350 hectares in 1994. Farmers said high operating costs meant they could not continue with large-scale farming because it was no longer profitable.

"High electricity tariffs, rising labour wages and heavy government taxes on the industry made it uneconomical to continue with large-scale farming," said one Asian tea estate owner.

An estate manager said: "With major markets such as Russia lowering their tea intake, for countries like Uganda, whose tea quality is not one of the best, the picture does not seem so rosy."

Low production meant Uganda exported only 10 670 tons of tea in 1995, down from 10 971 tons in 1994, Mugabi said.

This translated into reduced earnings of $8 695 million, compared with $11 765 million in 1994.

But Mugabi forecast better output for this year, saying world prices might improve.

She said Uganda, the world's tenth largest tea grower, could produce up to 15 500 tons of tea, of which 12 600 tons would be exported.

Uganda exports most of its tea to the Netherlands, Kenya, Yemen and Saudi Arabia.

Museveni losing credibility as Kampala's banks collapse

(334) CT (BR) 15/2/96

BY JOE KHAMISI

Nairobi — Uganda's President Yoweri Museveni may be a shrewd political manipulator and an economic wizard, but his inability to control bureaucratic excesses, especially in the state-run banking industry, could jeopardise his support among international lenders.

The remarkable economic gains during Museveni's 10-year rule appear to have been undermined by a growing lack of public transparency and accountability.

During the past two years, donors encouraged by Uganda's commitment to economic and political reforms have poured millions of dollars into the country for project and budgetary use.

But the influx of aid has been matched just as vigorously by millions of Uganda shillings that disappear into the pockets of politicians and greedy bureaucrats.

Surprisingly, the monumental losses in the public sector have caught the government off guard.

Observers think Museveni may be trying too hard to project a positive image of his rule abroad. This leaves little time for efficient overseeing of his poorly paid, mostly corrupt bureaucrats.

For example, the loss of more than $100 million from the Uganda Commercial Bank through bad banking methods has sunk what was once one of the most profitable government bodies.

The money was issued mostly to Museveni's own political cronies in government and the military. Because of the scandal, the bank now faces liquidity problems.

Recently the government agreed to pay a foreign firm $525 000 to prepare the bank for divestiture.

The job will be done by a London-based merchant bank, which will get 4 percent of the sale price. That decision has itself raised controversy among Ugandans who feel local experts could have done the job at half the price.

But the government explained that it needed the services of an international firm to attract a better price from foreign investors.

Now another state-run bank is drowning in financial woes.

Last November, the World Bank warned that the Uganda Development Bank (UDB) faced serious solvency problems because of poor performance and bad money management.

The World Bank was to assist with the privatisation of the institution. But the World Bank report said the UDB was in such poor shape that it could not be considered for privatisation or attract participation by outside investors.

The World Bank also said the UDB was no longer entitled to borrow foreign funds provided by international financial institutions.

The bank would have been entitled to $55 million from abroad through the Bank of Uganda.

It has been financing agricultural and industrial projects. But its disbursements have been declining and operating costs climbing. In 1994 the bank disbursed only $2,3 million and spent $3,1 million on administration.

During a meeting late last year, the World Bank advised the UDB to reduce expenditure and stop investing in landed property.

But the advice came too late to stop the contentious construction of a $1,2 million mansion for the bank's managing director, John Twinomusinguzi.

The lavishly furnished mansion with a swimming pool is located in the exclusive lakeside Munyonyo area outside Kampala.

According to press reports, some of the furnishings, worth about $89 000, were bought from Twinomusinguzi's wife.

Twinomusinguzi explained that the house would save the bank paying him a monthly housing allowance of $2 000. Housing allowances for cabinet ministers are only $500.

A similar controversy involving the then chief executive officer of the Uganda Commerial Bank was unearthed in 1987. A posh house built by the bank for $400 000 has never been occupied.

Observers think Museveni must move quickly to deal with official imprudence. Otherwise he will have difficulty maintaining his credibility as an effective leader. — Independent Foreign Service.

IMF hails Uganda's successful reforms

KAMPALA — The IMF praised Uganda yesterday for sticking to tough reforms since 1987 which have helped reverse its economic decline.

"All indications are that Uganda's economy will grow at least 6,5% in the 1995/96 financial year which ends in June," IMF chief for East Africa Robert Sharer said. BD 22/2/96

Such a growth rate would be below the previous year which peaked at 10% — Uganda's highest in more than 20 years. But Sharer said it was still good compared with other reforming countries.

The IMF chief said President Yoweri Museveni's government had succeeded in bringing state spending under control, slashing inflation and commercial bank interest rates.

"Inflation has been kept to single-digit figures, interest rates have stabilised and state spending has been largely rationalised." (334)

The IMF has overseen the recovery of the economy, shattered by nearly 20 years of dictatorship in the 1970s and early 1980s. Western donors underwrite more than $800m in vital aid each year.

Along with Ghana, Uganda is hailed by donors as a role model for Africa for its success in implementing reforms, which have helped produce economic growth averaging 6% since 1988.

Sharer said Uganda's performance made it eligible for a $30m aid programme this month. The loan would be the second tranche of a $60m package agreed to last November. However, he said Uganda needed to raise tax collections to at least 20% of its GDP from a current 11%.

With annual income per person of $230, Uganda is one of the world's poorest countries. It has to repay $3,15bn in foreign debt, nearly half borrowed since 1987. The debt equals 80% of its GDP, and debt service costs $120m a year. — Reuter.

Slowly the tourists return as Uganda woos them with recovering wildlife and its natural beauty

(334) Star 29/3/96

Kampala – Only a decade ago, elephants and rhinoceros in Uganda were killed at random by roaming soldiers and rival rebel gangs who destroyed not only the country's infrastructure but much of its precious natural heritage.

However, under President Yoweri Museveni's rule, the country has slowly returned to normality and an increasing number of tourists are discovering the East African nation's beauty.

"Ten years ago poaching was really bad. But today it has declined significantly and is under control," says Eric Edroma, director of the Ugandan National Parks.

Only about 200 of the 3 000 elephants in the Queen Elizabeth National Park in the south-western part of the country survived the dictatorship of Idi Amin.

Rangers estimate that the number of elephants in the park has risen to about 800. Several countries have donated money and equipment to rescue the park.

"We are trying to avoid mass tourism and to encourage eco-tourism," says Edroma.

Nevertheless, word has spread that Uganda is worth a visit.

In 1995 a total of 190 000 people toured the country – 27% more than the previous year. The number of actual visitors to the national parks rose from 50 000 to 60 000.

Income from tourism has increased from R290 to R400-million. Salim Bachou, the minister of state for tourism, wildlife and antiquities, sees a distinct possibility of tourism becoming the country's main foreign exchange earner, replacing coffee.

Last year Uganda spent R140-million in repairing infrastructure in the national parks, and private investors like lodge and safari operators chipped in with R40-million in return for concessions.

Ugandan tourist authorities are not concerned that the so-called "Big Five" – lion, leopard, elephant, rhinoceros and buffalo – are more easily spotted in neighbouring Kenya.

They place emphasis on the scenic landscape, the feeling of exclusivity and the friendliness of the Ugandans. Uganda can also offer what both Kenya and South Africa, which is also experiencing a tourist boom, cannot – mountain gorillas.

At least half of the still living 600 animals reside in the extreme south-west of the country in the Bwindi Impenetrable Forest and in the Mgahinga Gorilla National Park.

The other half of the endangered animals lives across the border in Zaire and Rwanda – two countries which at present play an insignificant role in tourism.

After the killing of four gorillas in the Bwindi Park in March 1995 the government significantly increased the pay of the rangers, and provided them with far better weapons and equipment.

It also stepped up contact with the locals to make them aware of the park's importance and its long-term benefits to them. – Sapa-dpa.

AFRICA

Ugandans seek first in presidential polls

BD 2/4/96 (334)

KAMPALA — Ugandans would be seeking their first truly democratic change of government when they go to the polls on May 9, analysts said.

The polls are Uganda's first since December 1980. But the 1980 polls, which followed the ousting of dictator Idi Amin, were marred by widespread allegations of fraud. They were won by former president Milton Obote.

Campaigning for the presidential election, which will be followed by parliamentary polls in June, kicked off last Friday. President Yoweri Museveni, in power since his guerrilla army marched to the capital in 1986 after winning a five-year bush war against Obote's army, is widely tipped to win.

Two candidates — veteran politician Paul Ssemogerere of the Democratic Party and Muhammad Mayanja, an educationalist at Kampala's Makerere University — are standing against him. Ssemogerere enjoys strong backing from his 4-million-strong Baganda tribe, and has been endorsed by the country's main opposition groups. He represents the only real challenge to Museveni, analysts say.

Museveni, longest serving of the nine presidents Uganda has had since independence, has a strong record to take to the electorate.

"He has restored peace and economic growth in a country scarred by more than 20 years of warfare and brutality, including the 1970s regime of Idi Amin," said an African diplomat.

However, guerrilla attacks by the rebel Lord's Resistance Army disrupt life in the north and could affect polling in the region, an opposition stronghold with about a third of Uganda's 19-million population. Many think Ssemogerere lacks the charisma and connections to beat Museveni because his party failed to prevent Obote from taking power after the 1980 poll.

On that occasion several DP candidates were arrested or barred from registering, and Obote's Uganda People's Congress gained a 20-seat majority in the 126-seat legislature.

An intellectual economist who has dropped his early claim to be a Marxist, Museveni has slowly tried to steer Uganda on the road to democracy. In 1988 he appointed a 21-man commission to gather views from around the country before writing a constitution that was adopted last October.

In the coming poll, political parties are barred by law from sponsoring candidates — and the main parties, angry with Museveni for banning them when he took power in 1986, have joined in backing Ssemogerere.

Museveni's opponents accuse him of hitting the campaign trail ahead of the official start of the campaign.

"For months Museveni was busy campaigning under the guise of advising people on how to fight poverty," Ssemogerere said recently.

The Interim Electoral Commission, the body overseeing the polls, promises Ugandans a free and fair election, but the opposition is sceptical.

They cite the rule that allows only the candidates, not their representatives, to campaign and say this gives Museveni further advantage.

Western diplomats have criticised Museveni's government for a media blackout on the opposition.

Museveni's opponents are rarely mentioned on the state-owned radio and TV. — Reuter.

AFR

$10m guarantee for oil exploration fails to materialise

US group begs Uganda's pardon

CT(BR) 3|4|96 (334)

By Joe Khamisi

Nairobi — The Ugandan government is considering an appeal by a US company which failed to meet a financial deadline for a multi-million dollar oil drilling and development project in the country's western region.

The International Resource Development Group, through its local subsidiary, Uganda General Works and Engineering, failed to meet a March 10 deadline to pay a $10 million guarantee.

A year ago Uganda General was licensed to carry out initial exploration tests in areas around Lake Albert at a cost of $20 million.

But the initial payment deadline came and went and there was no trace of company officials. This failure to honour the deadline prompted the government to cancel the contract.

Lake Albert is known to be rich in oil and Uganda General was to explore in three areas said to be able to produce 60 000 barrels of oil a day.

Last week, however, Uganda General wrote to President Yoweri Museveni apologising for its inaction and appealed for the reinstatement of the contract.

Jerry Ward, the chairman of Uganda General, said his company expected to secure funding for the project within the next 30 to 60 days.

"Equipment suppliers and field support technicians from our petroleum exploration drilling contractors and seismic team, are prepared to mobilise equipment and personnel within 30 to 45 days from the procurement of project funding," the letter said.

Ward did not, however, say where the money would come from. After failing to get the government to fund the project, sources indicated that two financiers, Banc Lugano, which operated in the Caribbean, and a consortium of unnamed European investors, had been approached.

The government's reaction to the appeal remains unknown.

The Uganda General fiasco greatly embarrassed Museveni's government. Government officials and commentators are now calling for a review of the way contracts are awarded.

"There are good foreign investors and there are bad foreign investors, but not enough effort seems to be made to distinguish between them," the state-run daily, New Vision, said in an editorial last week. As a result Uganda constantly gives licences and investment opportunities to foreign companies that fail to deliver," it said.

The government has issued licences to 130 potential investors during the past two years in a campaign by Museveni to develop the once shattered country. Between September and October last year 75 investors were licensed.

Statistics from the Uganda Investment Authority show that total planned cumulative investment rose from $2,2 billion at the end of June to $2,3 billion by the end of October last year.

But critics said most of the potential investors in manufacturing, construction, tourism and agriculture had failed to start operations due to various constraints. — Independent Foreign Service

About half of the firms have been sold

Uganda's privatisation programme 'on track'

CT (BR) 10/4/96 (334)

By Edmond Kizito

Kampala — Uganda said yesterday its privatisation programme, aimed at selling off dozens of loss-making state firms, was on track and would be completed by next year.

A government official said almost half of all enterprises listed for sale had been bought and another 45, which included the national airline, a telecommunications company and a five-star hotel, would be sold before the end of the year.

"As of now we have sold off almost half the entire lot, and we can say with confidence we are well on track," said William Okecho, the executive director of the privatisation unit, the government body charged with the sales.

Only 73 companies out of an initial batch of almost 140, remained to be sold, he said.

The remainder would be sold either by public auction or via listings on the planned bourse, which, officials said, would open next month.

Companies listed for sale this year included the Uganda Commercial Bank and the Coffee Marketing Board, which controls about 20 percent of the industry.

Uganda embarked on the sale of the unprofitable state firms under pressure from the World Bank in 1993.

The initial target was to sell off the state assets before the end of last year, but public opposition to the programme slowed down progress, diplomats said.

Parliament suspended sales in 1993 because it said that in the government's rush to dispose of the assets it was selling them for a fraction of their actual worth.

The programme was later restarted with parliament's approval, but it still moved at a snail's pace as public anger increased over the way the sales were being handled.

Opposition politicians said top government officials were selling the businesses to themselves at give-away prices.

Diplomats said there was some truth in the accusations. A fish-canning factory went for $1,1 million one year after it was built with a $6 million loan from Italy, and a five-star hotel was sold hurriedly for $6,5 million after a $16 million facelift.

In a bid to stem the tide of accusations, the government launched a publicity campaign in February to persuade Ugandans to support the programme.

President Yoweri Museveni, eager to mollify the embittered population ahead of next month's presidential election, went on national television to defend the programme. He said the country's economic recovery depended on it.

Selling off state companies would save his government $150 million on subsidies each year, Museveni said.

Ugandans have also complained that in the absence of a stock market to attract small investors the companies would go mostly to foreigners.

However, finance ministry officials said the opening of a stock market next month would enable Ugandans to buy shares in some of these companies. — Reuter

Ugandan coffee exports fall

(334)

CT (BR) 11/4/96

Kampala — Uganda's coffee exports fell to 2,76 million 60kg bags in 1994/95 following a global agreement among producers to limit exports, William Naggaga, the secretary of the Uganda Coffee Development Authority Board, said on Tuesday. "We were in position to export much more but had to stick to the retention plan agreed by the Association of Coffee Producing Countries."

Naggaga said Uganda had sold 2,3 million bags of coffee in the six months to March, fetching about $230 million. The export total was slightly smaller than the three million bags shipped in 1993/94, but earnings rose from $273,7 million to $433 million.

He hailed the success of government liberalisation measures, which included the abolition of a state-buying monopoly and the licensing of scores of private buyers. The government is expected to push ahead with reforms this year by selling off the Coffee Marketing Board, whose share of the market has diminished to 10 percent, with the rest going to private buyers and farmers' unions. — Reuter

'oreign investors will manage wo troubled Ugandan banks

CT (PR) 16/4/96 (334)

'OE KHAMISI

irobi — Foreign investors are set ake over the management of two tressed Ugandan banks.

The Nile Bank and Sembule re on the brink of collapse cause of liquidity problems, but t in a move brokered by the nyan government, the Swedish vestment Development Association and the East African velopment Bank would take over e running of the Nile Bank.

The deal for the other troubled nk, Sembule, has already been ncluded.

Last year, an expert from the elgian Bank, which has experience similar ventures in Kenya, wanda, Burundi and Nigeria, was nt to Sembule to act as chief operions officer. It is affiliated to the rgest bank in Belgium, Generale e Banque.

Sembule was established in 1991 y a local venture involved in a ride range of enterprises.

Negotiations for the Nile Bank vere still under way between the nance ministry and Bank of Ugana officials on one hand and shareolders on the other, sources said. ocal businessmen own the bank.

In the meantime, an association fficial has been overseeing the bank's operations while a restructuring package is worked out.

It is not known how many shares will be offloaded to foreign investors.

However, sources confirm that the foreigners will have large parts of the equity.

If successfully concluded, the new arrangement will end more than a year of speculation regarding the future of the two institutions.

Both banks were dogged by mismanagement and gross under-capitalisation problems. Under the new programme, Sembule will raise its base capital to more than $1 million.

In January, the Bank of Uganda announced that it was injecting 6 billion Uganda shillings to rescue the two institutions.

The money was in the form of long-term subordinated loans to transform the banks into profitable institutions. The involvement of the foreign investors would ensure their survival, banking experts said.

The new partners will provide capital as well as management skills. Under the reconstruction programme, the banks' operations will be modernised.

A computer network will be established to enable the institutions to benefit from international data links.

Officials already say that the deteriorating trend of the two banks has been reversed. Lending is being done cautiously and bad debts are being collected.

Last year the World Bank recommended that all non-performing banks be closed as part of economic reforms in the banking industry. — Independent Foreign Service.

Nairobi — Bank interest rates in Tanzania and Uganda range between 15 and 19 percent, while in Kenya borrowers are finding it difficult to obtain credit as banks charge as much as 35 percent a year on loans.

Low interest rates, usually attributed to a fall in yields in treasury bills, are also tied to the level of inflation.

In Tanzania, inflation is about 26 percent, in Uganda 8 percent and in both countries yields on treasury bills are around 25 percent.

In Kenya, yields on the 90-day instrument have dropped to about 21 percent.

Inflation has tumbled to 2 percent yet Kenyan banks continue to maintain unrealistic figures that stifle economic growth. Analysts say the banks appear to be driven by greed for quick profit and do not care about the economic damage their actions cause. — Independent Foreign Service

YOUNG GUNS

NPFL fighters drive a United Nations car in a street of Monrovia. The Liberian capital was quiet after a week of faction fighting last week that reduced the city to anarchy

(334)

ARG 29/4/96

Uganda agonises over reconciliation

WHETHER or not Uganda should opt for national reconciliation is at the centre of the country's presidential election campaign, reports HENRY WASSWA of The Associated Press in Kampala.

IT'S hard to forget Idi Amin and Milton Obote, two of Uganda's past rulers. The bleached bones of their victims still lie scattered across the Ugandan countryside.

Their governments and policies were responsible for the deaths of 800 000 people.

Now, an election in Uganda may decide if the two will be allowed to return home.

Uganda's May 9 presidential campaign pits President Yoweri Museveni against underdog Paul Ssemogerere, and policy toward the two brutal dictators is a painful election issue.

Museveni, a former rebel who helped end the devastation a decade ago, says they should return home only to face trial for the killings by their troops from 1971 to 1986.

Ssemogerere, the most credible of Museveni's two opponents, disagrees. What this landlocked East African nation needs is political reconciliation not unhealed wounds, he argues.

Obote, who is exiled in Zambia, "should be allowed his fundamental human rights as a citizen to return to his country," Ssemogerere says.

If elected, he says he also will grant amnesty to Amin, now in exile in Saudi Arabia.

In Uganda's first presidential election in 16 years, Museveni also faces a third challenger, university professor Muhammad Mayanja, who has not taken a stand on the issue.

After leading a five-year rebellion against Obote, Museveni took power in January 1986 to become Uganda's ninth leader since independence in 1962. Parliamentary elections will be held after a president is selected, at a date to be announced. The new government is scheduled to be take office on July 7.

With their opposing views of how to reconcile their country's deadly history, Museveni and Ssemogerere are appealing to ancient tribal loyalties.

By promising amnesty for Obote and Amin, Ssemogerere hopes to draw votes from their northern and eastern home regions, which account for 40 percent of the country's 18,6 million people.

Ssemogerere also heads the Democratic Party and draws support from Uganda Peoples' Congress, which is still headed by Obote.

Added to the votes he might garner from his own Baganda people, Ssemorerege hopes to win.

Museveni, on the other hand, is concentrating his campaign in the rest of the country, where both Obote and Amin are feared.

His political stronghold is western Uganda, where he comes from, and southern regions. But he needs votes in the populous Buganda region, which he used as a base during his campaign to oust Obote. Museveni's government claims troops under Obote's orders killed up to 500 000 people there.

Obote was the country's prime minister at independence from Britain in 1962. Four years later he ousted Buganda King Frederick Mutesa, who was the figurehead president, earning him the enduring hatred of the Buganda people.

Obote's socialist and dictatorial rule was ended for a first time in 1971 by Amin, his army commander.

Amin, who concealed his cunning ruthlessness with buffoonery, tortured, murdered and imprisoned real and imagined opponents of his rule.

Amin was overthrown in 1979 by a combined force of Tanzanian troops and Ugandan exiles. Obote won controversial presidential and parliamentary elections the following year.

Museveni said Obote's Uganda Peoples' Congress had rigged the polls and revolted. He finally seized power in February 1986 after chasing out the generals who had ousted Obote for the second time four months earlier.

Sapa-AP

Ugandan security boost as violence precedes poll

(334)

Kampala – Uganda's government is recruiting more police and co-ordinating efforts between its security forces to crack down on election violence ahead of the May 9 poll.

Village militia units and intelligence officers will work with the 30 000-strong police force to curb intimidation, attacks and looting by people supporting rival candidates, Minister for Internal Affairs Crispus Kiyonga told reporters.

"There have been clashes all over the country and they are increasing," he said. "From now on, security agencies will act strictly to arrest any wrong-doers and they will be brought to court."

The election pits incumbent President Yoweri Museveni against opposition leader Paul Ssemogerere and third candidate Muhammad Mayanja. Security officials say they are determined that voting will be carried out peacefully, although violence has increased recently in the runup to the poll. – Sapa-DPA.

Star 4/5/96

Entrepreneur's persistence pays off

BD 7/5/96 (334)

KAMPALA — For those tempted to invest in Uganda, Bruce Robertson's tale is something of an object lesson, highlighting the potential pitfalls and possible rewards of venturing into the under-exploited agricultural sector of a country as it opens to the outside world.

The young SA businessman, MD of Africa Resources, arrived in Uganda last year with less than $1m to invest in an export-oriented agricultural venture. He soon decided the long-neglected cotton industry offered the greatest promise.

Once one of the world's biggest cotton producers, exporting 470 000 bales in the early 1970s, Uganda produced 33 000 bales last year. Now liberalised, the sector had been crippled by civil strife, an inefficient marketing board and poor management by co-operative unions which failed to pay their farmers.

Impressed by government's open exchange rate policy, its record of political stability and an investment code that promised zero tax for the first five years, Robertson singled out two ginneries in the eastern district of Pallisa.

The Iki-Iki and Kabole ginneries had been rehabilitated in the 1980s and were in good condition. One was working only at a fraction of capacity and the other had not operated for three years. The North Bukedi co-operative union responsible for them was bankrupt.

Advised by Uganda's Investment Authority and Cotton Development Organisation, Africa Resources offered to pay off and take over the union's debts as part of a joint venture. A memorandum of understanding was drawn up and the deal appeared ready to steam ahead.

Suddenly, however, a rival appeared on the scene. Alerted to the enormous potential of the ginneries, the rival drew up a similar deal to Robertson's, added 10%, and offered union officials sweeteners to clinch a rival deal.

"I returned to sign and found they had stolen my contract from under my nose," said Robertson. It seemed like a familiar chapter in the typical African business saga — sleaze factor sends naïve foreign investor packing.

It was at this point that Robertson's decision to go through official channels rather than taking short cuts paid off. He complained to Ugandan investment authorities. They intervened: all memorandums of understanding were cancelled; the union was told to put offers to a members' vote.

Robertson then spent weeks in Pallisa going from door to door to explain his plans to the farmers.

"The rival group lobbied the president and the minister, but it didn't spend a day in the district. On the day of the vote the farmers opted unanimously for me," Robertson said.

The fight was not over. As the deal was finalised, the rival group continued to put intense pressure on union officials and the district commissioner to switch sides.

"On the very day we signed, union officials were being approached in their hotel by men offering brown paper bags of money. It was a hell of a tense process. But the fact a vote had been held made it impossible for those involved to go back on it," Robertson said.

The ginneries started operating under new management last December and are now buying from 10 000 farmers, distributing $15 000-$25 000 in cash a day through a network of primary buyers.

For farmers who had not been paid in cash since the 1960s, the sudden inflow has been a tremendous psychological boost.

The first crop was a disappointing 3 500 bales, but Robertson confidently predicted next year's crop could reach 15 000-20 000 bales. "This season we had to prove to farmers we were serious, around to stay, and we paid cash. There are 56 000 farmers in Pallisa and everyone now wants to grow cotton," he said.

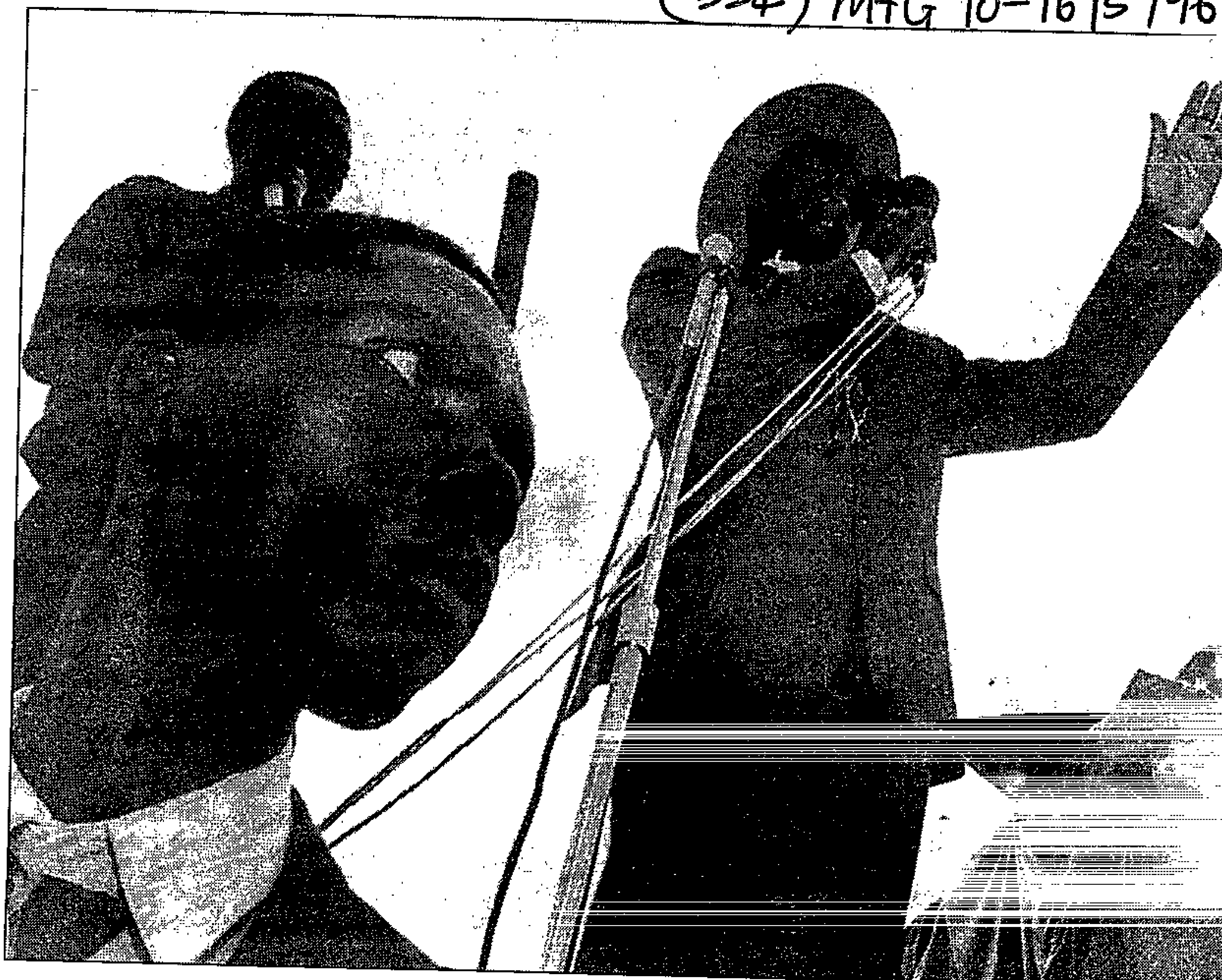
The ginneries are working six days a week and Africa Resources believes that in three years' time it could net $2m in profit on turnover of $12m — not a bad return on a $1m investment. It has been exporting to Japan, Taiwan, Kenya and Germany and the Japanese are so impressed by the cotton's quality that they are considering buying the whole crop.

Robertson believes his story illustrates the importance of going through official channels when investing in a country such as Uganda. — Financial Times.

Dark past haunts Ugandan election

(334) M+G 10-16/5/96

Uganda's president is waging an election campaign based not on economic prosperity and greater freedom, but on the country's bloody past, writes **Chris McGreal** in Kampala



Word power: President Yoweri Museveni urges Ugandans to vote for him in the first presidential elections since 1980

PHOTOGRAPH: DANNY WILCOX FRAZIER/AP

YOWERI MUSEVENI, unlike most African presidents, has a record to run on. Campaigning for this week's presidential election, Uganda's leader could point to economic prosperity, greater social freedoms and, for the traditionally minded, the restoration of kingdoms wrecked during the years of terror. But you would never know it from his election adverts.

Under a large photograph of dozens of skulls and bones lined beside a mass grave, one poster delves into Uganda's dark history.

"Don't forget the past: Over one million Ugandans, our brothers, sisters, family and friends, lost their lives. YOUR VOTE COULD BRING IT BACK," it blares.

Another of Museveni's adverts claims that the opposition is a front for the exiled former president, Milton Obote, who oversaw one of the bloodiest periods in Ugandan history.

The opposition derides the posters as a scare tactic. But amid concern in the Museveni camp that the election may not be a walkover after all, the president's campaign has found some success in playing on fears that the most precious of his achievements might be lost.

Museveni can claim to have shaped a new country in the decade since his National Resistance Army put an end to a series of despotic regimes. Economic reform has spurred growth, built a new middle class and won money from Western aid donors. Although party politics is still banned, Ugandans generally enjoy greater freedoms than they have ever known. And, most importantly, the terror of late night knocks on the door, torture cells and wholesale murder which marked the years of Idi Amin and Obote are history.

Or Ugandans thought they were.

Museveni has raised the ugly possibility of their return should his main rival, Paul Ssemogerere, win the election. No one suggests that Ssemogerere is a despot. He served as Museveni's prime minister before quitting the government in protest at the continuing ban on party politics.

But the Museveni campaign claims that an opposition victory would lift the lid on ethnic, regional and religious rivalries which it says tore the country apart and have been kept under control only by proscribing multiparty politics.

It points to the strong ethnic undertones which have emerged during campaigning, the threats of violence by some of Ssemogerere's cronies if he loses and, above all, to the opposition's shaky coalition of former rivals, including Obote's party. "A vote for Ssemogerere is a vote for Obote," one of Museveni's adverts warns.

Eryra Kategaya, chief political commissar of the governing National Resistance Movement, dismisses the charge of scare tactics.

"There's no way our campaign could have failed to raise these issues which are tribal. Unfortunately in Africa I don't think politicians learn much from their history," he said.

Nonetheless, the adverts appeared only after the polls started to show that Museveni could not take victory for granted even if he has remained the firm favourite throughout the six-week campaign.

Not all Ugandans are as grateful as their president might hope. Some among the rising middle class are demanding greater political freedom. Others have seen the opportunities for further success blocked by patronage, often based on ethnicity. And then there are those who have been shunted aside. Two hundred thousand civil servants have been dismissed. Those still in work earn a fraction of private sector wages. Tens of thousands of demobilised soldiers are living on the breadline.

To some extent the security issue has also played in Ssemogerere's favour. He has seized on Museveni's failure to put down a bloody rebellion in northern Uganda by the Christian fundamentalist Lord's Resistance Army. While the president repeats old promises, somewhat ineffectually, to crush the rebels, Ssemogerere preaches conciliation.

"For too long the people of Uganda have suffered under the gun. For 20 years too many people have been the victims of war. I want a mandate to end all fighting," he said at a rally.

But on the whole Museveni's campaign adverts would appear to be working for him, particularly in a key electoral battleground — among the people of Buganda.

Although Ssemogerere is from Buganda, his links to Obote appear to have stung him not only because of the exiled president's bloody record but because he also abolished the Buganda kingdom. Museveni has since restored the throne.

Multiparty democracy clue to stability in Uganda

Star 16/5/96 (334)

JOE KHAMISI
Nairobi

By winning overwhelmingly in last week's presidential elections, Uganda's Yoweri Museveni has the mandate he needed to continue with the economic liberalisation that has transformed his country from impoverishment to one of the fastest growing economies in the world.

The win was also a vote for peace and stability, two factors that eluded this East African country in the 30 years before Museveni came to power in 1986.

But more so than ever now that he has such a significant mandate (70%-plus), the 51-year old former guerrilla leader must ensure that the benefits of a growing economy trickle down to the grassroots.

Museveni will also have to work hard to heal the wounds created by the bitter political divisions that emerged during the election campaign in a country that had not experienced elections since 1980.

Although Uganda's startling 10% growth rate achieved under Museveni is acknowledged, this has not yet made much difference to the majority of the 19 million Ugandans who live in abject poverty.

Unemployment figures are high and the health and education sectors have largely been neglected since most of the country's resources have gone into the fight against Aids.

Despite declining trends Uganda's Aids rate is still among the highest in the world.

On the brighter side, the investment climate has improved over the past few years and prospects for new jobs are good. However, many of those who pledged to invest in the country have not done so because of financial and bureaucratic constraints.

Ceasefire declared for elections has ended

Investors have complained that commercial activity laws and even the investment code need urgent review and the removal of ambiguities.

On the other hand local investors are unhappy because they claim current regulations favour foreigners and offer them broader incentives.

And despite its impressive growth figures, Uganda still depends heavily on foreign aid, a dependency which threatens to become habitual.

To kick the habit, government will need to restructure its fiscal regime. During the 10 years of Museveni's rule so far, government recurrent expenditure has far outclassed recurrent revenue.

Moves to start a value added tax system are still receiving stiff opposition from traders and consumers and the state administration is confronted with massive tax evasion.

Another sector in need of help is agriculture, which is crying out for a revamp.

Also, the pace of tourism promotion must be accelerated and the revival of the potentially lucrative mining sector must begin.

Museveni will also have to fight rampant official corruption and reduce expenditure by hurrying along the privatisation of scores of parastatals.

Museveni must also demonstrate a commitment to weeding out banking malpractices. This would have the spinoff of boosting domestic savings, said to be the lowest among the 25 poorest countries in the world.

Most of the social problems affecting Ugandans have been laid at the door of stringent donor-instituted structural adjustment programmes and Museveni will need rare skills to convince his people that the long-term benefits of these programmes outweigh their short-term deprivations.

The Ugandan leader also has to grapple with the problem of security along the Sudan border.

While no serious security breaches occurred during or immediately after the polls, observers remain sceptical about the immediate future.

So far, Museveni has refused to negotiate with the main rebel group, the Lord's Resistance Army (LRA).

The LRA's unilateral ceasefire for purposes of peaceful elections ended after the polls.

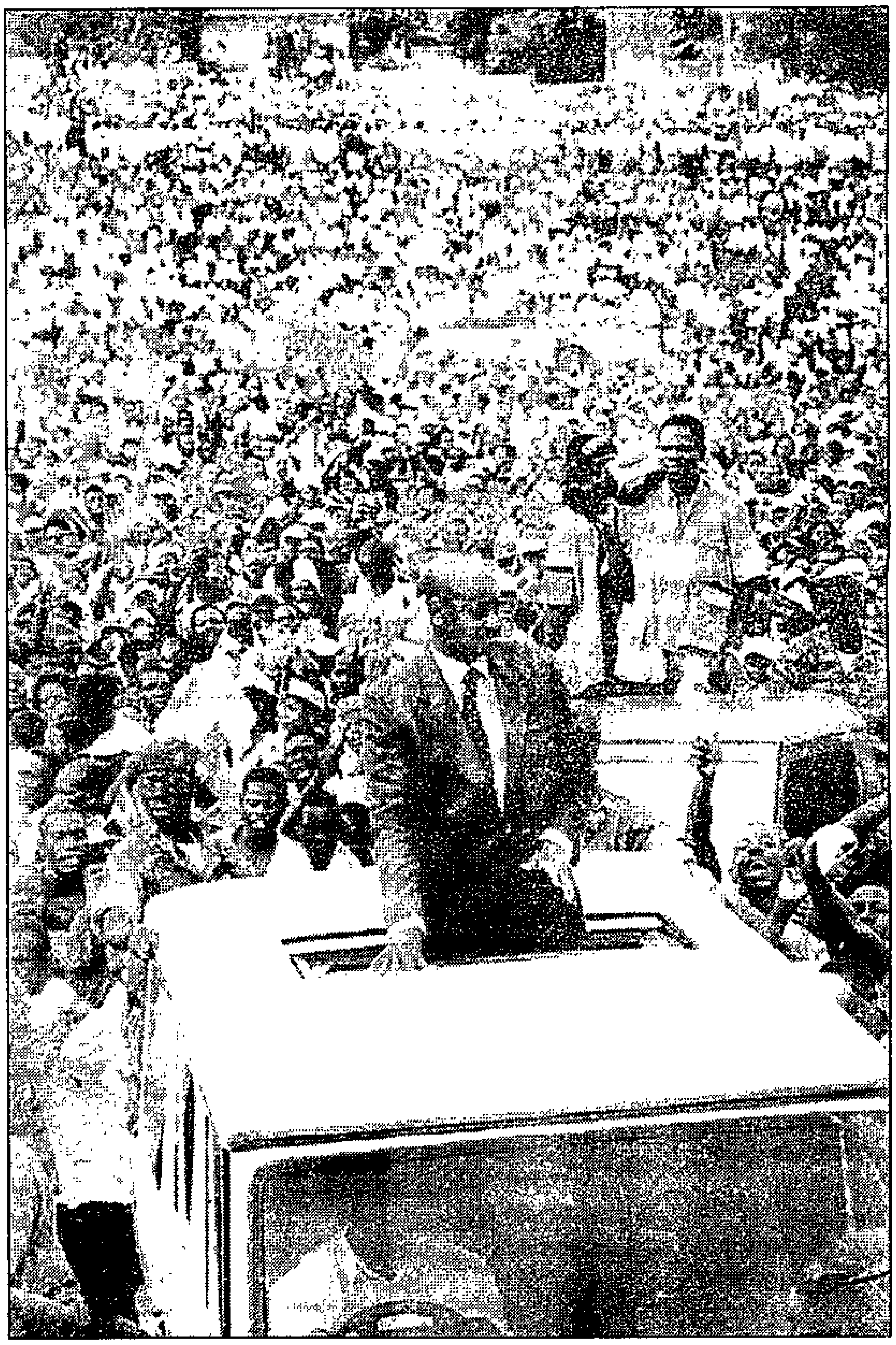
What remains now will very much depend on the goodwill of the rebels and the ability of the government to deal with the insurgency.

Museveni has a five-year term in which to make a difference and perhaps one of his biggest challenges will be to drop his favoured no-party system for a multiparty democracy in which parties may act freely and Ugandans may express their dissent. – Independent Foreign Service.

Uganda has a new president — or is he? (334)

M+G 17 – 23/5/96

One of the tactics Yoweri Museveni used to win Uganda's elections was to change his surname — so it would apear higher on the list. **Chris McGreal** reports from Kampala



Success story: President Yoweri Museveni on the campaign trail

YOU could be forgiven for thinking Uganda has a new president. Yoweri Museveni won a landslide victory in last weekend's election under a surname — Kaguta — which he had reduced to a mere initial since his youth.

He rediscovered its full potency when he realised that being known as Museveni would place him in the middle of the ballot paper. As Kaguta, his was the first of the three names on the list.

The tactic might have been a little risky had it not been for the large photograph by which many voters identified their man. But it was seen in some quarters as further evidence that, far from being a convinced democrat, Museveni is treading a well-worn and dangerous path.

The Americans are leading the charge to warn that he is heading towards the kind of one-party dictatorship the continent knows only too well.

At the heart of the issue is Museveni's ban on multiparty politics. He has long argued that party politics would rub salt into the wounds of the ethnic and religious divisions that lie behind the country's decades of bloodshed.

Michael Southwick, the United States ambassador to Kampala, is having none of it. Although Museveni has yet to tell the Ugandan public, he has informed Western envoys that he would like to maintain the "no-party state" for at least another 15 years. Southwick argues that if Ugandans are not permitted free political activity, it will marginalise alternative voices and eventually lead to a new era of repression.

"If you keep it locked up in a bottle you risk an explosion, because it will take increasing repression to control. Eventually Museveni has to come around because the donor base of support will be lost, and with that will go confidence and investment," he said.

Besides the implicit threat to cut off aid, the US suggests that Uganda's economy is less sound than is widely thought. Even though it has grown faster than any other in Africa in recent years, the US points out that foreign donors remain crucial, as they meet about 40% of government spending. Other countries, including Britain, have increasingly come round to challenging the party politics ban, although less stridently.

The Ugandans counter that the US is trying to impose its own political ideology. And according to Museveni's chief political commissar, Eryra Kategaya, the US ambassador is not doing it very subtly: "I don't think he's a democrat. He treats us like a small boy. He lectures us, and very rudely too. He doesn't want to listen to other points of view."

Kategaya argues that, if party politics is not the root of all Uganda's evils, it certainly helped bring them to the fore. "There is a tendency here for political groups to exploit the miseries of groups for their own ends. They make the place impossible to govern."

The election campaign reinforced Museveni's point. Uganda's two main political parties, which are legal but forbidden to operate, are the same ones that existed through the years of terror.

Museveni campaigned on two linked themes: that his government has produced 10 years of stability and growth after nearly 20 years of barbarity and incompetence under Idi Amin and Milton Obote, and that Africa must develop its own democratic systems which emphasise consensus-seeking, not confrontation.

Neither did the opposition do much to allay fears that politicians widen the schisms in society. Among other dubious charges, Museveni's opponents accused him of introducing Aids in the north to wipe out the Acholi people.

Despite the US warnings that foreign aid could be in jeopardy, it seems unlikely that the US or its allies want to bring one of Africa's success stories crashing down.

For all its problems, Uganda remains the most stable country in the region. Zaire is slowly imploding, Rwanda is struggling to recover from genocide with the threat of another war hanging over it, Tanzania's economy is in the doldrums, and to the north is the US's new pariah, Sudan.

But perhaps it is Uganda's eastern neighbour which offers the best evidence that intent is all-important. President Daniel arap Moi was forced down the multiparty route, but Kenya can hardly be considered a democracy. There is freedom of speech for those prepared to risk arrest and beatings. Opposition political parties are constantly harassed. Their supporters are even murdered.

In Uganda, the only known politically related detainee during the elections was a man who called Museveni a bastard.

● There were only 100 independent observers for 15 000 voting stations in the elections, according to some political analysts monitoring the polls.

Analysts who had predicted a close call for Museveni are sceptical that those who monitored the elections were qualified to call the polls free and fair, given the sparseness of observers.

There were also reports that the military, obviously loyal to Museveni, had separate polling stations which did not come under any scrutiny at all.

CT(BR) 4/6/96

Uganda loses revenue to smugglers

(334)

By Joe Khamisi

Nairobi — Uganda is losing substantial income from small-scale gold and diamond smuggling by enterprising villagers.

Though the country has issued about a dozen prospecting licences, lack of finance has constrained many investors.

There is only one modern laboratory capable of testing the purity of metals and precious stones.

The laboratory is owned by Shivan Enterprises, which is also the only licensed goldsmith and jewellery dealers.

But a 30 percent tax on locally manufactured jewellery and a commercial transactions levy of 15 percent make it difficult for the company to compete with much cheaper imported jewellery.

Meanwhile, the Uganda Investment Authority says it is marketing investment opportunities to South Africa.

Several South African investors have already put money into Uganda in joint ventures with the government. — Independent Foreign Service

Uganda sees steep rise in cotton crop

(334) BD 11/6/96

KAMPALA — Uganda said yesterday it expected a steep rise in its cotton production for the 1995/96 crop year (December-November) and added that donor-led reforms since 1993 accounted for the growth.

An official in the Cotton Development Organisation, the industry's top monitoring and policy body, said production would reach 55 000 bales of 185kg each, up from the 33 000 bales produced in the last crop year.

"Already 50 000 bales of cotton have been purchased by the ginners and so we are very clearly within range," said Charles Biraaro, the organisation's manager of the marketing, information and monitoring department.

"In fact production could surpass this estimate," he said.

Biraaro credited the improved performance on faster implementation of industry reforms, initiated by the government of President Yoweri Museveni in 1993.

But the government had licensed more private buyers who, in contrast to a government monopoly in the past, paid farmers promptly for their cotton, Biraaro said.

"This has raised the price of a kilo of unginned cotton to 350 shillings, from just about half (that) two years ago," he said.

Output has also been helped by the provision of free planting seed to farmers on time, providing pesticides to farmers on credit and the introduction of a new high-yielding cotton variety.

All cotton farmland had been planted with higher-yielding and disease-resistant BPA 85, 89 and SATU varieties, developed at a Ugandan agricultural research facility, to replace traditional varieties which gave lower yields.

Trade and industry ministry officials said the quality of Uganda's cotton had improved since the government imposed tough restrictions barring ginners from buying unsorted cotton.

They said the government would press ahead with its scheme of selling off its run-down ginneries and saw production rising as traditional cotton-growing areas that had abandoned the crop would replant farmlands.

Biraaro forecast output for the 1996/97 crop year would reach 100 000 bales.

Uganda has intensified efforts to resurrect its cotton industry with the help of a $31m World Bank loan.

The industry was at one time its biggest hard currency earner but it went to ruin in the 1970s during the chaotic rule of dictator Idi Amin.

Officials say they want output raised to beyond the peak of 445 003 bales in the 1965/66 season within a matter of years.

World Bank officials in Kampala see the textile industry as key to Uganda's economic recovery and say the selling of the previously government-owned ginneries and textile mills should help bolster the reviving economy.

Uganda exports most of its cotton to Kenya, Europe and Malaysia. — Reuter.

Uganda expects steep rise in cotton crop

CT(BR) 11/6/96 (334)

By Edmond Kizito

Kampala — Uganda said yesterday it expected a steep rise in its cotton production this season because of donor-led reforms implemented since 1993.

A senior official in the Cotton Development Organisation, the industry's top monitoring and policy body, said production would reach 55 000 185kg bales, up from the 33 000 bales produced last season.

"Already, 50 000 bales of cotton have been purchased by the ginners and so, as you can see, we are very clearly within range," Charles Biraaro, the manager of the organisation's marketing, information and monitoring department, said.

"In fact, production could surpass this estimate," he said.

He attributed the improved performance to the implementation of industry reforms initiated by President Yoweri Museveni's government in 1993.

He said the government had licensed more private buyers, who pay farmers much more promptly than the former government monopoly had.

"This has raised the price of a kilo of unginned cotton to 350 shillings, from just about half (that) two years ago."

Output has also been helped by providing farmers with pesticide on credit and free planting seed, and introducing a new high-yield strain of cotton.

All cotton farmland has been planted with the higher-yielding and disease-resistant BPA 85, 89 and SATU varieties. They were developed at a Ugandan agricultural research facility to replace traditional varieties which give lower yields.

Officials at the trade and industry ministry said the quality of Uganda's cotton had improved since the government imposed tough restrictions barring ginners from buying unsorted cotton.

They said the government would press ahead with its scheme of selling off its run-down ginneries and production would rise because cotton would be replanted in traditional cotton-growing areas that had abandoned the crop.

Biraaro said output next season should reach 100 000 bales.

Uganda has intensified efforts to resurrect its cotton industry with the help of a $31 million World Bank loan. The industry was once its biggest hard-currency earner but went to ruin in the 1970s under the rule of Idi Amin.

Officials say they want to raise output beyond the peak of 445 003 bales in the 1965-66 season soon. — Reuter

Fibre exports from port of Abidjan fall 28%

Abidjan — Cotton fibre exports from Abidjan, Ivory Coast's main port, came to 26 889 tons in April, down from 37 552 tons in March and 45 918 tons last April.

The first four months' exports came to 128 178 tons, from 121 214 tons in the same period last year.

Abidjan handles local fibre and most of the cotton from Burkina Faso and Mali. Little cotton is exported from San Pedro, Ivory Coast's other commercial port. — Reuter

Social spending rises without new taxes being imposed

Uganda faced with a huge budget deficit

(BE) 19/6/96 (334)

By Edmond Kizito

Kampala — Uganda faces a tough task in its 1996-97 budget as it must raise revenue to pay for the extra cost of covering a looming deficit, analysts said this week.

Details of the budget announced at the weekend point to the East African country struggling to maintain economic momentum despite recent gains after 20 years of violent social upheaval.

Analysts say Uganda faces an uphill task in trying to meet a shortfall of 158,6 billion shillings ($155,79 million) in its 1 233,2 billion shillings budget. Jehoash Mayanja-Nkangi, the finance and economic planning minister, told parliament on Saturday that he expected to raise only 1 074,6 shillings from taxes and external grants; nearly 15 percent below projected expenditure.

"It is tricky enough that social spending is rising at a time when no new taxes have been put in place. Moreover, actual spending, particularly on education and the military, could rise beyond the budget. It remains to be seen how the government will meet its promises without further swelling the debt burden or jeopardising growth," said an independent Kampala-based economist, who asked not to be named.

In line with promises made during the run-up to the May 9 poll which incumbent President Yoweri Museveni won with more than 70 percent of the vote, the finance minister announced heavy expenditure on education, road construction and repairs, and security.

He raised teaching salaries by a margin that increased the total wage bill by nearly 40 percent, promised free primary education for up to four children per family and pledged higher spending on school construction and repairs.

Mayanja-Nkangi almost doubled spending on road construction and maintenance saying this would help economic growth by enabling farmers to speed-up delivery time to local markets. No new taxes were introduced and a tax on coffee exports opposed by exporters was abolished.

The budget was a marked departure from previous economic statements characterised by fiscal restraint that has helped result in an annual 6 percent growth rate since 1987 when Uganda embarked on reforms led by the International Monetary Fund.

Economists said measures to raise revenue by closing loopholes to curb evasion and the lifting of tax exemptions on some local aid agencies might not be enough to raise sufficient revenue to cover the cost of extra social expenditure.

"The introduction of value added tax is by the minister's own admission not going to raise revenues," said one economic analyst.

"He makes it clear he is banking almost solely on expected growth to collect more taxes, which is not a solid enough basis," he said.

Mayanja-Nkangi said Uganda's economy grew 8,2 percent in 1995-96, down from a record 10 percent in the previous year. The minister did not give forecasts but the IMF representative in Kampala, Ulrike Wilson, said growth could slow to 7 percent in 1996-97. Government economists said they were counting on a growth rate of between 9 percent and 10 percent, banking on the continuing return of investors.

High turnout in Ugandan election

(334)

CT 28/6/96

KAMPALA: Long queues formed outside polling stations around the Ugandan capital yesterday as the country marked its return to democracy with major parliamentary elections after many years of dictatorship.

No parties are involved but enthusiasm for the poll was evident, and police said no serious problems were reported.

"Even the thieves, car-robbers and other criminals seem to have gone off to vote," a police spokesman said.

"We haven't received any reports of violence or anyone attempting to disrupt voting."

The parliamentary polls follow last month's presidential election won overwhelmingly by incumbent Mr Yoweri Museveni, who seized power in 1986 after winning a five-year guerrilla war.

Political analysts expect the next parliament, which will have a five-year life, to be dominated by Museveni backers.

Results are expected to be announced as they come in today.

Around 8,49 million people of Uganda's 19 million people are ·ligible to vote. Officials have predicted a high turnout.

No reports on voting were available from the north of Uganda ·here rebels are fighting to topple Museveni's government.

The Lord's Resistance Army, seeking to rule on the basis of the ·ble's 10 Commandments, had said it would suspend attacks to ·ow voting in the mostly opposition northern stronghold.

The elections are for 196 members to a 276-seat assembly. ·ghteen candidates, including eight government ministers, are ·opposed. The remaining seats are being filled by special interest ·oups.

Already elected are women delegates, one from each of the 39 ·stricts, 10 army representatives, five delegates for the disabled, ·ree workers' delegates and five student representatives.

Voting was under a "no-party" system as political parties — ·anned since 1986 — are barred from taking part in any election ·ntil a referendum decides their fate in the year 2000. — Reuter

Uganda rises from the ruins of civil war

UGANDA'S economy is now growing at six percent a year and the country is well on the way to new prosperity following radical policies imposed by a president who was once thought to be a Marxist hardliner. EDMOND KIZITO of Reuter reports from Kampala.

(334)

ARG 4/7/96

AFTER nine years of tough reforms, Uganda's economy is digging itself out of the abyss.

Millions of Ugandans are now reaping the benefits of the East African nation's economic growth, which has averaged six percent a year since 1987, the year it embarked on a donor-led reform programme, economic analysts say.

The Ugandan capital Kampala now resembles a huge construction site, with new multi-storey buildings being put up and old ones getting an additional floor or two.

Once pot-holed streets that were a menace to drive on and dangerous to walk along during the chaotic days of dictator Idi Amin have long been repaired.

Prosperous shops stand tall, selling imported goods alongside locally-manufactured ones.

In Kampala's industrial area, smoke bellows from dozens of factories – many of them new.

But there also are the old ones that have been rehabilitated since President Yoweri Museveni's then guerrillas swept him to power 10 years ago.

Once dreaded as a dyed-in-the-wool Marxist, Museveni surprised friends and foes alike when he agreed to a wide-ranging economic reform package with the International Monetary Fund (IMF) in 1987.

He devalued the local currency, which he replaced with a new shilling worth 100 old ones, liberalised trade in farm produce – once the monopoly of incompetent and heavily corrupt state firms – and freed trade in foreign exchange.

Long queues that used to form outside the central bank by traders applying for hard currency were forgotten years ago.

Now importers of cars, hi-tech audio and visual equipment mostly from the Middle East, trendy fabrics and perfumes from Paris, London and elsewhere jostle to sell their merchandise.

"Now we can say the results from swallowing the bitter pill are beginning to be felt by the common man," said Keith Muhakanizi, adviser to finance minister Jehoash Mayanja-Nkangi.

"The days of shortages (of essential commodities) are long gone and now competition is driving prices down to the reach of most Ugandans," he added.

Western diplomats and independent economists agree.

"For long it was a case of plenty amidst poverty.

"The goods were there but the ordinary man could not afford them," said a diplomat from a key Western donor nation.

"Now more and more Ugandans can afford them as they have found jobs from the numerous investors flocking in," he added.

Foreign investments have swelled the economy of this country, richly endowed with resources but mismanaged for 20 years by dictators, including twice-ruler Milton Obote.

The Uganda Investment Authority (UIA), the state agency charged with attracting new investment, says it has licensed new projects worth some $2,5-billion since 1991.

Of this, $1,7-billion had been injected into working projects, mostly in manufacturing, construction and food processing, said UIA director George Rubagumya.

Investors say they had been encouraged by the return of $600 million worth of properties formerly owned by Asians and confiscated in 1972 by Amin.

The Asian-owned Nile Breweries, one of two brewers, now produces 6,25-million litres of beer a month, from only 35 000 crates when it was returned to them four years ago.

Museveni has sacked thousands of civil servants, for long paid to hold up government business in vast bureaucracies, and retired some 30 000 soldiers in order to save state cash.

The average wage for a Ugandan worker has as a result risen to 120,000 shillings ($120), from less than a sixth of that five years ago, Muhakanizi said.

Moreover, wages are now paid on time.

"In the past, the government pretended to pay its employees and in return they pretended to work.

"That is history and now government business is much faster," said John Mulindwa, who supplies a key government department with a range of goods.

Income per capita is still low at $230, but it is much better than the $160 eight years ago, government records show.

The exchange rate has also stabilised, economists said.

That means that Ugandans can afford to send more children to school, buy a new dress for their wives more often and put some bread and meat or fish – for long a preserve of the rich – on the family dining table.

Tight state spending has seen inflation fall to an average of less than 10 percent for the past two years, from three-digit figures in the early 1980s, restoring confidence in the local currency.

Local savings have gone up as a result, bankers say.

The central Bank of Uganda said in a report in May that foreign reserves had risen to $467 million, from nil in 1985.

This is equivalent to four months of imports.

And now Museveni is selling off state-firms that cost the government $150-million in subsidies each year.

Encouraged by this performance, which has made Uganda Africa's premier free-market economics student, donors have pumped into the economy $800 million in aid yearly since 1988.

At the time of independence from Britain in 1962, Uganda's economy was one of the strongest in the region.

But it crumbled during two decades of bad rule before Museveni took over.

"We are yet to see the kind of economy we had in the mid-1970s," said local economic analyst George Makubuya.

"But there is doubtless a strong optimism that the country is on a steady path back to its post-independence strength."

New Cabinet, but same old politicians in Uganda

(334)

Anna Borzello MG 12-18/7/96

A RECENT Cabinet reshuffle in Uganda was a disappointment for anyone hoping for an injection of fresh faces and new ideas.

The overriding impression was of a cautious President Yoweri Museveni creating a loyal and trusted team to push through his pre-election promises.

The top jobs of vice-president, prime minister and the three deputy ministers not only remained roughly the same — with the exception of former information minister Paul Etiang, who became third deputy prime minister — but their recipients were given even greater powers.

Vice-President Wandira Specioza Kazibwe is now also in charge of agriculture, animal industries and fisheries — a key post in a country which is agriculturally based — while Eriya Kategaya, first prime minister, was handed the foreign affairs portfolio.

Perhaps the only real surprise was the appointment of Internal Security Organisation Chief Brigadier Jim Mweheize as minister of state for primary education, a newly created post.

The reason for the appointment is still obscure. However, several commentators speculated that it indicated Museveni's commitment to pushing through his election promise of free education for four children per family by next year.

According to Ofwono Opondo, political journalist of the government-owned newspaper *The New Vision*, the appointment of former minister of state for security Colonel Kahini Ottafire as minister of state for local government is also signficicant.

"Local government is crucial," he explained. "Not just because of decentralisation, but because in three years' time there will be a referendum on political systems in Uganda and people will choose between the Movement system and a return to multi-party democracy. Government will want to utilise the network of local government to campaign for the Movement."

The Movement — a "no-party" system of government which aims to include all shades of diverse opinion — claims to be an alternative form of democracy. In the new Cabinet, however, people of divergent views have been dropped.

All parliamentarians who support a return to multi-party politics — including Uganda People's Congress assistant secretary general Cecilia Ogwal — have been excluded from the Cabinet. Instead, Museveni has tried to secure "broad-basedness" by making sure that Cabinet is regionally — rather than politically — balanced.

Although there has not yet been any breakdown of votes by sex, it is widely believed that Museveni secured a high number of women's votes, mainly due to the government's progressive policies which have seen women enter Parliament on affirmative-action seats. — *IPS*

Coke showers Uganda with $30m investment

(334)

Nairobi — Coca-Cola announced a $30 million direct-investment plan for Uganda on Friday that included the construction of a new plant and the improvement of marketing and infrastructure.

"The initial investment calls for the construction of two new state-of-the-art bottling operations in Mbarara and Kampala that are expected to meet Uganda's soft-drink needs for the next five years.

"The plan also calls for the expansion and modernisation of the existing distribution and marketing infrastructure. The expansion programme is to be carried out by Century bottling company, the local franchise holder," said Coca-Cola Africa.

Carl Ware, the company's president of its Africa group, has briefed Ugandan president Yoweri Museveni on the investment.

Century managing director Butch Moldenhauer said: "I am sure you can appreciate the economic spin-off an investment of this magnitude will have on the economy and people of Uganda. We are very excited about the future of Coca-Cola ... in Uganda."

The major shareholders of Century are the Cola South African Bottling Company and the family of Majid Bagalaaliwo. — Reuter

CT(BR) 15/7/96

Ericsson wins Tanzanian telecoms contract

LM Ericsson, the Swedish telecoms group, said yesterday that it had signed an AXE contract with Tanzania's national telecoms operator valued at $10,5 million. The turn-key contract from the Tanzania Telecommunications Company included planning, designing and implementing equipment to expand Tanzania's public telecoms networks on the islands of Zanzibar and Pemba. Ericsson said that over the past year it had received orders in Tanzania covering more than 35 000 AXE lines. Deliveries of the AXE equipment will start later this year. — Reuter, Stockholm

Dutch grant Uganda a low-interest loan

CT(BR) 16/7/96

Uganda has received a $6 million low-interest loan from the Dutch government to help pay off part of its $3,8 billion debt, the finance ministry said on Sunday. The agreement was signed in Kampala on Friday by Nelleke Linssen, the Dutch charge d'affaires, and Jehoash Mayanja-Nkangi, the Ugandan minister of finance.

"The money was paid into the Multilateral Debt Fund, set up by the International Monetary Fund last year to help ease the crippling debt," a finance ministry official said. The fund has attracted some $32 million, he said. Before the fund was set up, donors paid contributions direct to the multilateral creditors.

(334)

Uganda pays an average of $120 million every year in interest on its foreign debt — cash that could finance other pressing domestic needs.— Reuter, Kampala

CORPSES DISPLAYED AS WARNING

Sixty civilians killed by Ugandan rebels

CT 1/8/96

(334)

KAMPALA: As a warning to villagers not to give information about their movements, Lord's Resistance Army rebels have displayed 18 bullet-riddled corpses along a main road.

REBELS fighting in northern Uganda to overthrow the government of President Yoweri Museveni massacred more than 60 civilians and torched 184 huts in Gulu district this week, Ugandan military officials said yesterday.

Lord's Resistance Army (LRA) insurgents carried out raids in Parabong, Papo and Palwong villages in Gulu late on Monday after a battle with government troops in which about 40 soldiers were killed.

The rebels are also reported to have displayed 18 bullet-riddled corpses along the Gulu-Atiak main road as a "warning" to villagers to stop giving information about LRA fighters to government troops.

Among the victims were four students of a training college for teachers near Gulu. The college also came under rebel attack.

The Monitor newspaper quoted Museveni's half brother Major General Salim Saleh, who is commanding government troops fighting the rebels, as saying the massacre was aimed at "frustrating" efforts to disarm civilians.

Saleh has offered reward to anyone who hands in a machinegun and for information about mines laid by rebels.

Intensified violence in villages surrounding Gulu town has led to an influx of thousands of villagers into the town.

Hospital compounds, bus parks, churches and shop corridors are said to be filled with people who have fled violence in the rural areas.

Earlier this month, LRA fighters attacked a camp housing Sudanese refugees in the northern Kitgum district and killed 115 people.

In another development, Saleh said he will restrict media reporting on the army offensive against the rebels in the "interest of national security", the Monitor reported.

"There has been a lack of co-ordination with journalists and there has been a lot of excited reporting at the expense of national security," he told the newspaper.

"We don't want to fight with journalists. We want to tell journalists what to report and what not to report," he added.

Saleh said he was planning to set up a group of journalists permanently accredited to cover the war so that they would be held responsible for any inaccurate reporting about the violence.

Museveni has spurned appeals by church and opposition leaders to negotiate with them. — Sapa-AFP

The Star ... Thursday August 8 1996

Uganda raises defence spending in bid to crush rebels

(334) Star 8/8/96

Kampala – Uganda stepped up its fight against Christian rebels yesterday with sweeping changes in top military ranks and increased defence spending.

President Yoweri Museveni announced an extensive military shake-up, sacking eight top officers and rearranging 23 others, in a move to boost the fight against northern insurgents.

A statement from the presidency said Brigadier Chefe Ali, commander of the troops fighting Lord's Resistance Army (LRA) rebels, had been promoted to army chief of staff.

The Finance Ministry said defence spending would rise to 136,7 billion shillings (about R590-million) in the 1996-97 financial year, from 119,2 billion shillings – a real increase of about 6,9% after inflation.

"The increased spending on defence is to help us fight the war in the north," the ministry said in supplementary budget proposals to parliament.

The Ugandan government is fighting two groups of rebels. LRA insurgents have been waging a guerrilla war since 1987, while the West Nile Bank Front has been fighting for a year, saying it wants to return former dictator Idi Amin to power in the East African country. Both groups have increased attacks.

Museveni, a former guerrilla who took power in 1986 after winning a five-year bush war, has vowed to crush the rebels by year-end. – Reuters.

Thousands rounded up in Uganda to seek rebels

(334) CT 15/8/96

KAMPALA: The army rounded up some 20 000 civilians in the northern Ugandan town of Gulu in a bid to identify rebel sympathisers, but only got two dozen suspects, it was reported yesterday.

About 200 000 people have been forced to flee their homes over the past three weeks as fighting between soldiers and the rebel Lord's Resistance Army intensified.

The people were rounded up on Sunday and 28 suspects were taken for further questioning.

Gulu, about 360km from Kampala, is infested by insurgents.

The army has carried out such operations in the past without seeming to make progress in weeding out rebel sympathisers among the Acholi people, from whom the rebels garner the most support.

The rebels also raided two Gulu suburbs on Sunday and Monday night, exchanging heavy gunfire with troops.

Local administrator Mr Louis Otika said that 180 000 people have been forced to flee their homes by the fighting, and had sought refuge in Gulu.

Aid workers said they had no information about the influx.

"We haven't got a brief about the influx, although we take care of people displaced by internal strife," the Uganda Red Cross said.

The UN High Commissioner for Refugees' office in Kampala, said it had no information on the number of people displaced. — Sapa-AP

Uganda expects bumper coffee crop as high-yielding varietal matures

(334) CT (BR) 23/8/96

By Edmond Kizito

Mukono, Uganda — Good weather and the maturing of a new coffee strain that increases yields will boost Uganda's production in the next crop year starting on October 1, industry experts said yesterday.

Well-spread rains during this crop year should continue into the new season ensuring sustained production in key growing areas, the experts said.

"The weather has been very good this year so the flowering was good and unless something happens, we expect a very good crop," said Francis Keene, the manager for monitoring and statistics in the state-owned Uganda Coffee Development Authority.

Improved crop husbandry since the world price recovered from five-year lows in 1989 has also helped boost yields, he said.

In the 12 months to July 31, the country produced a record 3,96 million 60kg bags of coffee, of which 3,44 million bags were exported, according to official records.

Total exports for the crop year were expected to reach 3,8 million bags, up from the 2,76 million exported in 1994 and last year, the authority predicted.

The Ugandan coffee authority had no official forecasts for next year's crop, but officials said privately that the yield could rise to 4 million bags. Stocks held by farmers totalled about 400 000 bags, they said.

"Right now in the western coffee axis, farmers are picking and drying their coffee. In the central area, the beans are maturing and they should start ripening around October," an official said.

Central Uganda produces 60 percent of the country's total coffee crop. Uganda is Africa's largest producer and coffee earns it 64 percent of its hard currency.

Western Uganda, which provides the bulk of the rest, would have coffee ready for picking early next year, Keene said.

In the central Mukono and Mpigi districts, flowering coffee bushes promised a much bigger crop than previously. The rains had begun and the trees were responding well, farmers in the region said.

Harvests were also being boosted by the new prolific coffee variety, which raises yields without increasing acreage.

Clonal robusta, developed at Uganda's Kawanda research station, yields up to 1 300kg of coffee a hectare.

The traditional robusta varieties produce 600kg a hectare and the arabicas yield 450kg.

Clonal robusta matures within 18 months of being planted, attains full production in two years and is resistant to the coffee berry disease that has plagued Ugandan coffee.

Clonal coffee was developed in the 1970s but its launch was delayed by political turmoil during the dictator Idi Amin's rule and farmers' reluctance to change from the varieties they had grown since the 1920s.

But hit by falling world prices, Uganda moved to introduce the variety on a massive scale in 1990, using a $12,5 million (about R57 million) loan from the European Union.

The plan was to replant all 240 000ha of Ugandan coffee farmland within the next 15 or 20 years. A quarter of the land growing robusta has been replaced with the new strain, officials said. — Reuter

Why is Museveni's 'no-party' Uganda tolerated?

(334) CT 3/9/96

WERE UGANDA'S recent elections free and fair and why is the West giving its support to what is in effect a single party system in the troubled African state, asks Contributing Editor **COLIN LEGUM.**

IT COMES as no surprise that Mr Yoweri Museveni has been elected President in what is being described as Uganda's first "free and fair" elections since 1980. The dice was loaded so heavily against his two challengers that there was no earthly hope of their winning.

While Museveni's local and foreign supporters describe the elections as marking Uganda's return to democratic rule, an analysis of the conditions under which the elections were fought points to a different conclusion.

Since 1986, when he came to power through a military coup, all political parties have remained banned. So the first condition for democratic elections — a pluralist political system — was absent.

The presidential elections were fought on the basis of a "no party" political system — a euphemism for single party rule. This preference, Museveni explains, expresses the wishes of the majority of Ugandans obtained through a lengthy consultation process at grassroots level.

However, the outcome of that process was reported for decision to an assembly that consisted of an overwhelming majority of Museveni's supporters who were elected through an electoral system geared to ensuring such a result.

During the assembly debate on whether the new constitution should provide for a "no party" system, arguments by some opposition members in favour of multi-party rule were given short shrift after Museveni had repeatedly declared his opposition to a multi-party system.

The presidential elections were therefore fought on a "best man" basis. No candidate was permitted to declare his/her support for either the Democratic Party (DP) or the Uganda People's Congress (UPC) — the two leading, closely-matched parties since before the country's independence.

Museveni's supporters, on the other hand, were free to canvass in his name. They had the organisational support of the regime's machinery, which is in the hands of Museveni's unbanned ruling party.

Moreover, the state-controlled electronic media carried no speeches by the two candidates who offered forlorn but token resistance to Museveni. This blackout of Museveni's opponents was criticised by Western diplomats in Kampala, but without result.

In spite of these blemishes in the election campaign, it is a fair bet that the Western powers and many African countries will join in acclaiming the "restoration of democracy" to Uganda.

The British ambassador in Kampala, in fact, announced in February that his government endorsed the new constitution because it did not create a one-party system! Also in February, the American Secretary of Commerce, Mr Ron Brown, on a visit to Kampala, praised the democratisation process in Uganda. So much for the Western champions of multi-party democracy.

Two reasons are given as justification for endorsing the election result. The first is that Museveni is to be praised for having restored stability in the country. This claim overlooks the fact that one third of the 19 million Ugandans living in the northern part of the country are still victims of a violent campaign by a religious movement which the army has failed to crush in five years, and that Museveni's armed struggle was mainly responsible for continuing the violence after the overthrow of Amin.

The second reason is that Museveni has restored the country's economy. This is true, but requires qualification.

In the first place, Uganda is such a potentially rich country that any government given five years of relative peace — especially in the developed parts of the south — is bound to achieve a measure of economic growth. In the second place, much of the improvement in the economy is because 86% of government income derives from international aid, both loans and donations — a precarious basis on which to build a sustainable economy.

It would be surprising if the elections were to bring long-term political stability to the country. One indicator would be the size of the minority vote secured by the former DP leader Mr Paul Seemegorere, who enjoys a measure of support from the influential Baganda community; and by Mr Abu Mayanja, who also comes from Baganda and is a recognised leader of the Muslim community.

It is impossible to gauge the support of the former ruling party, the UPC, since none of its known members ran against Museveni. Meanwhile the UPC leader, ex-president Mr Milton Obote, continues to live as an exile in Zambia.

Finally, the question is bound to be raised: Why does the West give its support to a "no party" system in Uganda, while having applied pressures to force President Daniel arap Moi in neighbouring Kenya to adopt a multi-party system? Moi has shown himself to be increasingly restive under the multi-party system that was forced on him. How would the West react if he were to emulate Museveni's example and establish a "no party" state in Kenya?

'NO-PARTY' SYSTEM: Ugandan President Yoweri Museveni

NEWS

'Fringe' movement threatens Uganda

Children abducted to fight

ARG 5/9/96 ~~(???)~~ (334)

FOREIGN SERVICE

Kampala – The Lord's Resistance Army – occasional amputator of lips, abductor of children and ostensible champion of government by the Ten Commandments – is now being seen as a serious military threat in northern Uganda.

Once dismissed as a fringe movement too illogical and primitive to be taken seriously, the LRA has waged an increasingly intense war that has come to dominate political discussion in the Ugandan capital, Kampala.

The government-owned New Vision newspaper reported that at least 24 people had been killed and 150 homes burnt in night attacks around Gulu, the northern provincial capital that is the headquarters for the Ugandan army's efforts against the LRA.

Salim Saleh, who heads military efforts against the LRA, said he would call an additional 2 000 former soldiers back to active duty to fight the LRA.

His announcement came after the call-up of 5 000 soldiers in April.

The LRA has been making increasing use of landmines on northern roads and has been beating and killing people for living near the roads or travelling on them. Since July 20, rebels are reported to have burned 59 primary schools, abducted 250 pupils and killed 100 students and 11 teachers.

The LRA has abducted hundreds of children. Girls are made to work for the LRA and have sex with LRA commanders. Boys are forced to fight in the field.

The children are controlled through a mixture of beatings, threats of witchcraft and death.

The LRA's tactics and resources do not allow it to control territory, but have increasingly frustrated the government, which has resorted to rounding up large numbers of northerners for interrogation.

Amama Mbabazi, Minister of State for Defence, told parliament that the government would not negotiate with the LRA.

Uganda terminates $84m power plant contract

CT (BR) 13/9/96 (334)

From Reuter

Kampala — Ugandan authorities said yesterday they had terminated an $84 million contract for Chinese firm Sietco to extend a hydro-electric power plant.

Uganda had in July suspended the contract to extend the power plant at Owen Falls dam, complaining of slow, shoddy work.

But officials last month said the government was reviewing the suspension after appeals from the Chinese government.

"After consultations with the main donors, the government has decided to terminate the contract," the state Uganda Electricity Board (UEB) said yesterday.

"The government has therefore decided to repossess the site of the works from Sietco," it added.

The contract was the Chinese company's biggest in Africa, its officials said, and was funded mostly by the World Bank.

Sietco won the contract in 1993, beating 12 other international firms. The project would raise capacity at the 160 megawatt station to 180 megawatts.

Work at the station started in February 1994, but last year the Chinese company asked for 15 more months, saying it could not complete the work on schedule as it had run short of money.

Turning down the request, the Ugandan government also said it was not happy with the quality of Sietco's work.

Sietco officials complained they had run short of money because much of it had gone to Ugandan government officials who demanded bribes saying these had helped them win the contract.

Uganda is badly in need of extra electricity. Economists say the shortage is stalling economic growth. Current demand is 240 megawatts, and grows at 24 percent a year, officials say.

Uganda 'unable' to meet power exports to Kenya

(334) CT (BR) 8/10/96

By Manoah Esipisu

Nairobi — Kenyan authorities said yesterday that Uganda was unable to meet its power export obligations owing to its fast-growing economy and Kenya had licensed two private companies to bridge its electricity supply shortfall.

Ugandan President Yoweri Museveni said at the weekend that Uganda exported 30 megawatts of power to Kenya at a loss under a contract signed more than half-a-century ago.

Museveni said he wanted a review and threatened to cut the supply to Kenya unless there was an urgent review of the rates.

In reaction, Darius Mbela, the Kenyan energy minister, said on Sunday that Kenya was willing to discuss a review of that contract because the cost of power greatly exceeded the pricing in the 1940s when the contract was signed.

A Kenya Power & Lighting Company spokesman said yesterday that the problem was not renegotiating the contract but a guarantee that the 30 megawatt stipulated in the contract would be exported to Kenya.

"Uganda's economy is expanding fast and it is difficult for them to export the power to Kenya at peak hours when we, like they, most need it," he said. "Right now, we simply do not get the 30 megawatt we expect."

The spokesman said the company had awarded Sabah Shipyard, an Indonesian company, and Ibera-Africa of Spain contracts to generate 87,5 megawatt of electricity for the Kenyan national grid. — Reuter

TAXATION *Customers mob stores reopening after tax strike*

Ugandan traders' VAT protest starts to falter

(334) CT (BR) 8/10/96

Ross Herbert

Kampala — Modern discipline and traditional anarchy collided last week as Uganda's reform-minded government fought a war of attrition with thousands of small businesses, which vowed to shut down the economy until the government scraps a 17 percent value-added tax imposed in July.

Saturday was the sixth consecutive day that most retail stores in Kampala and other cities remained closed in protest over the tax.

President Yoweri Museveni initially made conciliatory statements to organisers of the strike, but on Thursday he threatened to revoke the licences of businesses that refused to open and, in a radio and television address on Saturday night, he refused to scrap or revise the levy.

By yesterday, the strike was showing signs of a steady collapse as more and more shops and wholesalers reopened, and those that did were immediately mobbed by customers.

Leaders of the Ugandan Traders' Association are due to meet Museveni today for further discussions on the new tax, which they argue will cripple their businesses.

The double application of the tax, by wholesalers and retailers, has led to a sharp rise in some prices. Sugar jumped from about 900 shillings (about R3,78) a kilogram in June to 1 200 shillings last month. The retail strike has driven the price to about 2 000 shillings in the past week.

Museveni imposed the tax in an effort to broaden the tax base so that overall rates could be lowered as an incentive to additional investment. At 17 percent, VAT is slightly lower than the combination of the commercial transaction levy (an import duty) and sales tax, which together equal 20 percent on many products.

Despite the logic and an extensive government advertising campaign touting the simplicity of the tax, traders bitterly oppose it. Many say they do not keep accounting books and have a hard time calculating the amount of VAT, which should be taken as a percentage of each trader's mark-up.

Anti-VAT sentiment was strong enough to bring thousands of traders to four different rallies at the Kampala city council this week. Opposition politicians have so far been blocked in several attempts to open parliamentary hearings.

Can Museveni afford to scrap VAT? No, is the unequivocal answer of Ulrike Wilson, the resident representative of the International Monetary Fund, which favours the tax. Uganda's own tax revenues only cover recurrent government costs; donors and lenders are needed for virtually all of Uganda's capital spending and infrastructural improvements.

"This is a nation of traders. If Uganda cannot get the traders into the tax net, it will never be able to lower the rates for the big guys," Wilson said.

How the battle will play out remains unclear. But Museveni has so far closely followed IMF advice and remains deeply dependent on its low-interest loans to his government. — Independent Foreign Service

Uganda to launch stock market in December

(334) CT (BR) 16/10/96

ROSS HERBERT

Kampala — In a small but important boost to privatisation, Uganda plans to launch the Kampala stock market by mid-December, according to Leo Kibirango, chairman of the country's Capital Markets Authority.

The market will be tiny initially, with only a few brokers and two initial shares. The first shares to be listed will be privatised parastatals: Uganda Grain Milling and Uganda Consolidated Properties, which will have market capitalisations of $15 million and $7,5 million respectively.

The country's banks have been pushing to speed up the process to assist with plans to privatise state-owned companies.

Commercial banks are allowed to establish merchant banking units, which will be permitted to offer broking services.

Uganda has slated 146 companies for privatisation. However, some of the biggest, most desirable companies are still to be privatised, including Uganda Posts & Telecommunications and Uganda Airlines.

The final regulations for the exchange are now under approval by the ministry of justice.

The government is working on a package of tax incentives to encourage investment.

Companies that list on the exchange will be exempt from Uganda's 1 percent stamp duty and from the 20 percent withholding tax on dividends.

Regulations require listed companies to have a three-year track record of profits. Kibirango said negotiations are under way to allow companies to restate earnings in line with conventional accounting practice without incurring tax penalties for back taxes. — Independent Foreign Service

UGANDAN BUSINESS

(334)

AIRCRAFT STRIPTEASE

FM 1/11/96

The fate of a R300 000 aircraft grounded at Entebbe airport in Uganda has caused a diplomatic flurry between SA and Kampala. As a result of a business deal gone sour a Johannesburg aircraft company has now requested the intervention of President Nelson Mandela, Foreign Minister Alfred Nzo and Trade & Industry Minister Alec Erwin to help it retrieve the aircraft.

Uganda's High Commissioner in Pretoria has tried to pressurise authorities in his country to assist Transafrican Aviation, a Lanseria-based company, to get its plane back. In a letter to the Ugandan Minister of Works, Transport & Communications, the commissioner warns that the matter "is bound to affect the good commercial relations that we have been carefully nurturing between Uganda and SA."

At the centre of the deal is Kampala businessman Cornell Wandera who bought the Cherokee Six aircraft from Transafrican Aviation in April last year. As a result of Wandera's failure to obtain lease financing in his country, Transafrican, after receiving a deposit of US$10 000, arranged for financing at its own risk.

However, after Transafrican's Andy Currin delivered the aircraft at Entebbe airport in November, Wandera reneged on the agreed US$3 000 monthly payments. Currin was also informed by his insurance brokers that insurance on the aircraft had lapsed due to Wandera's failure to pay the premiums.

After various demands, and an amended agreement to further assist Wandera with his payments, no money was received. Since delivering the aircraft Currin says he and his partner, Ken Heuer, have made three trips to Kampala in an effort to retrieve the Cherokee, which has been grounded by Uganda's civil aviation authorities at Transafrican Aviation's request. The cost of the visits to Kampala was about R50 000, excluding legal fees.

In September Heuer was accompanied by attorney Kevin van Huysteen to defend a court action by Wandera to stop the confiscation of the plane. However, the judge did not turn up for the hearing.

During his last trip Currin took aircraft engineer Andrew Watson with him to certify the airworthiness of the plane. It was discovered that parts of the aircraft were missing. Replacements were flown in from Johannesburg but Watson then discovered that other parts and all the aircraft seats had also been removed the previous night.

Currin says the matter was reported to Uganda's civil aviation director Andrew Musoke and a charge of theft had been laid with the airport police chief.

In his October 16 letter to the Minister, the High Commission's Charles Wagaba says it appears that Wandera has "continually and with apparent impunity, raided the aircraft" rendering it inoperational. Wagaba also asks the Minister to verify allegations that airport security and police had connived with Wandera to block Transafrican's recovery of its plane. Copies of Wagaba's letter were sent to Uganda's inspector general of police, head of the diplomatic service, civil aviation and attorney Fred Ssempebwa representing Transafrican in Uganda.

Wagaba on Tuesday said he had had no reply to his letters.

The issue of whether the aircraft can be removed has now been set down for a hearing in the Ugandan Supreme Court on November 27. Currin is sceptical about whether it will take place.

AFRICA

Fighting rages on in Ugandan towns

BD 5/12/96 (334)

KAMPALA — Heavy fighting raged on the border between Uganda and Zaire yesterday after about 100 Ugandan rebels from Zaire attacked Ugandan army positions on Tuesday night, Ugandan army officers said.

The fighting was around the villages of Buswangwe, Kisehere and Kyabitondo, near Uganda's southwestern provincial capital Kasese. Casualties had been heavy on both sides, the officers said.

Hundreds of residents had fled the area and the sound of heavy artillery fire was audible from the distance, Kasese residents said. Displaced people were moving back to primary schools where they stayed during such an attack in November, they said.

"The fighting is still going on and it is heavy," one army officer said.

On Tuesday Ugandan army commander Maj-Gen Mugisha Muntu said Ugandan troops had wiped out the rebels through a sortie 3km across the Ugandan border.

The Ugandans said the rebels were from the mainly Muslim Allied Democratic Force, backed by Sudan and incorporated renegade Zairean soldiers.

In turn the Zairean government has accused Uganda of invading eastern Zaire in co-ordination with the Zairean rebels who now control vast tracts of the country.

The independent Kampala press continued to report Ugandan incursions deeper into Zairean territory yesterday. Lt-Col Geoffrey Muheesi, commander of the Ugandan army's 307 Brigade, told the Monitor newspaper that the Ugandans had pursued rebels into the Zairean towns of Kasindi, Mutaga, Masabwa and Manda.

It said in an editorial it was concerned that the Ugandan army had not stopped Ugandan civilians from looting Zairean towns. "(They are) retreating with loads of mattresses, iron sheets and other goodies," it said.

"Apart from looting, there have been reports of rape and other aggravated acts of brutality inflicted by the soldiers on civilians in the war zone both in Uganda and Zaire," the Monitor said. It urged disciplinary action.

Muntu told a parliamentary committee on Tuesday that the Ugandan army pulled troops back inside Uganda after the sortie and had them reinforced on the border.

He denied Ugandan troops helped ethnic Tutsi Banyamulenge rebels capture the Zairean town of Beni or took part in fighting for any other towns in northeastern Zaire. — Reuter.

'RICAN BUSINESS

Disease wilts Uganda's coffee exports

(334) CT(BR) 26/2/97

STEVEN SHALITA

Kampala — Capricious weather and disease will cut Uganda's coffee exports in 1996/97 from a bumper level achieved in the previous season, senior industry officials and state coffee agencies said yesterday.

John Byarugaba of the Uganda Coffee Trade Federation said the spread of Tracheomycosis or coffee wilt disease "is fast and can wipe out all robusta coffee in Uganda unless it is urgently addressed".

Ugandan coffee exports in 1995/96 were about 4,1 million 60kg bags compared with 2,8 million bags in 1994/95.

Ugandan authorities have already forecast exports in the range of 3,6 million to 3,8 million bags in 1996/97 but drought and a faster-than-expected spread of disease mean the figure will be much lower than that, according to industry officials.

Uganda exported 1,291 million bags of coffee worth $95,2 million in the first quarter of 1996/97 (October-December) from 795 502 bags worth $88,1 million in the same period last year and said the volume was the highest per quarter realised in four years.

The Uganda Coffee Development Authority said results in the second 1996/97 quarter would also show stronger exports but the last half of the season would carry the critical decline.

The spread of coffee wilt disease is fast and can wipe out all robusta coffee in Uganda

Coffee is Uganda's dominant foreign exchange earner.

Tracheomycosis has affected coffees from 11 main growing districts in western Uganda.

The disease destroys the coffee tree's vascular system.

It leaves a black sear on the tree stem after which the tree dies.

"The disease does not affect the quality of beans, so it does not harm the trade in terms of quality," Byarugaba said. But, he said: "It can harm the trade by reduced quantity because some trees are drying out."

The disease is reported to have spread to Uganda from Zaire. Byarugaba said Ugandan authorities were trying to stem a faster spread to neighbouring Rwanda, Tanzania and Kenya.

"We have formed a task force, comprising traders, farmers, government officials and the Uganda Coffee Development Authority (UCDA), to fight this disease," Byarugaba said.

"We are beginning by sensitising farmers on the symptoms, how it spreads and how it is transferred.

"We want to encourage growers to destroy coffee farms affected."

The UCDA policy is to uproot and burn down all affected trees and then keep affected farms free from the crop for two years.

It then arranges free seedlings for farmers to replant.

Byarugaba said Uganda had launched a quarantine system restricting movement of robusta coffee husks across districts.

The disease is widespread in Bundibugyo, Kabarole and Rukungiri, where incidence on some farms has reached 60-100 percent while in the districts of Mukono, Luwero, Kiboga, Mpigi, Bushenyi, Hoima, Kibaale and Masindi, the disease has been confirmed as localised, but potentially dangerous at present levels. — Reuter

Uganda seeks investor to take over state bank

CT (BR) 28/2/97 ~~3~~ (334).

JOE KHAMISI

Kampala — Uganda is actively shopping around for an investor willing to take a 51 percent shareholding in the troubled state-owned Uganda Commercial Bank (UCB).

But the government is also pushing 2 000 debtors who owe more than $70 million to own up in readiness for the major restructuring.

The bank is the biggest in the country, with 86 outlets, and holds one-third of the total deposits.

But debt-ridden and liquidity-strapped, the UCB has become a high-profile victim of the country's privatisation programme.

Most of its deposits went out to politicians and corporate institutions headed by influential Ugandans in the form of unsecured loans. Two of the debtors were President Yoweri Museveni and Rwanda strongman Paul Kagame, both of whom had confirmed servicing all their outstanding debt.

The privatisation unit of the finance ministry recently announced that proposals from investors should be submitted by March 14.

The government in the meantime has agreed to recapitalise the bank with $7 million to make it more attractive to prospective participants.

The rest of the stake will be retained by the government.

"If the buyer is not found, the government will continue running it without necessarily liquidating it," finance minister in charge of privatisation Mathew Ruikaire said.

In a move to get debtors to pay up, the government has announced a 50 percent waiver on all outstanding interest on unpaid loans.

REFORMER *Yoweri Museveni, the president of Uganda, has confirmed serving all his outstanding debt*

It has also threatened to auction property of defaulters if they failed to own up.

The UCB was established 46 years ago to give Ugandans access to credit.

Government officials admit that the bank, said to be worth $250 million, was insolvent.

The problem of UCB prompted the World Bank to put in place a comprehensive financial sector reform to end fiscal abuse. The Central Bank of Uganda introduced stricter lending procedures and internal controls.

Minimum capital requirement was increased from $500 000 to $1 million for the indigenous bank.

The rule would have taken effect in December last year, but delays in tabling the proposal before parliament have put the implementation process behind.

The move is opposed by indigenous investors who accuse the World Bank of driving them out of business in favour of foreign banks.

"We are not just going to watch as local initiative is crippled in favour of foreign investor. We have already started lobbying parliamentarians and if need be we shall petition the president," said one banker.

So far, fewer than 50 out of 107 identified public enterprises have been sold, bringing to the exchequer USh140 billion (R609 million). Officials say the process should be over by the year-end. — Independent Foreign Service

BUSINESS

Uganda grows despite woes of war

(334) CT(BR) 11/3/97

JOE KHAMISI

Kampala — Uganda continues to make substantial economic gains despite the woes of war in the northern and western parts of the country.

But analysts say the continuing insecurity along the border with Zaire and Sudan can easily wipe out achievements that have been made over 10 years of President Yoweri Museveni's rule.

At the moment though, most key economic indicators still look good. The real GDP has been growing at an average rate of 7 percent a year over the past five years.

Inflation is down to about 6 percent, government revenue is up, investments are flowing in, the fight against budget and trade deficits are gradually being won and donor confidence is high.

The Uganda Investment Authority reported that 2 300 projects, with a planned investment of $3,2 billion, were approved between July 1991 and October last year.

More than 130 000 jobs are expected to be generated in the manufacturing, agriculture and mining sectors.

For the past decade, Uganda has been struggling to extricate itself from two decades of economic decay inflicted by previous civilian and military regimes.

When Museveni took over in 1986, a national recovery programme was launched. Uganda began implementing sweeping reforms under donor guidance aimed at replacing past misdeeds with sound macro-economic policies.

Industrialisation, which virtually ended with the dismissal by dictator Idi Amin of thousands of Indian entrepreneurs, was returning to the country.

Privatisation of money-losing parastatals is continuing while thousands of public servants and soldiers have been retrenched to reduce public expenditure.

But analysts fear all these gains may come to naught unless Museveni finds a lasting solution to the insurgency in some parts of the country and ends his involvement in the ethnic war in Zaire.

The Lord's Resistance Army, a fanatical group of Christian fundamentalists has been waging war against Museveni for a decade. Initially, the ragtag army specialised in abductions to swell its ranks and attacked only government installations.

But during the past year, the group has changed its tactics to include mass killing of unarmed civilians and destruction of non-military facilities. The change of tactics came as the government intensified its offensive.

President Museveni, himself a guerrilla war veteran, has been spending weeks in the front-line directing strategies.

There are reports that the rebels are receiving military assistance from the Sudan. Khartoum has, however, denied the allegations and accuses Uganda of aiding the Sudan People's Liberation Army, which is fighting for the autonomy in the south.

Recently, Uganda has opened another front along the Zairean border to pursue anti-Ugandan rebels who are said to have bases in the central African nation.

The war notwithstanding, cases of insecurity now appear to be inching closer to the capital, Kampala.

A few weeks ago, five people were killed and scores of others injured by a grenade hurled into a church during prayers.

Serious crime is also on the upswing as a demoralised police force appear outgunned and outnumbered.

Catherine Nabwire, a business executive, fears that this situation is scaring away tourists. In recent months there has been a flood of cancellations by visitors.

Tourism is Uganda's fastest growing sector. — Independent Foreign Service

Uganda leads the African response to Aids epidemic

(334)

South Africa can learn much from the country once dubbed the Aids capital of the continent

Mm 27 | 3 | 97

By Janine Simon
Medical Correspondent

South Africa, on the brink of releasing its latest annual figures on the HIV/Aids epidemic and kickstarting its stalled national Aids programme, should look north to Uganda for inspiration.

Five years ago the central African country – dubbed the Aids capital of the continent – had an HIV prevalence rate which peaked at more than 30% at some urban sites. By December 1995, estimates put cases at more than 350 000.

But 15 years after the first case of "slim disease" was recorded, there is increasing evidence that HIV prevalence in Uganda is declining, and its 19 million population is abandoning high risk behaviour.

Declines are most pronounced among pregnant women aged 15 to 19: one site in Kampala reported a drop in the HIV prevalence rate from 26% in 1992 to 9% in 1996. This translates into a 50% reduction in new cases of HIV infection in that age group.

> **Perhaps if the president was not involved, we'd be dead**

Behavioural surveys indicate people are waiting longer before having sex for the first time, reducing the numbers of casual sexual contacts. They were also using more condoms, particularly with casual partners.

According to a review conducted last year by the Ugandan government and the United Nations joint programme on Aids (UNAids), Uganda has implemented virtually every component of the World Health Organisation's global strategy for responding to an Aids epidemic, backed at every level by political leadership and will.

Again and again, credit is given to President Yoweri Musereni: "Maybe if the president had not become involved with Aids, we'd all be dead," commented one leading Ugandan Aids worker.

The first case of Aids was recognised in 1982. Uganda's Aids control programme was up and running by 1986, and able to recommend in 1988 an increase in the intensity of work at district and community levels.

The Uganda Aids Commission was formed in 1990 to co-ordinate the national response and, by 1994, had firm guidelines for the multisectoral approach to the epidemic.

While South Africa has still to pull together the work of the education, labour, correctional services and other departments, Uganda has Aids control programmes in 11 of its ministries.

More than 500 NGOs and community-based organisations participate in Aids prevention and mitigation activities in Uganda. South Africa's Aids Consortium represents about 120.

Work by Catholic and Protestant churches and the Islamic Medical Association is notable, as well as the role of advocacy groups for Aids orphans and Aids in the workplace.

International agencies stepped in, too, with WHO, USAid, Unicef and European countries pouring funds into surveillance mechanisms, HIV testing and counselling, STD management, Aids education, securing an HIV-free blood supply, and care for people with Aids. The result is that, despite the poor communication infrastructure, people in Uganda know about Aids, how it is transmitted and how to prevent transmission.

No-one suggests this is the solution to the epidemic.

An estimated 10% of Uganda's population is infected, and the review has pages of recommendations to smooth political tensions, standardise and expand counselling, recover costs and expand work to isolated rural areas. But resource-poor Uganda's response has been intensive, extensive and effective, the review concludes.

If South Africa, led by the health department and President Mandela, can take control of its tuberculosis epidemic there is neither cause nor reason to delay doing the same for HIV and Aids.

Ugandan cotton reaches 27-year peak

Uganda will produce 100 000 tons of cotton in 1996/97, of which 78 000 tons will be exported, the Cotton Development Organisation (CDO) said yesterday. The export total represents a more than eight-fold increase over the 9 385 tons exported out of the 1995/96 production total of 10 436 tons, the CDO said. Uganda's peak cotton production was in 1969/70, when it recorded a total of 86 385 tons, of which 80 639 tons were exported. By contrast, in 1987/88, following the rule of Idi Amin and Milton Obote, production dropped to 2 160 tons, of which 887 tons were exported. — Reuter, Kampala

(334) CT(BR) 2/4/97

Uganda's boom may be over

ET(BR) 14/4/97 (334) (~~314~~)

Steven Shalita

Kampala — Uganda's booming economic growth is expected to slow this year with ministers and analysts blaming a variety of factors, including smuggling, war and a poor work ethic.

At the weekend, Richard Kaijuka, the planning and economic development minister forecast gross domestic product (GDP) growth in 1996-97 of 6,3 percent, lower than a target of 7,0 percent or the 8,5 percent of the previous year. The Ugandan economy, rebounding from years of misrule, had previously registered 10 percent growth for several years.

"According to what is on the ground, the economy has not performed very well. In fact, it was a downward trend," Syda Bumba, the minister of state for economic monitoring, said last week.

Bumba blamed the poor performance on inconsistencies in value added tax (VAT), a sharp rise in smuggling and the absence of a strong work ethic. She said people were putting in less hours at work.

Financial analysts also pointed to civil wars in northern and southeastern Uganda, which they said ate into the budget.

"The population is expanding without our ability to expand production," Bumba told a Ugandan parliamentary committee.

Kaijuka said recent drought forced a slowdown in the growth rate with growth in food production dropping to 0,7 percent in 1996-97 from 4,4 percent in 1995-96. But he saw that compensated for by faster growth in production of cash crops.

Kaijuka said money was scarce in rural areas because of a lack of tradable goods. He said manufacturing production in January was 30,7 percent higher than in January 1996 and the average sector growth for the first seven months of 1996-97 compared with the same period in 1995-96 was 22,9 percent.

He said the projections for export earnings remained at the 1995-96 level of $590 million. He expected non-coffee exports to rise to $257 million in 1996-97 from $196 million in the previous year. He said coffee exports would rise from 4 million 60kg bags in 1995-96 to an estimated 4,4 million bags in 1996-97.

Kaijuka said data from the Uganda Revenue Authority in the nine months to September 1996 showed a 10 percent decline in the level of imports compared with the same period in 1995.

Uganda pins hopes on free trade zone

CT (BR) 6/5/97 (334)

CHANDER MEHRA

Nairobi — Uganda will soon set up a free trade zone at Nakasongola, 100 kilometres northwest of Kampala on the shores of Lake Kyoga, the Uganda Investment Authority (UIA) announced recently.

The zone is to be developed to attract international companies.

Investment regulations are also to be made more attractive with a view to capitalising on the developing market in the Great Lakes region.

The UIA is already acquiring 45 square kilometres of land in Nakasongola for the purpose.

The area is agriculturally rich and has a reasonable road network, a hydroelectricity supply grid, an airport that can handle large aircraft and has sizeable fuel reserve tanks.

Industry has been one of Uganda's fastest-growing sectors in the past seven years, with an average yearly growth rate of 10,3 per cent.

Last year, it grew a phenomenal 18 percent even though it is at present facing stiff competition from cheaper imports.

The UIA, set up in 1991, has so far approved 2 118 projects worth about $3 billion.

The UIA's corporation secretary, Fred Ruhindi, said: "We are in the process of identifying joint-venture partners."

Investors would be exempt from taxes and will be free to export their products to any country of their choice, he said. He points out they would pay only local taxes for sale in the domestic market.

Investors would be exempt from taxes and free to export goods anywhere

But, there is a significant hurdle in the way of this ambitious plan: Uganda's constitution makes it hard for foreigners to own land, and parliament has not clearly come out with legislation concerning leases for land by non-citizen investors. This is said to have discouraged many investors.

Their complaints have prompted President Yoweri Museveni to instruct Prime Minister Kintu-Musoke to look into the matter.

About 1 006 hectares have already been secured in prime industrial areas of Kampala by the UIA, which will give priority to projects meant for the creation of value-added products like food-processing.

James Mulwana, the chairman of the Uganda Manufacturers' Association, said the setting-up recently of the interim district land boards might help matters, but the enactment of the tenure and control of land law would be preferred. — Independent Foreign Service

AFRICAN BUSINESS

Project aimed at speeding up industrialisation

Uganda's new trade zone aims to boost investment

CT (BR) 9/5/97 (334)

JOE KHAMISI

Dar es Salaam — The government of Yoweri Museveni in Uganda plans to quicken the pace of industrialisation with the establishment of a free trade zone now under way outside the capital, Kampala.

The project at Nakasongola, 100km to the northwest, is intended to be the prime mover in government efforts to increase exports. The zone will offer attractive incentives including a flat low corporate tax, exemption from import and export duties on raw materials and the right to sell part of the manufacturers' products on the local market.

"The export processing zones (EPZs) we are recommending are those where a portion of goods produced in the zone are allowed to get on to the domestic market, provided the manufacturers pay the taxes required of them," a government official says. The eastern town of Jinja, which was considered the country's industrial centre, has failed to prosper because of infrastructural problems.

A technical committee comprising private and public sector experts has been formed to study a wide range of incentives which will be included in a bill to be debated in parliament within the next few weeks. The government is acquiring 43,5km^2 of territory in the largely agricultural area of Nakasongola. A hydro-electricity supply grid, a road network and a 3km airport terminal are in place.

The project will lessen pressure on Kampala and end smuggling of cheap imports from neighbouring countries, officials say.

In the past, investors complained of being allocated land in swampy areas of the country with poor services. The Nakasongola zone is the first of at least three such projects being planned. Recently, Ugandan officials visited Kenya to study the free trade zone concept. Kenya has 14 of these zones. Neighbouring Tanzania is reportedly working on establishing its first free zone later in the year.

The export processing zones were an important driving force in the rapid industrialisation of the so-called Asian Tigers — South Korea, Malaysia, Hong Kong and Singapore. At an yearly growth rate of 10,3 percent, industry is the fastest-growing sector in the country. Rendered virtually dead after the expulsion of Asians by military dictator Idi Amin in 1972, industrialisation has rebounded since Museveni came to power in 1986. It was helped by prudent reform policies and the development of basic infrastructures which made Uganda an investor's paradise. But excessive tariffs charged on raw materials and finished products still make Ugandan products uncompetitive.

Industrialists want to plug the loopholes that allow cheap imports in. Ugandan officials hope the free zones will attract foreign investors interested in capitalising on the expanding Great Lakes market. Late last month, Museveni, on a tour of Belgium, told an investors' forum that Uganda was the best destination for their investment to make money. — Independent Foreign Service

Kampala cashes in on spending a penny

(334) CT(BR) 4/6/97

CHANDER MEHRA

Nairobi — Some may think Uganda is going too far in its quest for collecting revenue with the Kampala city council's decision to privatise public conveniences.

But the city's forays into non-traditional areas of generating income, by hiring out public toilets on a tender basis, is said to have met with success. Officials say tenders have been awarded to bidders at between R3 600 and R7 200 in monthly rent for public toilets in the Ugandan capital.

By placing some of its services in private hands, Kampala seems not only to have created an income-earner but has also improved efficiency. "The council simply inspects the facilities to ensure they meet the public health requirements," says the city's public relations officer, Herbert Semakula.

Private operators of the city's toilets charge users a fee of 100 Ugandan shillings (40 cents), and some operators can earn as much as R360 on a good day.

"Instead of the council spending money to run the facilities, we are now getting revenue from them," says Mr Semakula.

An operator at the city's main taxi stand, Musa Sekatawa, says: "People used to fear entering dirty public toilets, but now they use the toilets because they are clean and have running water."

The city also plans to privatise garbage collection and car-park facilities. — Independent Foreign Service

Kenya faces power brawl with Uganda

(334)

Chander Mehra

CT (OK) 4/6/97

Nairobi — Kenya and Uganda may be heading for a diplomatic storm unless Nairobi pays $4 million it owes to Kampala for power supplies under a tariff agreed to by the two governments last October.

Gerald Sendaula, the energy and natural resources minister of Uganda, said Uganda was considering legal action against Kenya for failing to honour last year's agreement on revised power tariffs.

On October 4 last year, Yoweri Museveni, the president of Uganda, warned that power supplies to Kenya might be stopped by the Uganda Electricity Board if Nairobi did not agree to realistic rates in accordance with market prices.

Responding to Museveni's warning, Daniel Arap Moi, the president of Kenya, agreed to the asked-for rates, and a memorandum of understanding was signed between Nairobi and Kampala. The tariffs were revised from 2c a unit, as set in a 1958 agreement, to 65c for 1996, 75c for 1997, 85c for 1998 and 96c for 1999.

However, according to Sendaula, Kenya had defaulted on payments.

Kenya has been facing severe domestic power-supply problems because of low capacity utilisation of its own power plants and has resorted to load-shedding, which has been affecting the country's industrial, commercial and domestic consumers.

Attempts to reach senior officials of Kenya Power and Lighting were fruitless.

However, other sources said Uganda's power bills were in the process of being settled.

"The matter will not be allowed to go to court since payment is likely to be made (this month) after ascertaining how much the actual amount is," said one source. — Independent Foreign Service

Cobalt plant may put Uganda in the big league

(334) CT (Bol) 1/7/97

Joe Khamisi

Dar es Salaam — Work has begun in Uganda on a $10 million cobalt project that could propel the largely agricultural country into the big league of the world's cobalt producers.

The plant is located at Kasese, 400km west of Kampala. Le Source, a European company, holds 55 percent of the shares in the Kasese Cobalt Company, while the rest are controlled by Kilembe Mines on behalf of the Ugandan government.

Production is due to begin in the middle of next year with an expected initial yield of 1 000 tons of cobalt cathode a year. The start of the project ends a year of uncertainty after the Commonwealth Development Corporation (CDC) of England, the main financier, pulled out last year.

CDC questioned the mine's profitability, arguing that prices would have dipped by the time the project started production.

But Le Source's chief geologist says almost all the project's capitalisation has been obtained.

Unconfirmed media reports said recently that South Africa's Standard Bank had replaced CDC, which had promised to contribute $20 million. Other financiers include the European Investment Bank and the International Finance Corporation.

A feasibility study conducted by Le Source indicated the presence of 7 million tons of pyrite with about 4 percent cobalt buried underground. During extensive mining in the fifties, sixties and seventies, more than 1 million tons of pyrite concentrate with 3,9 percent cobalt were extracted from Kilembe.

The price of cobalt on the world market is considered attractive. A beaming President Yoweri Museveni said in February that successful mining of the mineral could greatly help the country's economy.

Le Source has indicated interest in exploiting other minerals, including copper.

"We are going to be interested in other minerals. Our bottom line is: Can we make profit," said a company official. — Independent Foreign Service

Ugandan authorities strive to get banks to open in rural areas

Banking moratorium extended in Kampala

CT(BR) 1/7/97 (384)

Joe Khamisi

Dar es Salaam — Ugandan authorities last month extended a two-year moratorium imposed last year on licensing of new banks in the capital, Kampala, in a continuing effort to get commercial banks to branch out into the rural areas.

This means new financial institutions will not be allowed in the city until well after 1999. The dramatic move comes as the country's largest state-run bank, the Uganda Commercial Bank (UCB), which has the biggest network of branches in the country, prepares for privatisation later in the year.

With commercial business concentrated mainly in Kampala, speculation is rife that new owners acquiring UCB may decide to close down rural outlets, thus depriving country dwellers of banking services.

The ban, however, affects only institutions offering traditional banking services. Those offering innovative services will be allowed to open in Kampala. For example, two new institutions with such services have entered the market in the past year.

HSBC Equator, a financial and trade services organisation serving markets in sub-Saharan Africa, opened in Uganda early this year, joining four other banks offering merchant banking in the country.

The major equity of the HSBC Equator group is held by HSBC Investment Bank and South Africa's Nedbank owns minority shares.

The group has representative offices in Washington DC and Connecticut, London, Johannesburg, Accra, Luanda, Maputo and Nairobi.

Another new entrant into Uganda is Societe Generale, a leading French bank, which plans to issue business credit at half the rates now charged by other commercial banks.

Interest rates in Uganda range between 18 and 20 percent, and Societe Generale hopes to lend at about 7,3 percent a year.

Most of the loans will be for private sector projects, although strategic public enterprises such as telecommunications and water may also be considered. Guarantees by loanees in the form of a pledge by a leading financial institution will be required as collateral.

Initially, the bank is operating through an agent pending full banking services later.

But banking industry sources say the moratorium is unlikely to persuade institutions to move to the rural areas owing to high operating costs and low profit expectations.

The industry in Uganda has been going through a credibility crisis as huge loans given out by mainly indigenous institutions have not performed well.

Apart from the UCB and the Uganda Development Bank (UDB), which continue to suffer from liquidity problems, two others, Sembule and Nile Bank, were taken over by the Central Bank in 1995 and later handed over to foreign investors to operate.

The Uganda Development Bank is presently restructuring.

To improve investor confidence, the government has increased minimum capital requirements and has tightened banking regulations. Last month the government confirmed that all banks other than the Uganda Commercial Bank had met the conditions.

The introduction of these measures forms part of the World Bank financial sector reforms which were launched in Uganda in 1993. — Independent Foreign Service

Uganda lifts ban on imports in a bid to attract investment

(334)

Edmond Kizito

BD 2/7/97

KAMPALA — Uganda, eager to attract foreign investment and to rebuild a battered economy after two decades of misrule, plans to lift bans on importation of foreign goods that are also produced locally.

Finance Minister Jehoash Mayanja-Nkangi said in his recent $1,172bn 1997/98 budget that government would lift a seven-year-old ban on the importation of beer, soft drinks and car batteries next year.

Other bans, including one on the importation of foreign cigarettes, would be lifted within a year.

"To complete these measures, the remaining import bans will be phased out over the next two years. These changes are intended to promote competitiveness," he said. Other products affected would be firearms and equipment used for generating electricity.

Economic analysts and diplomats hailed the measures, saying they would help attract foreign capital to the east African country, potentially rich but impoverished by 20 years of misrule before President Yoweri Museveni took over in 1986.

Eager to raise revenues and cut down on foreign borrowing, Uganda also announced the end of a five-year tax holiday for foreign investors, but said it would buy huge chunks of land to lease out to new investors at cheap rates.

A five-year-old government programme to attract foreign money had brought in up to 2 166 project proposals worth about $3,6bn, Mayanja-Nkangi said.

Of this, one third had already been injected into working projects, finance ministry officials said.

Economic growth in the financial year to June 30 1997 slowed down to 5%, down from 8,2% in the previous year, the Ugandan minister said, blaming a drought that slashed food production in the mostly agricultural nation.

The drought showed signs of abating, and with foreign investments and tighter tax-collection measures, the economy was expected to climb to 7% in the financial year starting yesterday, he said.

Economic growth in Uganda has averaged 6% a year since 1987 when Uganda embarked on radical reforms led by the International Monetary Fund.

Inflation, in turn, was kept below 10% until last year. It rose to 11,8% last year but was expected to fall to 7,5% in the new financial year, he said.

Uganda depends largely on the export of unprocessed agricultural products for export. Coffee alone fetches 64% of hard currency earnings for Africa's largest grower, also the world's fourth-largest grower. Debt servicing on the $3,59bn foreign debt would cost about $52m this year, he said.

Uganda is one of the world's poorest countries, with an annual income per capita averaging $230. Diplomats say debt servicing is weighing down the economy. They say foreign investment is the key to reversing the fortunes of this nation, so well endowed that it was once known as the "Pearl of Africa".

Wrangles delay opening of new Ugandan exchange

CT (BR) 14/7/97 (334)

JOE KHAMISI

Dar es Salaam — Over a month since its launch on June 6, the Uganda Securities Exchange (USE) is yet to start operations because securities are unavailable.

The hitch has delayed floor trading and fuelled uncertainties over the fate of the bourse which Ugandan authorities have been struggling to establish since 1989.

Elly Rwakakooko, the USE chairman, says flotation of privatised public enterprises, which were expected to offer initial securities, had not materialised.

Uganda's plan to privatise dozens of state-run firms as part of wider economic reform measures has been hit by political wrangles arising from lack of transparency in disposal methods.

Questions have been raised about below-market prices paid for some of the enterprises by some politically connected individuals.

Michael Opagi, the director of the privatisation unit, says however, a number of enterprises may be offered for flotation later this year. There is also enthusiasm in the market about a recent announcement by the East African Development Bank to sell three-year bonds on the exchange worth between \$5 million and \$10 million.

James Nduati, the bank's director for operations, says the bonds would be offered after projects for investing the money had been identified. Officials say this could be as early as later this year.

The bank raised about \$15 million when it sold bonds on the Nairobi Stock Exchange last year. It is owned by Kenya, Uganda and Tanzania. Rwakakooko says the USE plans to trade in treasury bills as initial security, while waiting for companies to emerge. The bourse is also trying to convince the government to offload on the exchange its stocks and bonds, considered viable instruments because of the country's stability.

The USE has embarked on a campaign to sensitise the business community on the capital and investment benefits accruing from joining the bourse. — Independent Foreign Service

'Colonial experience' raises its ugly head to add to Uganda's troubles

Star 22/7/97

Expatriates are raising the ire of East Africans because they are perceived to be preferred ahead of local people which could fuel an already volatile situation. ***Joe Khamisi*** *reports from Dar Es Salaam.*

As unemployment escalates, the resentment against the employment of expatriates is increasing and reviving the colonial experiences in East Africa.

In February, Uganda asked the World Bank to stop its practice of seconding expatriates to run its projects.

On July 6, the Uganda Pilots' Association protested against the employment of a pilot from Australia to fly with the state-run Uganda Airlines, saying grounding African pilots while employing foreigners was wasteful and unpatriotic.

In Tanzania, the government will soon introduce restrictions on hiring foreign consultants, with investors limited to employing only five expatriates for contracts not exceeding two years.

This provision is contained in a new investment act awaiting approval.

And Kenya, which has the largest number of expatriates in the region – an estimated 10 000 – is under pressure from private lobbyists to cut down so as to create jobs for a growing number of unemployed university graduates.

Currently, Kenya allows companies to bring at least a finance director, a financial expert and a production executive. But some firms use loopholes to import middle-level managers and even some junior workers.

"We have no objections to the controlled use of expatriates," an official of the Institute of Certified Public Accountants of Kenya says, "but what we are seeing is that staff as low as supermarket cashiers are brought in from Asia to do jobs that can be done by Kenyans."

On June 27, the chairman of the Tanzania Association of Consultants (TAC), Aloyce Mushi, complained at a workshop in Dar es Salaam that the cost of employing expatriates had become burdensome to a country with a per capita income of US$100 (about R450).

"The country uses some $330-million (R1 455-million) a year for paying about 1 000 international technical assistants while the total salary cost of the whole civil service in Tanzania is about $100-million (R450-million)," he said. In the construction industry alone, for example, locals executed only 3% of 30 road construction projects between 1990 and 1996.

Foreigners, on the other hand, a study by the ministry of works shows, did 80% of the work and joined locals in the remaining 17%.

Mushi said locals were being discriminated against in favour of foreigners, some of whom were not as highly qualified. He added, no significant development had been achieved despite the cost of maintaining expatriates.

The country's economy, he said, had dropped from 1:2 ratio of the dollar to the shilling at independence in 1961 to 1:600 ratio today. "In other words, we are 600 times poorer than we were at independence," Mushi said.

(334)

The government has given assurances that stricter rules will apply in future to ensure that foreigners supplemented but did not replace locals. Heavy reliance on expatriates in Uganda followed the political unrest of 1970s and 1980s that saw a massive brain drain of locals to the West.

Although the public service continues to lose expertise due to poor remuneration, the situation is not as serious in view of the prevailing political and economic stability. A large number of Ugandans who fled the country particularly during the terrible years of Idi Amin's rule have returned.

Uganda has many World Bank-funded projects which contain a high component of highly paid expatriates.

During the meeting with the bank's president, James Wolfensohn in Kampala in February, Ugandan officials complained that the use of billions of dollars on foreign staff would not help the country build a sustainable national capacity to continue with the projects once the expatriates left.

The World Bank official was reportedly receptive to the idea but made no concrete commitment. – Star Foreign Service.

SA firms vie for stake in Ugandan telephone market

BD 25/7/97

(334)

Edmond Kizito

KAMPALA — Two SA firms are among five foreign concerns listed for consideration for a licence to operate Uganda's first private fixed telephone network.

Officials in charge of a government privatisation programme said yesterday that Mobile Telephone Networks (MTN) and Telkom had been lined up alongside Portugal Telecommunications International, Canadian Industrial Promotion Services and Mobile Systems International, a consortium of Ugandan, UK, Norwegian and the Cypriot governments.

Malaysia's Technology Resources was removed from the list after it failed to furnish bid documents at the final hour, they said.

Uganda, pushing on with a six-year-old drive to sell off loss-making state parastatals, is looking for an operator of a second telephone network before it can sell off the state Uganda Posts and Telecommunications Corporation.

Finance ministry officials said the final operator would be chosen in two months' time. The Ugandan government plans to sell off the telecommunications section of the state telecommunications corporation by year-end, retaining only the postal services.

Uganda has one of the lowest telephone densities, its 20-million-strong population having to scramble for a paltry 47 000 telephone lines. There are only two private telephone companies — Celtel, the cellular phone group, and Starcom, which operates a public phone booth network.

The government says it wants the number of telephone lines increased to at least 100 000 by the turn of the century, and double this figure by 2005.

News of the SA bids coincides with the end of a visit by an SA trade mission to Uganda, led by Deputy Trade and Industry Minister Phumzile Mlambo-Ngcuka. She said South Africans expected to move into the processing and packaging of food products; financial services; information technology; tourism and communication services.

She said on Wednesday that the South Africans were interested in the investment opportunities offered by Uganda's privatisation programme, and its telecommunications in particular. South Africans also hoped to supply car parts.

The group also met President Yoweri Museveni, who told them a delegation of SA farmers was expected in Uganda next month to explore possibilities.

Ugandan officials said after the meeting that a strong move by South Africans into food processing would provide a major boost to the Ugandan economy because it relied heavily on agriculture. They saw moves by South Africans into Uganda as a vote of confidence that would encourage other foreign investors to invest in the country.

Investors would be guaranteed a central point from which they would reach out to markets in Tanzania, Rwanda, Burundi, Sudan and the Democratic Republic of Congo.

The Star ... Thursday July 31 1997

Uganda media under fire from state, churches

Star 31/8/97 (334)

SAPA-IPS
Kampala

Uganda's media, under fire from the government and the churches and charged with "promoting the interests of armed insurgents" and pornography, is taking steps to guard its flanks.

President Yoweri Museveni is leading the attack on the press, and he has used nearly every press conference this year to accuse local newspapers and radios of furthering the interests of armed rebellion in the northern and western regions of the country.

Last month, the Ugandan leader blamed the press for "creating a permanent sense of crisis in the country".

'Creating permanent sense of crisis ...'

He directed his anger at the country's two English-language dailies, the government-owned The New Vision and the privately-owned The Monitor.

Both newspapers carried reports of rebels briefly capturing Bundibugyo, a small town on the Congo-Kinshasa border in June. Museveni was not at all pleased with the reports.

"I'm looking at ways of taming this irresponsibility. I will not tolerate the amateurs who write at the expense of the country," he said.

"You have Internet and information is thrown out there to the world with these kinds of stories of capture (of towns by rebels). This is discouraging investors and I think you are doing a big disservice to the country."

Earlier this month, Museveni again hit out at the press and pointed out that the media had taken on the role of agents of doom in the East African nation.

"They act like the people in the Bible Jesus spoke about. Although they have ears, they don't hear, have eyes, but they don't see, have heads, but they don't think," he said.

Charles Onyango-Obbo, The Monitor's editor, pointed out that the president's attacks on the press so far had hinged on the single theme of security.

"They (government) are feeling the rub; these wars in the country are beginning to affect the attitude of other people towards this country."

Uganda's second deputy premier, Brigadier Moses Ali, who doubles as the tourism minister, has also berated the media for scaring off tourists.

"It's been rough-going for tourism for the past two to three months," he said this month. "We attribute this to the negative reporting of journalists to the international community."

The government's attack on the media, according to Fredrick Juko, a Makerere University law lecturer, is typical given the security situation.

"I think the government feels embattled in the face of mounting (security) problems," he said. "This is their way of reaction, to intimidate in the face of criticism. They will clutch at anything."

Now the churches have added their voice to the criticism of the media's content.

The religious leaders have been irked by commercial radio and the pornographic or leisure magazines on the market since last October.

In the churches line of fire are Capital Radio and Central Broadcasting Service, two FM stations which carry candid late-night sexually explicit phone-ins and sex education/Aids prevention programmes.

The churches are uncomfortable with the programme formats.

Uganda accepts SA companies' bids (344)

ET(PM) 1/8/97 (334)

Joe Khamisi

Dar es Salaam — South African companies Mobile Telephone Networks and Telkom are among five international bidders to pass through the pre-qualification stage in a process that could give them a stake in the liberalised Uganda communication sector.

The others are Portugal Telecommunications International; Mobile Systems International, a consortium of companies from Uganda, Britain, Norway and Cyprus; and, the Industrial Promotion Services, a firm partly owned by the Aga Khan.

The winning company would become what is locally known as the Second National Operator and would compete with the state-run telecommunications services. The company would be expected to develop a strong rural network, now lacking in the bigger part of the country of 19 million people.

"The government is committed to making Uganda's business and legal environment competitive with its neighbours and hospitable to private investors to obtain better services at a higher quality for the entire country," said Michael Opagi, director of the country's Privatisation Unit.

Uganda Posts and Telecommunications Corporation was set to be split into two units — posts and telecommunications — as part of the economic reform process.

A bill laying out the new arrangement is yet to be debated by parliament, but internal reforms are already in place with the two units technically operating separately. The entry of the outside operator would substantially reduce the government's control of the sector. Analysts said a liberalised telecommunications sector would help reduce prices and steadily meet local and international communication demands.

Officials have not announced when the actual bidding process will begin. — Independent Foreign Service

Uganda hopes rich tourists will replace backpackers

BD 7/8/97

(334)

It now competes with Kenya for wealthy tourists, writes **Edmond Kizito** in Kampala

UGANDA is altering its approach to tourism and is now focusing on the top end of the international market in a bid to boost an industry which was once its biggest generator of foreign exchange.

However, a key problem has been the activities of rebels in western Uganda which have deterred tourists from visiting many of the country's prime sites.

Tourism officials say that government is trying to woo high-income visitors, instead of the low-income tourists that have dominated statistics up until now.

Blandina Nshakira, the commissioner for tourism in the ministry of tourism, wildlife and antiquities, said in an interview: "We are working on developing interest in niche areas that will take in only a few visitors who will have to pay a premium price for the adventure."

Officials of the Uganda Tourist Board, the government body in charge of attracting visitors, said it was developing facilities for white-water rafting, fresh-water fishing, mountain climbing and bird watching. Traditionally Uganda, which straddles the equator, has relied almost entirely on its rich variety of wildlife which ranges across lush grasslands and forests to sustain the tourism industry.

Tourists pay up to $175 a day to view mountain gorillas

But there have been problems. The country has had to compete with neighbouring Kenya, an internationally renowned tourist destination, and the state of anarchy that existed in Uganda in the 1970s and early 1980s scared away tourists and depleted the wildlife reserves. It is estimated that between 70 000 and 120 000 people died in Uganda in civil wars during this period. The killing and chaos began in 1971 when Idi Amin became president after a coup. At that time, Uganda's parks had been attracting 85 000 tourists a year, mostly big-spending foreigners attracted by big game and the beauty of the country once known as the "pearl of Africa".

A civil war put an end to Amin's excesses in 1979, but successor Milton Obote was eventually toppled after a guerrilla war that brought Yoweri Museveni to power in 1986.

More recently, many visitors were deterred by the war to oust Mobutu Sese Seko in neighbouring Zaire (now Congo).

John Otekat, a deputy director in the state-run Uganda Wildlife Authority which is charged with protecting game, said the past 10 years of relative peace in Uganda had revived game in most parks, although all the rhinos had been killed.

However, Nshakira said that a low-key guerrilla war in a region of western Uganda was scaring away tourists. In this area, the actions of the rebels — the Allied Democratic Forces — had sharply reduced the number of visitors to the Queen Elizabeth National Park and the Ruwenzori Mountains, reducing revenue for the wildlife authority.

Economic analysts and diplomats say that, with the right handling, Uganda could see its tourism industry rise to the top spot again as a hard currency earner. It now ranks second after the coffee industry, which brought in $588,4m last year in 1996 — way above tourism which earned $123,9m from about 252 830 visitors.

Uganda faces a foreign exchange crunch, mainly because of lower world prices for its lifeline coffee export. It badly needs fresh sources of foreign exchange if it is to cope with its foreign debt of $3,8bn, analysts and donors say.

These days, tourists in Uganda are mostly backpackers ready to rough it across country, spending little money in return for a chance to enjoy the natural beauty and tropical climate.

As part of the tourism revival plan, the government has invited in foreign investors and handed them hostelries in the national parks. These have revived the infrastructure, providing high-class hotels, tented camps, and aircraft to fly in visitors. Roads have been resurfaced and security has returned to most of the parks.

Finance ministry officials said they hoped to boost interest and double revenues in two years without greatly increasing the number of visitors. Environmentalists have warned that huge tourist inflows could damage ecosystems and animal habitats.

Museveni's government has successfully promoted gorilla viewing — a key attraction in a park in western Uganda. Tourists line up to pay up to $175 a day to see some of the world's last remaining mountain gorillas in their natural habitat that is shared by Rwanda and Zaire.

Officials said that they expected a lot of interest in the other areas they were trying to promote because gorilla-viewing had become so popular that visitors buying permits often had to wait nearly a year to visit the animals.

Uganda to receive $140m of funding from IMF

CT(BR) 9/9/97 (334)

FROM REUTER

Kampala — The Ugandan government and the International Monetary Fund (IMF) reached an agreement at the weekend on $140 million of funding under an Enhanced Structural Adjustment Facility programme, the IMF said.

The agreement is for three years, extending to 2000, and is for 75 percent of Uganda's quota with the IMF.

The agreement is for 75% of Uganda's quota with the IMF and is for three years

The first tranche of $56 million will be disbursed in the first year.

"The mission has reached an agreement with the (Ugandan) authorities on the arrangement and the programme," Ulrike Wilson, the IMF resident representative, said at the weekend.

The Enhanced Structural Adjustment Facility funds will be used to rehabilitate and strengthen revenue collection through improvements in the way the Uganda Revenue Authority operates and through in-depth reforms in the Uganda Customs Administration.

During the financial year to June 1996, Uganda failed to collect up to 43 billion shillings (R182 million) of expected revenue, mainly because of smuggling and laxity in tax administration.

"The programme supports proposals in the income tax bill, which is before parliament, to replace tax holidays with accelerated investment depreciation allowances which provide attractive incentives for investment," Wilson said.

The programme will also support structural reforms in the financial sector, trade liberalisation and accelerated reforms in the civil service with an emphasis on decentralisation.

'The funds will be used to rehabilitate and strengthen revenue collection'

The IMF also agreed to provide room for credit to the private sector to allow for growth and expansion with little pressure on prices.

Uganda aims to cut inflation to 5 percent compared with a year-on-year rate of 10,1 percent in June, down from 11,8 percent in May.

The release of the second tranche of funds will depend on the review of the programme's performance when the team returns in February next year.

Uganda's performance in the first year will help it get debt relief in April next year, based on the assessment report by the fund's executive board, to be issued in the same month.

The IMF mission was in Uganda for two weeks to conclude negotiations that began in May and June. The team was led by by Naheed Kirimani, the assistant director in the IMF Africa department.

Nedbank foiled in Uganda bid

CT(334)(BR)17/9/97

ABBEY MUTUMBA-LULE

Kampala — Nedbank, the banking group, failed to buy Uganda's leading commercial bank when it was outbid by Malaysia's Westmont Holdings, Leonard Muganwa, the executive director of the Uganda Enterprises Development Project, said yesterday.

Westmont was the highest bidder out of seven contenders to buy Uganda Commercial Bank, and the government would start detailed negotiations with them next month, Muganwa said.

Although the bank has been bogged down by non-performing loans, totalling about $62 million, it has an advantage over other banks as the Uganda Revenue Authority and the Uganda Electricity Board are just two of the big parastatals that have accounts with it.

Westmont will cover the bank's assets and liabilities, its branch network countrywide, its image, international relations, relations with other local banks and the capital adequacy requirements of the Bank of Uganda.

The International Monetary Fund, which was said to have set the privatisation of the bank as a condition for an aid package, said last week it was pleased parliament had agreed to the sale as new management and capital would boost the banking industry.

The sale is the largest in the process of privatising parastatals, which began in 1993. Westmont will have 51 percent of the shares.

The remainder will be unloaded on the stock exchange when it becomes operational.

The government would keep 18 of the bank's branches that are in prime locations.

It would subsidise the branches in a bid to assist in revenue collection and banking in some rural areas, the finance ministry said.

The Non-Performing Assets Recovery Trust has been helping to recover the $62 million in non-performing loans, owed by some 2 500 customers. — Independent Foreign Service

Uganda plans ambitious rail expansion

BDaa 19/97 (334)

KAMPALA — Railway expansion across Uganda's common borders with the Democratic Republic of Congo and finally into Rwanda is part of Ugandan President Yoweri Museveni's drive to exploit trade chances with the new regimes friendly to him in the two central African states.

Recent visits by Museveni's trade and transport ministers to the Congo and their return journeys to Kampala have led to plans to construct hundreds of kilometres of railway lines from Uganda to eastern Congo and Rwanda, although officials said the homework on the cost of the ambitious programme was still at a preliminary stage.

The Ugandan state railway has signed a joint-venture agreement with a German-based international company to run a multimillion-dollar locomotive workshop designed to serve the region.

Railway spokesman Florence Munyirwa, confirmed that the proposal included laying a railway line from the northwestern town of Pakwarch to the Congo border town of Mahagi 80km away and finally from there to Congo's eastern town of Bunia, 130km from the border.

Another line was planned from Pakwarch, Uganda, to Congo's inland city of Kisangani from where it would finally reach the port of Matadi.

"These are new developments in the region and the thinking is in terms of expanding," Munyirwa said in an interview.

The project's duration, cost and other details are still being kept under wraps by officials, but railways sources said that the transport ministers of Congo, Uganda and Rwanda had drawn up a task force consisting of technocrats to prepare cost estimates and explore sources of funds.

Rwanda, where no railway network exists, will be connected with a line from Uganda's western town of Kasese 380km from Kampala, from where a railway line will be built through a game park to the border post of Lshasha. The line is expected to curve from there into Congo and then finally to the Rwandan capital Kigali.

The scheme confirms earlier speculation that the new government in the Democratic Republic of Congo — formerly Zaire — led by former rebel leader Laurent Kabila received some backing from both Uganda and Rwanda in its determined seven-month campaign to remove the late president Mobutu Sese Seko.

Museveni has not hidden his support for Kabila's government and his intention to open up trade and economic ties with Congo. "Uganda could export beef and fish to Congo because it is not easy to rear cattle in the thick forests there. Congo does not have a large lake so we can export there," he told a news conference on August 15 upon his return from the Congo.

His press secretary, Hope Kivengere, later said: "There is a new thinking in this region and that is economic co-operation. Uganda stands to gain from it." Munyirwa disclosed that early last month her firm entered an agreement with ABB-Daimler Benz (Adtranz) to run the $25m Nalukolongo locomotive workshop, 5km west of the capital Kampala.

ABB will control the majority shareholding with the rest left for the railways. Initial working capital is estimated at $1,5m.

The locomotive workshop, the largest engineering project in the country, is managed by German experts and was opened in 1989 to repair and overhaul railway engines from Uganda, Kenya and Tanzania.

The railway's joint venture with ABB has been timed to go with the proposed expansion of Uganda's railway network to eastern Congo and Rwanda and plans are afoot to work on locomotives owned in future by those countries.

Despite the thrust for business in other countries, Uganda's sole railway company is in a sorry state with over 50% of its 1 300km of railway lines almost defunct.

Corruption at top management level is responsible for the railways' woes. Unprofitable passenger services were dropped this year and its debts stand at more than $50bn. The government owns 50% but is reluctant to pay. — Sapa-DPA.

BUSINESS

Uganda opens its arms to SA investment

CT(BE) 25/9/97 ~~(334)~~ ~~(346)~~ (334)

SAMUEL MUKALAZI

Kampala — South African investors are gradually closing in on Uganda after pumping more than $150 million into the country in recent years.

South African investors, observers say, are attracted to Uganda because of its relative stability, steady economic growth and proximity to other potential markets in the Democratic Republic of Congo, Sudan, northern Tanzania, Rwanda and Burundi.

Among the early comers were Stem Cable and Satellite, which boosted the country's underdeveloped entertainment sector with a $1,2 million investment in pay television, a tremendous success in the capital city of Kampala.

Stanbic Bank — formerly Grindlays Bank before it was bought by South Africans for $1,1 million in 1994 — has turned out to be one of the country's top financial institutions.

By the close of the 1996 financial period, net shareholder interest stood at $8,7 million, placing Stanbic in the high-performer category.

Mobile Telecommunications Network (MTN) and Telecom South Africa, the telecommunications leaders, bid against Uganda Telecommunications Limited for the second network operator licence after full liberalisation of the sector.

Some South African investors, however, have been discouraged by laws which bar foreigners from owning land. Some potential large-scale farming investors are considering entering into partnerships with Ugandans as a way around the problem. A government commission shot down a bid this year by some South Africans to form farming communities.

To encourage prospective investors, President Yoweri Museveni has been advocating revision of the land law, and proposals are under discussion.

Meanwhile, at the initiative of the president some money has been put aside in the country's current budget, enabling the Uganda Investment Authority to secure industrial land to be allocated to investors. The government also plans to establish a free-trade zone at Nakasongola, about 100km from Kampala.

One of the most recent deals by South Africans has been the merger between South African Breweries (SAB) and Nile Breweries in Jinja, east of Kampala. SAB has bought a 35 percent stake in the brewery and plans to bottle Castle beer and other brands there.

The South African Bottling Company (Sabco) has taken up a majority shareholding in Century Bottlers, who produce Coca-Cola. Sabco plans to set up a can factory for beer and soft drinks — big business in a country dominated by the bottle.

South African goods have started to take on Kenyan products, which have dominated the household product market up to now. South African wines, cereals, fruit juices and apples are already familiar on shop shelves and in supermarkets. — IFS

Barriers to Uganda's fledgling exchange

UT (MR) 29/9/97 (334)

FROM REUTER

Kampala — Ugandan authorities said at the weekend a lack of private companies willing to be listed had hampered the start of trading on the Uganda Securities Exchange (USE), the country's fledgling stock exchange.

They said many private companies were still scared off by rigid full information disclosure requirements for publicly owned companies, because of the high corporate and individual tax levels in the country.

The USE was formally launched in June. It has a trading floor based at the Bank of Uganda, the central bank, building but so far no trading has taken place.

"We are ready to start trading. We have thrown back the challenge to the corporates to get listed and seek equity through the stock exchange," said Geoffrey Onegi-Obel, a USE official.

Capital Markets Authority (CMA), the regulatory agency, asked the finance ministry in May to consider giving tax concessions to companies that might have cheated in the past as a way of encouraging companies to list their shares on the exchange.

At the time, the CMA said there were companies that kept two sets of accounts and gave the government only one — which did not carry full disclosure of the companies' financial position.

But the Uganda Revenue Authority, the tax agency, had said it would not give such concessions because companies that have cheated the government were guilty of fraud and should be charged in court.

CMA officials said the tax authority's stand, and the finance ministry's reluctance to intervene, would prevent many eligible companies from seeking a listing.

Michael Opagi, director at Uganda's privatisation unit, said trading could start "maybe in a couple of months".

Opagi said the National Insurance, the New Vision newspaper and the Uganda Grain Milling were likely to be among the first companies to have their shares traded on the exchange.

No peace dividend in Ugandan killing fields

BD 7/10/97 (B34)

THE planting season has arrived in Kibandama, but William Katya is not tending his fields. Like the 600 other residents of this Ugandan village on the slopes of the Mountains of the Moon, he has moved to the valley town of Kilembe, where he now sleeps on a workshop floor.

He left because raids by rebels belonging to the Allied Democratic Forces (ADF) had become more violent. Three male relatives were abducted, then Katya's stepbrother was hacked to death. The final, gruesome straw came when the rebels — many of whom are Muslim fanatics — left a victim's head perched symbolically on the altar of the local church. "The whole village is deserted now. All of us have descended to the valley," he says.

When Laurent Kabila's forces seized power in the Democratic Republic of Congo with the backing of Rwanda and Uganda, diplomats predicted the two nations' reward would be peace in their frontier regions, long plagued by insurgencies which enjoyed the blessing of the late former president Mobutu Sese Seko.

The reverse appears to be the case. Deprived of a friendly host, its arms supply lines to Sudan cut, the increasingly desperate ADF has gone on the rampage. It has recruited from the exiled Hutu Rwandan army, Mobutu's Forces Armees Zaireoises and other armed groups displaced by Kabila's sweep through the great lakes to form a jumbled collection of fighters, united only in their antagonism towards the Ugandan leadership.

Far from reaping a peace dividend, Kampala is now battling to control insurgencies on two fronts — the Sudanese-backed Lord's Resistance Army in the north and the ADF in the southwest of the country.

"We were expecting things to move more smoothly," says Father Albert Byaruhanga, an adviser to President Yoweri Museveni, who comes from the southwest. "When you are coming out of a troubled period there is always that overanxiety to see quick returns."

While the ADF campaign so far falls short of the brutal standards set by the long-running insurgency in the north, it is showing a worrying capacity for escalation. In a series of hit-and-run attacks since last November, it has brought fear to three provinces.

Under the nose of the army, members of what one Ugandan minister dubs the "Alliance of Devil Forces" have laid mines, ambushed vehicles and abducted scores of villagers, forcing them to fight or work as porters.

Foreign aid workers have pulled out, development projects have been halted, schools have closed and crops are not being harvested.

The World Food Programme estimates that 80 000 Ugandans have left their villages to camp around the towns of Bundibugyo, Nyahuka, Kasese and Fort Portal, dependent on food aid.

Western embassies warn against travelling to the area, located close to several popular game parks. Walking and climbing expeditions into the snow-capped Mountains of the Moon have been scrapped.

"The ADF do not represent a threat to the government," says a Kampala diplomat. "But they can hurt it by making these areas less secure, hitting tourism revenue and forcing the government to keep spending on defence."

The group's capacity to cripple the southwest is all the more surprising given its motley nature of its make-up, its size and the sketchy nature of its sketchy political credo.

In early August Museveni promised 3 000 troops to combat the insurgency. But it took until late last month for the first reinforcements — soldiers trained by visiting US experts in peacekeeping techniques — to muster in Fort Portal.

Lt-Col Charles Angina, running the army's operation in the southwest, says that until he has those reinforcements he cannot dominate this rugged terrain. Even once those troops materialise, the continuing chaos across the mountain ridge may prevent a final reckoning.

Kabila's anti-Mobutu alliance is unravelling, the Rwandan army has pulled out and establishing law and order seems an ever more distant dream.

"Whenever you put a lot of pressure on the ADF they have a fall back position in the Democratic Republic of Congo, not because the government there supports them but because Kabila has not yet consolidated his position," Angina says.

For him the solution is clear — a joint Ugandan-Congolese military operation conducted on both sides of the border to wipe out the threat forever. — Financial Times.

MAIL & GUARDIAN
October 17 to 23 1997

Rebel factions hurt Uganda's quest for reform

(334) M+G 17-23/10/97

Ann M Simmons
in Gulu, Uganda

Her name is Innocent but her doleful brown eyes already bespeak a life of misery.

Her parents were killed three years ago. She has been enslaved in Uganda's remote northern regions, where she was beaten with sticks and a bicycle chain until the flesh fell from her body. She was raped by several soldiers and forced into a life as a commander's concubine.

As she was being rescued from her captors, who were caught in an ambush, she took a bullet in her right thigh. She is now crippled for life.

Innocent is all of 15.

She is, groups like Human Rights Watch and Amnesty International say, just one of about 8 000 Ugandan children — some as young as 11 — who have been seized by the notorious rebel group that brazenly calls itself the Lord's Resistance Army.

Its members, employing an unspeakable brutality, have turned the youngsters into servants and soldiers. A large percentage of them die from disease or starvation after enduring months, sometimes years, in captivity. Some are murdered. Many, besides being victimised themselves, also are forced to inflict horrors on others.

Aid groups estimate that 3 000 to 5 000 children have escaped rebel captivity. Hundreds have shared details of their terrifying ordeal with aid workers who have set up live-in trauma counselling centres for them.

The revelations of the abducted, tortured young in the north come at time when Uganda is also winning praise for its commitment to bold economic reform, skilled diplomacy and political stability — qualities lacking in neighbouring countries such as Sudan, the Democratic Republic of Congo, Rwanda and Kenya.

But analysts say large-scale human rights abuses — like the rebels' treatment of kidnapped children — threaten to damage Uganda badly .

"The abduction and brutalisation of thousands of northern Ugandan children is a recipe for future catastrophe for Uganda and the rest of the region," said Rosa Ehrenreich, the New York-based author of the Human Rights Watch report. "If we have learned a single thing from our experience in Africa over the last few decades, it's that human rights abuses that are ignored do not disappear, they fester and ultimately blow up into something worse."

In Uganda's northernmost districts of Gulu and Kitgum the 11-year civil war, in which an estimated 100 000 have been killed, has hit the Acholi people hardest.

They appear to have been targeted by rebels, the vast majority of whom are Acholi and who are led by Joseph Kony, a militant whom human rights advocates say claims to be acting under divine instruction.

Ugandan President Yoweri Museveni's government is also battling Western-based rebels of the Allied Democratic Force, a group said to be made up of remnants of the now-defunct National Army for the Liberation of Uganda, soldiers of the ousted governments of Rwanda and the Congo, and Islamic extremists.

Though analysts agree that neither rebel faction poses a real threat to Museveni's regime, they have harmed Uganda's people and its prospects.

"Development in the north has been seriously retarded by rebel groups ... and the government is losing the benefits that could be brought to its side with greater security in the West," said a Western diplomat in Kampala.

Though the war's exact financial toll in the north is unknown, Ugandan officials say the region's infrastructure has collapsed.

More than 200 000 people have fled their rural homes for temporary camps. Human Rights Watch reports that, in the past year, at least 75 schools have been burned down in Gulu; 60 000 school-aged children have been displaced; and 215 teachers have been killed. — *Los Angeles Times*

Uganda gambles on safety to reopen copper and cobalt mine in rebel territory

(334) BD 20/10/97

LONDON — Like a giant waking from a long sleep, the abandoned copper and cobalt mine at Kilembe in southwest Uganda is stirring into life.

Technicians are setting up a cobalt plant to process the mounds of tailings (waste dumps) that blemish the narrow valley.

A feasibility study into reopening the mine itself is under way and a handful of foreign logistics experts have arrived to smooth the path of 150 expatriate families due to move in.

But the rush of activity leaves many locals bemused. For, while new personnel plan to stream into the neat rows of houses inside the mine compound, expatriate aid workers have evacuated the area in the firm conviction it is no longer safe.

Located within hiking distance of the border with Congo — formerly Zaire — Kilembe has become a target for Allied Democratic Forces (ADF) rebels who have terrorised the fabled Mountains of the Moon since Laurent Kabila's successful military campaign robbed them of their bases in former Zaire.

The rebels have raided the mine's hospital in search of drugs, ambushed a minibus driving through the town centre and repeatedly struck at the nearby settlement of Kasese, killing and abducting the residents.

Despite the presence of an army unit camped at the bottom of the valley, the hospital is full of patients with shot wounds and land-mine injuries. After dark, few venture out. "The ADF campaign is meant to scare, cause a panic and get as much media attention as possible," says a departing member of the Dutch medical charity Memisa, one of several international development organisations to pull out. "We felt it was probably only a matter of time before expatriates were targeted."

Dismissing such fears as exaggerated, Amos Basaza, GM of the state-owned Kilembe Mines, says he is reassured by the recent build-up of Ugandan troops. He promises that 3 000 soldiers are to be posted to the area. "These attacks are by splinter groups. I have lived here for 30 years and I don't feel unsafe."

He insists he has no plans to postpone the mine rehabilitation or delay the arrival of expatriate families. "President Museveni has given us his assurance and we are relying on his word. We trust the government to provide our security."

But critics would argue that with the army so far clearly unable to master the situation, political and financial considerations are being allowed to triumph over common sense. A lot is at stake at Kilembe, perhaps too much to encourage prudence.

Under discussion since the 1982 closure, the $110m Kilembe scheme represents the biggest single foreign investment in Uganda. It has been a project close to the heart of a succession of Ugandan governments. Apart from the cobalt processing plant being funded by French mining company La Source, which is expected to yield 1 000 tons of Cobalt a year, there are plans to set up a hydroelectric power station, a foundry providing spare parts for the whole western region and a limestone quarry. These are backed by grants and soft loans from the European Union and North Korea.

Experts estimate it will take up to 14 years to exhaust the tailings. If the mine itself is judged to be worth rehabilitating, it will give the project a further lease of life.

That would vindicate the government's decision to keep 700 staff on after closure, pumping water out of the shafts and maintaining the mine so that it could be reopened swiftly.

The project, which dovetails with plans to repair the dilapidated railway that used to transport ore from Kasese to Kampala, would provide the southwest with much-needed employment, power and prosperity. Such considerations, say those abandoning Kilembe, are in danger of blinding those involved to the potential risks.

"The expatriates at the mine have a completely different vision of the situation," says a development worker. "They are talking to the politicians and, of course, the politicians want them to stay. We talk to the villagers who don't dare live in the mountains any more and have moved to the valley."

The dilemma at Kilembe highlights the way in which Kabila's failure to establish law and order in his border regions since coming to power now risks tarnishing one of Africa's most impressive economic recovery stories. The insurgency in the southwest, combined with the continuing battle against the Sudanese-backed Lord's Resistance Army in the north, is obliging the Ugandan government to spend 20% of its annual budget on a 50 000-strong army.

Despite military training and equipment from the US, which makes no bones of its determination to stand by an African ally under attack, the defence spending puts a heavy strain on an economy which has still to restore living standards achieved in the 1970s, before the disastrous presidency of Idi Amin.

"In the latest budget, which was a very severe one, military spending was the only thing that wasn't cut," says a diplomat. "It's something the Ugandan government can cope with, but it's a drain."

Growth rates, which peaked at 10% in 1995 are expected to fall to a disappointing 5% this year, and Uganda's finance minister has publicly hailed next year as the toughest in a decade. "We are currently besieged by acts of God and greater turbulence ahead," the finance minister told parliament, citing the insurgencies as a troubling cost.

Anxious not to announce an end to Uganda's economic rebirth, development officials prefer to blame the flattening of the country's growth curve on low coffee prices, drought and infrastructure weaknesses — problems inevitably easier to shrug off in the long term than an insurgency.

"But it's obvious that whatever you spend on the military, the less you spend on other things," acknowledges one official. — Financial Times.

Giant bottling plant for Uganda

(334)

KAMPALA – Uganda's Century Bottling Company, bottlers of Coca-Cola, in which a South African bottling company, Sabaco, has majority shareholding, is to set up a giant bottling plant near Kampala, to push its capacity from 4 million crates per year to 12 million crates, company officials said.

This is part of a R140-million investment in Uganda which will also include construction of another plant in the western town of Mbarara.

The plant, covering 10 hectares, will produce 2 million crates a year.

Sowetan

Century Bottling was the first company to be allocated land in a forest reserve at Namanve about 5km from the city centre, which government allowed for industrial use.

22/10/97

The move caused a row between government and environmentalists, but government, with the backing of president Yoweri Museveni himself, took the upper hand. Museveni has been complaining about Uganda's land laws which bar foreigners from owning land, and which have hampered foreign investments.

Government recently put aside R9,21 billion for purchase of land to be allocated to investors who have failed to locate industrial land.

Meanwhile, government is pushing for a revision in the land laws to make them more investor friendly. Century Bottling Company was allocated 114,6ha at Namanve. The Namanve and Mbarara plants will create more than 600 jobs, the company spokesman said.

Currently, the company's factory at Nakawa near Kampala produces four million crates a year, and employs 500 people.

Construction of the Namanve plant will start soon, and the company spokesman says it will be one of the biggest in Africa. The Mbarara plant will be completed in July 1998. – *Sapa*.

Sale of Ugandan coffee assets runs into trouble

BD 29/10/97 (334)

KAMPALA — The sale of the government-owned Uganda Coffee Marketing Board has hit a snag for the second time since its initial sale offer in 1995, and negotiations have been extended to the second highest bidder, Uganda's finance ministry says.

Leonard Muganwa, executive director of the finance ministry's Enterprise Development Project, said authorities had contacted Makula International, the second highest bidder for the board, to start negotiations for the purchase of the country's biggest coffee plant, CMBL.

Muganwa declined to give reasons for calling in Makula, but said they were still holding discussions with the previous bidder, Coffee Uganda.

"Coffee Uganda got back to us for discussions but we were not satisfied," another privatisation official said. He added that the company was unlikely to qualify as buyer of CMBL.

Makula International had offered to buy CMBL for \$7,6m, compared with the offer of R8m from Coffee Uganda.

The Ugandan government reopened bidding for CMBL earlier this year after rejecting a bid by Swiss company Sucafina because its offer of \$3,3m for 51% of the company was too low.

CMBL's assets were valued at \$36,7m last year. Its principal asset is its central processing and storage unit at Bugolobi, which has export processing capacity of four-million 60kg bags a year.

CMBL's market share of coffee exports fell to 9,4% in 1995, compared to 84% four years earlier after the liberalisation of the Ugandan coffee industry in 1991.

Uganda has more than 50 registered private coffee exporters, although the Ugandan Coffee Development Authority says only just over 20 of these are active at present.

Coffee is Uganda's primary foreign exchange earner, accounting for 62,5% of hard currency earnings. — Reuter.

Ugandans smell the coffee profit

(334) BD 30/10/97

KAMPALA — Liberalisation has given Uganda's coffee industry a new lease of life and promises to deliver more gains in the country's output, industry officials say.

Last year Uganda overtook Ivory Coast as the continent's top coffee exporter with over 4-million 60kg bags produced and exported.

Officials from the Uganda Coffee Development Authority now say they are aiming for an average production of 5-million bags a year in the next three years.

Like all other sectors in Uganda, the coffee industry was crippled by civil strife in the 1970s and early 1980s, with government control of the industry resulting in poor marketing and low producer prices.

During that period, coffee production declined to a low of 2-million 60kg bags from a previous average of 4-million bags a year.

The coffee authority attributed the improved performance in production to the liberalisation of the industry in 1991. Coffee production rose steadily from 2,3-million bags in 1991/92 to 3,2-million bags in 1993/94, 4,15-million bags in 1995/96 and reached 4,23-million bags in 1996/97.

Under the liberalisation, exporters can deal directly with the international market and about 50 independent coffee exporters hold contractual obligations with overseas coffee buyers. Last year, Uganda exported all of the 4,23-million 60kg bags it produced.

According to authority secretary William Nagaga, liberalisation also improved the marketing of coffee. Farmers now receive a greater portion of export prices than they received in the 1980s.

Prices for Kiboko unprocessed coffee have risen to 650 Ugandan shillings a kg from an average of 250 shillings a kg in the 1980s.

A better payment system in which farmers are paid in cash has also motivated farmers to look after their old coffee trees and inspired them to plant hybrid clonal coffee, which offers greatly enhanced yields. Before, they were replacing their coffee trees with maize and beans. — Reuter.

NEWS DIGEST

UGANDA

(334)

Two SA telecomms companies kept waiting on private licence bid

Two South African telecommunication companies that bid for a licence to operate Uganda's first private fixed telephone network will have to wait a little longer for the final verdict, following the decision by the privatisation unit to postpone the licensing of the successful bidder from December to March next year.

Mobile Telephone Network (MTN) and Telkom put in bids for Uganda's Second Network Operator (SNO) licence, with Portugal Telecommunications International, Canadian Industrial Promotion Services and Mobile Systems International, a consortium of Ugandan and European-based companies. Uganda plans to sell off the telecommunications arm of the Uganda Posts and Telecommunications Corporation (UPTC). To encourage competition, the government wants to license an SNO to compete with the privatised telecommunication company.

The licensing process has been delayed by parliament, which argued that awarding the SNO licence before privatisation of Uganda Telecommunications Limited would reduce the market value of the company. This delay, however, is making some of the bid companies impatient, and some may drop out altogether. — *Independent Foreign Service, Kampala*

CT(BR) 4/11/97

Arafat refuses to meet with Israeli leader

JERUSALEM – Prime minister Benjamin Netanyahu called Palestinian president Yasser Arafat late on Tuesday to discuss new ideas for breaking the impasse in peace negotiations, but Arafat refused a request to meet with the Israel leader, media reports said yesterday.

Army radio and the *Maariv* newspaper said Netanyahu provided Arafat with a broad outline of a new plan to transfer additional West Bank territory to Palestinian rule in exchange for Arafat's agreement to launch accelerated negotiations on a final peace accord between the two parties.

The radio said Netanyahu gave Arafat no figures on how much additional land would be transferred from Israeli control, saying he had first to present his ideas to his own cabinet.

He also renewed his demand that the Palestinian Authority take tougher action against armed anti-Israel militants and rein in criticism of his government's peace policies while the new initiative was under discussion.

Netanyahu was scheduled to unveil his plan at a special cabinet session yesterday morning and present it to leaders of his right-wing Likud party later in the day.

Nationalist elements, who hold a vital position in Netanyahu's fragile coalition, have vowed to oppose any further troop pullbacks.

Maariv said Arafat agreed to pursue lower level contacts between the two sides concerning the Israeli initiative, but declined to hold a direct meeting with Netanyahu at present.

Israeli officials said Netanyahu's proposal, which must be approved by the cabinet, would involve Israel withdrawing from an additional eight to 10 percent of the West Bank – primarily rural areas.

It would also expand exclusive Palestinian control in the West Bank from the area's eight main cities – about three percent of the territory – to an unspecified portion of the 24 percent of the area currently under Palestinian civilian administration but Israeli security control.

The package could put up to 35-37 percent of the West Bank under exclusive Palestinian control. – *Sapa-AFP.*

Anti-Apec protesters outside the University of British Columbia campus in Vancouver, Canada, on Tuesday. The university was the site of the summit of the 18 Apec nations. Demonstrators were arrested after they charged the security fence.
PIC: AP

Uganda develops North

(334) Sowetan 27/11/97

KAMPALA – The Ugandan government is developing a comprehensive plan to develop the neglected north of the east African country, President Yoweri Museveni said in a statement received yesterday.

The plan, to be launched soon, will cover 12 districts affected by a decade of civil war.

It will encompass feeder roads, a loan credit scheme, provision of ploughs, and the development of infrastructure.

Northern Uganda has been plagued by conflict, primarily by the Lord's Resistance Army, but also by the West Nile Bank Front, two wings of the Uganda National Rescue Front, and previously the Uganda People's Democratic Army and the Holy Spirit Movement.

The project will be run along the lines of the Luwero Reconstruction Programme which was set up after Museveni seized power in 1986.

His guerrilla army had waged a five year war against the governments of presidents Milton Obote and Tito Okello in the Luwero region in central Uganda.

Earlier this month, the president's brother, Major General Salim Saleh, who is also senior presidential adviser on military and political Affairs in the north, launched his own project, the Salim Saleh Foundation for Humanity, which also aimed to rehabilitate regions of northern Uganda affected by war. – *Sapa-AFP.*

UGANDA (334) CT(BR) 11/11/97

60 French companies seek trade openings

Representatives of 60 French companies would meet in the Ugandan capital city of Kampala at the end of this week to discuss trade opportunities in east Africa, the French embassy announced yesterday.

The firms, most of which are already active in the region, include companies engaged in electricity generation, road construction, civil works, civil engineering, consultancy, water and waste management, transport and communications and agro-industries. The participating French companies will be briefed by the resident French trade commissioners in the region on business opportunities in Ethiopia, Eritrea, Djibouti, Sudan, Kenya, Uganda, Tanzania, Rwanda, Burundi and Somalia.

The meeting, a yearly event in the east African region, seeks to "provide a better knowledge of the needs and projects of both African and French companies, and to boost co-operation between them ... with a special focus on Uganda", the embassy said. — *AFP, Kampala*

IMF gives $138m loan to Uganda

(334)

WASHINGTON — The International Monetary Fund (IMF) approved a $138m loan on Monday to support economic reforms in Uganda for three years, forecasting growth rates of 7% and more.

The IMF said the loan would help Uganda — one of Africa's richest states in agricultural resources — keep growth on track and hold inflation down.

But it said there could be revenue problems in 1997/98 as tax reforms take hold, and it urged the government to do more to spur growth in the private sector.

"The government will need to exercise considerable expenditure restraint, focusing only on the most essential," the fund said.

Landlocked Uganda is viewed as one of Africa's star economic reformers. The IMF praised Uganda's economic policies, which have recently brought growth of up to 8% and inflation as low as 6%.

The fund said government finances had improved and it commended government efforts to reduce Uganda's debt burden. To sustain growth, the fund said the government had promised to broaden reforms in the financial sector and the civil service. Deregulation and trade liberalisation would continue. — Reuter.

Ugandan exchange set to open trading floor

(334) BD 17/11/97

Anna Borzello

KAMPALA — Uganda's Securities Exchange, launched six months ago, is due to open its trading floor this month.

The regional East African Development Bank is likely to be the first institution to use the exchange and the trading floor is being fitted out at the same bank, says Uganda Securities Exchange chairman Onegi Obel. "Hopefully the traders and management will move in soon afterwards."

Officials say the East African Development Bank is planning to issue a 10-billion shilling securities bond, which should be traded by secondary buyers on the securities exchange by December.

Last year the bank sold a $15m bond on the Nairobi exchange, the first of its kind in the country. The move proved popular and the bank increased the bond to $20m.

The plans are good news for Uganda's stock exchange, which has had a slow start. Part of the problem has been that none of the five big state-owned companies earmarked for privatisation are ready to go public yet.

Capital markets officials claimed earlier that the five would be privatised and sold to the public within a year of the exchange's operation. However, stakes in only two of these companies — Uganda Grain Milling and the debt-ridden Uganda Commercial Bank — have been sold to private companies so far, and even they are not in good shape. "Government does not want to unleash a nonviable company on the market," said a spokesman for government's privatisation unit. "A long auditing process is involved."

Private companies have also been slow to come forward, with only a few tentative approaches being made to Kampala's 12 newly licenced brokers. "People are sceptical because they associate a stock exchange with a bubbly place full of electronics," said Wasswa Kajube, deputy director for capital markets at the Bank of Uganda. "But in Uganda all you need is a table, a blackboard and a person to list the companies."

Private companies are also reluctant to go public because they fear the process of opening up their books might disclose tax evasion tactics.

Champions of the securities exchange believe the only way to combat this scepticism is through education and argue that businesses will be eager to buy and sell once they understand how the exchange works.

"There is a genuine need for businesses to get hold of money in Uganda. Interest rates on bank loans are punitive, sometimes as high as 20%," said Obel. "We are hoping that the exchange might eventually exert a downward pressure on the cost of money in Uganda, forcing the banks to shape up."

His optimism is shared by Kajube, who briskly dismisses the charge that Uganda's exchange was launched too early. "Our private sector may be small — but it won't get bigger unless it can get access to funding," he said.

In the long run, Uganda hopes to link its exchange with those in Kenya and Tanzania, thereby strengthening economic ties between the three countries.

Country of broken dreams

(334) M+G 21-27/11/97

From PAGE 29

Mulago is a Hogarthian sort of place. But increasingly, Dr Kaggwa's staff find themselves doing the work of Western hospitals.

"As a middle-class emerges, we are beginning to see the troubles of the modern developed world: heart disease, appendicitis, gall-bladder diseases, cancers of the colon, ulcers. These have never been a problem before."

He has his own Thatcherite dreams. "The time will come when we will charge patients. My minister is trying to persuade the Cabinet now. We have a terrible funding gap. And that way, the individual patient would get a sense of ownership, and maybe they will take more care to prevent illness."

To fill one job, it is now necessary to train two people, because one will probably die from Aids

He backs off a little when he considers all the people he would never dream of charging: "TB patients, lepers, measles cases, complications of labour. We will have to work out a way of building a provident fund. Life is above money."

It happened when left-wing ideology was fashionable. Now it is happening with right-wing ideology. Africa keeps getting in the way of theories.

But under Museveni the argument can at least take place. "There's nothing that is off-limits," says Charles Onyango-Obbo. "You can call Museveni a dictator a thousand times if you want. We won't do it, not because we're frightened, but because it's so cheap and predictable. Anyway, I'd be more inclined to call him a stunted democrat."

Museveni does seem rather admirable personally. He was furious when a paper accused him of stealing two bags of cement for use on his farm. It turned out a journalist had misread an official form, and he had done no such thing. Some leaders of neighbouring countries have had a good go at stealing much of the continent.

It might be rather important for Britain to have Uganda on-side. The source of the Nile is directly behind the 11th tee of the Jinja Golf Club. The Ugandans are contemplating a hydro-electric scheme that will put a stop forever to the power cuts, but destroy the lovely Bujagali Falls. This might further impede the flow of the river, which is already pouring more uncertainly than ever before into the Mediterranean, because so much is diverted to irrigate Egypt.

There is a theory that this is already over-salinating the Mediterranean, which could eventually change the flow of waters through the Straits of Gibraltar, pushing the Gulf Stream out to the west, and plunging Britain into the deep freeze while the rest of the world gets warmer. Some scientists think this may happen anyway. But it is lucky Amin never thought of it.

The jury is still out on Museveni's contribution to Uganda. But the expatriates out there are happy again. Don Bowser bought a flat in Oxted during Amin's time, just in case. He is glad he has never had to move into it: "I don't suppose anyone would speak to me at Oxted Golf Club."

But not everything gets better. "Mary's a bit shaky today," he confided. "She's just been mugged. Right outside Barclays Bank in the middle of Kampala. Knocked her over and stole her money, they did. Never had anything like that happen to us before. All these years."

ɔlood and Thatcherism

(334) m+G 21-27/11/97

ɪtes is that he ac- ·e modestly. neighbour, the ient Daniel arap has not stuck his eet signs or his knotes (thus in- ⁼nce that these ·en after he has ·el it is inappro- . Uganda has an iual leader. And garet Thatcher. ·· I met in Nairo- ·l which African : the smell: in Lu- ; Lagos reeks of ˆchips. In Kampala you can sniff the money. My neighbours on the flight in were two Hong Kong-based Indian businessmen; these are not people who travel the world to take snapshots of hippopotamuses.

After an uncertain start, Museveni has pursued policies of economic liberalisation more vigorously and more certainly than any African leader. International Monetary Fund representative in Kampala Ulrike Wilson talks of him almost proudly, like a schoolteacher discussing her favourite pupil who not merely won a scholarship, but still remembers her birthday.

Some people refer to the Ugandan economy — 7% growth without rampant inflation — as the African tiger. The trouble is that everyone knows there are no tigers in Africa, real or metaphorical.

African leaders instead face a heffalump trap, which works roughly as follows. So-called African socialism has been a disaster, because state enterprises have invariably become incompetent and corrupt. To abolish these and bring in private capital means unemployment. In Africa, that equals desperate poverty.

The West may assist the process, but only to countries that democratise as well, and hold free elections. But it is impossible to face a hungry electorate, full of people turfed out of cushy jobs, and expect them to love you for a vague promise of good times later.

Museveni evaded the trap, partly by evolving his own system of party-less democracy, but mainly because he was operating in a country that expected nothing from its government anyway. Ugandans are pathetically grateful for a leader whose main object in life is not terrorising them.

Doing the work of Western hospitals: A soldier is checked for meningitis at a health centre. PHOTOGRAPH: PIERCE/KATZ

This is among the most beautiful and most bloodthirsty places in the world. Visitors are stunned as soon as they arrive at Entebbe Airport. Lake Victoria glistens, the grass is lush, the houses are set amid banana plantations and mango trees. It looks more like the West Indies than Africa.

Upcountry it becomes like Switzerland. In between, it can resemble an idealised version of Surrey, shorn of suburbia and in perpetual summertime. No wonder this was the most coveted posting in the colonial service.

Which goes to show. Uganda was always murderous. Bishop Hannington, who came to offer Christianity, got a spear through his heart. Traditionally, several people had to die as ritual sacrifices to permit the coronation of the Kabaka of Buganda. Enemies got off even less lightly.

The British lasted barely a century, from first footfall to final flag-lowering. After they went in 1962, the first post-independence leader, Milton Obote, rapidly turned dictatorial. He was at a Commonwealth conference in 1971, grandstanding about the wickedness of the whites, when he was overthrown.

The new leader was Idi Amin, put in with Israeli assistance, British connivance and enormous popular goodwill. He turned viciously on all his early supporters after he failed to get his own way and is generally credited with killing half-a-million Ugandans. Some believe the figure to be more like 50 000.

Amin's murders, though cruel even by Ugandan standards, tended to be targeted on real or imagined enemies. Many people say that Obote, particularly in his second coming after Amin was slung out by the Tanzanian army in 1979, was the more dangerous because the terror was more random.

This view is supported by Don Bowser, a retired British businessman who has been here since 1952, and stayed even when the white population went down to 10 at the height of Amin's mania.

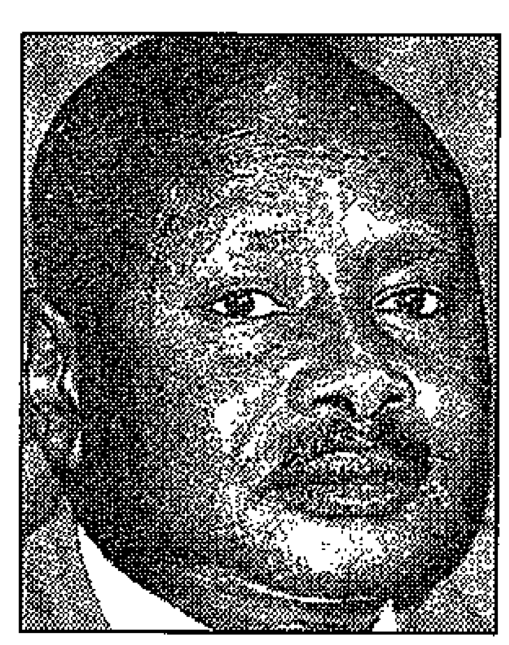
Bowser is an expat legend. During one of the coups — "I forget which one" — he was on the golf course with his friend Neville the bank manager while gunmen fired at each other in the thick rough, and the other whites rushed for the airport.

An ITN camera crew came over and demanded to know why on earth they were playing golf. "Because it's Tuesday afternoon," said Neville. "We always play on Tuesday afternoons."

The Bowsers were with some Asian friends when soldiers arrived to enforce Amin's order expelling all the Asians. Bowser's wife Mary answered the door. "It's cocktail time," she told them. "Now piss off." They did too.

Don and Mary Bowser survived not through sang-froid, but by keeping their heads down. This did not save every Ugandan. By the time Obote was turfed out a second time, in 1985, the country was a total ruin. Museveni had some very easy acts to follow.

There is no question that some people, including many of the renewed Asian population, are now very rich. Some growers of coffee, Uganda's staple export, have done well.



The man who basks in white adulation given to no African leader north of the Limpopo since the fall of good old Smithy is Yoweri Museveni, president of Uganda since 1986

Many people in the north, where a rather crazed group of guerrillas holds off Museveni's flaccid army, have gained nothing. The mystery is what benefit has accrued to the average Ugandan.

Charles Onyango-Obbo, editor of the Kampala daily, *The Monitor*, insists that little money is trickling down from the very wealthy; instead it is the people who are falling through the cracks.

"I know many people who are having to sell everything because they have lost their jobs. And it is going to get worse. Makerere University used to have 2 000 students. Now it has 8 600. There are now nine other universities as well. The economy would have to grow 1 000% for these people to be absorbed. It's not happening. All we are doing is increasing the ranks of the discontented."

The Monitor published an officially sourced story earlier this year saying that farmers barely an hour from Kampala were selling off their daughters in return for sacks of maize: three for a girl with firm breasts, two for a less attractive one.

"Ugandans are so numbed by disaster, they read these stories and laugh. The government has not rebuilt the country the way it should have done, but Ugandans' threshold of pain is so high it takes a lot to annoy them. At least, under Museveni, they are free to move about without being arrested. So it's difficult for them to hate the government."

In any case, Ugandans have one huge advantage over most Africans. Most of the country is fertile, warm and wet. Farmers can get two, even four, crops a year. Kampala has had less population pressure than almost any African capital because, even in the worst of times, it has been possible to eke out some kind of survival-existence in the villages.

"Reproduction and decay," said Winston Churchill in 1908, "are locked struggling in infinite embraces." He was talking about the vegetation. These days it has extended to the humans. Kampala, said another writer, was one "grand communal churning of the loins". Not everyone has learned to churn less communally.

Dr Larence Kaggwa, director of Kampala's big hospital, Mulago, says he would like to think that only about 8% of the population are HIV-positive. There is something in his tone which suggested he knew he was erring on the optimistic side.

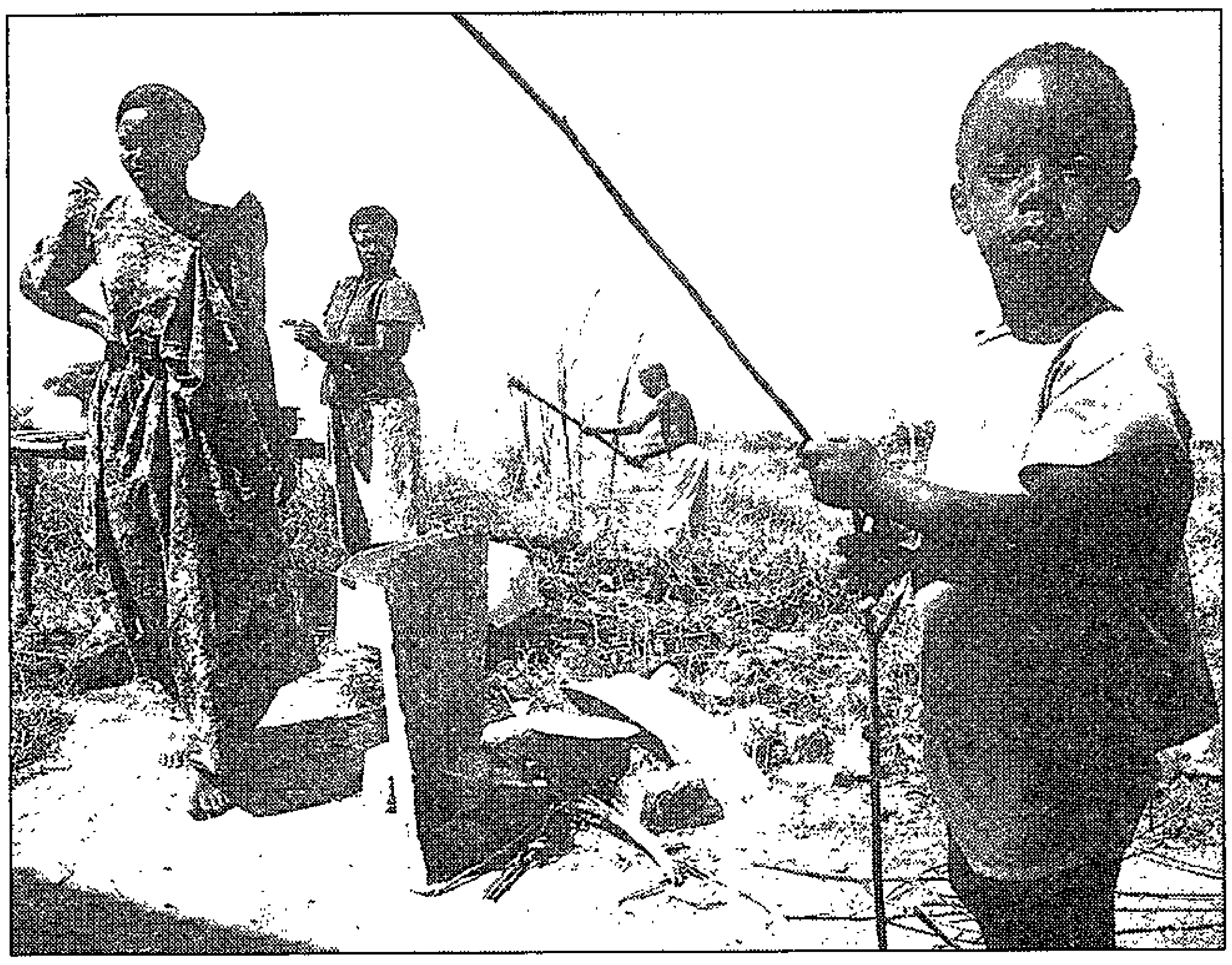
One government official says that to fill one job, it is now necessary to train two people, because one will probably die. A local firm has imposed a rule which forbids employees to attend more than one funeral a week, because the constant absences were becoming disruptive. Whole departments of companies are believed to have been wiped out.

It is always difficult to authenticate such stories in Africa. But the danger here is not being too credulous; it is taking in the awful truth.

In the absence of money for sophisticated drugs, Mulago Hospital can do little for its Aids patients except try and ensure they get solace at home, and advise them to eat a balanced diet.

To PAGE 31

Survival-existence: Uganda's wealth is not filtering down to the people working the land. PHOTOGRAPH: DIDIER RUEF



Land of beauty,

Uganda is a nation numbed by past atrocities. But, despite a booming economy, the hard times are not over yet. **Matthew Engel** *reports*

On alternate evenings, everyone's electricity is switched off for up to four hours at a time. North of the capital there is a savage war going on. There is another one to the west. There are epidemics of Aids, malaria and TB, with cholera lurking. The phone system is hopeless, the roads unspeakable.

To escape the power cuts, the expatriate crowd head for the club. They gather round the bar and sometimes — inevitably — talk of the man who presides over this troubled country. They think he is absolutely fantastic.

The man who basks in white adulation given to no African leader north of the Limpopo since the fall of good old Smithy is Yoweri Museveni, president of Uganda since 1986. One of his most charming attri
cepts the appla
Unlike his
wretched Pres
Moi of Kenya,
name on the
face on the
creasing the
things will ha
gone). He may
priate, anywa
overriding spi
her name is M.
An aid wo
bi says he can
capital he is in
anda it's coco
petrol; Harare

What other surprises does Sipo have

M+G 21-27/11/97

The Most Reverend **Njongonkulu Ndungane** *writes that Sipo Mzimela's actions reflect a cavalier attitude to democratic government*

Above scrutiny: Sipo Mzimela and his confidants 'act first, apologise later'. PHOTOGRAPH: KENTRIDGE MATHABATHE/PRETORIA NEWS

It is common cause that South Africa has some of the most overcrowded prisons in the world. It is also common cause that this country earned a name for itself, pre-1994, as having a prison system which regularly raised the eyebrows of organisations such as Amnesty International.

Those of us who experienced such prisons know that the conditions were harsh and inhumane. Such was the treatment of prisoners that, on a pilgrimage to Robben Island in March this year, the president of the Land Claims Court, Judge Fikele Bam, could not help but show his emotion on his third visit back to the island since his release.

The words he used on that occasion struck a chord among those who had been incarcerated: "The lion's lair is always dangerous — even when the lion is not there."

During that pilgrimage I called for prison reform, appealing for the authorities in our land to ensure that those who are incarcerated are employed productively and in a way that can improve the quality of life in society.

As archbishop, I made that call against the background of an experience on Robben Island in which I had, as a prisoner, stood with two medical doctors awaiting medical attention, ironically from someone with not even a basic qualification in first aid.

Little did I know at the time that

No more gay martyrdom

Timothy Trengove-Jones

A SECOND LOOK

It is a truism that the love which once dared not speak its name is now unstoppably voluble. On stage, on screen, in the media, yes, even on the streets, homosexuals are articulating their presence with increasing confidence. And, on November 25 1997, almost 100 years after the (in)famous trial that discredited Oscar Wilde and "those like him", this visibility and volubility will again go to court.

The setting this time is the Johannesburg High Court and, in a significant reversal, homosexuality arrives not as the defendant but as the complainant. At issue is the application brought by the National Coalition for Gay and Lesbian Equality and the Human Rights Commission for the decriminalisation of consensual same-sex conduct. The laws challenged include the common-law crimes of sodomy and other "unnatural offences" between men; section 20A of the Sexual Offences Act 23 of 1957 (which makes illegal "any act which is calculated to stimulate sexual passion or give sexual gratification" between men at "any occasion where more than two persons are present"); and schedule 1 of the Criminal Procedure Act 51 of 1977 which allows for the arrest of any person reasonably suspected of committing sodomy.

This application seeks to do no more than bring the laws of the land into alliance with the much-praised equality clause in our new Constitution, but for something like two months Minister of Justice Dullah Omar seemed intent on opposing it.

Amid considerable muddle over Omar's intentions, Deon Rudman, deputy director general of the Department of Justice, stated winningly on September 2 that "we need to strike a balance; if we allow too much leeway we'll then have children's rights groups on our hands". More equivocation about why the minister would oppose the application followed; "technicalities" were mentioned but not clarified. Finally, it was reported this week that the minister had decided not to oppose the application.

It is outrageous and crucially telling that Rudman should raise the spectre of paedophile panic. It is unacceptable that the minister has offered no unambiguous retraction of this dangerous red herring.

It seems clear that the muddle and mystery have to do with Omar's desire to have his cake and eat it. On the one hand he knows the Constitution is on the side of gay rights. On the other, he wishes to appease his conservative Western Cape constituency (and, quite possibly, not them only). To the latter he can say, "I did what I could." To homosexuals he can say, "I did what I had to." Both claims are most often the bleat of expediency. It will be fitting if neither group is pleased or appeased.

It seems likely that pressure from within the African National Congress was an additional reason for Omar's withdrawal. If so, it is a heartening signal for all those interested in constitutionalism in the new South Africa. Since memories are often short, this is a good moment to remind ourselves that in his inaugural address President Nelson Mandela explicitly committed himself and his government to equality for all irrespective of "sexual orientation".

The application is part of the debate between modernity and traditionalism in personal relations

Nevertheless, it seems to me that the central issue informing this court application still requires to be stated with the utmost clarity. What is at issue is the freedom of sexual choice. Of sexual *choice*, not sexual *acts*, since some sexual acts — rape, child molestation — cannot be condoned. Nor is there an objection to the existence of constraints. The objection is to the *unequal* application of constraints. (This observation should silence those who say, correctly, that no right is absolute.) It is as simple and as important as that.

To say that the coalition's application seeks to do no more than bring the laws of the land into alliance with the Constitution is, of course, an understatement. What is happening is that a hugely fraught area of contestatory values is being brought into the open. Both the coalition's invocation of social justice and the justice department's insistence on "balance" and "technicalities" partially mask what one might call an unconscious.

The language of social policy and constitutional rights seeks — unsuccessfully — to maintain a careful distance from the explosive social and familial questions at issue. Nothing is more inimical to the current heterosexual hegemony (fragile and unbudgeable at once), nothing is more readily stigmatised as a potentially anti-communitarian force, than consensual sodomy. It is much easier to re-jig the law than to try to redirect a centuries-old equation of anality and evil.

The application should not be seen as an isolated incident. Rather, it is part of the debate between modernity and traditionalism in personal relations. And it provides the latest instance (the death penalty is another) of the tensions between populism and constitutionalism. The faultlines tracked by these divisions loom like ravines.

Yet the coalition's high-court application lets us try to see things differently. A finding in favour of the coalition might allow homosexuals not to appear as martyrs and to have less cause to be professionally angry. Heterosexuals, likewise, may emerge from their typecast roles as demons and oppressors. This is, of course, a little utopian. At the very least, after the court's ruling, the future will, we hope, not be as it was.

All of us know — though we might not have put it quite like this — that, as Michel Foucault said, we "should consider the battle for gay rights as an episode that cannot be the final stage". In some such awareness rests the promise and the disconcertment felt by the various parties to the current debate.

Robert Kirby

LOOSE CANNON

As threatened last week, here's the second half of my list of Christmas presents with a difference.

This first one might just be in time for the December rush but, for the family with a feeling of responsibility, it's worth waiting for. It's called quite simply *Zuma* and it's described as a "Home medical diagnosis and treatment board game". A bit like *Monopoly*, in *Zuma* you try to get your sickly token around a track controlled by the Ministry of Health without getting it killed in an unpleasant fashion by any of the generic drugs it might be forced to imbibe, or by any striking medical workers it might confront on its way.

Let's say your dice-throw ends your token up on a disease or lesion square. You take a card, find you've contracted something fairly mild like "You have an ingrown toenail". You draw a "Treatment card" which might read "Go and see a Cuban anaesthetist" or "Swallow a bottle of Virodene" and so on. Winners get free signed "*Sarafina II* songsheets" and a year's supply of Disprin.

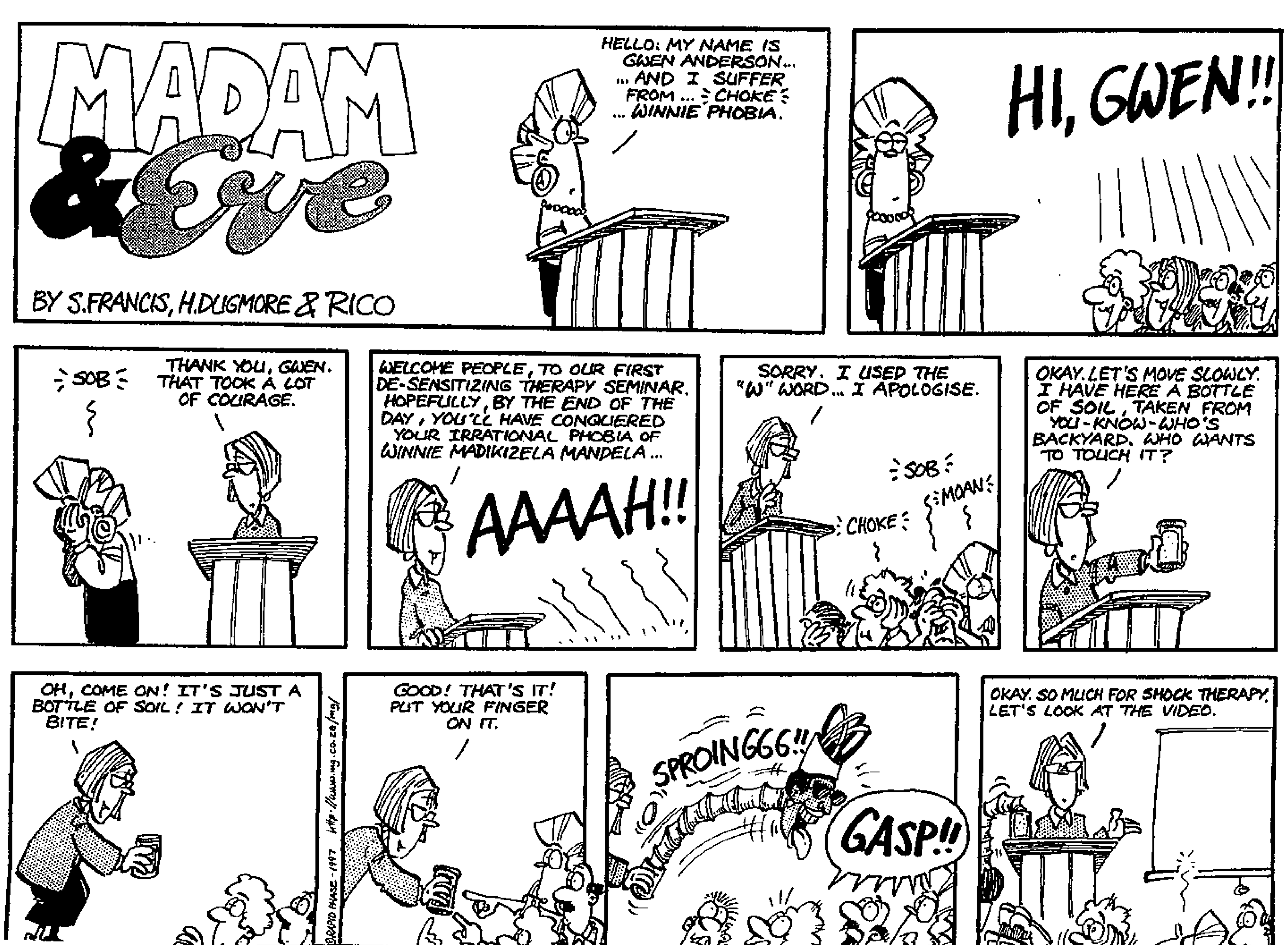
Next, for those wanting to impress their friends and neighbours, why not invest in a new *Mandela DIY International Conflict Resolution Kit*? It's an expensive toy, what with the Falcon 3 Executive Jet and all the advisers and hangers-on you have to employ in order to tell you how brilliantly you're doing. But, at the same time you will accumulate lots of colourful beach shirts and get to meet some of the world's truly beautiful people, like Colonel Gadaffi, Lizzie II and Ronnie Kasrils.

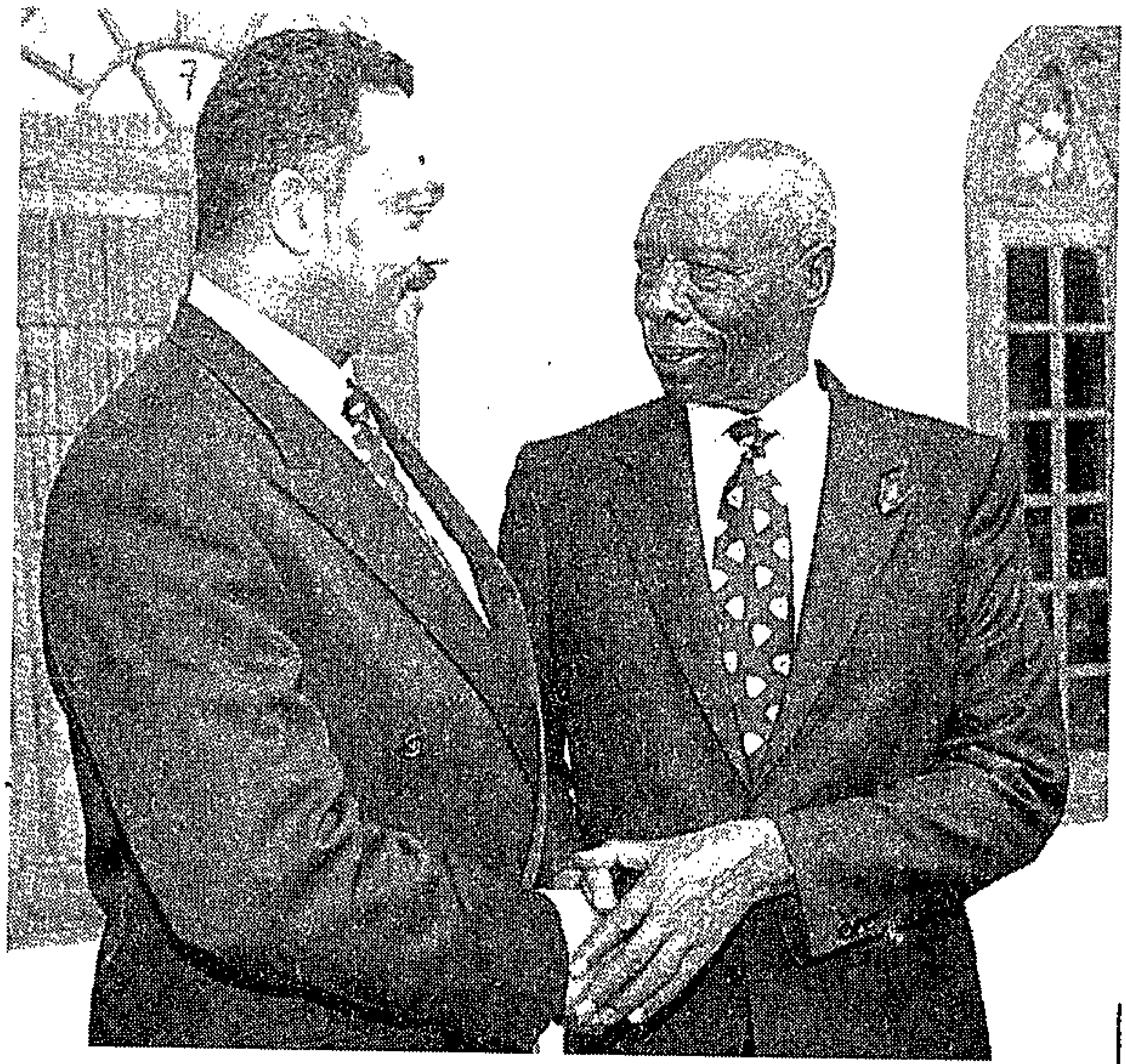
Just in time for the 1997 Yuletide, there's a novel way to keep your household happy. With recent relaxation in the sex laws, why not buy your husband a prostitute? A brand new sex-worker supply company called Tits & Arse CC has set up shop in Sandton, offering guaranteed disease-free young girls of all shapes, sizes and colours. For a small deposit, three lasses can be taken on appro; thereafter your husband chooses the one he likes best and keeps her. You can pay in instalments and there's even a "hooker-lease" scheme in which regular cosmetic maintenance and lubrication services are free for the first six months. All your husband has to do is buy the condoms.

Think of those wonderful peaceful evenings not having to feed the old fool, watch him cut his toenails, laugh politely at his weary old jokes, listen to him farting listlessly in front of *SuperSport*. Instead, he'll be out on the town, showing off his new trampette. (Note: Without his knowing it, extra life insurance is included in case the aroused middle-ager finds that this early autumn rush of horizontal activity takes his physiology by surprise.)

Finally, the plumpest turkey of all: hot off the "David Philip in yet another intimate collaboration with all that is right and precious" presses is the new Jay Naidoo phrase book, *Paradigm Lost*. This is a useful tool for anyone who might wish to stand up in public on a regular basis and sound mystifyingly intelligent while in fact making an utter prick of himself.

Paradigm Lost is a collocation of the very pick of 2 000 Jay Naidoo phrases, which all make no sense whatsoever. These are clustered loosely under profound-sounding headings like "Democratic Ambitions" and "Outreaching for the Future". These are used with the help of a "Conjunction Addendum", which is set of meaningless joining-up clauses designed to stitch together the meaningless phrases into even more meaningless long sentences. (Note: *Paradigm Lost* is not recommended for readers over 45. Not age, IQ.)





Kenyan President Daniel Arap Moi, right, greets US President Bill Clinton's special envoy to promote democracy in Africa, Rev Jesse Jackson, at Nairobi's State House yesterday.

Picture: AP

Uganda set to lay off 50 000 new teachers

BD 2/12/97 (334)

KAMPALA — Uganda's education ministry was to lay off about 50 000 primary school teachers due to lack of funds, the independent Monitor newspaper reported in Kampala on Sunday.

The teachers, many of whom were recruited to deal with the huge influx of students under the government's free primary education programme launched at the start of this year, would have to leave by next month, it reported.

Education Minister Amanya Mushega declined to confirm the report, but said layoffs were inevitable due to recent reforms.

Mushega said that originally, the ministry had planned to have one teacher for 10 pupils, but later decided that it was better to have one well-paid, well-trained teacher for a class of 55 pupils, rather than one poorly-paid, untrained teacher for a class of 10.

Mushega pointed out that once the 55:1 ratio was introduced, and double shifts were phased in — allowing teachers to educate 55 children in the morning and another 55 in the afternoon — there would be no need for 30% of the teachers.

There are 120 000 teachers in Uganda, but the finance ministry has said it can pay salaries for only 70 000.

The state pays school fees for four children per family. — Sapa-AFP.

CT 2/12/97

Outcry over use of placebos in Ugandan Aids drug trial

(334)

KAMPALA: The Petra drug trial in Uganda, sponsored by the United Nations Aids office, has sparked controversy because some pregnant women and their babies are given placebos.

Some mothers are so desperate for a cure that they take part in the trials on the off-chance that they will be among those who receive the drug.

The use of drugs to reduce "vertical" or "in-utero transmission" of the virus from mother to child is an accepted practice. What has sparked controversy in the Petra trials is that some mother-baby pairs only get placebos.

Trials in the US have proved that AZT reduces babies' exposure to vertically transmitted HIV from one in four to about one in 11. However, at $1 000 (R4 850) a treatment, most women in the developing world cannot afford similar therapy.

In the Petra drug trial, African physicians have combined AZT with another drug, 3-T-C, in an attempt to produce a less-expensive, short-cycle alternative that may prevent HIV transmission to babies.

In the research group, some mothers are given the drugs two weeks before their babies are due. Others receive medication only at the onset of labour. Some mothers continue to get drugs after delivery and some babies are given drugs.

'I did not care. I was looking for something to help me.'

'Maria', one of the volunteers for the trials, has had Aids for several years. "They told us a placebo is a drug where there is no medicine," said Maria. "I did not care. I was looking for something to help me."

Maria, one of the lucky ones, is now the proud mother of a healthy baby girl.

Josephine, 25, is trying to protect her unborn baby from HIV. She says she understands that some participants don't get the medication, but says she will harbour no ill feelings if she receives the placebo.

Professor Francis Miiro, an obstetrician, gynaecologist and member of Uganda's Makerere University Medical College, says his research group is trying to customise treatment to fit African budgets and lifestyles.

"We don't say these patients are different, but our conditions differ so much that what may be practical and easily accessible in the US is impossible here," Miiro said.

By running simultaneous trials of several drug combinations, researchers hope to find an affordable combination to stop HIV transmission from mother to child in the shortest time possible.

Another trial uses the short-term drug, Nevirapine. "We give women one dose during labour and a dose to the newborn baby," said Miiro. If Nevirapine prevents or minimises vertical transmission, Uganda may have a therapy that would cost under $10 (R48) a patient. — Independent Foreign Service

BD 5/9/97

Uganda sells hotel for $20m

(334)

KAMPALA — The Ugandan government had sold off a large Kampala hotel for $20m to the owner of three other major hotels in the country, the newspaper New Vision reported this week.

The hotel, which went through a tender process, was awarded to Asian businessman Karim Hirji, owner of Kampala's Grand Imperial and Equatoria Hotels. He also owns a hotel in Entebbe. The tender was awarded to Hirji's company, Grand Imperial Hotels, despite recommendations against it by the government's privatisation unit as it would give him a near monopoly on the hotel industry. — AP-DJ.

'Stable' Uganda reassures investors

(334)

CHANDER MEHRA

CT(BE) 8/10/97

Nairobi — Uganda assured investors last week that it would maintain economic stability and fiscal discipline as one of the incentives to attract foreign investment.

According to Manu Chandaria of the Comcraft Group and chairman of the East African Chamber of Commerce and Industry, Planning Minister Richard Kaijuka had committed the government to shifting its approach from tax holidays to an accelerated depreciation method of new investments.

Chandaria said several participants at a biannual investment forum complained that load-shedding by the Uganda Electricity Board (UEB) was among the major stumbling blocks. Aspersions were also cast at the poor services provided by the Kampala city council and the Uganda Posts & Telecommunications Corporation.

The UEB admitted there was an imbalance between the demand for and supply of power, which was "distorting" manufacturing activities.

There was a deficit of 70 MW during peak hours, and some investors have threatened to pull out of the country if issues related to poor services are not promptly addressed, Chandaria said.

Minister Kaijuka said the government was seriously considering all the complaints and the situation would be improved.

But a finance ministry official explained that a "conflict was still raging within the member-states of the Common Market for Eastern and Southern Africa (Comesa) over tax rates, which are damaging some industries and affecting trade". — Independent Foreign Service

UGANDA – GENERAL

1998

Ugandans could teach SA about reconciliation

(334) BD 8/1/98

As Ugandan Asians contemplate returning to Africa, Tim Cohen in London says mutual acceptance is a precondition for any true reconciliation

THE closing months of 1997 were a confusing time for racial minorities in Africa. White farmers in Zimbabwe read with trepidation the lists of farms due to be nationalised by an increasingly constricted government. In SA, Nelson Mandela let off steam at the African National Congress (ANC) conference about racial minorities, particularly whites, whom he claimed were involved in something he described as "anti-revolutionary conspiracies".

But at a temple near Neasden outside London, a whole different passion play took place. At this function, 8 000 Ugandan Asians gathered to hear Ugandan President Yoweri Museveni invite them back to the country from which they were unceremoniously ejected 25 years ago.

The event apparently rivalled in sentimentality the funeral of Princess Diana. Plastic bin liners had to be passed around for sodden tissues as tears poured from the people who cried in triumph and relief after their years of struggle and humiliation.

One of those present, Yasmin Alibhai-Brown, wrote after the event: "It made you laugh more often, though it made you weep; farce, fact and fantasy fused to create a stinging vapour."

The laughter was caused by the former guerrilla fighter Museveni, who is renowned for his plain-speaking wit and political savvy. He praised the Asians, but warned against self pity, saying: "While I was in the bush, you were in Shepherd's Bush."

But although they suffered nothing like the hardships of those who fought the mad dictator, Idi Amin, life was not easy for the Ugandan Asians.

As subjects of a former British colony, they were legally permitted residence in the UK at the time. They were given less than a month to leave their country, where some families had lived for three generations.

When they arrived at Heathrow, they were given the grand sum of £50. Such was the welcome they received from the government of their new home.

Some city governments went to the trouble of placing adverts in newspapers warning the newcomers that, for their own welfare, they should not consider settling within their jurisdictions because jobs were scarce.

For the Asians, the experience was harrowing. Raised to be "more British than British", they looked in astonishment at the rows upon rows of terraced houses.

Brought up on the myths of colonial government, one said: "I just never realised there was poverty in Britain."

But for all their hardships, the newcomers prospered. Having experienced the hard school of Africa, Ugandan Asians found they were prepared to work harder than many of their countrymen who were still basking in the twilight years of the post-war glow of victory, and the economic spurt associated with this period. They were innovative and eager in a society characterised by complacency. "I thought the welfare state was a very good thing. But it was not for me," one said.

By the early '90s, Ugandan Asians had become the richest immigrant group in the UK and far richer, on average, than Britons. They were Britain's most successful minority, better educated and richer even than their Anglo-Saxon countrymen.

At the grand marble Swaminarayan temple, one of the speakers reflected the mood, saying: "We can buy any part of this island and put it in our pockets. But we should still be humble."

According to Alibhai-Brown "billions of pounds silently pulsated in the temple; mobile phones went off intermittently, showing how intrepid people could add to their riches even in a temple".

The event was billed as a massive effort in reconciliation and humility, but thankfully, according to some who attended, Museveni did not issue a formal apology. "I do not have to apologise for what Amin did. Half a million of my people died." What he did do was invite the people back to help in the economic regeneration that is currently taking place in Uganda, "our country, your country".

Will they go?

Some have already. Many have not. For Alibhai-Brown the question is moot. "For so many of us, Uganda is still home in our hearts. But can we really return and make it ours again? Not unless we can see ourselves as equal to the blacks and not superior to them; not if we go back with triumphalism. Not unless we accept that what happened in 1972 was our fault too."

Mandela's valedictory speech to the ANC's 1997 conference has been seen by some as marking the end of "rainbowism".

In retrospect, his attempt at reconciliation, though brave and noble, was probably premature, incorporating as it did undertones of political utility to stabilise an uncertain environment at a peculiar time in SA history.

If the Ugandan experience is anything to go by, genuine reconciliation is still some way off. The necessary preconditions will include a government that refrains from equating patriotism with ideological unanimity and the acceptance of its policies.

More importantly, as in Uganda, it will require a genuine desire for mutual acceptance and equality on the part of all South Africans, particularly those who believe the onus is on others to accept them.

Museveni's economic and political record praised

(334) ~~(344)~~ CT 27/1/98

KAMPALA: Ugandan President Yoweri Museveni yesterday celebrated 12 years in power with a strong endorsement from President Nelson Mandela for his economic and political successes.

Mandela also hailed Museveni, a former guerrilla leader, for his support in the struggle against apartheid.

Museveni and his guerrilla force seized Kampala in January 1986 after a five-year bush war, first against exiled former dictator Mr Milton Obote, and later against soldiers of the Ugandan army who overthrew Obote in 1985.

"It is a great pleasure to join you today in celebrating the anniversary of a movement that led Ugandans in advancing the frontiers of freedom," Mandela told thousands of cheering Ugandans who turned up for the festivities.

"We are keen to draw lessons from Uganda's remarkable success in translating its legacy into a record of economic and social achievement," he added.

Museveni has transformed Uganda's once-ravaged economy into a success story with growth averaging between six and 12% a year over the past few years.

Mandela also commended Museveni for his role in the search for peace in the conflict-torn Great Lakes region.

He called for speedy solutions to these conflicts and those in south Sudan, where mainly Christian and animist rebels are fighting the Islamic-backed military government in the north.

"We must ask ourselves whether, as Africans and members of the Organisation of African Unity, we are doing enough to ensure that narrow interests do not stand in the way of the peaceful resolution of differences," he said.

Museveni, for his part, outlined the achievements of his National Resistance Movement (NRM) and once again defended his no-party political system, saying it had ended politics based on ethnic and religious lines.

"We have achieved peace, stability and economic growth under the no-party political system," he said.

But Museveni warned yesterday that the El Nino climatic conditions could reverse economic gains this year. "Crops have been destroyed and we are likely to face food shortages in the next few months," he said. — Reuter

Local entrepreneurs are making the great trek into the heart of Africa

South Africans are playing a role in Uganda's mining industry, writes chief of correspondents **Claire Pickard**

Cambridge

(334) BD 5/2/98

SOUTH Africans are playing a prominent role in a scheme to breathe life into Uganda's mining industry.

For two decades the giant Kasese copper and cobalt mine lay abandoned at Kasese near the "Mountains of the Moon" on Uganda's western border.

The site became an environmental "blackspot" where runoff from ore stockpiles contaminated the adjacent Queen Elizabeth National Park, a world heritage site.

Now a $110m processing complex is being built there to extract cobalt from the waste dumps.

Bateman of SA is the contractor overseeing the engineering, procurement of machinery, and management of the construction phase.

Canadian company Banff Resources owns 55% of the Kasese Cobalt Company which will extract the metal, with the Ugandan government retaining a 35% stake.

Banff, in turn, is ultimately held by Normandy Mining of Australia.

Kasese Cobalt Company emphasises that the company intends to halt further damage, caused up until now by acidic runoff from the dumps into Lake George.

It says the bio-leaching process to be used at the extraction plant will ensure that effluent is nontoxic, and the operation will be conducted in accordance with international environmental standards.

SA's LTA and Randburg-based Consult 4 are designing and supervising construction of a hydroelectric power station to drive the plant, while Danish civil contractor Pihl has started building the power station and processing plant.

Mining began at the site in 1955 but was abandoned by Canadian operator Falconbridge during the despotic rule of Idi Amin. Most large business operations were eventually nationalised by the Amin government, and Amin's henchmen never got the mine going again.

Now the project represents the country's biggest foreign investment and company spokesmen say production should start in the first quarter of next year. They expect to produce high quality cobalt cathode at less than $8,80/kg and funding tranches are in place.

However, life at the mine is not for the faint-hearted — malaria is a constant threat, communications are archaic and rebels killed some villagers at the nearby town of Kasese last year.

The company and government believe the Allied Democratic Forces (ADF) rebels are not a threat to the operation. These rebels were largely forced out of the Democratic Republic of Congo by the victory of President Yoweri Museveni's ally, Laurent Kabila, last year and the remnants regrouped in the mountains which separate the two countries.

Museveni has sent in 3 000 troops to protect the area and for the moment rebel activity appears to have been curbed. However, the villagers at Kasese still fear the rebels and those chased from their homes in the mountains have not yet returned.

The project is an important one for Uganda. It will bring badly needed revenue to the government; many locals in the area will be employed — about 1 000 people will have work at the height of the construction phase — and the park is expected to benefit from a clean-up of the dumps.

The project also brings the first private power station to the country, and although it will provide power primarily to the company, the surplus will be sold to the Ugandan grid.

The envisaged life of the project is 10 years — unless the cobalt price is high enough to merit mining again — and thereafter all the power will go into the Ugandan grid.

However, business will not be plain sailing. At the moment there are no international phone or fax lines — calls have to be booked through Kampala which is 450km away — and there are no suitable schools for expatriate children.

A more serious drawback is that all goods must be transported by road because the rail system is inadequate at this stage and Uganda relies on the Kenyan port of Mombasa.

This means that heavy rains, such as those that washed away bridges on the Mombasa-Nairobi-Kampala line recently, could tangle with Kasese's lifeline to the sea.

Bearing in mind these difficulties, what is so compelling about the project? A company spokesman's answer is prompt: "There are 10 000 tons of cobalt to take out of the stockpiles and no mining is required — it is all waiting for us on top of the ground."

AFRICA

SA investment in Uganda tops R160m

(334) (~~344~~)

BD 9/2/98

Claire Pickard-Cambridge

SA INVESTMENT in Uganda has increased sharply from about $18m to $160m over the past two years, a trend encouraged by close political and business ties between the countries.

The Uganda Investment Authority, which handles the granting of investment licences, says the figures refer only to the purchase of stakes in companies and investment in plant and machinery.

Trade has also been growing rapidly: exports to Uganda from the Southern African Customs Union (SACU) more than doubled to R96m in the first half of last year against the same period in 1996. About 70% of the SACU's trade is generated by SA, and many SA consumer goods are available in Kampala's shops.

However, William Muhairwe, authority acting executive director, emphasises that Uganda "needs South Africans in big numbers. We are still not happy with the flow of investment into Uganda — a lot more needs to be achieved."

The biggest new SA investors in Uganda are SA Breweries, which bought a 40% stake worth $30m in Nile Breweries, situated at Jinja; and an MTN-led consortium which will provide a second telecommunications network.

Big SA operators who are firmly established in Uganda include Stanbic, considered by many to have become Uganda's leading financial institution; Century Bottling, which is 75% owned by SA-registered Coca-Cola Sabco; and Alliance Air which is 40% held by SA Airways. Most say opportunities abound and that the investment climate is mainly favourable.

Other SA companies with important contractual obligations are Bateman of SA, the contractor overseeing the engineering, procurement of machinery and management of the construction of Kasese Cobalt Company's processing complex. The plant is designed to extract cobalt from the waste dumps left at a copper mine in western Uganda near the Rwenzori Mountains. SA's LTA and Randburg-base Consult 4 are designing and supervising construction of a power station to drive the plant.

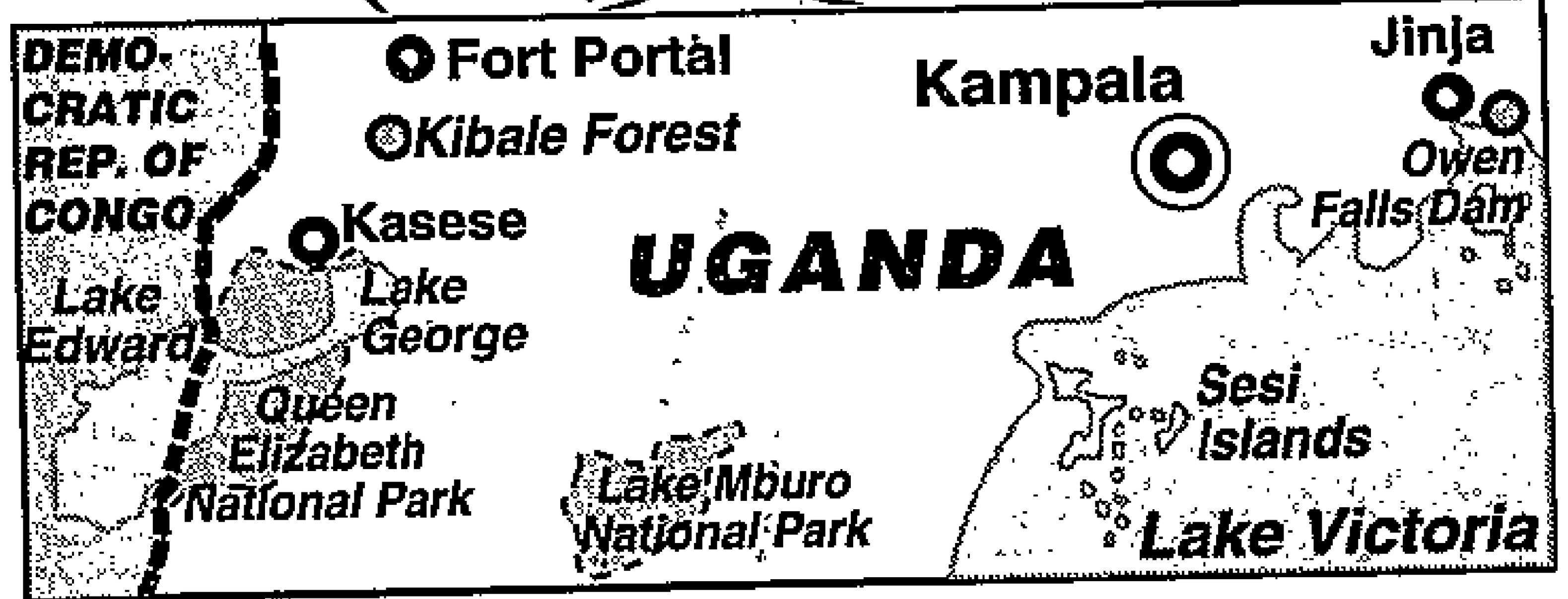
Authority spokesman Dan Musiitwa said investment by South Africans was boosted last year by the signing of a double tax treaty, a visit by President Yoweri Museveni to Pretoria and SA trade missions to Kampala.

SA now ranked among the biggest investors in Uganda, although the top spot was still held by Britain.

There is a strong British influence in Uganda which was once a British protectorate before the rule of dictators Milton Obote and Idi Amin. The two now live in exile in Zambia and Saudi Arabia.

Musiitwa said more than $100m had already been realised by government through privatisation, although the bulk of the big companies still had to be sold. About 107 public enterprises were earmarked for sale at the beginning of the privatisation programme, and about 60% of privatised firms are now owned by Ugandans.

A key sale was that of



MAP: KAREN MOOLMAN

Uganda Commercial Bank in September. Malaysian company Westmont Holdings, took a 49% stake. Other big pending privatisations include the national carrier, Uganda Airlines, and the scheduled sale of government's minority stake in Kasese Cobalt Company at the end of the year. The telecommunications section of Uganda Posts & Telecommunications will be sold off, along with Uganda Railways and Kinyara Sugar Works.

The commercial arm of the prisons service, Uganda Prisons Industries which owns prison farms, will be sold at the end of the year, along with the Uganda Electricity Board, the prestigious Nile Hotel, the Dairy Corporation and newspaper company New Vision.

The authority has approved more than 2 360 investment projects since 1991, with jobs for 160 000 people. But development is still hampered by a poor infrastructure, power shortages and a crippling foreign debt of $3,26bn.

Museveni, who has led Uganda's campaign to attract investment, stresses that gross domestic product growth has been a steady 6% over the past decade, with inflation at about 5,6% from 1993 to last year. However, infrastructure is its Achilles' heel: heavy rains cut off market routes in December, helping to push inflation to 10%.

Uganda seeks World Bank help to repair roads

(334) ~~342~~ ET (BR) 12/2/98 (~~344~~)

From AP

Kampala — Uganda has asked the World Bank for $30 million in soft loans to help it repair more than half of the country's major roads, which have been destroyed or damaged in months of heavy flooding.

Wanjusi Wasieba, the minister of works, transport and communications, handed the loan application to World Bank officials on Tuesday, the state-owned New Vision daily newspaper reported yesterday.

The minister said that 60 percent of Uganda's almost 10 000km of major roads had been washed away or severely damaged by the past several months of heavy rainfall and flooding.

Randolph Harris, the World Bank resident representative, was quoted as saying that Uganda would receive the money by May 30 this year. This would be after the World Bank and the International Development Agency had had a chance to discuss the terms of credit.

Harris said that in the meantime the World Bank was considering providing the country with $6 million for emergency road repairs.

Traders say Uganda's coffee crop is failing

CT (MR) 18/2/98 (334)

MANOAH ESIPISU

Nairobi — Uganda's coffee crop would fall to about 3 million 60kg bags in 1997-98 (October-September) compared with the latest official forecast of 3,6 to 3,65 million bags and 4,25 million bags in 1996-97, trade experts said.

They said from the Ugandan capital yesterday that drought early last year and rain from October to January had damaged the coffee crop more than previously thought. Transport problems in recent weeks had exacerbated the problems.

"The estimate given by the Uganda Coffee Development Authority (UCDA), at 3,6 to 3,65 million bags is very optimistic," said one senior trader in close contact with the Uganda Coffee Trade Federation.

"Evidence on the ground suggests production of around 3 million bags."

Senior officials at the UCDA said it was possible there would be a further official revision downwards of their crop estimate, but it would come probably in another month, after they had more time to assess the damage.

The UCDA initially forecast 4 million bags, then 3,8 million and finally reduced its estimate to 3,6 to 3,65 million bags. — Reuter

War of the sexes in Uganda

The women in this African state are a powerless lot in married life. Now, law reformers are endeavouring to forge a new Domestic Relations B[illegible] defining all aspects of family responsibility.

Star 3/3/98 (334)

By Elaine Eliah
Kampala

The Republic of Uganda made its first impression on the world under ruthless dictators Idi Amin and Milton Obote. Stripped of human dignity, the nation wallowed in lawlessness for nearly two decades. So deep was the country's descent, that after President Yoweri Museveni restored relative peace in 1986, the courts could not even find records of many Ugandan laws.

Years later, some legal statutes and instruments remain lost, and many that have been located, cannot co-exist alongside Uganda's 1995 constitution, containing some of the most liberal policies on human and women's rights on the African continent. The Ugandan Law Reform Commission was founded to harmonise the nation's laws with its new constitution.

The commission must also modernise patriarchal, gender-biased laws that conflict with the United Nation's Convention on the Elimination of all forms of Discrimination Against Women, which Uganda ratified in 1985.

"The situation right now is to find a middle road," explained lawyer Sylvia Tamale, lecturer at Uganda's Makerere University and member of the Law Reform Commission, "between the 1995 constitution which is very liberal on women's rights and the oppressive laws we have right now against women".

Uganda's new constitution guarantees protection for "cultural values and practices which enhance the dignity and well-being of Ugandans". Many Ugandans feel, however, that traditional and religious practices continue to violate the constitutionally protected dignity of women.

Currently the mission of Ugandan law reformers is to forge a new Domestic Relations bill defining all aspects of family responsibility including marriage, divorce, inheritance and child maintenance. Despite the commission taking a broad sampling of opinions, it seems unlikely that they will reach consensus.

"The people in power going to slave owners and asking what they think about abolishing slavery?" Tamale joked.

"Going to men who are battering women and asking for their opinions is hardly whittling their power over women. Of course they'll be opposed."

Power lies at the very heart of the Domestic Relations debate – power to control family property. Though the constitution ensures women equal access to property, generations of patriarchal control have virtually set in stone traditional property allocation patterns.

In Uganda, though property is customarily passed from father to son, a man often assumes little more than custodial status over the land or family home, and is therefore prohibited from selling or transferring such property. Widows, who may have tilled land for years, can find themselves evicted, or merely transferred to another relative for remarriage, or maintenance. As the couple may have little in the way of movable assets, in a divorce, the woman most often returns to her own family, walking away empty-handed.

"For property most husbands don't want to part with anything," explained Zam Zam Nagujja, executive director of Fida, the Uganda Association of Women Lawyers which operates legal aid offices throughout the country. "Most people have only one homestead, which they are not ready to sell or ready to divide up."

The first thing the Law Reform Commission wants to designate as family property is the marital home. This would prevent sale of the home without permission of both wife and children. Women and their children have too often been thrown out of their home when a husband sells it.

"Under most customary laws," says Margaret Ojuli Oumo, Uganda's representative with the African Women's Law and Development executive committee, "women are not supposed to own land or cattle".

Uganda's current divorce law grants property to the party who can prove they acquired such. Yet in fulfilling her marital role, a wife's income often disappears into buying household commodities.

"At the end of a marriage, the woman does not have any substantial property because her own income has gone to acquire consumables," explained Oumo. "But the man's income usually goes into acquiring substantial property."

"Most women do not work," says Nagujja. "Their contribution to the house is not counted as contribution."

Oumo pointed out that Ugandan girls, especially in the rural areas, are married off before they have acquired enough education to even become employable.

Many of these young brides have not even reached the 18 years stipulated in the 1995 constitution.

"Most girls are forced to marry," explained Oumo, "because their parents see marriage as a way of gaining wealth."

A Ugandan woman traditionally joins her husband's clan, often after the clan has paid a bride price to her parents. The payment of bride price essentially renders the woman the property of her husband's clan.

Oumo, who now handles legal affairs for the Ugandan ministry of gender, watched as her clan over-rode her own father's resistance to demand bride price for his daughter. She earned the clan seven cows and four goats. The law commission has suggested limiting traditional bride price to a $30 maximum, and dictating the husband's clan may not demand return of the token payment if the marriage fails. Oumo explained that bride price must be repaid when divorce is sought.

Women wanting to leave bad marriages find themselves choosing between running away, so their parents won't have to return bride price, or work hard to pay their own ransom. Oumo described how one woman she knew took her own life as the only way out of a violent marriage.

The suicide victim joins many Ugandan women victims of violence in the home. Many other women choose to live with personal battering knowing that their children, customarily assumed to be clan property, would not be permitted to leave with them. "The young children are usually left to the mother, yet most vindictive or angry husbands do not want the children to go with the mother," Nagujja said. "If they go to the mother, the husbands do not want to provide maintenance to the mother."

Even the first step of writing this bill – debating the form marriage would take – has encountered huge hurdles. As a multicultural, multireligious nation, Uganda has long sanctioned polygamous unions. When many women – and men – suggested limiting the number of wives to two, the Muslim [illegible]

"We find it [illegible] law should [illegible] man can marry [illegible] imba, chair[illegible] Youth Assem[illegible] Islamic law [illegible] up to four," he [illegible]

Kiyimba [illegible] nearly 800 000 [illegible] aged 20 to 45. [illegible] dan Muslims [illegible] women would [illegible] relations. He [illegible] tional civil law [illegible]

"The [illegible] number of [illegible] provoked [illegible] fronted with [illegible] laws, Tamale [illegible] form Comm[illegible] equitable and [illegible] isting [illegible] Uganda".

According [illegible] bands are not [illegible]

Entrenched traditions ... liberal constitutional rights have not changed the reality of rural women's daily existence. According to customary laws, [illegible]

xes in Uganda hots up

this African state are a powerless lot in married life. are endeavouring to forge a new Domestic Relations Bill ining all aspects of family responsibility.

Star 3/3/98 (324)

DEBBIE YAZBEK

changed the reality of rural women's daily existence. According to customary laws, they are not allowed to own land or cattle.

rural areas, are married acquired enough edu- employable.

young brides have not 18 years stipulated in the

forced to marry," ex- their parents see of gaining wealth."

traditionally joins often after the clan has to her parents. The pay- essentially renders the of her husband's clan. handles legal affairs for y of gender, watched her own father's re- bride price for his the clan seven cows law commission has traditional bride price and dictating the hus- demand return of the the marriage fails. Oumo price must be repaid

Women wanting to leave bad marriages find themselves choosing between running away, so their parents won't have to return bride price, or work hard to pay their own ransom. Oumo described how one woman she knew took her own life as the only way out of a violent marriage.

The suicide victim joins many Ugandan women victims of violence in the home. Many other women choose to live with personal battering knowing that their children, customarily assumed to be clan property, would not be permitted to leave with them. "The young children are usually left to the mother, yet most vindictive or angry husbands do not want the children to go with the mother," Nagujja said. "If they go to the mother, the husbands do not want to provide maintenance to the mother."

Even the first step of writing this bill – debating the form marriage would take – has encountered huge hurdles. As a multicultural, multireligious nation, Uganda has long sanctioned polygamous unions. When many women – and men – suggested limiting the number of wives to two, the Muslim community rebelled.

"We find it unacceptable that the new law should limit the number of wives a man can marry to two," argues Abasi Kiyimba, chairman of the Uganda Muslim Youth Assembly. "It amounts to revision of Islamic law which allows the man to marry up to four," he said.

Kiyimba claims his group represents nearly 800 000 male and female members, aged 20 to 45. He admits that if more Ugandan Muslims followed true Islamic law, women would be protected in their family relations. He feels that introducing additional civil law can't improve compliance.

"The original suggestion to limit the number of wives to two was good, in that it provoked debate," admits Tamale. Confronted with the actual Muslim polygamy laws, Tamale explained that the Law Reform Commission found them "far more equitable and fair to women than the existing customary marriage structure in Uganda".

According to Ugandan marriages, husbands are not required to provide a separate home for each wife as Islamic law dictates. They are not required, as the Prophet instructed Muslims, to treat the wives equally. But most significantly, women married under customary law have few rights to inheritance and even less recourse seeking divorce and divorce property settlements.

Whatever changes eventually find their way into Uganda's new domestic relations laws will probably not find their way easily into practice. Women and men everywhere have experienced discomfort as gender struggles wrought a new balance into the modern world. Ugandan men and women are not likely to find their way any easier. They will most likely have to learn one relationship at a time, one family at a time, or one court case at a time.

"The men who are opposed to all these reforms and changes we are bringing about kept on using this one argument 'that you are wasting your time; these new laws are not practicable,' " explained Tamale. "As if it's practicability that we are seeking. It's not. It's women's rights and opportunities, equal opportunity." – Star Foreign Service

Uganda a rocky union of righ

Traditional practices continue to violate constitu

INSIDE STORY

Despite having one of the most liberal constitutions in Africa, there is a struggle in Uganda to strike a balance between equal rights and the country's embedded traditions, writes ELAINE ELIAH in Kampala

Tradition versus change: under Uganda's customary laws, women are not supposed to own land or cattle. After a marriage, a woman is often left with nothing, but

The Republic of Uganda made its first impression on the world under ruthless dictators Idi Amin and Milton Obote. Stripped of human dignity, the nation wallowed in lawlessness for nearly two decades.

So deep was the country's descent that after President Yoweri Museveni restored relative peace in 1986 the courts could not even find records of many Ugandan laws.

Years later, some legal statutes and instruments remain lost, and many that have been located cannot co-exist alongside Uganda's 1995 constitution, containing some of the most liberal policies on human and women's rights on the African continent.

The Ugandan Law Reform Commission was founded to harmonise the nation's laws with its new constitution.

The commission must also modernise patriarchal, gender-biased laws that conflict with the United Nation's Convention on the elimination of all forms of discrimination against women, which Uganda ratified in 1985.

"The situation right now is to find a middle road," explained lawyer Sylvia Tamale, a lecturer at Uganda's Makerere University and a member of the Law Reform Commission, "between the 1995 constitution which is very liberal on women's rights and the oppressive laws we have right now against women".

Uganda's new constitution guarantees protection for "cultural values and practices which enhance the dignity and well-being of Ugandans".

Many Ugandans feel, however, that traditional and religious practices continue to violate the constitutionally protected dignity of women.

At present, the mission of Ugandan law reformers is to forge a new domestic relations bill defining all aspects of family responsibility including marriage, divorce, inheritance and child maintenance.

Despite the commission taking a broad sampling of opinions, it seems unlikely its members will reach consensus.

"The people in power going to slave owners and asking what they think about abolishing slavery?" Ms Tamale joked.

"Going to men who are battering women and asking for their opinions is hardly whittling their power over women. Of course they'll be opposed to it."

Power lies at the very heart of the domestic relations debate – power to control family property. Although the constitution ensures equal access to women over property, generations of patriarchal control have virtually set in stone traditional property allocation patterns.

In Uganda, although property is customarily passed from father to son, a man often assumes little more than custodial status over the land or family home, and is therefore prohibited from selling or transferring such property.

Widows, who may have tilled land for years, can find themselves evicted or merely transferred to another relative for remarriage or maintenance.

As the couple may have little in the way of movable assets, in a divorce the woman most often returns to her own family, walking away empty-handed.

"For property, most husbands don't want to part with anything," explained Zam Zam Nagujja, executive director of Fida, the Ugandan Association of Women Lawyers which operates legal aid offices throughout the country.

"Most people have only one homestead, which they are not ready to sell or to divide up."

The first thing the Law Reform Commission wants to designate as family property is the marital home. This would prevent the sale of the home without the permission both of wife and children.

Women and their children have too often been thrown out of their home when a husband sells it.

"Under most customary laws," said Margaret Ojuli Oumo, Uganda's representative with the African Women's Law and Development executive committee, "women are not supposed to own land or cattle."

Uganda's present divorce law grants property to the party which can prove it acquired it.

Yet, in fulfilling her marital role, a wife's income often disappears into buying household commodities.

"At the end of a marriage, the woman does not have any substantial property because her own income has gone to acquire consumables," explained Ms Oumo. "But the man's income usually goes into acquiring substantial property."

"Most women do not work," said Ms Nagujja. "Their contribution to the house is not counted as contribution."

Ms Oumo pointed out that Ugandan girls, especially in the rural areas, were married off before they had acquired enough [illegible] even become employabl[illegible]

Many of these yo[illegible] not even reached the years of age stipulated in [illegible] stitution.

"Most girls are for[illegible]" explained Ms Oumo, "[illegible] parents see marriage as [illegible]ing wealth."

A Ugandan woman [illegible] joins her husband's [illegible] the clan has paid a b[illegible] parents.

The payment of bri[illegible] tially renders the [illegible] ty of her husband's clan.

Ms Oumo, who now [illegible] affairs for the Ugandan gender, watched as her [illegible] her own father's resi[illegible] manding bride price fo[illegible]

She earned the clan [illegible] and four goats.

...ion of rights and custom

to violate constitutionally protected dignity

ARG 4/3/98 (334)

own land or cattle. After a marriage, a woman is often left with nothing, but now women are striving to let the constitution make its mark

representative with the African Women's Law and Development executive committee, "women are not supposed to own land or cattle."

Uganda's present divorce law grants property to the party which can prove it acquired it.

Yet, in fulfilling her marital role, a wife's income often disappears into buying household commodities.

"At the end of a marriage, the woman does not have any substantial property because her own income has gone to acquire consumables," explained Ms Oumo. "But the man's income usually goes into acquiring substantial property."

"Most women do not work," said Ms Nagujja. "Their contribution to the house is not counted as contribution."

Ms Oumo pointed out that Ugandan girls, especially in the rural areas, were married off before they had acquired enough education to even become employable.

Many of these young brides had not even reached the required 18 years of age stipulated in the 1995 constitution.

"Most girls are forced to marry," explained Ms Oumo, "because their parents see marriage as a way of gaining wealth."

A Ugandan woman traditionally joins her husband's clan, often after the clan has paid a bride price to her parents.

The payment of bride price essentially renders the woman the property of her husband's clan.

Ms Oumo, who now handles legal affairs for the Ugandan ministry of gender, watched as her clan overrode her own father's resistance to demanding bride price for his daughter.

She earned the clan seven cows and four goats.

The law commission has suggested limiting traditional bride price to a $30 (about R150) maximum, and dictating the husband's clan may not demand return of the token payment if the marriage fails. Ms Oumo explained that bride price must be repaid when divorce was sought.

Women wanting to leave bad marriages find themselves choosing between running away, so their parents won't have to return their bride price, or working hard to pay their own ransom.

Ms Oumo described how one woman she knew took her own life as the only way out of a violent marriage. The suicide victim joins many Ugandan women victims of violence in the home.

Many other women choose to live with personal battering knowing that their children, customarily assumed to be clan property, would not be permitted to leave with them.

"The young children are usually left to the mother, yet most vindictive or angry husbands do not want the children to go with the mother," said Ms Nagujja.

"If they go to the mother, the husbands do not want to provide maintenance to the mother."

Even the first step of writing this bill – debating the form marriage would take – has hit huge hurdles.

As a multicultural, multireligious nation, Uganda has long sanctioned polygamous unions.

When many women – and men – suggested limiting the number of wives to two, the Muslim community rebelled.

"We find it unacceptable that the new law should limit the number of wives a man can marry to two," argued Abasi Kiyimba, chairman of the Uganda Muslim Youth Assembly. "It amounts to revision of Islamic law which allows the man to marry up to four," he said.

Mr Kiyimba claimed his group represents nearly 800 000 male and female members, aged 20 to 45.

He admitted that if more Ugandan Muslims followed true Islamic law, women would be protected in their family relations. He felt that introducing additional civil law could not improve compliance.

"The original suggestion to limit the number of wives to two was good, in that it provoked debate," admitted Ms Tamale. Confronted with Muslim polygamy laws, she explained that the Law Reform Commission found them "far more equitable and fair to women than the existing customary marriage structure in Uganda".

According to Ugandan marriages, husbands are not required to provide a separate home for each wife, as Islamic law dictates. They are not required, as Muslims are, to treat the wives equally.

But, most significantly, women married under customary law have few rights to inheritance and even less recourse seeking divorce and divorce property settlements.

Whatever changes eventually find their way into Uganda's new domestic relations laws will probably not find their way easily into practice.

Women and men everywhere have experienced discomfort as gender struggles have wrought a new balance in the modern world. Ugandan men and women are not likely to find their way any easier.

They will most likely have to learn one relationship at a time or one court case at a time.

"The men, who are opposed to all these reforms and changes we are bringing about, kept on using this one argument 'that you are wasting your time; these new laws are not practicable'," explained Ms Tamale.

"As if it's practicability that we are seeking. It's not.

"It's women's rights and opportunities, equal opportunity." – Independent Foreign Service by civilians in the town of Makeni.

(334) OD 11/3/98

Picture: AF

Uganda in line for reform package

ADDIS ABABA — Uganda is on track to become the first recipient of debt relief under a World Bank and International Monetary Fund programme designed to help poor countries willing to reform, World Bank officials said.

"Our mission has just returned from Uganda and reported the economy was fairly stable," World Bank vice-president for Africa Callisto Madavo said on Monday.

Uganda is due to be "forgiven" up to $700m over a 25-year period. The first tranche of debt relief is due in April and will be used mainly to improve health and education. — Reuter.

Uganda is in need of a phone revolution

(334)

Uganda's telecommunications network is set for privatisation in a move that will boost its economic reform process, writes Michael Holman

BD 19/3/98

PLANNERS point out that despite Uganda's decade of high growth, the country has fewer phones than it had in 1971 when Idi Amin seized power. Phone cards are replacing coins in Kampala's public call boxes, cellphones have become a fashionable business tool, the country's two main newspapers have websites on the Internet, and the state-owned telephone system is up for sale.

The communications revolution has reached Uganda, and the country that helped blaze the economic reform trail in Africa is now leading the way in the privatisation of a sector the efficient operation of which is essential to economic growth.

Twelve years after President Yoweri Museveni and his National Resistance Movement fought their way into power, the revival continues apace of a nation devastated by the despotic regime of Idi Amin and the war to overthrow him.

Under a wide-ranging reform programme, endorsed by the International Monetary Fund (IMF) and backed by the World Bank and other donors, the economy has been transformed. The introduction of market-driven exchange rates, trade liberalisation, and privatisation have paved the way for a remarkable recovery in the country.

Kampala is surging and tourists are returning, together with many of the Asians expelled by Amin some 25 years ago. The economy is thriving — gross domestic product growth has averaged 6,4% during the past decade, and 8,1% over the past three years.

If the recovery is to be sustained, say government planners, Uganda needs to improve and expand its telecoms service.

Planners point out that despite Uganda's decade of high growth, the country has fewer phones than it had in 1971 when Idi Amin seized power. Then the country had 100 000 telephone lines. Today, Uganda has only 46 000 lines serving a population of 19-million. The World Bank estimates as much as 2% of annual growth is lost through the poor performance of phones and the erratic power supplies.

As is often the case in Africa, it is easier to call London or New York than to make calls within the country itself. Businessmen complain that it can prove so difficult to get through from Kampala to the nearby towns of Jinja or Entebbe that it can be quicker to drive, and track down the person they want to see.

That journey, while only an hour, is expensive enough. However, for businesses trying to keep track of operations further afield the cost of staying in touch can make the difference between success and failure.

Today there are fewer phones in Museveni's Uganda than in 1971 when Idi Amin seized power

"If we are to sustain high growth," says a senior government economist, "we need efficient communications.... This means better roads, and more phones."

If all goes according to plan, the country's communications network is on the verge of being transformed, part of the most exciting phase of Uganda's privatisation programme and involving the state utilities — electricity, railways, water and the national airline, and telecoms.

One of the conditions of the privatisation of Uganda Posts and Telecommunications (UPTC) is that the successful operator should double the lines available by the end of three years, and increase the total to 150 000 within five years.

The divestiture of UPTC, expected to be the biggest sell-off since the process started in 1992, got under way when parliament passed the Uganda communications act.

This authorised the break-up of the corporation into Uganda Telecommunication, which will be privatised, Uganda Posts, which will remain in government hands, and the Uganda Communications Commission, which will be the regulator for the sector.

According to provisional figures prepared by accounting firm KPMG and agreed by UTL's management, the company's net assets are worth $38m, making it the biggest enterprise to be privatised since Uganda began the process in 1992. — Financial Times.

Clinton pledges aid for Ugandan schools

(334)

Star 25/3/98

R600-million will take dirt-floored, roofless, overcrowded classrooms all the way to the Internet

Sapa-AP
Kampala

Visiting a primary school with dirt-floor classrooms, US President Bill Clinton announced the equivalent of R600-million in aid for Ugandan schools yesterday to train more teachers and get African children hooked up to the Internet.

The United States already provides R50-million a year to support this booming central African nation's efforts to improve the literacy rate and primary education, the priority of President Yoweri Museveni.

Uganda's school population doubled last year to 5,3 million after Museveni's government began guaranteeing free primary education for up to four children in a family, something Hillary Rodham Clinton praised when she visited last year in a preview of the president's 12-day, six-nation tour.

Kisowera Primary School is on a hillside that looks out over coffee and banana fields. Some classrooms are being renovated and others stand roofless.

Fifteen Peace Corps volunteers are training teachers, of which there are now only 14 for 760 students. Part of the aid will go towards teacher training.

Before visiting the school, Clinton held talks with Museveni at the State House Lodge to discuss ways to stabilise neighbouring nations, including Rwanda and Burundi, where recent civil wars and continuing insurgencies have killed hundreds of thousands.

The discussion over African security was at the core of Clinton's agenda of promoting trade, education, democracy and human rights in Africa during the first visit by an American president in 20 years, the White House said.

Central African stability is the focus of a conference of regional leaders that convenes in Kampala today. Among those who will attend is President Laurent Kabila of the Democratic Republic of Congo, whom Clinton wants to press for swifter democratic reform.

Clinton and Museveni also talked about economic revitalisation, expansion of civil liberties within Uganda and human rights concerns, particularly in the northern region where factional fighting continues to rage.

Insurgencies in the north and west of the country have forced Museveni to spend 20% of the R5-billion annual budget on the military.

Museveni has restored the rule of law, liberalised the economy, restricted the money supply, cut the public payroll and raised taxes. He has sold off government-owned industries, set up free markets for coffee, sugar and the other commodities, improved farming and increased exports.

► More reports, picture Page 7

Uganda lifts ban on beverage imports

(334) PA 6|4|98

Michael Wakabi

KAMPALA — Uganda has lifted a decade-old ban on imports of beer, soda and batteries, effectively opening the way for foreign beverage producers to compete with local producers.

The ban was imposed in 1987 to help Uganda's beverage industry recover in the face of cheaper imports from neighbouring Kenya, which dominated the market. Finance ministry officials said the lifting of the ban last week was one of the conditions agreed to with the World Bank before a second tranche of funds under a structural adjustment credit deal with Uganda could be sealed.

Notice was given to local producers by Finance Minister Mayanja Nkangi when he announced the plans during the budget reading in June last year. This year, he is expected in June to propose that import duties be reduced to 15% by July.

Local manufacturers have in past argued that lifting the ban before harmonisation of the tax regime with Uganda's neighbours would lead to a flood of cheaper imported beverages. Uganda levies the highest taxes on locally made products in east Africa.

The country's two brewers also argued earlier that they had recently injected a lot of money into expansion, and exposing themselves to competition at this stage would hurt them. Nile Breweries — in which SA Breweries has an interest — and Uganda Breweries have just invested more than $25m in capacity expansion. Each now has a capacity of 720 000 hectolitres a year.

Four die in cafe blasts in Uganda

KAMPALA – Unidentified attackers bombed two cafes in central Kampala on Saturday, killing four people and wounding six, including foreigners, security officials said yesterday.

A security official said Ugandan intelligence suspected that a Sudanese-sponsored group, which he did not name, carried out the attacks.

The Sudanese-backed group, he said, had links with the Allied Democratic Forces (ADF) rebel group active in western Uganda.

Two Burundians died in the first attack at the open-air Italian-style Fenice cafe on the terrace of the Speke Hotel, and a Ugandan waitress was killed in the second explosion in the nearby Nile Grill.

It was not immediately clear where the fourth casualty, also a Ugandan waitress, was killed. The wounded included a Dutchman.

Two of the wounded were in critical condition in hospital.

"I saw five people lying in a pool of blood on the terrace, and another – who had run in shock – sitting a short distance away," said a reporter for the *Sunday Monitor* newspaper who arrived on the scene just after the first attack around 9.35pm. A waiter said: "I heard a blast and saw smoke, and there was smashing glass."

Police said a Ugandan man arrived at the Fenice, put a bag, apparently containing the bomb, under his chair, placed his order, then then left. The Fenice is opposite the Sheraton Hotel, where US President Bill Clinton stayed when he visited Uganda last week. Reporters who visited the scene said broken chairs and crockery were scattered across pools of blood. – *Sapa-AFP.*

Sowetan 6/4/98 p3

Uganda to go cellular by year-end

(334)

From Reuters

Kampala — Uganda's second licensed telecommunications group would focus on establishing a cellular network when it begins operating in September this year, a company official said yesterday.

Noel Meier, the chief executive of MTN Uganda, said the company planned to set up 26 cellular base stations in Uganda by the end of the year.

"We will be pushing a wireless solution as much as possible," Meier said. "Copper lines have their limitations."

Copper wire is frequently dug up and sold as scrap metal.

MTN Uganda will lay 89 000 lines over the next five years and invest $60 million in Uganda. The company is owned by South Africa's MTN Holdings and Sweden's Telia Overseas.

CT (PMR) 17/4/98

SA-linked airlines in Ugandan bid

(334) MD 29/4/98

Michael Wakabi

KAMPALA — Two SA-linked airlines are among six international airlines that have expressed an interest in buying Uganda's national carrier, Uganda Airlines.

The airline is among 107 parastatals lined up for divestiture by the Ugandan government. Seventy-eight companies have already been sold off.

Privatisation unit director Michael Opagi told reporters on Monday that six airlines — including Alliance Air, and SA's Interair in partnership with Aero Zambia — had submitted prequalification proposals for a substantial portion of Ugandan Airlines.

The other contenders are Air Mauritius, British Airways, Sabena and Kenya Airways.

Alliance Air is 40% held by SA Airways and its minority partners are the governments and national airlines of Tanzania and Uganda which each have a 30% stake.

Opagi did not say how much of Uganda's national carrier was being sold. The exact portion of the shares to be sold has yet to be arrived at by the divestiture and reform implementation committee of the privatisation unit.

Sources within the unit said it would be a "substantial portion", and it was expected that the successful bidder would acquire operational and management control of Uganda Airlines Corporation.

The privatisation unit is expected to announce the list of prequalified bidders tomorrow, while the successful bidder will be announced on June 26.

The airline now operates 13 flights a week on the Entebbe-Nairobi route and flies twice a week to Johannesburg as well as Dubai and Kinshasa.

Reuter reports that in mid-March the Ugandan government invited prequalification bids from investors interested in buying a significant portion of the carrier.

Government will then offload the remaining shares to the public through the Uganda Securities Exchange.

Opagi said the airline had "huge liabilities" but it hoped to restructure arrangements by May in order to put it in a more saleable position. Among the company's assets were its international routes and staff.

Meanwhile, Sapa reports the boards of Air Namibia and its holding company TransNamib Limited have approved the acquisition of a 51% stake in rival Kalahari Express airline. Air Namibia said several preconditions would have to be agreed on before the deal was finalised. Kalahari Express said it planned to operate services between Windhoek and Johannesburg and Windhoek and Cape Town which were already being serviced by Air Namibia.

TRC told how AWB shot ten blacks

Sowetan 23/4/98 (334)

NINE MEMBERS of the Afrikaner Weerstandsbeweging killed four blacks and injured six others in 1993 in an attempt to scupper South Africa's first all-race elections, the Truth and Reconciliation Commission heard in Johannesburg yesterday.

Deon Martin, one of the AWB members applying for amnesty for the murders, told the TRC how the group pumped bullets into 10 black people on a road west of Johannesburg on December 12 1993.

They later cut off the ear of one of their victims to present to their commander as "a trophy", Martin said.

One of the victims was 13-year-old Patrick Gasemane, who had half of his head shot away. Another, Abraham Mothupi, sat in the front row of the spectators' bench yesterday – his nose was blown off.

Behind Mothupi sat Barend "Wit Wolf" Strydom, South Africa's most notorious rightwinger, who killed eight blacks and wounded several others in a shooting spree in Pretoria in 1989.

Before the truth panel as representative of a Boer "prisoners of war" organisation, Strydom said he was attending the hearing to support the applicants' case.

Martin, the group's second-in-command, described how the men set up a roadblock with the aim of shooting members of the African National Congress and SA Communist Party.

The men claimed to have received orders from AWB "General" Japie Oelofse to "apply hard options ... he wanted to see corpses".

Martin said they were told that a nationwide revolution would start that night and, as part of the attempts to halt upcoming elections and push for a whites-only Boer homeland, they pulled over two cars with blacks who identified themselves as ANC members.

The right-wingers forced them on to an embankment and shot them in "a matter of seconds".

They said all of the victims appeared dead after the shooting. They set their vehicles alight and picked up spent bullet cases to remove evidence before driving home.

Truth panel chairman Judge Bernard Ngoepe said he found it difficult to accept that the 13-year-old was killed by accident given that half his head had been blown away and that evidence indicated that he had been shot at close range.

Martin said that the child had possibly been caught in the crossfire, and that he was unaware that a child had been among those hauled out of the vehicles.

He said he only found out afterwards that the child had been seated on his mother's lap on the embankment when the shooting started.

All nine were arrested and sentenced to life imprisonment. – *Sapa-AFP.*

'Plot was to kill youths'

Sowetan 23/4/98

By Muzi Ngubane

A FORMER member of the feared self-defence units in Richmond in KwaZulu-Natal, Mr Alfred Ndlovu, told the Pietermaritzburg High Court yesterday that he was present during two meetings in which murder accused Mr Sifiso Nkabinde discussed the killing of two youth leaders.

Testifying for the state, Ndlovu told the court that Nkabinde held a meeting with other unit members at a downtown Pietermaritzburg service station.

During the meeting Nkabinde told them that a plot had to be hatched to kill leader of the African National Congress Youth League branch Mzwandile Mbongwa and his comrade Muzi Ximba.

Ndlovu said Nkabinde told SDU members that Mbongwa should be killed because he was allegedly a police informer. Nkabinde apparently got this information from former commander of SDUs in Richmond, Sikhumbuzo "Bob" Ndlovu.

He also testified that during the meeting it had been agreed that Mbongwa's murder should be made to look like the work of ANC rivals, the Inkatha Freedom Party.

Ndlovu said when the first plot was not executed, a second meeting was held at Nkabinde's home in Dambuza township.

During this meeting three other SDU members volunteered to kill Mbongwa.

On March 20 1994 Mbongwa, Ximba and Mzo Mkhize were shot dead during an ANC meeting at Ndabikhona school in Ndaleni, outside Richmond. The case continues.

UGANDA

(334)
FM 1/5/98

Coming to grips with the virus

Even Anglicans stretch to 'rubbers'

Condoms are the second most advertised item in Uganda, after beer. And the country's openness about the Aids epidemic is finally paying off — Health Ministry statistics show a downward trend in the rate of infections.

The Ministry's latest surveillance report says the rate of HIV infections dropped from 44,2% in 1989 to 30,2% (new infections as a percentage of existing ones) by the end of last year. In the report, government also says the gospel against the killer disease is taking root in the rural areas, where for a long time the pandemic was regarded as a mere myth.

"The data from HIV infection sentinel surveillance sites continue to show declining trends and stabilisation in rural sites," says the report.

Government cautions against complacency, however, saying the infection rate is still high. Of Uganda's 20m people, close to 2m are HIV-positive. The pandemic spread from 17 cases in 1983 to an HIV infection incidence of 1,5m people by 1993.

By the end of 1997, Aids had killed 53 306 people. The report says 49 432 of the victims were older than 12 and 3 874 were younger. Women account for 26 104 of the deaths or 52,8% of the older group.

Uganda launched a definitive anti-HIV and Aids campaign in the late Eighties, which was backed by the political leadership. President Yoweri Museveni was outspoken at a time when many countries regarded such openness as a scare to tourists. Roads in the country are lined with billboards warning against the disease. These are supplemented with posters at hospitals, dispensaries, clinics and other public places. Also central to the campaign is vigorous encouragement of the use of condoms. Advertisements on radio stations are placed by government departments as well as companies selling the condoms.

"Rubbers", as they are known locally, even have the backing of the Anglican Church — though the Muslims and Catholics are opposed to their use, saying it is against their faith. Officials involved in the fight against HIV and Aids say the advocacy of condom use, coupled with other strategies, has been crucial in limiting the spread of the disease.

Fred Ojambo, Kampala

August start-up for MTN Uganda

BD 4/5/98 (334)

Michael Wakabi

KAMPALA — MTN officials expect their cellular phone network to be running on a commercial basis in Uganda as early as August, and work on establishing base stations is already under way.

MTN Uganda — a consortium led by Mobile Telephone Networks of SA — was licensed to run the network on April 15, three months after winning a bid to set up a competing national telephone network to that of the state-owned Uganda Posts and Telecommunications Corporation ahead of its privatisation in a few months' time.

Uganda is the second country outside SA where MTN has been given a licence to operate a telephone network. MTN also received a licence to operate in Rwanda this year.

MTN Uganda CEO Noel Meier said the company would build a minimum switching capacity of 89 000 telephone lines over a five-year period — the state-run corporation has a switching capacity of 79 000 lines and about 52 000 subscribers.

"Fixed line systems do not suit Africa and we are going to be looking at a wireless solution as much as possible. We shall have fixed 26 to 30 base stations by the end of 1998," Meier said.

Going wireless directly pits MTN against Celtel Cellular, the other mobile telephone operator, which started service in 1994.

Celtel network at the moment covers only the capital and three other towns outside Kampala. The company has just more than 5 000 subscribers.

MTN is looking at quality reception as an immediate selling point and development of a countrywide network as its growth strategies, said Jacques Sellschop, group executive for corporate relations at MTN SA.

New land bill sparks controversy in Uganda

BD 8/5/98 (334)

Michael Wakabi

KAMPALA — Uganda's new land bill, which will give squatters greater rights over the land they occupy, is fuelling controversy among land owners.

The bill is relevant to foreign investors because it has a provision enabling foreigners to acquire 99-year leasehold rights to agricultural land. Until now foreigners could obtain title to residential and industrial plots only.

Analysts are urging careful consideration of the bill which suggests, among other things, that squatters who have occupied land for at least 12 years will be given certificates of occupancy and pay their landlords annual rent of $4,80, regardless of the area occupied. Land has become a sensitive subject in Uganda as the country struggles to spur economic development by creating conditions conducive to foreign investment.

In 1975 dictator Idi Amin passed a decree which enabled squatters to move onto almost any farm land.

The new bill is intended to regulate the relationship between these "long-term squatters" and the landowners. However, in many cases mutually agreed rentals have been negotiated over the years and some land owners will receive considerably lower rentals if the bill is passed.

Landowners feel they should have the right to decide who to rent their land to and at what price.

Proponents of the bill argue that the old land laws do not maximise land use. Long-term squatters have no formal rights in relation to absentee landlords, while landlords are reluctant to improve land occupied by squatters.

The bill has run into opposition from Baganda royalists and the clergy, who see it as an attempt by the state to give away their land to squatters.

~~The~~ church and Baganda landlords own large chunks of land in central Uganda, ceded to them by British colonialists in the late 19th century. The Baganda are the largest ethnic group in Uganda, making up more than 20% of the population.

The Baganda's cultural assembly, the monarchist Lukiiko, rejected the land bill this week saying besides being unconstitutional, it contravened the cultural norms of the Baganda. At the session a church representative said: "Even if it means only a small piece of land, I would not like anyone to take it. Even the Church of Uganda cannot allow its land to be taken away."

The royalists fear that the law will enable squatters who have encroached on private land to take it over legally.

☐ Sapa-AP reports two Ugandan parliamentarians were charged in a Kampala court on Wednesday with incitement to violence and promoting sectarianism. Both denied the charge and were granted bail of $800 each..

Uganda's coffee sales sharply down ~~344~~ (334)

Ugandan coffee exports fell 40,9 percent in April to 138 264 60kg bags from 233 999 bags in March, the Uganda Coffee Development Authority said yesterday. The authority said exports for the seven months to April 30 showed a decline of 47,7 percent to 1 540 742 bags, from 2 944 168 during the same period last year. April exports represented a value of $14,3 million, down from $24,2 million in March. The state-run authority blamed the lower exports on a delay in the southern and western coffee crops caused by poor weather linked to the El Niño phenomenon. Uganda's coffee season runs from October to September, with the main crop harvested between October and March, followed by the minor crop from around May to September. — *Reuters, Kampala*

CT (AM) 12/5/98

'Prophetess' vows to topple Ugandan leader

BD 27/5/98 (334)

KAMPALA — The exiled leader of the Ugandan rebel group known as the Holy Spirit Movement, Alice Lakwena, has said she intends to resume her struggle and will overthrow the government of President Yoweri Museveni.

"I have vowed to depose the NRM (National Resistance Movement) government, and nothing will change my mind," said Lakwena, who is living in a United Nations (UN) refugee camp in Kenya.

"I shall fight a serious battle to capture Uganda because of the things that the Museveni government has done and is still doing to me," she said in a letter to the East African, a weekly newspaper.

The little-known Lakwena led a 10 000-strong ragtag rebel force against Museveni's troops in 1988, before she was defeated just 160km from the capital Kampala.

Her ill-equipped troops — who believed stones hurled at the enemy would explode and that shea nut oil smeared on their bodies would deflect bullets — suffered huge losses at the hands of Museveni's army.

Her mantle was picked up first by her father, Severino Lukwiya and after him by her distant cousin, Joseph Kony, who now leads the successor Lord's Resistance Army rebels, active in northern Uganda.

Lakwena said she wrote the letter in response to a claim by Political Affairs Minister Amama Mbabazi, that she wanted to return to Uganda but the government could not grant her immunity from prosecution.

"Does Mr Mbabazi think that a person protected by the Holy Spirit needs bodyguards or escorts?" Lakwena wrote.

"Did the UNHCR (UN High Commissioner for Refugees) not specify to the Ugandan government that we are not for voluntary repatriation and that we plan to come and overthrow the government in Uganda?"

Lakwena claimed she was in Kenya to meet President Daniel arap Moi and to give a chance to witchdoctors "both black and white, to come and test the Holy Spirit".

"Since time immemorial prophets and prophetesses have been subjected to tests in the wilderness," she said. Lakwena seemed especially irritated by the suggestion she was a prostitute — a claim reportedly made by Ugandan Anglican bishop Nelson Onono Onweng. — Sapa-AFP.

Uganda secures $22m in aid after meeting targets

John Dludlu (334) BD 29/5/98

ABIDJAN — The African Development Bank, in which SA is set to increase its stake to 6%, announced an agreement this week granting Uganda $22m in debt relief because of progress in economic reforms.

The relief agreement, signed during the annual meeting of the bank, and its development fund in Abidjan, is part of a $650m relief package from Uganda's external creditors.

Omar Kabbaj, the bank's president, said: "The bank's contribution of $22m in today's values will, over time, result in a total reduction in Uganda's debt service to the bank group amounting to the equivalent of $30m."

Uganda is one of the first beneficiaries of the debt-relief plan for heavily indebted poor countries to which the bank and other multilateral creditors are participants. The plan seeks to tailor debt service to payment capacity so that countries can again attain external viability.

The bank's figures show that the stock of external debt in Africa is on the decline. It dipped marginally to $315bn last year, from $324m in 1996.

Cyril Emwenze, the bank's vice president responsible for operations, said the drop was due in part to a realisation by policy-based lenders, including his bank, that reduction of debt was part of assisting poor countries.

As a result of the overall debt aid from creditors, Uganda would be able to channel up to $175m a year over the next five years to give priority to social sectors, said Kabbaj.

The Abidjan-based development finance institution also disclosed that it was committed to delivering its $168m share under the debt-relief plan for heavily indebted poor countries. Other beneficiaries include Mozambique, Burkina Faso and the Côte d'Ivoire over the period 1999-2001, while Mali and Guinea-Bissau were being considered for eligibility.

The initiative is worth $7,6bn — an amount widely considered inadequate by African governments. The development bank's share of the cost to support eligible countries is estimated at $650m, said Kabbaj.

UGANDA FM 15/5/98

'Holy' war on the equator (334)

John Latim, a resident of Uganda's northern district of Gulu, often goes without basic necessities in his home. His seven children do not attend school.

Like most Gulu residents and those of neighbouring Kitgum, Latim lives in abject poverty because of the 11-year-old insurgency that has disrupted economic activities in these two northern districts of the Acholi region.

Acholi has not benefited from Uganda's much-hyped average economic growth rate of 7% over the past decade. The region is home to 600 000 people, including the leaders of the previous government, toppled by President Yoweri Museveni in January 1986.

The rebellion in northern Uganda is led by a former altar boy, Joseph Kony, who says he is fighting to bring into power a "government of sanity" — ruling according to the Biblical Ten Commandments. The war has claimed thousands of lives since 1987.

Kony's Lord's Resistance Army (LRA), which Uganda alleges is backed by the Islamic government in Sudan, often makes incursions into this region from their camps in southern Sudan. The Khartoum government, which in turn accuses Uganda of supporting dissidents such as the Sudan People's Liberation Army (SPLA), denies any links with the LRA.

Acholi's civilians are the main targets of the LRA's incursions. Kony and his group accuses them of backing a "satanic region" in the south. Consisting largely of abducted people, his army kills, rapes and abducts more people, in addition to plundering the villages.

"Because of fear of the rebels, people are always on the run.

"They have abandoned their homes in favour of 'protected villages' — camps established by government — denying them the opportunity of tilling their land for a living," says Nobert Mao, an MP from Gulu.

Before the war in Acholi, the region was renowned for growing cotton — a crop which until the mid-Eighties was Uganda's second-highest foreign exchange earner.

Now the population depends on handouts from aid agencies and government. Peace talks broke down in 1993 when government gave the insurgents an ultimatum to leave the bush or risk being crushed. They chose the latter.

This war has not only devastated northern Uganda, but has also led to the severance of diplomatic ties between Kampala and Khartoum in April 1995. Attempts by Libyan leader Muammar Gaddafi to mediate between the two neighbours broke down the same year.

SA President Nelson Mandela, Bakili Muluzi (Malawi), Daniel arap Moi (Kenya) and former Iranian President Ali Akbar Rafsanjani each tried a hand in mediation, but with little success.

Museveni now says he has equipped his army and will soon launch a final onslaught on the rebels. But people like Latim can only hope peace and sanity will finally come to Acholi.

Fred Ojambo, Kampala

AFRICA NEWS DIGEST

POWER TARIFFS

Uganda reduces power costs as incentive to industrialists

(334)

Uganda's President Yoweri Museveni has fulfilled his promise to make life a lot easier for industrialists with the recent reduction in the cost of hydro-electric power. In a letter to the Uganda Investment Authority (UIA) dated April 14, the Uganda Electricity Board managing director SG D'Ujanga spelled out policies formulated to support and offer incentives to investors.

With effect from April 1, the minimum kilovolt-an-hour (KVA) charges in the electricity tariff for industrial and general customers have been suspended, meaning that the customer would be charged the actual KVA reading, resulting in reduction in the average tariff for industrial consumers to 60 Uganda shillings (25c). The UIA had recommended to the Ugandan Cabinet that the requirement for industrialists to pay a fixed charge for electricity every month, even before they begin consuming it, be suspended.

This followed complaints from industrialists that the tariffs for local hydro-electric power were prohibitively high. Some industrialists, like those in steel milling, were required to pay up to USh5 million as a pre-set minimum charge a month, whether they used the power or not.— *Independent Foreign Service, Kampala*

Uganda's revenues will fall $37m short

Taxmen take the rap for cash crisis

UT (MR) 9/6/98 (374)

Paul Busharizi

Kampala — Ugandan government revenues are expected to fall short by 45,6 billion Ugandan shillings ($37 million),or 5,43 percent of the official 840 billion shilling target in the financial year until June 30, the finance ministry said at the weekend.

"The decline is mainly due to the deterioration in Uganda Revenue Authority (URA) administration, especially in the Customs and VAT departments," the ministry said in its 1998-2001 budget framwork paper.

Tax revenues as a proportion of gross domestic product are set to fall to 11,3 percent in 1997-98 from 11,6 percent in 1996-97. Gerald Sendaula, the finance and economic development minister, is due to present his maiden budget speech on June 11.

'We need to reduce corrupt practices, causing substantial revenue losses'

The budget framework paper, which was prepared last month but not released publicly, said there was limited scope to increase taxes to cope with the country's growing expenditure needs. A copy of the paper was obtained by Reuters on Monday.

"The only realistic option is to improve collection efficiency," the ministry said.

"This underlines the need to improve administration capacity in the URA, to reduce corrupt practices causing substantial revenue losses and to scale down tax exemptions." In 1996-97, the government collected tax revenues of 732,5 billion, 43 billion shillings short of projections.

The ministry said reductions in fuel taxes and in trade tariffs would put downward pressure on revenues in years to come, and put the onus on the URA to improve tax collection.

Last year, Finance Minister Jehoash Mayanja Nkangi reduced fuel duties as part of a three-year plan to bring them in line with those in the east African region. Reductions in import and excise duties were also announced in last year's budget.

Kiiza Kateyeza, the Ugandan tax policy commissioner, told Reuters the government was committed to further reductions in duties on fuel and on imports.

"We are still going ahead with planned reductions, and the key will be the URA's administration," Kateyeza said yesterday.

In 1997-98 the government began to restructure URA's operations in a bid to raise revenue collection. This included the appointment of a new URA board, the reinforcement of legislation and contracting of expatriates as advisers.

"There are are a number of things we still have to tighten up on, like smuggling, and internal auditing systems," Kateyeza said.

Buying and selling their way to the top in Uganda

ARG 11/6/98

(3774)

LINDSAY BARNES
STAFF REPORTER

Women journalists in Uganda have resorted to selling their bodies in order to survive financially or move up the career ladder, in a fight against a traditionally male-dominated sector.

An account of the poor treatment of women journalists in Uganda emerged at a four-day conference in Cape Town on gender and communication policy in Africa. It ended yesterday.

Some women media practitioners prostituted themselves in the office for promotions or better assignments, while others did so to supplement the meagre salaries paid to women journalists, said Margaret Sentamu-Masagazi, coordinator of the Uganda Media Women's Association.

"One journalist told me: 'It is not that they enjoy it, but how long will (a monthly salary of) US$100 take her through the month? She has a family and has to report for assignments at 8am. Those who sell their bodies do it because of economic (reasons) and survival. It is not surprising that these women have low self-worth and therefore stagnate in their careers."

She described an embarrassing tiff a woman journalist had with a policeman who denied her access, for failing to dress to standard, to a function at which America's first lady Hillary Rodham Clinton spoke.

Although the journalist had a written invitation to attend the speech, the aggressive policeman shouted at her as she tried to get in to the venue and demanded to know what she was doing there.

Narrowly avoiding a scuffle with the policeman, she was let in by an usher who saw she had an invitation, but she had to endure the humiliation of being asked by the usher why she had not dressed "properly".

But media representatives are some of the worst paid people in the country. Poorly paid women journalists could not afford to dress suitably and were often mistaken for "street" women, she said.

Also hindering women's development in the media was the common practice by freelance journalists of bribing newsroom editors for good assignments and to get their stories published. In recording studios at government-owned electronic media, technicians unlawfully asked for a fee before recording any programme, Ms Sentamu-Masagazi said.

A survey found that, on average, male journalists could afford to pay the bribes.

"This is because they get good assignments and good contacts which yield heavy envelopes and they have the time available to work on the stories. Women, on the other hand, rarely get good assignments and therefore most often are in no position to bribe technicians or editors," she said.

"This makes them ineffective in (getting) stories published and (thus) ineffective in the media."

Women in traditionally male careers in Uganda were frequently labelled as rebels and sometimes prostitutes. "It is not surprising that, on average, the worst performer in the newsroom is the woman – not by choice, but by a conspiracy of societal obligation and the low pay accorded to the woman by her employer," said Ms Sentamu-Masagazi.

She said that changing the role that women had in the media and giving them a chance to prove their competence, while addressing historical gender-based injustices, required a well-planned strategy involving the government, NGOs, media, various associations and women journalists.

S

Uganda's gold exports plummet

(334) ET (AR) 17/6/98

Wairagala Wakabi

Kampala —Uganda's gold exports last financial year took an 82,3 percent dip, earning the country $90 million less than that realised the year before.

Gerald Sendawula, the finance minister, announced this week the drastic fall in the earnings, but gave no explanation. Industry watchers said it was because of diminished smuggling of the precious metal from neighbouring Congo, which was now peaceful and had contained pilfering of its minerals. Uganda mostly re-exports the gold.

Though gold production has not risen, in the 1996-97 financial year Uganda registered a sharp rise in gold exports, which were believed to come from Congo. Uganda that year exported 10 420kg of gold, worth $109,25 million. That has fallen to $19 million.

A Congolese minister in charge of minerals charged last month that senior Ugandan officials were stealing diamonds and gold from his country.

In the first six months of the 1997-98 financial year, gold exports dropped by over 70 percent compared with the same period a year earlier. The country earned just $11,94 million from July to December last year, compared with $41,98 million during the same period of 1996. In the first six months of the 1996-97 financial year, the country exported some 3 920kg of gold.

Walugembe Musoke, the director of public relations at Bank of Uganda, said the fall in gold exports was attributed to the fall in the world price of gold to below $300 an ounce, which reduced profitability and incentives to mine or re-export gold.

Industry watchers said although there were a number of gold prospecting projects in Uganda, exports were not expected to rise in the near future because the projects had not reached commercial production.

The country has about 10 firms prospecting for gold. Branch Energy of South Africa has for the past four years been prospecting in Uganda but prospects are not clear.

International Roraima Gold, a Guyana-based gold miner, said there was a high chance of finding large enough quantities of gold deposits in Uganda to warrant commercial mining.

It is estimated that income from mining grew on average by 48,2 percent between 1996 and last year. There are over 30 foreign investors in the sector —compared with five in 1995 — with 120 operational exploration licences.

"While there is potential for the exploitation of many minerals including cobalt, copper, gold, tin, tungstens, beryllium and marble, little investment activity was recorded last financial year," Sendawula said.

The country is drawing up a new mining act to provide an enabling environment for private sector investment, and to set a framework for its regulation and taxation. It provides for special fiscal incentives to encourage investment in mining. — Independent Foreign Service

El Niño knocks Uganda's coffee exports

CT (PTR) 23/6/98 (334)

Wairagala Wakabi

Kampala — Uganda, one of Africa's top coffee producers, has said its coffee export earnings this year could fall by $105 million.

William Nagagga, the board secretary of the state-run Uganda Coffee Development Authority, said El Niño-inspired rains that came after a long drought in the coffee-producing regions of the country were to blame for the fall.

The rains hampered harvesting, drying and transportation.

Uganda expects to earn $250 million from coffee exports for the season ending September 30, down from the previous season's $355 million, following an anticipated drop in exports from 4,24 million 60kg bags last season to 2,6 million bags in 1997-98.

Coffee is Uganda's main export earner, accounting for about 60 percent of its export earnings. But the crop's contribution fell to 51 percent in the financial year to June. "We are looking at the future without much hope," Nagagga said. The 1997-98 season had already been affected.

Uganda's coffee has been criticised recently because of its dwindling quality. Some processors mix coffee with stones, sand, sticks and raw beans, prompting fears at the coffee authority that the country's coffee market could be taken over by Asian producers.

Industry sources said El Niño had affected the crop in other producing countries. Although the price had risen from $1 400 a ton in 1996-97 to $2 000 in 1997-98, several economies had been affected.

The Association of Coffee Producing Countries at the start of the season agreed with African producers to withhold 850 000 bags to regulate supply, but bad weather caused the continent's coffee producers to fail to attain their usual joint production and export level of 15 million bags.

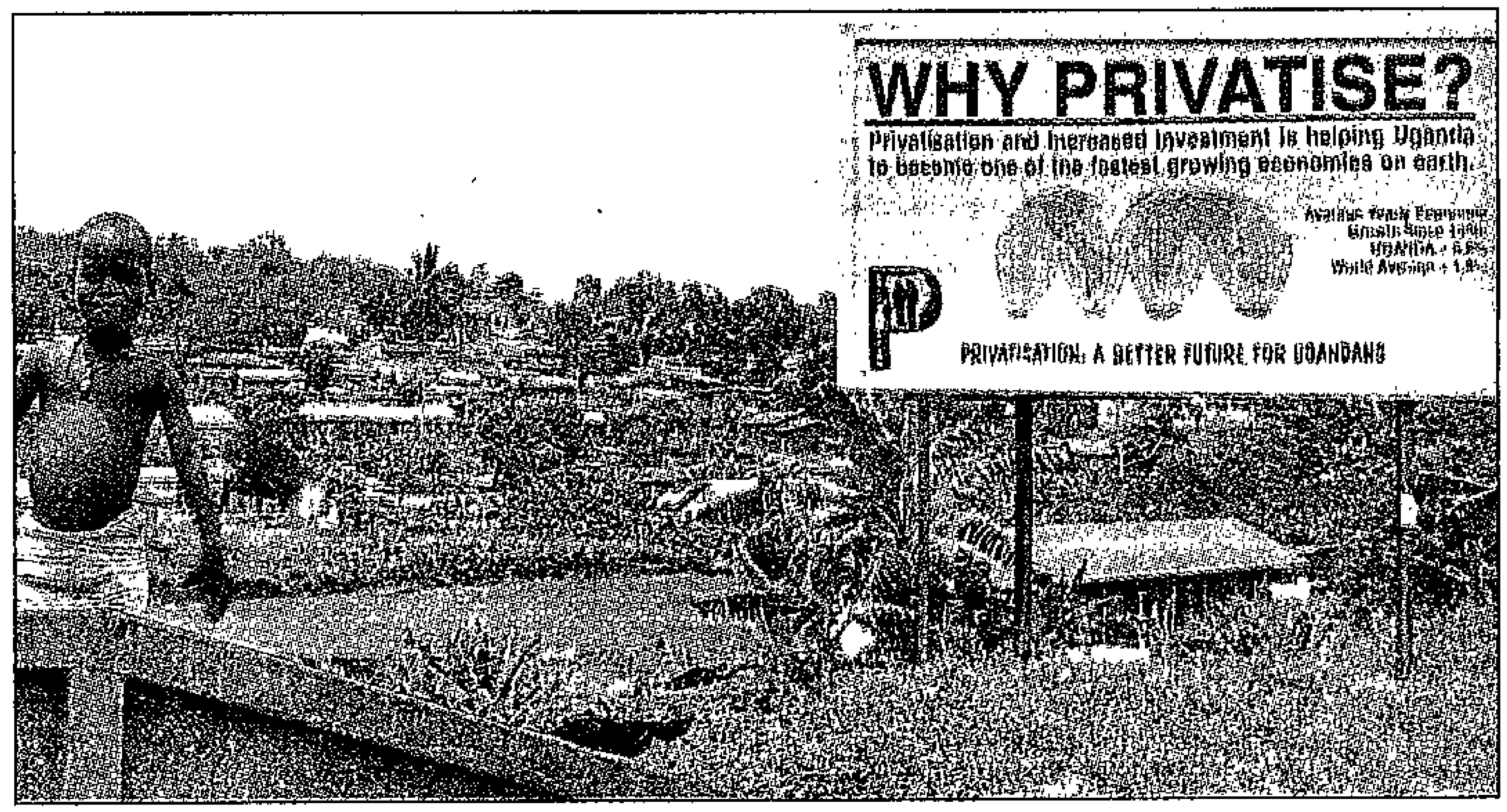
Global coffee consumption is expected to be about 98 million bags this year, but only 93 million bags are likely to be available. — Independent Foreign Service

Uganda's heart shines through the darkness of Africa

ST (BT) 28/6/98

(334)

The continent's leading reformer has pulled itself out of the disaster of its past, writes SVEN LUNSCHE



FROM MARXISM TO PRAGMATISM . . . Yoweri Museveni has engineered a success story

THE sign nailed above the door of a Kampala cobbler tells the story of the Ugandan success: "We do the impossible. Miracles take longer."

Along a road through one of Kampala's poorer areas a sign exhorts the virtues of privatisation — unthinkable anywhere else in the continent except Uganda.

Uganda is not an economic miracle. But it is a rare success story in Africa, a story built on relative political stability and free-market orientated economic reform that received the full backing of the World Bank and the IMF. In April the two institutions announced a $650-million debt write-off that will reduce Uganda's foreign debt by about a fifth to $3-billion.

Now, 12 years after President Yoweri Museveni took power, Uganda is embarking on what is likely to prove the toughest stage of its remarkable recovery from a disastrous past.

Political stability, sound economic management, substantial aid flows, fertile land and hard work have seen Uganda's GDP grow at an annual average of 6.4% over the past decade. For the past five years the average has been a more impressive 7.3%, although last year GDP came in at only 5.5%, with adverse weather largely to blame.

But what these figures hide is that Uganda is still a very poor country. Per capita income at $300 a year is only now approaching the levels (inflation adjusted) last touched in 1971, the year Idi Admin came to power and Uganda's nightmare began.

Two-thirds of the 19-million population remains in absolute poverty — defined as an income of less than a dollar a day — with a growing divide between the north and the relatively well-off south.

Corruption that reaches ministerial level, a war with rebels in the north of the country, and doubts about Museveni's commitment to democracy also raise some questions about Uganda's reputation as Africa's leading reformer.

So far, however, these concerns have not reduced the aid flows that have helped turn Kampala into a booming city. Neither has it swayed the government's commitment to economic reform.

Privatisation is only the most high-profile of these reforms, but it has attracted the attention of foreign businesses, notably the South Africans. MTN, SA Breweries and Coca Cola SA have bought into privatised companies, while Telkom and Eskom are also in the bidding for future privatisations. Trade is booming.

Within the next four years, the privatisation programme will be complete, says Matthew Rukikaire, Minister of State for Finance. This, he says, should eliminate subsidies that are three times the government contribution to the development budget.

Nevertheless, the budget deficit has been reduced to 1.9% of GDP and the government remains committed to fiscal discipline.

On the monetary front, inflation is down to about 6%, the Ugandan shilling is only about 20% down against the US dollar over the past four years and exchange controls have been completely lifted.

The new stock exchange is likely to become the most active in East Africa as neighbouring Kenya continues its slide into economic stagnation, while many of the Asians expelled by Amin in 1972 have returned, bringing much-needed skills and capital.

No wonder, then, says the Financial Times in a recent survey, that the status of Museveni — the guerrilla fighter who became a president, a Marxist turned pragmatist — is second only to Nelson Mandela on the African continent, a status underscored when he played host to Bill Clinton during the US president's recent tour of Africa.

Yet Uganda's reliance in donor support remains a worry since its dependence on aid is not falling.

Oxford economist Professor Paul Collier strikes a sombre note when he points out in the FT survey: "Even with the high-aid, high-growth scenario, it will take 20 years to raise Uganda to the threshold of the lower middle-income group."

However, these two decades give Uganda a headstart on most of the rest of Africa.

NEWS DIGEST

☐ CORRUPTION (334) CT (BR) 30/6/98

Ugandan government loses millions in 'unauthorised' expenditure

About 855 million shillings, 7,6 percent of Ugandan government expenditure, went missing from public coffers in the year to June 30 1997, the latest auditor-general's report stated. The report said the funds were lost through unaccounted and incorrect expenditures, and unauthorised cash withdrawals.

Total government expenditure during that financial year was 1,128 billion shillings (about R5,35 million), the finance and economic development ministry said.

The auditor-general's annual report is the best indicator of corruption in government departments. Uganda has been held up as a model of African economic development by the West, but Ugandans themselves are sceptical about what benefits economic reforms will bring while the government fails to act firmly on corruption. But Emmanuel Tumusiime Mutebile, the treasury secretary, said at a public meeting that the government was making efforts to tackle graft. — *Reuters, Kampala*

A

FIGHTING FIT *Museveni's growing defence budget also gets the nod*

Donors' thumbs up for Uganda's budget

CT(BR) 15/6/98 (334)

PAUL BUSHARIZI

Kampala — Uganda's 1998-99 budget got a positive reception from donors on Friday despite some apparently ambitious revenue targets and a big increase in defence spending.

Donors applauded the government's commitment to education, healthcare, roads and poverty eradication but urged for greater accountability in how the money is spent.

"It is a good budget ... especially since the government has not been afraid to make the difficult decisions necessary to keep the economy on course," Swedish diplomat Anders Ostman said.

"(But) a lot of effort still has to be made to make sure what money is put in delivers the intended results," he said.

In his maiden budget speech to Uganda's parliament, Gerald Sendaula, the finance minister, said he aimed to increase domestic revenues by 17,6 percent in 1998-98 — mainly through more efficient revenue collection.

Last year, revenue was about 5 percent below target, for which officials blame chronic inefficiency and corruption in the Ugandan revenue authority and say reforms introduced last year still need time to bring results.

Sendaula has doubled spending on poverty eradication programmes to nearly 100 billion shillings (R429 million), with donors also chipping in 14 billion shillings to a new poverty eradication fund.

"It is a logical continuation, a move away from trying to get the fundamentals right but now using fiscal policy to improve overall welfare," said Robert Blake, a senior economist at the World Bank.

Sendaula also announced a 21 percent increase in the defence budget in 1998-99 to163 billion shillings.

Ugandan President Yoweri Museveni faces an 11-year-old rebellion in the north and north-east of the country by the Lord's Resistance Army and a second rebellion in the west.

Although donors have expressed concern about growing military spending in Uganda, they were reluctant to criticise the government on Friday, saying they accepted the country's defence needs.

Ulrike Wilson, the resident representative for the International Monetary Fund,said donors recognised defence spending, at 1,9 percent of gross domestic product (GDP), was still lower as a proportion of GDP than two years ago, when it was 2 percent.

"Last year's figure of 1,5 percent of GDP was out of line with the previous year's defence expenditures," she said. "But what really convinced the donors and us in particular, was the attempt to bring in expertise to enforce accountability (in the army)," she said. — Reuters

SA the surprise leader in Ugandan investment

(334) CT(BR) 1/7/98

Wairagala Wakabi

Kampala — A report just issued by the state-run Uganda Investment Authority (UIA) indicates that South Africa is becoming a leading foreign investor here.

For the projects licensed between January and April this year, the highest number with foreign ownership were from South Africa, beating traditional names such as Britain, India and Kenya in the investment stakes.

"Key projects licensed during the period based on sectoral planned investment contribution had South Africa's participation (wholly or joint venture) highest in four out of eight projects," said the authority in a report issued this week. It was followed by Britain, Kenya and Uganda itself.

'We expected new investment to come mainly from Asia, but South Africa is leading'

Authority officials said they had been overwhelmed by the investments from South Africa.

"Earlier we had expected new investment to Uganda to come mainly from the Asian tigers, but instead it is South Africa leading the pack," said Daniel Musitwa, the UIA information officer.

The signing of a double taxation agreement between Uganda and South Africa last year had led to a tremendous rise in trade and investments between the two.

Among the South African projects licensed this year were MTN, which is investing $70,8 million in Uganda and plans to employ 193 people; and SABCO, which is investing in the manufacture/distribution of carbonated drinks. It is injecting $33 million and plans to employ 527 people.

Shoprite Checkers, the supermarket chain, is investing $4,7 million and hopes to employ 890 people.

Some 2 417 projects worth $5,1 billion have been licensed by the authority since it was established by parliament in 1991. The projects were expected to create 165 671 jobs.

Meanwhile, Tony Leon, the leader of the Democratic Party, has praised Uganda's economic reforms and urged South Africa to invest in the country. Leon was in Kampala for a three-day visit.

"I would certainly encourage people to ... come and see a country which is trying to implement the one economic system which, warts and all, has been proven to encourage economic growth."

Ban will lead to violence, Uganda warned

(334) BD 6/7/98

KAMPALA — A prominent university professor lent weight to criticism of Uganda's ban on political parties with a warning yesterday that outlawing political opposition could result in violence.

Uganda's suspension of political activity was "unhealthy" and limited the avenues for compromise, Mahmood Mamdani, professor of African Studies at Cape Town University, told the government-owned Sunday Vision. Mamdani was a professor at Makerere University in Uganda's capital, Kampala,

"Failure to allow peaceful avenues for organised opposition tends to turn opposition into a violent affair," he said.

A ban on political parties was first imposed when President Yoweri Museveni took power in 1986 after fighting a five-year guerrilla war. It is due to be tested in a referendum planned for 2000.

In Uganda, all citizens are automatically considered members of Museveni's National Resistance Movement (NRM). Political candidates stand on individual merit for election to parliament and local government.

The lack of effective political opposition to the NRM was escalating political differences into military differences, Mamdani said.

"These can be seen from the wars at the borders," he said, referring to the continuing conflicts with rebel groups in northern and western Uganda.

Museveni's government consistently maintains there is no basis for negotiation with the rebels.

"He personally believes they are bandits and will not talk with them. The only way to deal with them is by force," Museveni's press secretary Hope Kivengere said last week.

Mamdani criticised this. "Government must take the lead in talking and expressing the desire to talk," he said.

Museveni's government has battled several rebel groups on and off for over a decade, but the fighting has intensified in the last few weeks, fuelling criticism that the government's get-tough policy is failing and should be scrapped.

The main rebel groups are the Lord's Resistance Army (LRA) in northern Uganda, the West Nile Bank Front (WNBF) and Uganda National Rescue Front (UNRF) in northwest Uganda, and the Allied Democratic Force (ADF) in western Uganda.

Last month the government outlined plans to boost defence spending by 26% in the current financial year. Debate on the defence budget is due to start in parliament this week.

Aggrey Awori, an influential MP, said he and other MPs would press the government to intensify efforts for peace as a condition for supporting the budget.

"We are going to put conditions on the (defence) budget," Awori, a senior member of parliament's foreign affairs committee and national economy committee, said last week.

Amnesty International estimates that more than 400 000 people have been displaced in Uganda as the result of internal strife.

Awori and others say peace is possible if Uganda renews links with the Sudanese government, which is widely believed to be supporting the Ugandan rebels.

Sudan and Uganda broke off diplomatic relations in 1995 when Uganda accused the Sudan of supplying guerrillas opposed to the government.

The Sudan in turn accused Museveni of supporting the rebel Sudan People's Liberation Army.

"Uganda's foreign policy should be an enlightened expression of Uganda's interest for peace and stability internally and within the region," Mamdani said.

He warned that Museveni should resist US pressure to join the campaign against the Sudan or any other border state. Instead, he said, Uganda needed a peaceful existence with the Sudan and its other neighbours. — Reuter.

Uganda coffee exports double

(334) CT (BR) 7/7/98

WAIRAGALA WAKABI

Kampala — Uganda last month registered a big increase in coffee exports, with earnings jumping from $15,5 million registered in May to $33,4 million. Quantity rose to 356 241 60-kilo bags from 152 563 bags. This represented an increase of 134 percent in volume and 116,2 percent in value.

According to a report issued by the Uganda Coffee Development Authority, the good performance resulted from a bumper crop in key producing areas for the main crop and positive weather that boosted export activity. Substantial quantities were also realised from the fly crop in growing regions that were off season.

"This has been the highest export in any single month during the current season," the report said. The season runs from October 1997 to September 1998. As compared to a similar month last season, when 291 140 bags were shipped valued at $31,6 million, there was an increase of 22,36 percent and 5,63 percent respectively.

Uganda, Africa's biggest coffee producer and exporter, gets over half its export earnings from the crop. However, last financial year the sector suffered significantly through El Niño rains that hampered maturing, harvesting, transportation and drying of the crop. As a result the country expects to export 2,5 million bags of coffee, down from the earlier projection of 4 million bags in this coffee season.

The global price last month was lower than in May, characterised by increased supply of Robusta as El Niño subsided and a bumper Arabica crop from frost-free Brazil. Uganda grows Robusta, Arabica and the fast-maturing Clonal coffees.

Good weather at the origins, which included Uganda and Indonesia, added to the downward trend in prices. — Independent Foreign Service

Uganda's Alliance Air opening up new routes

BD 9/7/98

Michael Wakabi (334)

KAMPALA — Ugandan-registered Alliance Air, which is 40% held by SA Airways, will begin flying to another European destination next summer, says Alliance Air's corporate secretary, Ochieng Obbo.

The airline, which already operates three flights a week to London, plans to open new routes to Europe and the Middle East.

"We have decided that we need to include more frequencies in Europe and we are looking at Brussels, Frankfurt or Munich," says Obbo. "We already hold the rights to these routes but we are trying to negotiate slots. These airports are slot-controlled and it's going to take some time before we get a proper landing slot."

The remaining 60% in Alliance Air is held by the governments and airlines of Uganda and Tanzania. Air Tanzania, which holds 10% of Alliance, said recently it planned to pull out of the joint venture.

Last march Alliance launched a new Airline, Alliance Express, which took over the operations of Air Rwanda, fuel operations and ground handling at Rwanda's Kanombe International Airport. The airline operates flights to and from Kigali, Entebbe, and Nairobi using a leased Fokker F50 aircraft. It also operates a weekly flight between Johannesburg, Kigali and Entebbe.

Obbo, also director of Alliance Express, said the long-term objective of the airline was to have a reliable and profitable regional airline. Its strong business prospects lay in the ground-handling business at Kanombe airport, served by 11 international passenger and cargo Airlines. Small aircraft operated by aid agencies based in Rwanda also used the airport on a regular basis.

The Rwanda government owns 51% of the shares in Alliance Express; the rest are owned by Alliance Express.

A recent study showed that 50 000 to 70 000 people travelled by air in Rwanda annually compared to Uganda's 300 000, Kenya's 2,4-million, and Tanzania's 450 000.

Ugandan law grants land rights to aliens

Michael Wakabi (334)

BD 13/7/1998

KAMPALA — Uganda's corporate community has reacted with cautious optimism to a new law that allows foreigners a 99-year lease on land and revamps many other aspects of land rights.

The Land Bill was passed on June 29 and came into effect early this month. It generated considerable controversy when earlier drafts provided for squatters to gain legal rights over the land they occupied.

The church, which owns large tracts of land, and Buganda's cultural assembly, the Lukiiko, intially opposed the draft bill because it was so sympathetic to squatters, but they appear to have been placated after parliament revised these provisions.

Previously, foreigners were allowed to own only industrial and residential plots. Ownership of agricultural land by foreigners was subject to cabinet approval, an arrangement many potential investors in the agricultural sector found to be cumbersome.

In 1995, a group of visiting SA farmers left Uganda disappointed after they found they could not easily own big chunks of agricultural land in the country. Businessmen said although they welcomed the bill, the problem for them had not been land ownership but the shortage of serviced land close to the markets.

Fred Zake, a consultant with the investor service company InterAfrica Corporate, said investors wanted prime land, and to attract them government and institutions like the Uganda Investment Authority and Kampala city council needed to move quickly to rectify the shortage.

Some parliamentarians said after the law was passed they still had misgivings about the limits placed on foreigners who could only obtain 99-year leases on agricultural land. Some legislators, notably the minister of state for political affairs in the President's Office had pleaded for foreigners to have leases exceeding 99 years.

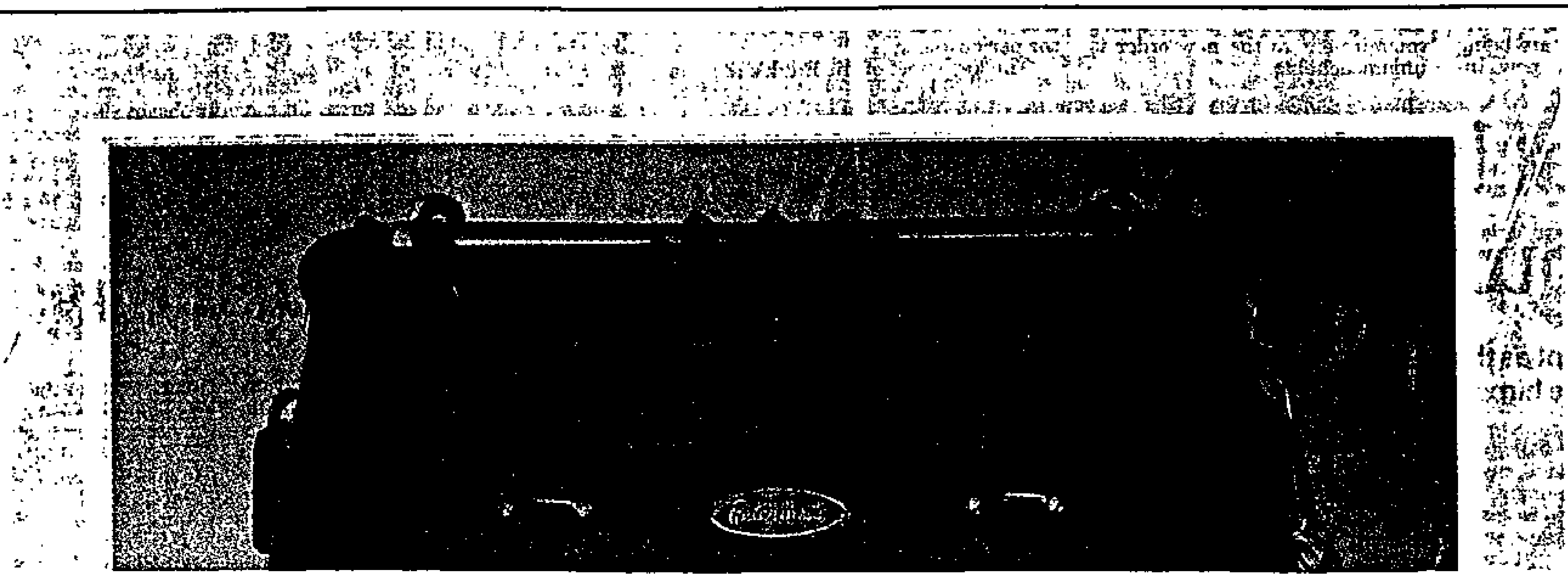
The bill limits ownership of freehold to only two square miles by a single individual.

Amin's evil lives on in rebel gangs who abduct and torture Uganda's children

(334)

BD 13/7/98

Booming Uganda fails to exorcise past ghosts, writes **Nick Jackson** in Kampala.



UGANDA has recovered from years of bloodshed under past dictators, and visiting US President Bill Clinton described the country this year as a robust example of a new "African renaissance".

However, complex conflicts still gnaw at the edges of the fertile country, and its startling economic growth, averaging more than 6% a year since Yoweri Museveni became president in 1986, has failed to banish the ghosts of a terrifying past.

Near the crawling turmoil of neighbouring Rwanda and the former Zaire, two groups pursue small rebellions in the west and northwest.

Under the looming bulk of forested Mount Elgon in eastern Uganda, residents of Mbale town are again fretting about attacks by murderous cattle raiders.

In the north, towards the border with Sudan, one of the world's most bizarre guerrilla leaders is abducting and brutalising schoolchildren as part of his quest to rule Uganda by the 10 commandments of the Bible.

The UN says around 350 000 Ugandans out of a total population of 21-million have been displaced inside their own country, mostly in the northern areas, where the bloody Lord's Resistance Army (LRA) roams under the leadership of the sinister and quixotic Joseph Kony.

Yoweri Museveni, Uganda's charismatic president, favours a military solution. "Only one thing will sort this problem out, and that is the army," he said. The defence allocation for the 1998/99 fiscal year was beefed up by 20% in June to around 142-billion shillings, almost 14% of the entire budget, and analysts said the real figure would probably be far higher. Most of the country has avoided the unrest, however, and the bustling streets of the booming capital, Kampala, are as safe as almost any large city in Africa.

However, the problems in the affected areas appear to have become somewhat worse again in recent weeks. People in the north, particularly around the towns of Gulu and Kitgum, are increasingly moving to "protected villages" backed by the army. In the latest attack blamed on the LRA, raiders abducted 39 girls from the St Charles secondary school in the northern town of Kalongo at the end of June and it is likely many will add to the long list of "wives" of Kony or his commanders.

Ugandans often consider military victories against the LRA as defeats, because most of the LRA's fighters are abducted, tormented children.

Some rebels are former members of the bloodthirsty governments of the infamous Idi Amin and Milton Obote. In the northwest, the West Bank Nile Front operates under Amin's former foreign minister, Juma Oris.

Another shadowy group called the Uganda National Rescue Front II abducted 15 bus passengers in the far northwest at the end of last month.

The Alliance of Democratic Forces (ADF) in the west groups together disgruntled former Amin supporters with members of an Islamic religious sect, exiled members of Rwanda's genocidal militias and soldiers of deposed Zairean dictator Mobutu Sese Seko. Last month the ADF was accused of burning to death 50 students in their dormitories, and abducting 80 others, at Kichwamba technical college in western Uganda.

A nomadic group called the Karamajong has been blamed for various attacks including a cattle rustling operation near Mbale in April in which seven soldiers and 13 civilians were killed. Opinion is divided about whether to negotiate.

"I myself refuse to talk to these people. They are simply criminals," Museveni said.

However, newspapers in Kampala often advocate talks. "This sense of desperation has been around for a decade," the daily Monitor said in an editorial. "It is now common belief that the army cannot, after all, defeat the rebels."

At a meeting in Gulu in the last week of June, religious groups and northern clan leaders called for dialogue. However, diplomats and others in Kampala said the lack of a clear agenda on the part of the LRA and other groups makes negotiations difficult. "This conflict has been going on for years and its nature is not one of classic rebellion," one said. "The situation is very complex, but it seems to be more about abduction of girls and boys than anything else."

In recent weeks Museveni has softened his stance, now saying that even if he will not talk to the rebels, he does not mind if others do so.

"If such talks give the rebels a face-saving opportunity to come out and avoid extermination, then I do not mind that," he said.

Regional issues are exacerbating the problems. Museveni accuses Sudan of supporting the LRA and other groups, while Sudan accuses Uganda of supporting the Sudan People's Liberation Army, which holds territory in southern Sudan.

Museveni says talks with Sudan's President Omar Hassan al-Bashir in the past had failed and would not help now.

INTERNATIONAL

Museveni determined to make Uganda business-friendly

BD 13/7/98 (334)

SA has interesting lessons to learn from Uganda, concludes Democratic Party leader **Tony Leon** after his visit to the country with DP foreign affairs spokesman Colin Eglin.

STATE House in Kampala was once the seat of power of Africa's most notorious tyrant, Idi Amin; now it houses the architect of the African renaissance, President Yoweri Museveni. Where Amin confirmed the west's worst fears and suspicions about the "dark continent", Museveni has aroused the world's hope.

He epitomises a new generation of enlightened leaders prepared to unshackle their economies from the dead hand of governmental control and to use surging rates of growth to lift the life chances of citizens.

Museveni leads by example: our meeting with him, late on a Saturday night, was probably his 10th that day. His striking informality — his version of the Madiba shirt is an open-necked safari variant — belies a steely mind steeped in the history of Africa, Europe and the world economy.

Twelve years of his rule have transformed this landlocked East African state to a centre of teeming commerce and investment, the pin-up of the World Bank and International Monetary Fund.

Gross domestic product growth has averaged just on 7% for the past decade; inflation which ran at 240% in 1987 is now stabilised at just more than 5%; and the budget deficit has been reduced to 1,9% of GDP. This process has been achieved, in part, through implementation of the entire structural adjustment menu: abolition of government monopolies in coffee, cotton, power generation and telecommunication, radical privatisation, slashing the public service and an impressive range of investment incentives.

Museveni believes only the rapid creation of a middle class as the anchor of an industrial society can lift Uganda from poverty. "A command economy," he said, "disables the people. You have to motivate people to work. Any economic system which does not account for human nature is doomed; our biggest problem in Africa is the absence of a middle class with a vested interest in the market. It is the creation of this group, through education and opportunity, which is the greatest challenge."

The nature of the challenge facing Museveni is acute: despite its impressive indices of growth and investment, Uganda remains one of the poorest countries in the world with a GDP per capita of U$300 a year. The legacy of 20 ruthless years under Idi Amin and Milton Obote should not be underestimated.

The same background explains why Ugandans have accepted the radical economic reform package that so many other countries have pursued halfheartedly. Uganda Chamber of Commerce and Industry vice-president MS Sebaglia says: "Under Obote and Amin and Obote again, Uganda was in extremis. Museveni's economic reform programme is popular because this was the worst-run economy on the continent."

When a man is on his deathbed, he is prepared to undergo radical surgery.

Even Museveni's arch-critics — we met Cecilia Ogwal, the articulate MP who heads a faction of Milton Obote's Uganda People's Congress — do not quibble with the principles of privatisation and deregulation. Rather, they insist that the "benefits of economic liberalisation" are not affecting the rural poor and the urban marginalised.

If Museveni has brought his country back from the brink of economic death, his political reforms are more problematic: Uganda is home to the extraordinary concept of "no party democracy". This, however, is not as oxymoronic as it seems.

Our visit to the Ugandan parliament revealed a legislature in furious debate over government's land reform bill. The 15 MPs we met had sharply differing views on the merits of the system which allows the legislature to check and balance the executive, but explicitly restricts — although it does not outlaw — political party activity.

Enlightened leadership may put Uganda on the road to economic success

A referendum next year will determine whether or not Uganda will embrace full multiparty democracy. Certainly the Ugandan parliament is more effective than its SA counterpart in dismissing recalcitrant and erring ministers and in radically amending government legislation. But no MP may formally belong to a party outside the National Resistance Movement of which every Ugandan is automatically a member.

Museveni's views have the merit, at least, of candour: he maintains that the lack of class crystallisation in Uganda and Africa means parties will not coalesce around vested interests or ideologies, but around sectional, tribal and geographic schisms: "Only when we have built up the middle classes will multipartyism be relevant," he says.

Clearly, sections of his populace disagree; and while Museveni has built up a justified reputation as the pre-eminent regional leader of the Great Lakes and East Africa, peace still evades him at home. For the past 10 years, Uganda has faced armed insurrections: on its mountainous western border with Congo and in the north from the bizarre and bloody "Lord's Resistance Army", aided by the Sudanese.

The ultimate measure of Museveni's success will be whether, despite the tin-shack nature of much of his economy, he can attract desperately needed foreign investment. Uganda has none of SA's advantages: geography, infrastructure, services and utilities are pygmy-like compared with ours.

Working capital is hard to raise, and corruption apparently rampant. Yet its government shows a single-minded determination to provide the necessary supply-side incentives.

There is a one-stop shop for foreign investors which disentangles red tape, there are low rates of corporate tax, a stable currency and no restrictions on foreign exchange. Most impressively, its government is business-friendly. Museveni told us: "Labour is plentiful and trade unions are not encouraged to make demands not linked to the productivity and profitability of the enterprise they are working for."

It is this relentless pragmatism and the dearth of ideology and political correctness which makes Uganda a continuing source of fascination. There are lessons here for SA.

Museveni proposes a political union of states

(334)

KAMPALA — Ugandan President Yoweri Museveni had called for a political union of eastern and central African countries to create a medium-size power on the continent, a newspaper said yesterday.

"The Bantu-Nilotic-Sudanic people of central and east Africa should form a union of African states with one union government and army," Museveni said in a 48-page paper presented on Wednesday to the congress of his political movement. "The expulsion of colonisation creates the opportune moment."

Museveni said that an army drawn from such a union would guard African interests against "encroachment by foreigners".

Museveni said that compared to other regions, Africa spent too little on arms, "yet it has the same obligations in defending and maintaining internal peace".

BD 17/7/98

The union would at first include Tanzania, Kenya, Uganda, Rwanda and Burundi and have a population of 92-million and a land area of 1;822km².

"Overnight, these countries would be transformed into a medium power in political, diplomatic, economic and military terms comparable to Iran," the Ugandan president said. — Sapa-AP.

Renaissance is just a word to Uganda's starving poor

How real is Uganda's economic rebirth, asks **Nicholas Jackson** in Uganda

(334) DD 31/7/98

WHEN President Bill Clinton of the US visited Uganda earlier this year he held the country up as a shining example of the economic rebirth of a troubled continent.

The east African country has been showered with praise for the management of its war-shattered economy, and gross domestic product growth rates have averaged 6%-7% in the past 10 years.

Despite the impressive macro-economic data, many question government policies that have left most Ugandans mired in poverty.

Economists in the capital, Kampala, said the recent remarkable growth rates were to a large extent because war and the ravages of earlier dictators, such as the bloodthirsty Idi Amin and Milton Obote, plunged Uganda into such a mess that the country had nowhere to go but up.

Akiki Mujaju, a professor of political science at Makerere University in the Ugandan capital, rolls his eyes at the words "African renaissance".

"There is something very deceptive about this recovery," he said. "You have to know that we had really sunk very deep, and we are recovering from that.

"The poverty is simply too much," Mujaju said. "I would like to see something good happening just 50km from here."

As well as largely bypassing the rural areas, which account for most of the population, economists in Kampala said the recovery depended too heavily on fickle international donors.

Latest government figures show that donor support in the 1997/98 fiscal year accounted for up to a third of the government's spending of 1 200-billion Ugandan shillings, and around 80% of the development budget.

"We cannot continue to rely so heavily on donor inflows," Finance Minister Gerald Ssendaula said in his budget speech in June. "This is completely unsustainable in the long term. The private sector must be the engine for change."

Ugandans also complain that much of the foreign investment now flowing into the country is of a short-term nature. Many of those entering with a more long-term perspective, particularly Asians returning to restart businesses that were closed during the dark years of the Amin dictatorship, tend to bring in their own people rather than employing Ugandans for their senior posts.

A foreign economist in Kampala said he thought the country was gradually moving out of its high-growth phase of recovery. Because of the problems there had been a lot of unused capacity in the economy. I think a lot of that has been tapped now," he said. Although growth would remain healthy, it would moderate somewhat in the next few years.

There are clear signs that the government of President Yoweri Museveni, whose charismatic leadership has inspired a spirit of optimism and can-do among many Ugandans, is changing gear to meet the economic challenges.

"Now that inflation has been controlled and the effectiveness of monetary policy instruments are much greater, budget management can take on a more medium-term outlook," Ssendaula said. "The emphasis is changing."

Last year, enrolment in primary schools doubled almost overnight, after government announced free primary education for up to four children per family.

The government is also turning increasingly to agriculture, which provides a living for the large majority of the population.

At the heart of this focus lies an ambitious rural road-building scheme, which was launched recently to give farmers better access to markets.

Another economist in Kampala said that, if properly harnessed, agriculture could propel the economic recovery forward at the same rates as before.

"We are still operating below capacity here. We have not reached the time when the recovery levels off yet," he said.

"If the donors start to listen and provide the infrastructure that we need — rather than just spending money on capacity-building — then we will see that this process is just starting."

However, deeply entrenched problems remain, and will continue to act as a brake on the economy. Corruption pervades the administration, even if not on as huge a scale as countries like Nigeria or Angola.

An independent study two years ago in Uganda indicated that only 30% of government expenditure on primary education was actually reaching schools.

Tax collection still focuses on big businesses like oil companies — which are easiest to police — and customs duty on petroleum products alone accounted for almost a quarter of all government revenues last year.

Armed groups, ranging from the bizarre Lord's Resistance Army, whose bloodthirsty leader Joseph Kony aims to rule by the 10 commandments of the Bible, to smaller bands involving exiled Hutu rebels from neighbouring Rwanda, present a diverse spectrum of demands for Museveni's armed forces.

Although none of these rebellions threaten to topple government, they have also proved impossible to extinguish and diplomats reckon defence spending is significantly higher than the 14% allocation for the armed forces in the 1998/99 budget.

Indirectly, these factors all work together to push up the costs of working in Uganda.

"My worry is that Uganda, and east Africa in general, is going to be a high-cost place to do business, simply because of transport costs," a foreign economist working in Kampala said.

"But by far the biggest challenge for sustainability is peace. Without peace, what we are doing here is pretty useless."

Death toll climbs in rebel attack on Ugandan town

(334) BD 3/8/98

Business Day Reporter

AT LEAST eight people and possibly as many as 17 have been killed in a rebel attack on the western town of Kasese, Uganda, where several SA companies are helping to rehabilitate a mine.

Sapa-AP reports that the army put the death toll at eight yesterday, but the government and private newspapers said it was as high as 17.

The giant Kasese copper and cobalt mine is being rehabilitated by several companies, including LTA and Bateman of SA.

The project represents the biggest foreign investment in Uganda and production is expected to start next year.

At one stage, the government posted troops around the town to ensure the project would not be jeopardised.

Yesterday on Radio Uganda, western region commander Brig James Kazini said eight people, including two soldiers, were killed in the attack early on Saturday by rebels from the Alliance of Democratic Forces (ADF), who also burned two hotels and 20 vehicles.

"The bandits burned down the hotels and vehicles as they retreated in the mountains.

"They had infiltrated from the mountains with the aim of looting food, drugs and other essential items," he said.

Kazini said the situation in the mining town 380km west of Kampala into the foothills of the Rwenzori mountains was under control.

However, the government-owned New Vision, Uganda's largest newspaper, put the death toll at 16, including a private and a sergeant in the Ugandan army and two policemen.

The newspaper said the rebels hit the town from three sides, attacking the officers' mess at the local army barracks, the airstrip and the town centre.

The private Monitor newspaper said 17 people, including three soldiers, two policemen, two rebels and 10 civilians, were killed in the first attack ADF rebels have launched on an urban target.

The newspaper, quoting an army officer identified as Lt-Col Rwangombe, said five others, including four Filipinos working at the nearby Kasese Cobalt Company processing plant who were staying in one of the hotels, were rushed to hospital with serious burns. The private Radio Simba reported that 11 Filipinos were in hospital.

On Saturday, travellers arriving in Kampala from Kasese identified several of the injured as South Koreans working at the cobalt plant. It was not immediately possible to confirm this.

Bus conductor Herbert Mugisha, whose partially burned bus arrived in Kampala on Saturday, said the rebels threw gasoline on the vehicles and the Kagesera and Moonlight Hotels, where workers from the cobalt plant were staying.

"They first burned things before shooting, and when the army came to defend the town, an exchange ensued, but they (the rebels) retreated towards the mountains," Mugisha said. "We were so frightened."

"The rebels attacked at night, and we scattered in all directions. The people in the hotels were trapped. We do not know the number who died," said Deo Tibasiima, who escaped from Kasese and arrived in Kampala on Saturday.

The ADF is made up of remnants of the former Ugandan army which was defeated by President Yoweri Museveni's guerrilla forces in 1986.

Analysts say its members come from several tribes, but that it is dominated by members of a Muslim fundamentalist group known as Tabliq.

There have been reports that some members of the army of the former Zaire (now Congo) and the former Rwandan Hutu army have joined the ADF, which has bases at the foot of the Rwenzori and also inside Congo.

It is not known whether the ADF has a formal ideology, other than wanting to destabilise Museveni's government. They are believed to receive arms and supplies from the Islamic Front government in neighbouring Sudan.

Until the Kasese attack, the rebels hit isolated civilian targets in rural areas.

Two months ago they set fire to a technical training school outside Fort Portal, 50km north of Kasese, killing at least 80 students and carrying off about 100 others.

BUSINESS

Threat to bumper Uganda coffee crop

CT(BR) 19/8/98 (334)

FROM BLOOMBERG

Kampala — Coffee wilt disease has spread to almost half the coffee-growing regions in Uganda, threatening to cut production in Africa's third-biggest coffee grower.

The disease, which can kill coffee trees, now affected 13 of the country's 30 coffee-producing districts, and was a serious problem in 2 percent of coffee-growing areas. This was up from 1 percent last month, said George Lukwago, the manager of research and development at the Ugandan Coffee Development Authority (UCDA).

Coffee accounts for about 60 percent of Uganda's export earnings. The uprooting of diseased coffee trees could damage the country's plan to more than double its coffee output over the next seven years.

The authority hopes the country will produce 6 million bags of coffee a year by 2005.

The disease was confined to older coffee trees and "has not affected levels of production yet", Lukwago said.

The authority was still confident of producing more than 3 million 60kg bags of coffee in 1998-99, he said.

In May, the UCDA said 0,6 percent of Uganda's coffee trees were at risk from coffee wilt, an airborne fungus that attacks the roots of trees. The only way to stop the disease spreading is to uproot infected trees.

"We have a programme to force coffee farmers to uproot and burn their infected trees," Lukwago said.

In April, the UN agreed to provide more than $3,5 million for an International Coffee Organisation project to fight coffee wilt in five African countries.

Ugandan coffee exports have risen in recent months after farmers in the southwest of the country harvested bumper crops.

"The crop has picked up very well," said James Chiria, the authority's principal monitoring officer. "June and July were particularly encouraging."

Uganda shipped 356 000 bags of coffee in June, 50 000 more than projected, Chiria said. Last month exports rose to 406 027 bags. The country should ship another 350 000 bags of coffee in August, he said.

Better coffee output than expected in recent months means Uganda could yield almost 3 million bags of coffee in the year to September 30, up from earlier estimates of 2,6 million bags, Chiria said. The authority would make an estimate of the 1998-99 crop later this month, he said.

Privatisation in Uganda frozen over corruption

Michael Wakabi

BD 21/8/98

KAMPALA — Uganda's privatisation programme ran into trouble this week when angry MPs voted overwhelmingly to suspend the process pending investigations into allegations of corruption surrounding the exercise.

The move puts on hold the pending privatisation of about 20 enterprises — including the national carrier Uganda Airlines, Uganda Telecom Limited and the Uganda Electricity Board — in which some SA companies have expressed an interest.

Analysts feared that delay of the process would lead only to further bleeding of the economy through subsidies to state-run enterprises, currently running at about \$200m a year.

The mover of the motion, Tom Omongole, an MP for the Kumi constituency in eastern Uganda, said that the process needed to be halted because it benefited only a small clique of individuals who had amassed great wealth.

(334)

Parliament was moved to action by press reports on Tuesday alleging that government officials had demanded bribes amounting to \$6m from Ethiopian firm Midroc which had been bidding for an 80% shareholding in Apollo Hotel Corporation, the owner of the Sheraton Kampala hotel.

"We do not need to divest so fast," one MP noted as another asked, "Where are the proceeds from privatisation, you just hear that so and so has received so many millions from the divestiture account, the poor have not received anything."

The Privatisation Unit has been at the centre of controversy recently with the public questioning the intervention of prominent political figures in several privatisation deals, and the award of some enterprises to people close to the corridors of power.

Privatisation crisis probed

(334)

Michael Wakabi

ND 24/8/98

KAMPALA — The deputy speaker of Uganda's parliament, Edward Sekandi, has set up a 15-man probe committee to investigate allegations of corruption in the privatisation process.

Angry legislators slammed the brakes on the privatisation process last Tuesday over allegations that it had become fraught with corruption and was benefiting a select clique of individuals.

The move has precipitated a crisis for Ugandan authorities who must complete the divestiture process following a tight timetable agreed with donors.

Ugandan Privatisation Minister Mathew Rukikaire is meeting President Yoweri Museveni in the northern town of Gulu to discuss last Tuesday's developments. Legislators are also considering introducing laws under which managers who strip assets of public enterprises will be prosecuted.

The probe committee has to report to the house within 45 days of its appointment.

There are fears further delays in divesting public enterprises, a process which has dragged on since 1992, will give corrupt managers time to strip the enterprises of their assets, lowering their market value.

AFRICA

Uganda takes first step towards peace

(334) BD 8/9/98

Michael Wakabi

KAMPALA — The Ugandan legislature has passed a resolution allowing for the establishment of a national reconciliation commission to pursue a peaceful end to internal conflict in the country.

The compromise resolution, which is a tentative first step in a future peace process, allows peace moves to be pursued with various sets of Ugandan rebels without suspending military operations against them.

The resolution urges government to set up a national reconciliation commission and an amnesty law as measures to restore peace and security.

The commission will be composed of eminent religious, security, political and social leaders who will put out feelers to rebels with a view to ending armed hostilities.

The mover of the motion, Aggrey Awori, said donors, including the United Nations and World Bank, could be interested in funding the commission.

The compromise resolution was achieved after the house struggled to find a middle ground between a public tired of war and proponents of a military option. Army representatives had argued that a ceasefire would simply allow the rebels to rearm.

Political analysts were upbeat about the development, saying it should be regarded as the beginning of a process. The head of the public and comparative law department at Makerere University, John Barya, said despite its majority in parliament, the Ruling Movement Government did not have the option of throwing the motion out. "It did not want to appear unreasonable in public, so it sought a half measure," he said.

President Yoweri Museveni, a strong advocate of the military option, has been coming under pressure to either show results against the rebels or opt for peace.

Sapa-AFP reports the Ugandan army claims it killed up to 36 Allied Democratic Forces (ADF) rebels. The state-owned New Vision newspaper, quoting a military official, reported that the army ambushed a rebel unit last weekend at Busaru, 400km west of Kampala, killing 30 of them.

It ambushed another unit in the Kasese district on Friday, killing six rebel fighters.

The ADF has been battling government since 1996. The rebels accuse Museveni of harbouring intentions of creating a Tutsi empire in the Great Lakes region. Museveni denies the charges, referring to the ADF as Islamic fundamentalists sponsored by Sudan to destabilise Uganda.

Compromise allows privatisations to go on

Michael Wakabi BD 10/9/98 (334)

KAMPALA — Ugandan legislators and the privatisation ministry have reached a compromise that allows the privatisation of some public enterprises to continue even though a probe into alleged corruption in the process is continuing.

Tom Omongole, chairman of the parliamentary committee on privatisation, told the house it had been agreed privatisation should continue where the process was in advanced stages, but would be suspended in cases where it was in the formative stages or had not started at all. The government also agreed to involve the probe committee in the privatisation process, he said.

The Ugandan parliament passed a resolution in mid-August criticising a 45-day suspension on the privatisation process because of allegations of corruption and skewed distribution of the benefits. The move precipitated a crisis that threatened further donor funding. Uganda and western backers of its reform programme agreed previously on a timetable that saw most public enterprises divested by 2000.

Meanwhile, a high court judge has recused himself from presiding over a case in which a private citizen, Okumu Langol, is suing the minister in charge of privatisation, Matthew Rukikaire, for allegedly selling public enterprises unlawfully through the privatisation unit.

In his affidavit Okumu, who publishes a vernacular weekly newspaper, said he wanted ownership of public enterprises unlawfully sold between the 1992 and last year reverted to the public for proper divestiture.

Red tape fetters privatisation

(334) BD 11/9/98

Claire Pickard-Cambridge

THE privatisation programmes of Uganda, Nigeria and Ghana have been hampered by limited credit for small businesses and individuals, partly as a result of high interest rates, and bureaucratic impediments.

However, achievements include increased employment and higher earnings from privatised companies in the long run, speakers told a Pan African Investment summit in Johannesburg yesterday. Despite government moves to modernise legislation to eliminate red tape, bureaucracy still impeded smooth business practice.

The liabilities of most state enterprises exceeded the proceeds realised from sales.

This meant that instead of being an instant source of state revenue their sale reduced government's financial burden in keeping them afloat.

Uganda's Minister of State for Finance, Planning and Economic Development (Privatisation), Matthew Rukikaire, said more than 70% of parastatals had already gone a long way along the privatisation route.

On the negative side, the programme in Uganda had seen many enterprises sold off to foreign companies and there had been limited local public participation which had not gone down well with Ugandans. The authorities were trying to rectify this problem with the remaining enterprises to be sold.

A greater regional spread was also needed and government was trying to provide more incentives to attract investors to neglected parts of Uganda.

He said the privatisation process — which had been suspended by parliamentarians — had resumed again after it was agreed this was in the national interest. An investigation of complaints found that sales had not involved corruption, although some errors of judgment had been made. In such cases in the past, sales had been reversed.

Several important enterprises still needed to be sold in Uganda. These included Kinyara Sugar Works, a plantation with a production complex; Dairy Corporation; National Insurance Corporation; the Nile Hotel; and Uganda Airlines. He said SA Airways, Sabena, British Airways and Air Mauritius were involved in talks linked to the possible sale of Uganda Airlines.

Utilities being restructured included Uganda Posts & Telecommunications, Uganda Railways Corporation and the Uganda Electricity Board.

Hamza Zayyad, the chairman of the Bureau of Public Enterprises in Nigeria, said a major drive in the Nigerian process had been ensuring wider share ownership in society; enabling all those wanting to participate in the process had access to funding, even if this meant government encouraging employers to give employees loans; and achieving a greater geographical spread in ownership across the country.

The public offer of shares through the Nigerian Stock Exchange was the dominant method of privatisation, although other methods included the private placement of shares in cases where government's holding were small, and the sale of assets through public tender.

This year government had announced the resumption of privatisation on a large scale, and planned to sell several important utilities and refineries. It would keep 40% and sell 40% shares to foreign investors, with the remaining 20% being sold to the Nigerian public through the exchange.

Albert Essien of Ecobank in Ghana said more than half of about 300 public enterprises earmarked for divestiture had already been sold, leased or liquidated.

Problems included the low level of credit extension granted from the banking sector to the private sector. A recent study had found that microenterprises received only 3,1% of amounts applied for, while small and medium-sized enterprises received 37,9% and 54,5% respectively.

Several factors accounted for this, such as the fact that government and public sector entities dominate the demand for bank credit in Ghana, thus crowding out the private sector. Low gross domestic product growth, low savings mobilisation, many enterprises' poor credit ratings; lack of collateral and poor loan proposals were also contributing factors.

Ugandan bank shuts after closure in Kenya

(334)

22/9/98

KAMPALA — Trust Bank Uganda was closed yesterday after its parent bank in neighbouring Kenya was shut last week for failing to meet its financial obligations, Central Bank of Uganda governor Charles Kikonyogo said.

"We have temporarily suspended the operations of the Trust Bank Uganda at the request of the bank itself," said Kikonyogo.

"The bank will remain closed until the situation has been fully understood and the situation in Nairobi has been sorted out," Kikonyogo said, adding that the closure became effective on Saturday.

The Central Bank of Kenya last week took control of the troubled Trust Bank Kenya, the country's seventh largest bank, after a run on deposits. The move fuelled concern over the financial health of other small Kenyan banks.

The action led the central Bank of Tanzania to order Trust Bank Tanzania to close on Friday as customers demanded to withdraw their money. Bank of Uganda closed locally owned International Credit Bank and suspended its board and managing director.

It said the move was necessary to halt International Credit Bank activities that were "detrimental to the interests of depositors".

Kikonyogo said yesterday that International Credit Bank was "in the red in a substantial way and restoring it to required capital adequacy would require a hefty sum". Trust Bank Uganda management had asked the Bank of Uganda to intervene for fear of a run on the bank following the closure of the parent in Kenya and the Tanzanian subsidiary.

"It has been doing well," Kikonyogo said but gave no details. Trust Bank Uganda was opened last year.

International Credit Bank was the fourth local bank to be closed in the last four years.

Kikonyogo said International Credit Bank's problems were not a reflection of this east African country's financial sector.

"The sector is generally sound," he said. — Reuter.

Hurdles remain before Uganda hits financial reform's home straight

PD 7|10|98 (334)

Uganda, touted as a model of economic reform in Africa, has yet to break out of the ranks of low-income countries, reports **Michela Wrong**

THE STORY went virtually unnoticed in the flurry of alarming reports coming from Congo, Angola, Rwanda and Sudan, but its significance was not lost on foreign investors, the International Monetary Fund and the World Bank.

Long considered a model of economic and political reform in Africa, Uganda suspended its six-year-old privatisation programme in mid-August while a select committee probed several controversial sales.

The move, which put on hold the privatisation of 20 companies including the national airline and telecommunications and electricity groups, was prompted by an Ethiopian firm's claims that it had come under pressure to pay bribes to finalise the purchase of Kampala's Sheraton Hotel.

Parliament's action, which prolonged government's carrying the cost of more than $200m in annual subsidies to parastatals, highlights the challenge facing Uganda 12 years into President Yoweri Museveni's rule.

If foreign donors, multilateral institutions and private investors fall over themselves to congratulate Museveni on the progress achieved over the past decade, the hardest part still lies ahead — sustaining growth to the point where Uganda breaks out of the ranks of low-income countries.

Combating the graft which businessmen say continues to permeate officialdom is just part of that multistranded task.

For those who visited Uganda during the nightmare years of former presidents Idi Amin and Milton Obote, the transformation already seems miraculous. Once-stagnant Kampala is a hive of activity. Entebbe airport, once a backwater, has become a regional hub.

However so much remains to be done. Despite growth rates that have averaged 6,4% over the past 10 years, per capita income is only now approaching the level of 1971, the year Amin came to power and the economy began its precipitous collapse.

Two-thirds of the population remain in absolute poverty and the rise in living standards has been heavily weighted in favour of the south, with development virtually frozen in a north plagued by rebel activity.

And, despite Museveni's successful drive to persuade Asian businessmen expelled by Amin to return and enthusiasm shown by foreign investors drawn by Uganda's fertile soils and enlightened policies, the country has failed to wean itself from its dependence on aid. In 1997/98 Uganda received a total of $1bn in development loans, grants and import support.

MUSEVENI

The president can justifiably argue that recent circumstances have hardly helped him. El Niño devastated agriculture, which accounts for 44% of gross domestic product, contributing to the slashing of growth forecasts for this year from 7% to 5%.

It also disrupted transport links through Tanzania and Kenya, inflating the cost of imports and exports.

Although Uganda was the first country to obtain debt relief from the joint World Bank-International Monetary Fund initiative for highly indebted poor countries, debt obligations remain cripplingly heavy. That holds back infrastructure investment, particularly the power sector, which is failing to meet surging demand.

Raids by rebel groups in the north and west of the country have made it hard to cut defence spending, the least transparent part of the budget. And the outbreak of war in neighbouring Congo has dashed hopes that a lucrative new market for Ugandan products was opening across the border.

However these are not the only culprits. If Uganda is moving in the right direction, economists say, it is doing so far too slowly. Officials caught with their hands in the till are exposed but rarely prosecuted.

Government institutions are so weak that the few qualified individuals are overwhelmed with work while crucial tasks remain undone.

"The momentum of the first years has been lost as the country comes up against weak management and corruption," a senior aid official said. "Donors are starting to realise just how long a haul lies ahead."

Given the key role foreign input will play in sustained recovery, questions about the transparency of privatisation represent a major setback.

Parliament recently rescinded the suspension of the programme, while serving notice that its select committee would carefully monitor future divestitures. Potential investors might be encouraged by the fact that it took such drastic action rather than mimic many other African assemblys by turning a blind eye.

However Uganda needs to nip corruption in the bud if it is to continue to act as a standard bearer for Africa. — Financial Times

Uganda has Aids 'on the retreat'

Star 7/10/98

(3374)

Fall in infection rate allows attention to focus on caring, writes Henry Wasswa in Kampala

Ugandan authorities, confident that their campaign to contain the spread of Aids has yielded positive results with a fall in infection rates, are now focusing attention on people already suffering from the deadly disease.

Under government encouragement, charity groups with assistance from donors including international aid agencies and the United Nations are working out ways of catering for Aids patients in ways ranging from providing subsidised drugs to encouraging participation from communities.

Participants at an Aids conference organised in Kampala recently emphasised that with the existence of established apparatus to control the spread of Aids in Uganda, the time had come for looking after people carrying fully blown symptoms.

"There needs to be special care for terminally ill people suffering from pain and facing psycho-social problems. They are dying from opportunistic diseases like cancer and tuberculosis," said Dr. Elizabeth Madra who heads the government run-Aids Control Programme (ACP).

"Before, we were on prevention, and the care component was symptomatic. Now we are going deep. This is the palliative care we must embark on."

"We have to deal with the real suffering of the patient, take care of the smelling wounds, treat the sexually transmitted disease and (improve) the interaction between the patient and the doctor.

The patient's fear of death must be taken care of."

Uganda is one of the world's hardest hit in the global Aids epidemic with some two million of its citizens carrying the virus that causes the disease.

According to ACP sources, half a million people in the East African state have died from the disease since it was first diagnosed in a remote village in the south west of the country in 1983.

A newly constructed British-funded Aids palliative care centre near Kampala is looking after several hundred Aids patients in one of its pioneer undertakings.

Patients are counselled by teams of doctors, nurses and community experts at the centre who also advise on recommended diets, while their progressive health stand is monitored.

Acceptance of Aids sufferers in communities in the existing African setting, which still observes extended family systems, should be encouraged in this new palliative care initiative, according to Dr Miriam Duggan, a Catholic nun who seven years ago set up the first Aids clinic at a mission hospital near Kampala.

"Hospitals are overcrowded due to the large number of patients.

"Home care service should be encouraged with the help of the communal spirit. Community nurses and volunteers should be trained.

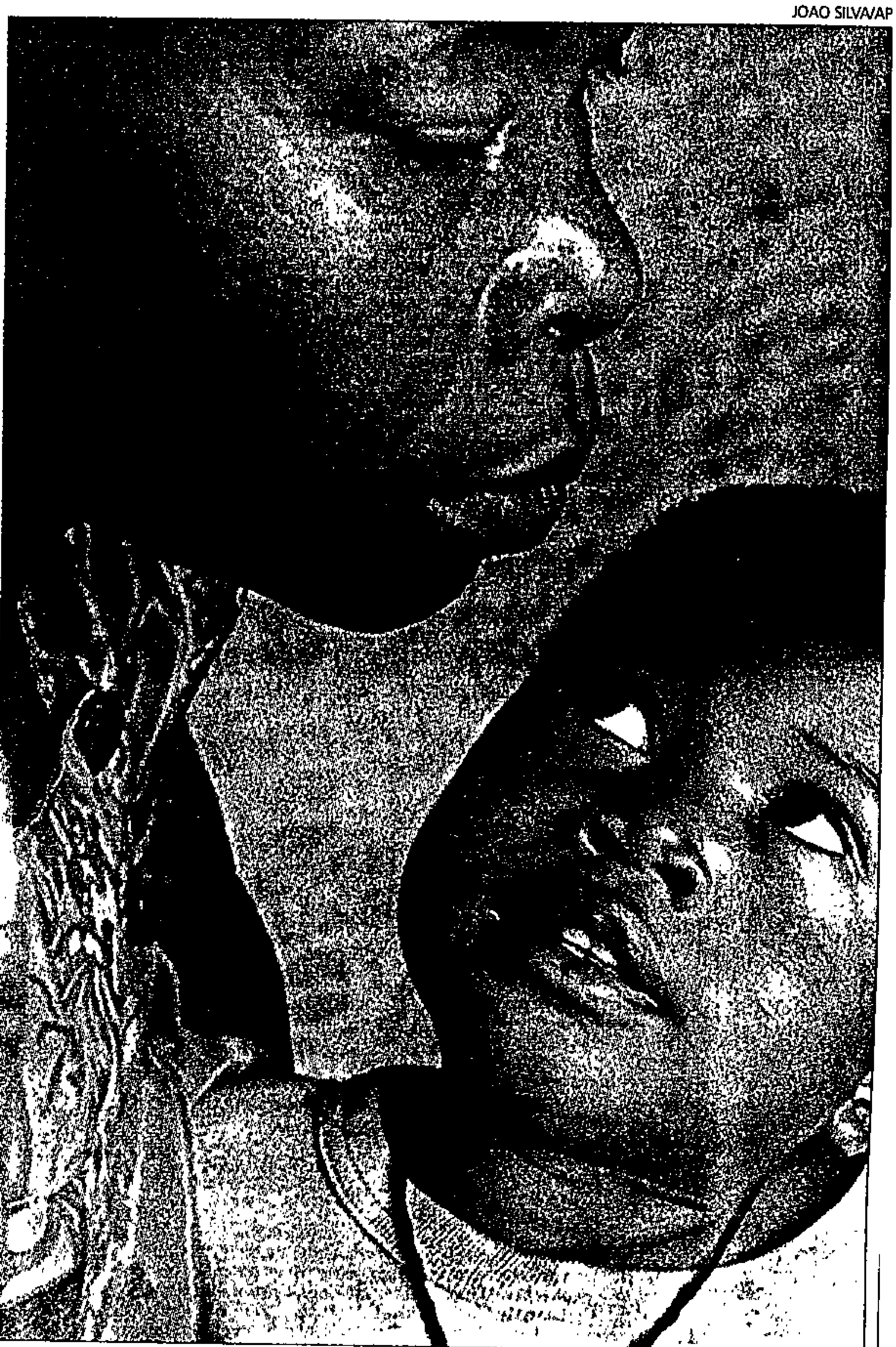
"In the communities, counselling is possible, members of the community build houses for the sick which will be taken over by the orphans," she told the two-day Aids conference.

"Community members act as intermediaries between patients and their families. Aids patients can be helped by the community to set up small businesses near their homes until their last days in the world," she said at the conference opened by President Yoweri Museveni.

Since he came to power 12 years ago, Museveni has been advocating and campaigning for measures to contain the spread of Aids.

An umbrella government body, the Uganda Aids Commission oversees activities of up to a hundred organisations dealing with Aids prevention and taking care of tens of thousands of children whose parents perished in the Aids scourge.

JOAO SILVA/AP



Tragic pair ... toddler Andrew Waliggo looks up at his mom, Margaret Namatovu, during a visit to a traditional healer in Kampala, Uganda. Mother and child were being treated for HIV-related skin rashes and lesions.

As a result of the rigorous campaign which also promotes the use of condoms, abstinence, or limited number of sexual partners, infection rates have gone down according to studies carried out by individual international groups.

"African governments must be open and accept the challenge in order to be able to fight the epidemic," Museveni told the Aids palliative conference at its opening.

According to a 1997 publication – "Confronting Aids, A World Bank Policy Research Project" – infection rates among men in Uganda's most Aids infected south western district of Masaka dropped from 69% to 44% from 1989 to 1998 while that of women in the same period dropped from 74% to 54%.

The rate of infections among pregnant women, the book says citing a study on ante-natal clinics around the capital Kampala, is falling fast, from 30% to the current 16%.

Dr Dorothy Ochola who heads the United Nations-funded Aids Drugs Access Initiative said that as a way of enabling Aids sufferers to live longer, concoctions of drugs are being provided at selected health units at subsidised prices.

The original plan was to provide six hospitals in Kampala and in two other upcountry towns with drugs and palliative care experts. These clinics, equipped with laboratories, would act as referral centres, according to Ochola.

Twelve other clinics around the country would be provided with drugs, but would not be equipped with laboratory facilities, she said.

The programme began a month ago and nearly 500 people have responded to the initiative in two palliative care clinics in Kampala which provide anti-viral drugs such as Gixivan, AZT and nevirapine.

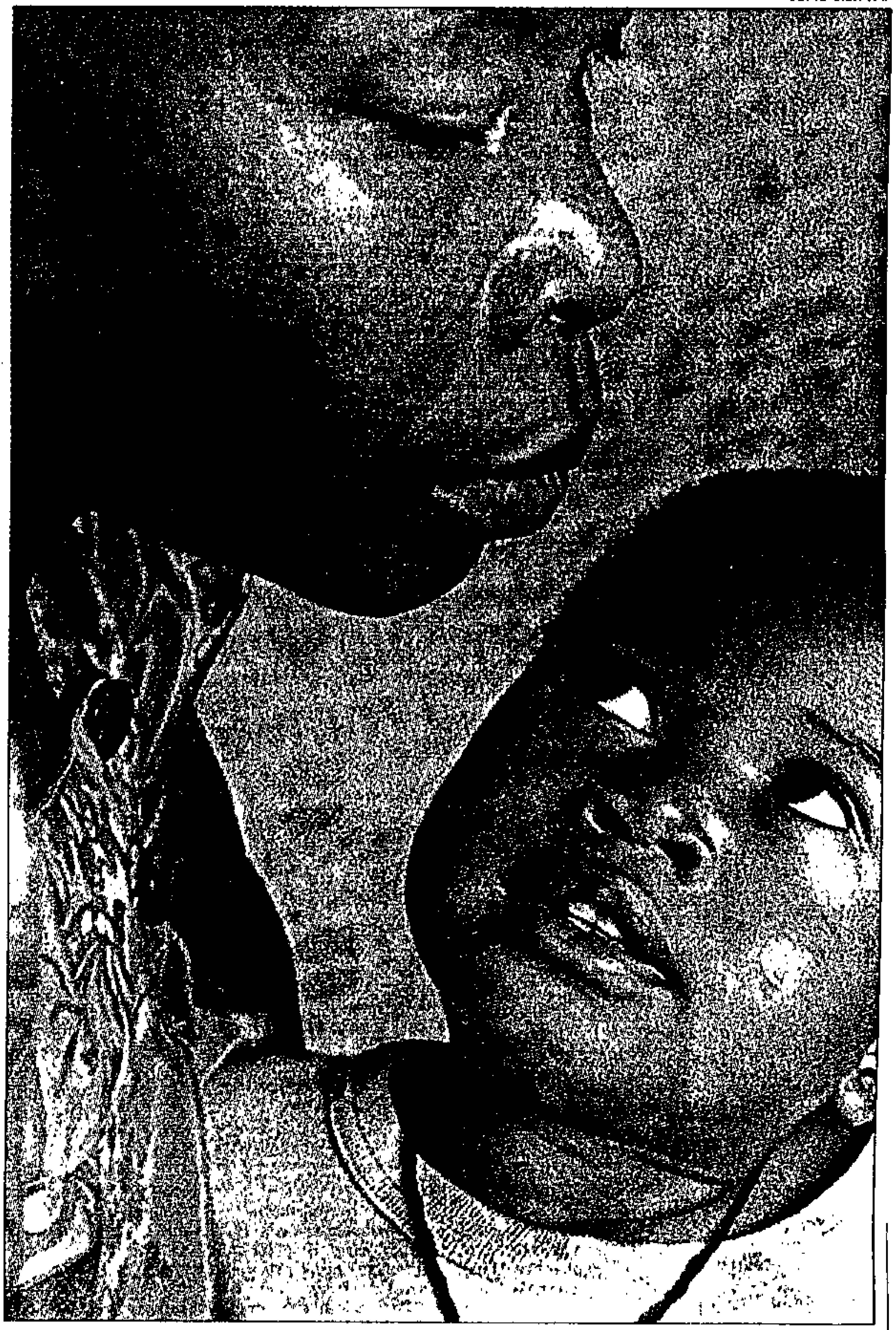
"These suppress the multipurpose of the virus. In one day, the Aids virus manufactures billions of virus cells in the process of destroying the body cells. The drugs reduce the virus to undetectable levels to an extent of 50 virus per mg.

"When the patient stops taking the drugs, the virus starts to re-multiply," Ochola said.

The cost of the Aids suppressing drugs, though reduced to $700 (about R4 200) per month from R9 000, are still inaccessible to the large majority of people in Uganda where the per capita annual income is only in the range of R1 500.

Worse still, patients take the drugs for as long as they live and this will mean access to them would be limited to those with steady relatively high incomes, according to Catherine Watson, editor of a newsletter, Straight Talk, which exclusively publishes educational Aids control material. – Sapa-dpa

JOAO SILVA/AP



Tragic pair ... toddler Andrew Waliggo looks up at his mom, Margaret Namatovu, during a visit to a traditional healer in Kampala, Uganda. Mother and child were being treated for HIV-related skin rashes and lesions.

Uganda has Aids 'on the retreat'

Star 7/10/98

(334)

Fall in infection rate allows attention to focus on caring, writes Henry Wasswa in Kampala

Ugandan authorities, confident that their campaign to contain the spread of Aids has yielded positive results with a fall in infection rates, are now focusing attention on people already suffering from the deadly disease.

Under government encouragement, charity groups with assistance from donors including international aid agencies and the United Nations are working out ways of catering for Aids patients in ways ranging from providing subsidised drugs to encouraging participation from communities.

Participants at an Aids conference organised in Kampala recently emphasised that with the existence of established apparatus to control the spread of Aids in Uganda, the time had come for looking after people carrying fully blown symptoms.

"There needs to be special care for terminally ill people suffering from pain and facing psycho-social problems. They are dying from opportunistic diseases like cancer and tuberculosis," said Dr. Elizabeth Madra who heads the government run-Aids Control Programme (ACP).

"Before, we were on prevention, and the care component was symptomatic. Now we are going deep. This is the palliative care we must embark on."

"We have to deal with the real suffering of the patient, take care of the smelling wounds, treat the sexually transmitted disease and (improve) the interaction between the patient and the doctor.

The patient's fear of death must be taken care of."

Uganda is one of the world's hardest hit in the global Aids epidemic with some two million of its citizens carrying the virus that causes the disease.

According to ACP sources, half a million people in the East African state have died from the disease since it was first diagnosed in a remote village in the south west of the country in 1983.

A newly constructed British-funded Aids palliative care centre near Kampala is looking after several hundred Aids patients in one of its pioneer undertakings.

Patients are counselled by teams of doctors, nurses and community experts at the centre who also advise on recommended diets, while their progressive health stand is monitored.

Acceptance of Aids sufferers in communities in the existing African setting, which still observes extended family systems, should be encouraged in this new palliative care initiative, according to Dr Miriam Duggan, a Catholic nun who seven years ago set up the first Aids clinic at a mission hospital near Kampala.

"Hospitals are overcrowded due to the large number of patients.

"Home care service should be encouraged with the help of the communal spirit. Community nurses and volunteers should be trained.

"In the communities, counselling is possible, members of the community build houses for the sick which will be taken over by the orphans," she told the two-day Aids conference.

"Community members act as intermediaries between patients and their families. Aids patients can be helped by the community to set up small businesses near their homes until their last days in the world," she said at the conference opened by President Yoweri Museveni.

Since he came to power 12 years ago, Museveni has been advocating and campaigning for measures to contain the spread of Aids.

An umbrella government body, the Uganda Aids Commission oversees activities of up to a hundred organisations dealing with Aids prevention and taking care of tens of thousands of children whose parents perished in the Aids scourge.

As a result of the rigorous campaign which also promotes the use of condoms, abstinence, or limited number of sexual partners, infection rates have gone down according to studies carried out by individual international groups.

"African governments must be open and accept the challenge in order to be able to fight the epidemic," Museveni told the Aids palliative conference at its opening.

According to a 1997 publication – "Confronting Aids, A World Bank Policy Research Project" – infection rates among men in Uganda's most Aids infected south western district of Masaka dropped from 69% to 44% from 1989 to 1998 while that of women in the same period dropped from 74% to 54%.

The rate of infections among pregnant women, the book says citing a study on ante-natal clinics around the capital Kampala, is falling fast, from 30% to the current 16%.

Dr Dorothy Ochola who heads the United Nations-funded Aids Drugs Access Initiative said that as a way of enabling Aids sufferers to live longer, concoctions of drugs are being provided at selected health units at subsidised prices.

The original plan was to provide six hospitals in Kampala and in two other upcountry towns with drugs and palliative care experts. These clinics, equipped with laboratories, would act as referral centres, according to Ochola.

Twelve other clinics around the country would be provided with drugs, but would not be equipped with laboratory facilities, she said.

The programme began a month ago and nearly 500 people have responded to the initiative in two palliative care clinics in Kampala which provide anti-viral drugs such as Crixivan, AZT and nevirapine.

"These suppress the multipurpose of the virus. In one day, the Aids virus manufactures billions of virus cells in the process of destroying the body cells. The drugs reduce the virus to undetectable levels to an extent of 50 virus per mg.

"When the patient stops taking the drugs, the virus starts to re-multiply," Ochola said.

The cost of the Aids suppressing drugs, though reduced to $700 (about R4 200) per month from R9 000, are still inaccessible to the large majority of people in Uganda where the per capita annual income is only in the range of R1 500.

Worse still, patients take the drugs for as long as they live and this will mean access to them would be limited to those with steady relatively high incomes, according to Catherine Watson, editor of a newsletter, Straight Talk, which exclusively publishes educational Aids control material. – Sapa-dpa

SA exports to Uganda double in four years

CT (BR) 16/10/98 (334)

WAIRAGALA WAKABI

Kampala — South Africa's official exports to Uganda have doubled over the past four years, rising from $24,4 million in 1994 to $48,8 million in 1997, and the volume of exports is projected to rise further this year.

Richard Kamajugo, a senior foreign trade official in the Ugandan trade ministry, said the sharp rise in South African exports to Uganda was the result of co-operation between the two countries following the 1994 election, and subsequent signing of trade and double taxation agreements.

Before 1994 there was no recorded trade between Uganda and South Africa, and the little trade that did exist had to go through a third country because there was no co-operation between the two governments.

Exports to Uganda mainly consist of industrial goods and raw materials, construction and transport machinery, newsprint and sugar.

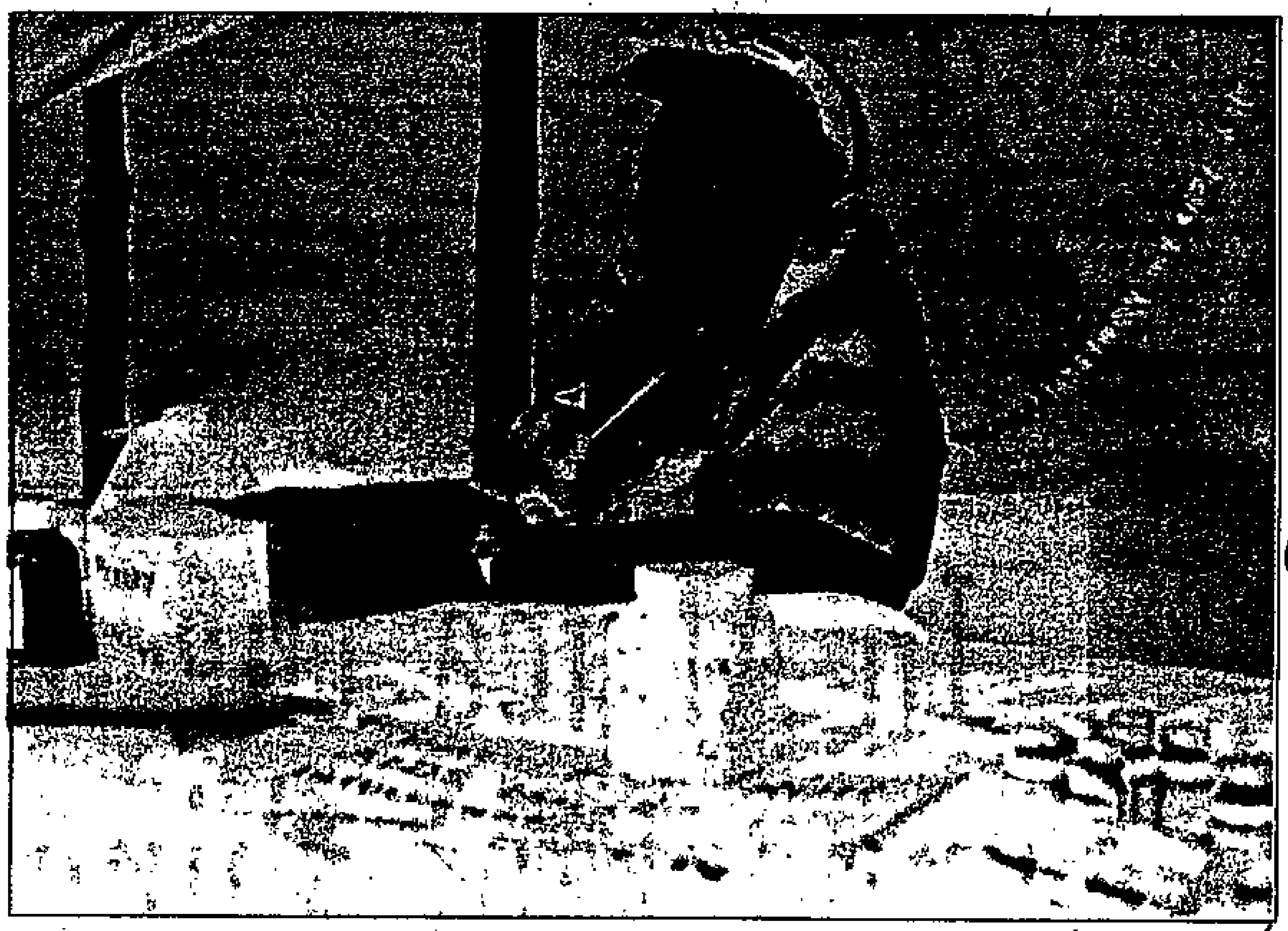
He said, however, that Uganda had remained a deficit exporter to South Africa, with only $185 900 worth of goods exported in 1996, and $2,4 million in 1997.

Analysts say South African exports to Uganda will rise further owing to promotional campaigns by South African industrialists and the shorter period of goods delivery from South Africa compared with Asia and Europe.

Freight costs from South Africa are expected to fall drastically once Spoornet's Trans Africa railway network linking southern, eastern and central Africa gets operational. — IFS

Uganda leads way in beating Aids

Postponing sex and 'zero grazing' are just some of the ways in which Ugandans are coping with HIV/Aids, writes **Mercedes Sayagues**



Traditional healing: Mrs Dumba says there is no need for a condom with her vaccine, Alisasira 43 NN — 'as shown by radionia computer to fight Aids, malaria and infuluenza [sic]'. PHOTOGRAPH: MERCEDES SAYAGUES

(334)

M+G 30/10–5/11/98

Sophia Mukasa-Monico (38) is a smart, elegant, strong-willed Ugandan lawyer. As we sip a cold drink one steamy Sunday afternoon in Kampala, she tells me a story.

Seven years ago, her sister died of Aids, at age 35. Her sister's husband was a wealthy businessman, president of the Chamber of Commerce. He had four wives and several girlfriends. Between 1991 and 1995, the man, his wives and six of their children died of Aids.

Twenty-one children survive. The family put them in a big house and shared the financial and parental responsibilities. This worked until last year, when the children were placed with family members.

Mukasa took in four — in addition to her own two children. Her Italian husband died of cancer three months after the youngest was born. "I try to treat all the children equally but it is not easy. Sometimes I am resentful," she sighs.

Not one to linger in self-pity, she pulls herself together: "I am not unique. This is the story of Uganda."

As director of the Aids Support Organisation (Taso), Mukasa hears similar stories every day. Taso offers testing, counselling, outpatient clinical care and homecare for infected people, and awareness courses for health staff, politicians and village workers. The Taso at Kampala's Mulago hospital sees 100 to 120 people daily.

Since 1987, 48 000 people with HIV or Aids have sought Taso. Of these, 11 000 have died. Currently, Taso has 28 000 active clients (defined as those who visit at least twice every year).

The staff has grown from 16 to 250. Reversing the early strategy of setting up its own centres, Taso trains counsellors within existing institutions, such as health units, clubs or youth groups.

Counsellors work one-to-one and with the family, advising on good nutrition, hygiene, Aids prevention and dealing with grief.

"Whereas cancer strikes an individual, Aids hits the family group in a chain effect," explains Mukasa. "Children know their parents and siblings may die. Sometimes children spot the symptoms before adults accept they are sick."

Funded by Danida, USAid, the Elton John Foundation and other donor organisations, Taso's budget for the next year is US$3,5-million — one-third more than what South Africa spent on the botched *Sarafina II* Aids play.

"Taso was a ground-breaking model. A lot of the earliest information on counselling needs came from it," says Helen Jackson, director of the Harare-based Southern Africa Aids Information Dissemination Service.

Taso is going for peer pressure, using 'the most effective information tool': young seropositive people who pass the message through drama, song and dance

Taso is one of many creative grassroots schemes Uganda developed early on. Coupled with the government's open, pro-active policy, they helped Uganda cope with the pandemic, and possibly curb infection rates.

HIV prevalence among pregnant women, especially among young women, has declined in five sites since 1991. At clinics for sexually transmitted diseases in Kampala, Aids infection rates have declined from 44% in 1989 to 30% in 1997.

Researchers say that these figures more than likely reflect fewer new infections, although the death of infected people and lower fertility among infected women may be a contributing factor.

"There seems to be some room for optimism, but one must be cautious and not feel there is any room for complacency," says Jackson.

"Infection rates are still very high," warns the Uganda Ministry of Health. Ten per cent, or 1,5-million, of Uganda's 19-million population, are infected. Half-a-million people have died of Aids since it was detected.

It began as a gradual wasting away, called "Slim" disease, along the shores of Lake Victoria in the mid-1970s. The first diagnosis took place in 1984.

President Yoweri Museveni acknowledged the problem soon after coming into power in 1986. A national committee for Aids prevention was set up that same year. This is all the more remarkable since Uganda was emerging from 15 years of brutal civil war, its infrastructure and health services shattered.

"Museveni took a leadership role early on and that had a tremendous impact," says Jackson.

In 1991, the government adopted a multisectoral approach. The strategy included intensive education campaigns, condom distribution, voluntary HIV testing, pop songs, billboards, drama groups, counselling and support services.

Even the army was dragged in by its flamboyant Major Rubaramira. HIV-positive since the late 1980s, he embarked on a public crusade for Aids prevention. A founding member of Taso, the major openly discusses condoms, safe sex and retroviral therapy.

Surveys have shown that 98% of Ugandans know how Aids is transmitted. "Still, they do not discount witchcraft," warns Mukasa.

Population surveys by the Ministry of Health in Kampala, Jinja, Kabale, Lira and Soroti districts reveal promising signs of change in sexual behaviour. Over the past five years, many Ugandans say they have adopted safer sexual practices.

More adolescents are postponing sex. Compared to five years ago, the age of first sexual relations has risen. Less than half of boys and girls aged 15 to 19 reported sexual activity, compared to 71% in 1989. Among the same age group, the number who engage in casual sex decreased from 37% to 21% in the same years.

A good number of unmarried adults practise abstinence as their defence against infection. Smaller numbers say they have sex with non-regular partners. Among those involved in non-regular sex, 60% have only one sexual partner. In 1989, the majority reported multiple sexual partners. Among married people, more say they are faithful to their spouses.

This is in line with the messages "no sex before marriage" and "zero grazing" (only one sexual partner) promoted by sexually transmitted diseases-Aids control programmes.

More men and women of all ages report using condoms.

Among the 15 to 19 group, 36% of boys and 25% of girls report using condoms, compared to 15% and 7% respectively in 1989. The figures are similar for the 20 to 24 age group.

For the 25 to 39 age, 31% of men and 19% of women use condoms, compared to 11% and 3% in 1989. Data suggests that people are more likely to use condoms as protection with a non-regular sexual partner, but not with a spouse.

"Declining trends in HIV infection and reported sexual behaviour changes are success stories that give us good hope ... but there is a need to intensify the present prevention and control strategies," says the Uganda Aids Commission.

The next strategy targets adolescents. "The weak link so far," says Mukasa. Uganda first focused on infected adults and groups at risk like prostitutes. Then children. Teenagers were taught Aids prevention, but in a drab way.

Taso is going for peer pressure, using what Mukasa deems "the biggest agent of change, the most effective information tool": young seropositive people who pass the message through drama, song and dance in schools, sports clubs and villages.

Owing to civil war and Aids, Uganda has an estimated two million orphans (defined as children under 18 who have lost one or both parents).

Government policy is to discourage orphanages, considered alien to Ugandan culture, and to support community-based care.

But even the most generous communities are stretched by demand. Orphan-headed households are becoming common. Fearing inheritance disputes, clan elders may not want the children to leave the land. Or there are no adults left to take them in.

Local support systems are springing up to care for orphans. The NGO coalition Uganda Community-Based Association for Child Welfare gives loans.

Drive through Rakai and Masaka, the worst-hit districts along Lake Victoria, and the effects of the pandemic are obvious: abandoned banana groves, overgrown fields, empty, closed houses, fresh graves next to homes, coffin-making shops and funeral processions.

Along the road, the signs tell the story— Drugshop: deals in human and spiritual drugs; Asthma and Aids solutions; Dr Wamunge Aids trial clinic, honey pills, red syrup; Trust the Lord Drug Store.

At a country fair in Bugala island on Lake Victoria, Dr Dumba and Sons Research Unit displays its Aids vaccine. For 5 000 Ugandan shillings (US$4), Mrs Dumba will sell you "Alisasira 43 NN, as shown by radionia computer, to fight Aids, malaria and infuluenza [sic]. Three drops on the tongue twice a day of this medicine with homeopathic and magnetic ingredients."

A group of young men study the vials. I ask one: "Would you try it?" "Yes," he says. "Would you still use a condom?" One says no, two say yes. Mrs Dumba smiles sweetly and says there is no need for a condom with her vaccine.

Since 90% of Ugandans go to healers, Taso works with them through the Traditional Healers Effort Against Aids. Healers learn Aids prevention and how to treat opportunistic diseases.

Some traditional herbs work well for Aids-related ailments. For example, essential oils treat herpes zoster and skin rashes more effectively and faster than modern medicines.

One development not yet fully understood is that seropositive people are living longer and more healthily. Since 1994, Taso counsellors see that patients, instead of lying emaciated for months, live longer after diagnosis.

Not only sexual behaviour is changing. Burial rites require farming to stop for three to seven days, and the corpse is only buried on the third day after death. These practices are becoming shorter. Only the closest kin will follow the full mourning ritual.

"Otherwise, you end up not farming for a whole month because of successive deaths in the village," says Stella Neema, from the Institute for Social Research at Makerere University, author of a study on the impact of Aids on agriculture.

Traditional self-help groups set up to weed and harvest collectively take on new tasks. Ekibina clubs buy big pots and plastic dishes to be shared at funerals. In the central areas, Munomukabi (a friend in need) organises funerals and comforts grieving relatives.

In mountainous Kabala in the south-west, and in Mbale, in the east, members of burial associations take turns in a relay system to carry sick people to health centres.

Increasingly, these groups may arbitrate inheritance disputes and organise orphan care.

Another practice slowly eroded by fear of contracting Aids is inheritance of the brother's widow. However, it still goes on. "It must be fatalism, otherwise how can you explain it?" says Mukasa.

An Aids vaccine is the only solution, she says. Retroviral therapy is too expensive: "Even if the price was reduced from US$800 to US$100 a month, how can people here have it when they cannot afford malaria tablets?"

Information, prevention and solidarity are Uganda's best response to the HIV/Aids pandemic.

ASSOCIATIONS IN CONFLICT

Taxi crisis deepens after spate of attacks

CT 2/11/98

(334)

RENEWED taxi-related violence broke out in the northern suburbs last week, leaving one person dead and 14 injured. **GASANT ABARDER** and **WILLEM STEENKAMP** report.

A SERIES of attacks between warring taxi bodies in the northern suburbs on Friday has left an uneasy tension on taxi routes. Police say they will be "closely monitoring the situation" this week.

Sixteen attacks between 6am and 6pm on Friday left one person dead and 14 injured. The attacks followed a shooting in Bellville on Thursday in which two people were wounded.

In the latest attack, at 6pm on Friday, five people were injured in an explosion when an M26 hand grenade was thrown from a bridge at the Bellville taxi rank.

John Jacobs, Anthony Hartzenberg, Veliswa Nxele, Phalathiliswe Tumbana and Jackson Farmer are recovering in Tygerberg Hospital from injuries sustained in the blast.

At midday, taxi driver Wayne Swartz, 27, was killed in a hail of gunfire while driving down Modderdam Road, Bellville South.

A pedestrian was wounded in the back and taken to Tygerberg Hospital in the first shooting incident at 6.50am on the corner of Da Gama and Old Paarl Roads.

Minutes later a driver was shot in the chest and back at the Kraaifontein railway station.

Driver Deon McKenzie, 26, was wounded in his right leg and passenger Brian Petersen, 25, was shot in his right side when a shooting occurred between the occupants of two taxis in Belhar Drive at 8.30am.

Two passengers were shot in a taxi on the corner of Modderdam and Symphony in Bellville South at 11.30am. Later two more people were injured in a separate shooting on the same corner.

At 12.15pm a passenger was wounded in the leg in Erica Road, Belhar, and at 2.30pm another was shot in the leg in Main Road, Delft.

Police have arrested 11 suspects, one of whom was injured during his arrest. Six firearms and 71 rounds of ammunition were confiscated.

Police spokesperson Anine de Beer said detectives were investigating the incidents and were relating them to two feuding bodies — the Cape Amalgamated Taxi Association (Cata) and the Convention for a Democratic Taxi Association (Codeta).

Meanwhile, in unrelated taxi violence in the Mbekweni township in Paarl early yesterday, two people were killed and their five alleged killers arrested after a car chase and shoot-out through the streets of the Boland town.

Boland police said at about 6.10am yesterday five men burst into the Mbekweni home of Paarl Taxi Association treasurer David Qomfa and opened fire.

Qomfa and another man, Gideon Ngese, were shot dead and two unidentified women were seriously wounded.

Police confiscated an R4 assault rifle and two 9 mm pistols.

STAFF TRANSPORT RACKET

Taxi threat to city restaurants

(334) CT 2/11/98

CITY restaurateurs, already hard-pressed by protection rackets, are facing a new threat — a taxi grouping wanting to cash in on the lucrative late-night market for ferrying staff members home. Security Writer **WILLEM STEENKAMP** reports.

ONLY hours after being told that their staff would be "in danger" if they did not accept the services of a taxi group called Twelf Down Taxis, a fast-food chain's transport vehicle was hijacked and forced to drive to the Grand Parade.

Once there, the half-dozen kitchen staff of the chain's Gardens outlet were ordered out of the vehicle and the driver, an independent taxi operator, was told to leave.

Another city restaurant's driver — also an independent taxi operator — has handed over R3 600 to Twelf Down Taxis after being stopped on four occasions and told his passengers would be shot dead and his vehicle torched, the restaurateur confirmed.

The R3 600, amounting to R300 per month, is to allow the driver to operate freely for a year.

Twelf Down's response is that they alone have the right to ferry city restaurant, hotel and casino staff home at night — and that anyone who competes with them was "taking bread out of our mouths".

They deny that any intimidation has taken place, despite their conviction that independent operators must join them if they want to stay in business.

However, restaurateurs — none of whom wanted to be named for fear of reprisals — told the *Cape Times* that Twelf Down representatives had made it clear to them that there would be violent repercussions if they did not employ the taxi association.

This situation arose a fortnight ago, when Twelf Down circulated a badly-spelt memorandum to local restaurant owners listing their fees for different routes.

One fast-food chain's owners said that three days after receiving the memorandum, a Twelf Down representative told him that if Twelf Down were not used "you must realise your staff are in danger".

That very night, their transport vehicle was hijacked just after leaving their premises and forced to go to the Grand Parade, from where Twelf Down operates. The taxi grouping normally occupies the bus terminus adjacent to the Grand Parade after Golden Arrow buses leave for the night.

But, said the restaurateur, he would not bow to Twelf Down's demands. "We're determined to face them down," he said.

Twelf Down spokesperson Welcome Moss said, however, the taxi association was "actually helping people" needing late-night transport to their homes.

"The campaign we are doing is succeeding, but we are having problems with some restaurant owners," he said.

Moss denied Twelf Down extorted money or threatened or intimidated people, but stated clearly that independent operators were unacceptable — "You've got to join the taxi industry" — and undercut their business.

"They are taking bread out of our mouths," he claimed.

Asked what Twelf Down would do if their services were refused, Moss said: "Then we will have to negotiate with the restaurant owner."

Affected restaurateurs, already wary of going to the police because of perceived complicity with protection rackets run by a city-centre criminal syndicate, have been unwilling to lay charges.

However, it was reliably learnt that certain elements of the police have been appraised of the situation and are investigating.

- Anyone wishing to lay a charge or pass on information is asked to call Superintendent Kobus van Rensburg at Cape Town Central, at 467-8059.

Uganda wants more electricity consumers

(334) BD 11/12/98

Michael Wakabi

KAMPALA — Uganda is preparing to expand the domestic and foreign consumer base for its new power generating projects, a move which could affect east African and southern African markets.

Only a small portion of Uganda's consumers — about 5%, of which most are industry-based — is connected to the national electricity grid, which produces 180MW.

Power developments along the Nile River's upper reaches promise an additional 1 000MW when they come on stream in six years' time, outstripping the 302MW demand projected for 2000. As a result power exports are being considered as a short-term option, although Ugandan government sources say the preferred long-term approach is to increase domestic consumption.

The other initiative being pursued is the development of joint power systems, which could see east Africa's grid connected properly to the southern African grid. This would allow free flow of power from areas of low demand to areas of high demand elsewhere in the system. The Ugandan portion of the Nile River has a hydropower potential of more than 3 000MW, experts say.

Major extension works at the Owen Falls Dam will give an additional 200 MW by the middle of next year and if sufficient transmission and distribution capacity are in place, another 5% of the Ugandan population could be connected.

Three power stations at Bujagali, Kalagala and Karuma Falls promise about 900 MW when they come on stream between 2002 and 2005.

Uganda's Natural Resources Minister Richard Kaijuka met Kenyan President Daniel arap Moi in October to discuss how much extra power Kenya was willing to buy from Uganda. Kenya already buys 30MW from Uganda while Rwanda and Tanzania take 5MW each.

However, from the middle of next year, when the first two turbines will be switched on at the Owen Falls extension, 80MW will become available, leaving about 20MW in surplus.

Failure to secure new markets will have serious financial implications for Uganda when independent power producers begin generation in four years' time.

Last June, questions were raised about the viability of Uganda's power generation drive after it was disclosed that the independent power producers building new dams want to be paid a minimum of $80m annually, whether the capacity to use the power was in place or not.

The permanent secretary in the energy ministry, Kabagambe Kaliisa, said the target was to take an integrated approach and extend access to the electricity grid to at least 30% of the population by the year 2005. Even though industrial demand was projected to grow in tandem with new investments, connecting more domestic consumers would require major investments in transmission and distributions systems, he said.

FOCUS

Eradication, not alleviation, of poverty must be the target now

The UK sees itself as leader in third-world development partnerships, writes Wyndham Hartley

DD 11/12/98

GEORGE Foulkes is clearly proud of the way in which Britain's Labour Party government has reformed its policy for giving aid to developing countries.

"It may sound arrogant, but I do not mean it like that. I think with the new Labour government taking power, Britain has moved into a position of leading the way in international development."

Referring to the white paper which governs the way in which the international development department works, he said the biggest change was placing the emphasis on eradicating poverty.

"We used to talk about alleviating poverty as if you could put sticking plaster over it to make poor people feel better. You cannot alleviate poverty, of course, but have to eradicate it.

"The white paper is the first in 22 years by a British government and is seen not just as a blueprint for our work but as a guide by other governments and international organisations.

"United Nations secretary-general Kofi Annan wrote to my minister Clare Short in order to thank her for the paper which is showing the way."

Foulkes stressed that the change of emphasis from alleviation to eradication was not the only important departure in the white paper. Another was the incorporation of targets that had been agreed at various international conferences over the years and had not been followed up.

"We have followed it up and included targets in our basic policy document. We do not exaggerate what Britain can do alone. By the same token you should not underestimate what we can do if we all do the same thing and work in the same direction for the same targets and goals with the political will to see it through," he said.

"The other thing we have done is to turn words into action regarding money.

"What we did was to implement a comprehensive spending review in Britain looking at all expenditure for the next three years. This department was given the biggest increase for any department with 28% or an extra £1,6bn over the next three years.

"That means that we are going to be in a position to implement another pledge, which is to turn around the decline in spending as a percentage of GDP for developing countries."

He said that when Labour was last in power in 1979, aid or development funding was 0,51% and rising. When they won power back last year after 18 years in opposition, the amount was 0,26% and falling. Now it is up to 0,3% and set to continue rising. He said that to have followed the white paper with a comprehensive spending review was a major achievement.

Asked whether he though Britain was perhaps leading the way in the development of a social conscience for the developed world, Foulkes said they were doing it because "it is morally right".

"You cannot just sit back and watch 1,3-billion people living in abject poverty. Our energies are also an acknowledgement that it is in our common interests to implement development programmes because we live in the global village and are interdependent."

Foulkes said that in Brazil for instance, there were projects which taught people not to slash and burn the tropical rain forest while at the same time showing them how to survive agriculturally. "We are funding teaching people to survive without slashing and burning. That helps us with global warming and so on. It is in our common interest to do it."

He acknowledged that there was a contradiction with British and American companies logging in the rain forests while his department tried to teach locals not to. It was a separate issue which they were trying to address through ethical trading policies.

The projects in SA had involved extensive consultation and discussion with South Africans, Foulkes said.

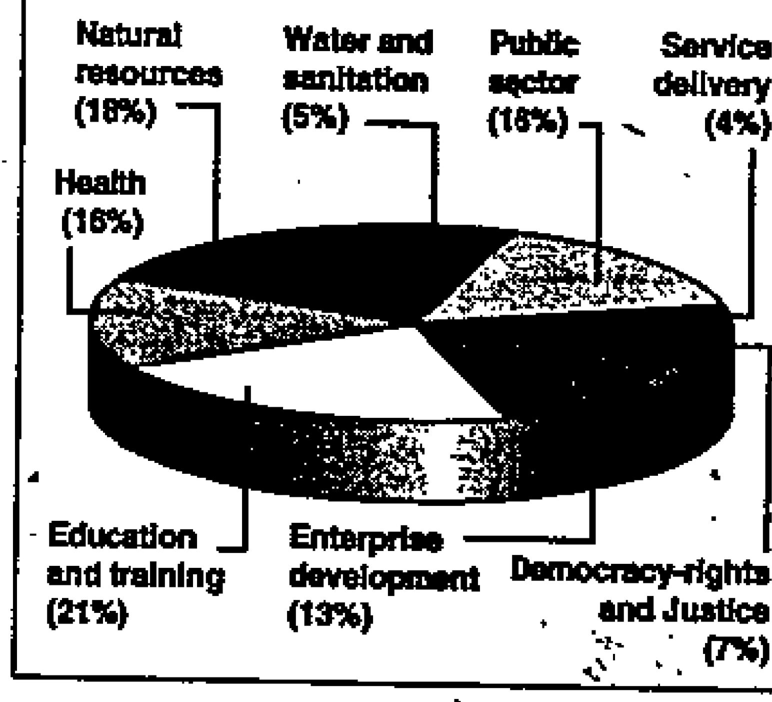
"Related to that is the fact that our department is not just an aid department handing out money but a development department implementing coherent policies which makes sure that trade, investment and agriculture policies, for example, do not undermine development initiatives. That means working across the government departments."

Foulkes said that in this context, Britain was keen to see the trade deal between SA and the EU signed and sealed.

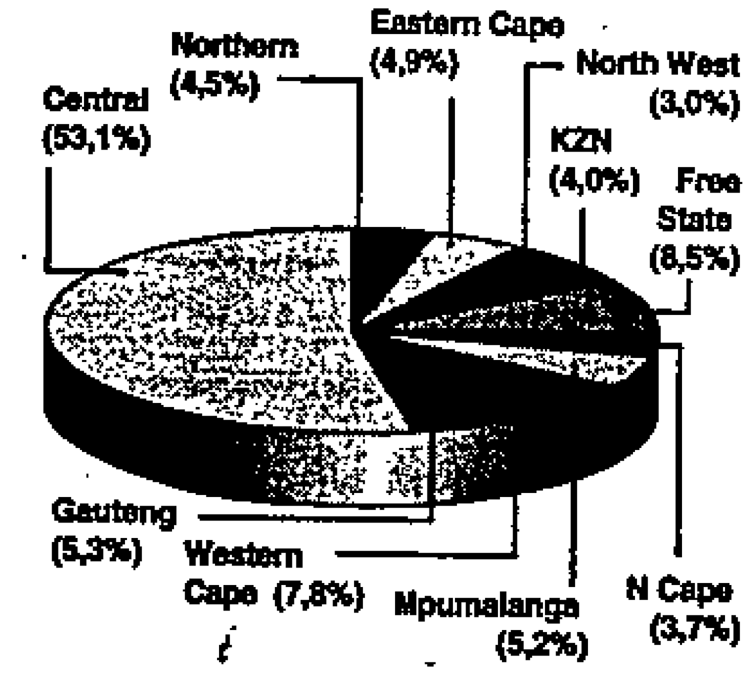
"We would have liked that to be done before the end of this year. There are 15 countries in the EU, each with its own concerns, but an agreement is as much in Europe's interests as it is in SA's."

UK government: development finance to SA 1997/98

Sectoral allocation



Provincial allocation



KUBEN DAVID Source: UK DEPARTMENT FOR INTERNATIONAL DEVELOPMEN

With doubts recently being raised about the prospects for the country under a Thabo Mbeki presidency, Foulkes took a positive, upbeat view.

"Yes, we do have a great deal of confidence in SA's political stability even though we recognise that there are enormous problems which have resulted from the apartheid inheritance. I am tremendously impressed by the ability and quality of ministers and public servants who have a clear determination and understanding in getting things done and an understanding of the value of entering into partnerships with the likes of Britain."

He was far more alarmed at the recent HIV/AIDS figures for SA than fears of political instability. "They announced there were 1 500 new infections each day in SA when there are that many a year in Britain. That really frightened me!" He agreed the decimation of the economically active in SA through AIDS in the years to come posed a significant threat to any development assistance paying the dividends it should.

He said, however, he was confident there was potential for an African renaissance and for SA to lead it. He dismissed nondelivery criticisms by saying that while the Labour Party had delivered on all but eight of their 170 election promises, there were those who would believe that nothing had been achieved.

"Sometimes it takes someone from outside to see the value of people in government." He said there had been a shift away from the idea of aid being tied to good governance because that punished people for what their leaders were doing.

Britain, he said, used international agencies, civil society and other alternative means of getting assistance to people if they did not want to have a relationship with a particular government.

"We are always wary of saying 'if you do not do this, we won't give you that. A lot of assistance is to help poor people to exist.

"If there are ways of deliv ering assistance other tha through a government wit which we do not want to hav ties, such as through intern. tional agencies or throug civil society, we will use then

"It is difficult, though, to d anything with a country i conflict and for this reason w fully endorse the SA diploma. ic initiative to find peace i the Democratic Republic c the Congo."

While in SA, Foulkes an nounced the granting of R90n to assist SA in the develop ment of its revenue servic and he held talks with Wate and Forestry Minister Kade Asmal, which resulted in R25m in assistance for the re structuring of state forests.

Uganda gets $2bn aid package

BD 15/12/98 (334)

Michael Wakabi
and Sapa-AFP

KAMPALA — International donors have granted Uganda a $2,2bn aid package that will run over three years, despite their concerns about corruption and increased military spending.

This follows a meeting of the Paris Club in the capital last week which coincided with the release of a parliamentary committee's damning report on the way privatisation had been handled.

About $830m of the package will be in quick-disbursing budget support. Conditions for disbursing the package include making President Yoweri Museveni directly answerable to parliament and donors over the privatisation process. Government has assured donors that all reported cases of corruption will be tried not later than December 1999.

Other conditions include a reduction in political involvement in divestitures with only one ministry handling the sale of state enterprises. Donors say involving sectoral ministries has led to delays, corruption and even sabotage by state functionaries opposed to change.

Although there was concern over political interference in divestiture, the donors said they were satisfied with the country's macroeconomic framework which had enabled Uganda maintain the highest growth rates in east Africa.

Pressure

Meanwhile, pressure is mounting on two Ugandan ministers — Privatisation Minister Matthew Rukikaire and Investment Minister Sam Kutesa — to resign their posts after they were named in the report detailing corruption in the privatisation process.

More than 50 MPs have signed a petition for a motion of censure against the two, and hope to register more than the required one third of the 280-member house.

Rukikaire was expected to address the house today to respond to accusations levelled against him.

In another response to the parliamentary report, Finance Minister Gerald Sendaula has appointed a commission of inquiry into the privatisation of Uganda Commercial Bank. The commission's terms of reference will, among others, be to inquire into allegations of impropriety.

In another development, reported yesterday, Ugandan President Yoweri Museveni's brother Maj-Gen Salim Saleh has said he will sign a $10m business contract in Burundi.

Saleh — who resigned last week over his involvement in the improper takeover of Uganda Commercial Bank — said he was going into beef exports, and would soon visit Burundi to finalise the deal.

Minister stays, despite 'botching privatisation'

(334) BD 18/12/98

Michael Wakabi

KAMPALA — Ugandan Investment Minister Sam Kuteesa has refused to resign, despite the signing of a petition by parliamentarians urging the president to sack him for his role in mismanaging the privatisation process.

Privatisation Minister Matthew Rukikaire resigned on Tuesday as parliamentary moves to censure the two gathered steam.

Rukikaire's resignation came a week after a report recommended that ministers and public officials who used their positions to influence the divestiture process be made accountable for their actions.

Kuteesa remained defiant yesterday saying he would not resign his cabinet post. As many as 112 legislators — 22 above the statutory one-third of the house — signed a petition recently urging President Yoweri Museveni to sack Kuteesa.

In the petition Kuteesa is accused of violating the leadership code by serving as board chairman of Entebbe Handling Services while holding his ministerial portfolio.

While in that position Kuteesa is said to have undertaken to buy the Uganda Airlines stake in the company at a price below market value, determined by the auditing firm Deloitte & Touche. Entebbe Handling Services also happened to be associated with his private company, Global Air Links.

In his exit speech Rukikaire exonerated other government officials cited in the report.

Meanwhile, peace efforts suffered a setback this week when rebels of the Lords Resistance Army killed a peace emissary in northern Uganda. The rebels accused the messenger of being a government spy.

In recent months a national consensus was building on the need for a blanket amnesty for all insurgents to bring peace to the country.

Uganda justifies its own image as bad deeds in high places unveiled

(334) Star 28/12/98

BY ANNA BORZELLO
Kampala

High level corruption emerged dramatically from the shadows in Uganda this month, forcing the resignation of two senior officials and giving the East African country's "no-party" parliament a chance to bare its teeth.

Two weeks ago, President Yoweri Musevei's brother, Major General Salim Saleh, resigned as presidential adviser on defence and military affairs after confessing to engineering the improper take-over of the recently privatised Uganda Commercial Bank (UCB) through a firm in which he has a significant shareholding, Greenland Investments.

Then Museveni accepted the resignation of Matthew Rukikaire, the state minister in charge of privatisation.

That followed an explosive parliamentary inquiry into the privatisation process, with a select committee concluding that in the three enterprises it had investigated – TransOcean, Uganda Commercial Bank and Uganda Airline Corporation — the privatisation process had been "derailed by corruption".

The MPs called for four other senior officials to be relieved of their duties: Justice Minister Mayanja Nkangi; Treasury Secretary Tumusiime Mutebile; Works, Housing and Communications Minister John Nasasira and State Minister for Finance (Investments) Sam Kutesa.

President's brother and ministers tripped up

Its report confirmed Ugandans' worst fears, and longstanding complaints, but now they are seeing something rare in Africa: the guilty being forced to take responsibility for their actions.

The parliamentary committee urged that Saleh and four others involved in the UCB scandal be investigated for "serious crimes", noting that after the improper takeover, it had gone on to hand out millions of dollars in unsecured loans.

The select committee report could not have come at a more embarrassing time.

As the MPs presented their report, Consultative Group donors arrived in Kampala to debate and eventually approve a $2,2-billion (about R13,2-billion) deal to fund Uganda's economic and social projects over the next three years.

The donors previously regarded Uganda's management of its economy as a shining model, but expressed concern at high levels of corruption before the latest scandal.

The respected Transparency International agency recently rated Uganda as 13th most corrupt country in the world. – Sapa-AFP

UGANDA
1999

Ugandan president says he will fight corruption

BD 5/1/99 (334)

Michael Wakabi

KAMPALA — Ugandan President Yoweri Museveni insists that he has the will to fight corruption, but there is growing concern that he has cold feet about taking a tough line with transgressors.

Some politicians claim Museveni is facing a crisis of credibility as the country looks to him to fight a network of corruption among state officials.

According to a recent World Bank report, Uganda lost up to $350m through corruption by government officials during last year. It said the corruption was most prevalent in the privatisation process and in the procurement of military equipment.

Museveni, however, is insisting that hard evidence must be produced before he can take action, which some parliamentarians claim is an unrealistic demand in a system controlled by the corrupt. On several occasions he has blamed weaknesses in the police's investigative powers and the judiciary for his inaction.

"Disturbing though corruption is, government cannot resort to the jungle law of past regimes," the president said in his New Year address to the nation.

The public thinks differently, they believe the political will to fight corruption is lacking and that Museveni has not taken prompt action because those implicated in instances of grand corruption are close associates.

Some of those implicated, such as Museveni's brother, Maj-Gen Salim Saleh, resigned when a parliamentary inquiry found he had acted improperly in a banking privatisation deal. He had been presidential adviser on security.

However, others have not. They include Brig Jim Muhwezi — censured by parliament last February — who was among the bush fighters in the five-year campaign that brought the ruling National Resistance Movement to power. Sam Kuteesa, the minister of state in charge of planning and investment who is implicated in stripping the national airline of its core assets, is Museveni's brother in law.

Addressing a caucus of pro-movement parliamentarians on December 21, Museveni said he did not believe Kuteesa was corrupt and would not sack him on the basis of allegations in parliament.

He also reminded the meeting that Salim Saleh, whom the house was rebuking, had "fought for the peace" legislators were now enjoying. Legislators who attended the meeting said they were discouraged by the president's attitude.

This impression is reinforced by the fact that Museveni has been prepared to remove the velvet glove in his dealings with those the government suspects of activities aimed at toppling it.

While isolated voices have called on Museveni to fight graft properly or resign, nobody has gone as far as labelling him a thief. At the end of the day, civil society appears too weak to force government to bring out the big guns in the fight against corruption, and it remains up to Uganda's donors to wield the big stick.

MTN too popular for its own good in Uganda

Michael Wakabi (334)

KAMPALA — MTN Uganda, licensed as the second national cellular service provider last April, is struggling to cope with unanticipated congestion on the network caused by the huge volume of calls.

The network was launched in October last year, bringing the prices of handsets down to more affordable levels and tariffs down by about 60%. As a result, MTN's subscriber base has grown rapidly to reach 70% of the cellular market, according to market analysts.

Marketing manager Erik van Veen said the network suffered instability because Ugandans make 10 to 12 times more calls and talk for longer periods than subscribers in developed markets like SA. On average, Ugandans spend 300 minutes on their cellphones each month.

Network instability has been experienced mostly by pay-as-you-go subscribers.

BD 11/2/99

"We are trying to keep the network stable, its reception is not yet at the quality we would want it to be but we taking measures to overcome these problems," he said.

Additional equipment comprising a new switch and a new pay-as-you-go system will arrive in the country soon. Additional base-station cells and equipment earlier designated for the westward roll out from the capital have been redeployed to serve the Kampala area where congestion is most prevalent.

Another problem has been the connection between MTN and the other networks — the state-run Uganda Telecom and rival cellular phone company Celtel Cellular. Van Veen says the narrow gateway between the networks is likely to persist because the state utility is unable to supply additional line.

MTN's licence commits it to a minimum roll-out of 89 000 lines over a five-year period. Besides Kampala, service has already been extended to Uganda's eastern border areas, where it has attracted business subscribers from neighbouring Kenya, whose government has been slow to open doors to MTN.

Uganda to double power production

Mark Turner (334)
BD 18/2/99

Financial Times

NAIROBI — Independent US power company AES, says it is about to sign a deal to build a $500m-$600m hydro-electric dam at Uganda's Bujagali Falls, a project that would double the country's power supply.

The investment, east Africa's biggest, would show confidence in Uganda at a time of donor concern at corruption and the cost of the military involvement in the Democratic Republic of Congo.

Bob Chestnutt, Bujagali project manager, says the deal will involve a 30-year power purchase agreement with Uganda's electricity board.

Uganda suffers from severe power shortages, which a recent World Bank study cited as a major impediment to investment. The government estimates that shortages reduce gross domestic product (GDP) growth by 2%.

The country's existing energy source, the hydroelectric dam at Owen Falls generates only 180MW, which is 100MW below demand. A planned extension should raise capacity to 380MW in the next few years.

AES is confident there will be demand for Bujagali's extra capacity, citing forecasts that Uganda will need more than 1 100MW by 2020. "By the time our project comes fully on line, in about 2004, Uganda will require 620MW," said Chestnutt, who also sees potential for export to Kenya and Tanzania.

The picture is clouded by another project, a Norwegian-proposed facility at Karuma Falls, which Uganda-based Norpak Power says would be cheaper, more flexible and, because it would use underground sluices rather than a dam, have less impact on the environment. AES has been criticised in the local press about environmental concerns, but it maintains its facility would have little impact.

Out of control ... rebel soldiers patrol the streets on the lookout for disorderly soldiers.

Call for peace talks in Uganda to end civil war with rebel groups

Star 3/3/99 (334)

Despite Museveni's resistance to discussions with rebels, his promise to eliminate leaders has not stopped the bloodshed and abductions, writes Wairagala Wakabi in Kampala for the Star Foreign Service

Uganda's brutal 12-year-old civil war continues to claim its victims – now numbering tens of thousands – and while there is no end to the fighting in sight, top figures in the country are beginning to call for measures to induce peace talks.

President Yoweri Museveni who a parliamentary committee probing the northern rebellion advised government to pursue both military and peaceful measures to end the war.

Religious leaders and political parties are also calling for peace talks.

Donors are concerned about the resources going into the war effort. Arabised and Muslim north. Southern Sudan is mainly black-African with animist and Christian beliefs.

The closest Uganda and Sudan have moved to normalising relations was the exchange of prisoners of war early last year.

But Kampala insisted it could not re-

Nation 3/3/99 (334)

Despite Museveni's resistance to discussions with rebels, his promise to eliminate leaders has not stopped the bloodshed and abductions, writes **Wairagala Wakabi** in Kampala for the Star Foreign Service

Uganda's brutal 12-year-old civil war continues to claim its victims – now numbering tens of thousands – and while there is no end to the fighting in sight, top figures in the country are beginning to call for measures to induce peace talks.

President Yoweri Museveni, who blasted his way to power in January 1986 after a five-year guerrilla war, is still battling the rag-tag Lord's Resistance Army (LRA) of Joseph Kony, who say they want to rule the country in accordance with the Biblical Ten Commandments and re-introduce multi-partyism and federalism.

Kony, now a self-styled major-general, started his war against Museveni's rule, fearing that it was a hard-line southerners' reign with a plan to massively kill northerners. Museveni's predecessors, Dr Apolo Milton Obote, Idi Amin Dada and General Tito Okello were northerners – like Kony – and their regimes were accused of killing up to 700 000 people, mainly southerners.

A former catechist in a local church, Kony is said to have 30 wives in his bush headquarters in southern Sudan. But if he has achieved nothing else, he has managed to dim Museveni's star as the hero who brought peace to a country whose past was littered with civil war.

While the death toll continues to rise, and the army continually fails to beat the insurgents, Museveni has maintained his hard-line stance and refused to talk peace with the rebels.

He calls Kony a bandit and says talking to him would set a bad precedent.

"They (rebels) should come out and follow the constitution. If they do not want to, we shall destroy them," he has said.

Museveni argues that unless the rebel problem is solved definitively – and militarily – in future it would encourage other phony groups to wage war, knowing government would talk peace with them.

To most observers though, the military option has failed. Despite various deadlines Museveni has given for delivering Kony's head to the nation, the dread-locked rebel leader is still alive – and allegedly raping young girls in his Sudanese nook.

"The national army, despite its professed might, has failed to crush the rag-tag rebels. Now with this new spate of attacks, Museveni has no option but to talk peace," notes Apolo Namansa, an official of the Human Rights Foundation.

Some members of parliament keen on seeing a peaceful end to the fighting are pushing for a law that will grant statutory amnesty to all rebel groups as a prelude to the settlement of rebellions in the country.

"There is a need to grant amnesty to the rebels so as to engage in constructive dialogue. We shall lobby seriously to see that the amnesty bill is passed," says youthful legislator Martin Ekanya.

A similar bill was shelved in 1996 after a parliamentary committee probing the northern rebellion advised government to pursue both military and peaceful measures to end the war.

Religious leaders and political parties are also calling for peace talks.

Donors are concerned about the resources going into the war effort.

Uganda accuses its northern neighbour, Sudan, of bankrolling anti-Kampala rebellions in an endeavour to spread Islam. Khartoum's alleged support for LRA rebels led to the severance of diplomatic ties between Uganda and Sudan four years ago.

The UN Children's Educational Fund (Unicef) says some 40 000 people in the northern districts of Gulu and Kitgum have lost limbs to Kony's rebels; and 40% of these districts' populations have been displaced.

Some 600 young girls and 1 060 young boys, formerly rebel abductees, are in need of medical care after being forced by the rebels into military training and prostitution. Several others were traumatised by loss of their relatives, and sordid experiences while in captivity.

Some kids were forced to kill – by shooting, stoning, knifing, hacking or flogging – in full view of all those who attempted to flee from the rebels but got caught.

Unicef says other kids have apparently been sold into slavery to Arab merchants in return for arms, and some are being used as human shields by both the rebels and the Sudanese army in its campaign against the Sudan People's Liberation Army (SPLA).

Kony's significant atrocities since 1994 include the April 22 1995 massacre of more than 200 civilians in the Atiak trading centre; the March 8 1996 attack on a civilian convoy at Pakwach that left 100 dead, and the February 13-14 1996 raid on Acholipii UNHCR camp in which 110 refugees, mainly from southern Sudan, were killed.

Between January 7 and 12 last year, the rebels killed 412 civilians in Lokung and Palabek subcountries of Kitgum district.

In October 1996, the rebels abducted 200 students from St Mary's College Aboke, a secondary school run by the Comboni Fathers of Verona, Italy. Though the nuns managed to negotiate for the release of most of the girls, and others escaped on their own, the rebels are still holding up to 20 of them. The remaining abducted girls have reportedly been married off to rebel commanders.

The UN estimates that 620 000 Ugandans have been displaced by the insurgency.

Observers say, for the carnage in northern Uganda to end, Kampala must make peace with Sudan. But this would be easier to achieve if the leadership in Khartoum changes or solves the problem of the SPLA.

Uganda supports John Garang's SPLA rebels who have for a decade and a half fought for southern independence from the Arabised and Muslim north. Southern Sudan is mainly black-African with animist and Christian beliefs.

The closest Uganda and Sudan have moved to normalising relations was the exchange of prisoners of war early last year.

But Kampala insisted it could not restore ties unless Khartoum openly renounced support for the LRA and ordered it to release the abducted school girls. And as the POWs were being exchanged, the LRA was heightening attacks, mainly on civilians, including in districts where it had not been active for several years. In Southern Sudan, the fire continued too.

The SPLA went on the offensive, capturing a string of government garrisons in the Blue Nile region, like Wadega situated 40km from the Ethiopian border.

But given the atrocities committed by the rebels, prospects of peace talks with government remain minimal. The weekly *Market Place* newspaper, commenting on the futility of negotiating with rebels, said in an editorial there was no guarantee that the rebels would respect the principles that would be laid down in any agreement to which they put their signature.

"In order for any political or military group to claim the right to be heard it must earn credibility by putting forward legitimate demands and adopt morally acceptable methods of pursuing them.

"The government therefore now faces the dilemma of yielding to the terrorists' demands under duress or strengthening its security organs in order to destroy the rebels and their organisation," the paper concluded.

Analysts say Kony has no political agenda and would continue fighting (to earn a living) even if Museveni extended to him the olive branch. But while he lacks local support and has only a handful of fighters (about 3 000), he is hard to beat because of the dense vegetation in the war area and the fact that every time he is beaten he retreats to Sudan to re-group and obtain provisions.

Like the LRA, the other significant group fighting Museveni, the Allied Democratic Forces (ADF), has committed atrocities against civilians and seems to have no political agenda.

Last June, it invaded a technical college some 150km west of Kampala, and burnt to death over 70 students. Scores more were injured and 140 abducted, apparently to bolster the rebel ranks.

The ADF is based in Eastern Congo (former Zaire) near the Uganda border, and is said to comprise of mainly Ugandan fundamentalist Muslims and former Zairean and Rwandese soldiers and militiamen.

Uganda supported the rebellions that overthrew Juvenal Habyarimana's regime in Rwanda in 1994, and Mobutu Şese Seko's in Zaire in 1997.

Among the eight tourists killed were (from left) Susan Miller and her husband Rob Haubner, Mark Lindgren and Steven Roberts. The six survivors were (from right) Lisa and Greg Mount, Linda Adams, Gary Tappenden, Mitchell Keiver and Mark Ross.

Uganda vows to hunt down tourists' killers

Museveni apologises for deaths of 8 foreigners in 'impenetrable forest'

Reuters
Kampala

Ugandan President Yoweri Museveni vowed yesterday to capture or kill the Rwandan rebels who slaughtered eight tourists in Uganda, and said his government had not done enough to protect the victims.

Apologising for the deaths, Museveni said a battalion of Ugandan troops had pursued the ethnic Hutu rebels across the border into the neighbouring Democratic Republic of the Congo and would hunt them down.

"If we don't catch them, we shall kill them," he told a news conference in Kampala.

Museveni conceded Ugandan authorities did not take sufficient precautions to safeguard the lives of tourists visiting Bwindi National Park to track rare mountain gorillas.

"Given the criminal nature of mind of these (rebel) groups, which are spread through the region, the authorities concerned should have had the foresight to take precautions in the case of Bwindi, which is close to the Congo border," he said.

"There was also weakness on the side of the government of Uganda ... there was laxity."

He said national park authorities should have requested army protection for tourists inside Bwindi and that the army would establish a presence in the densely forested area, famous as one of the last habitats of the mountain gorilla.

"I promise we will do everything possible to make sure it doesn't happen again," Museveni said.

More than 100 Rwandan rebels seized 31 foreign tourists at three camp sites in the park on Monday morning. They took 14 of their captives into the mountains and murdered eight of them.

The victims were four Britons, two Americans and two New Zealanders – four men and four women. One survivor said the eight were bludgeoned and hacked to death with machetes and that one of the women was apparently raped before she was killed.

The six remaining hostages were released with a message warning the West to cut ties with Rwanda's Tutsi-led government, closely allied with Museveni. The rebels, who launch attacks from bases in Congo said Uganda was now part of their war zone.

Museveni said the rebels had provoked his government and would pay the price.

Museveni also appealed for international help against the Hutu rebels, many of whom are members of the notorious Interahamwe militia which led the genocide of 800 000 people in Rwanda in 1994.

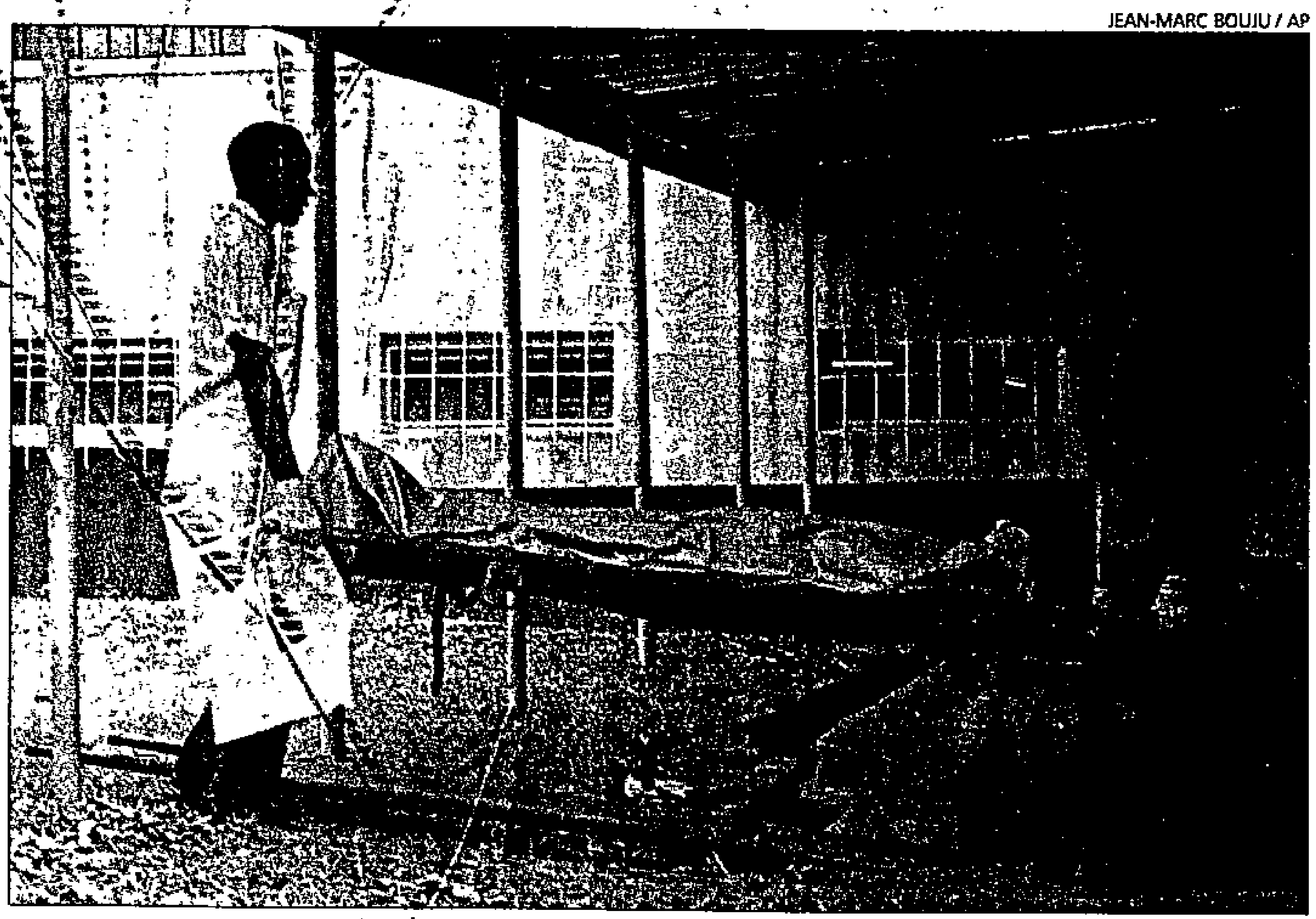
"These gangsters, the Interahamwe, need to be pursued by the whole world," he said.

"I therefore appeal to the international community to assist us in dealing with these criminals."

A team of US FBI agents landed in Uganda overnight to help investigate the murders.

Uganda is Rwanda's strongest ally in the region and both are fighting with Congolese rebels to overthrow President Laurent Kabila. – Reuters

JEAN-MARC BOUJU / AP



Aftermath ... officials carry the body of one of the murdered tourists into the Medical School mortuary in Kampala yesterday.

Attack 'could kill country's fledgling tourist industry'

(334) Star 4/3/99

Nairobi – The murder of eight foreigners in Uganda on Monday could effectively kill the country's fledgling tourist industry but is unlikely to directly affect other countries in the region, analysts say.

"Clearly the impact is going to be negative," said Robert Blake, economist at the World Bank's office in Uganda. "But I do not think there will be a major impact on the region as a whole."

That could be because other countries in the region already have problems when it comes to attracting tourists.

In the Horn of Africa, a war between Ethiopia and Eritrea has reduced visitors to a handful, while Rwanda, Burundi and the Democratic Republic of Congo (DRC) attract only the foolhardy or super-adventurous.

Kenya, meanwhile, has been hit in the past two years by ethnic violence and then torrential rains caused by the El Niño weather pattern, while Tanzania is still beefing up its infrastructure after years of centralised, socialist rule.

Tourism in Uganda is centred on its 10 national parks as well as the Nile River. There were 220 000 visitors in 1997 but that figure was expected to rise by 10% last year.

However, it remains a small part of an economy still struggling from years of mismanagement, civil wars and military coups.

The industry accounts for less than 5% of Ugandan gross domestic product compared with 16% in Tanzania and around 20% for Kenya, regional economists said.

Bwindi has long been regarded as the jewel in the crown of Uganda's tourism industry, being home to nearly half the world's surviving mountain gorillas.

Visits to "the impenetrable forest" were sold out a year in advance and only six visitors are allowed into the park per hour at a cost of $200 each.

Rosalind Aveling, director of programme development at the African Wildlife Foundation in Nairobi, said those tourist dollars were essential for conservation and also benefited communities that lived around the parks.

Rare mountain gorillas are only known to survive in the Bwindi in Uganda and Virunga which borders Uganda, Rwanda and the DRC.

There are just 650 remaining in the world.

Monday's abduction and murders of foreign tourists was the second major incident at Bwindi in less than a year, after six foreigners were abducted by Hutu rebels in August. Three escaped and the others have not been traced.

Mark Ross, a pilot and tour guide who survived the abduction, said of the tourism in Uganda: "I think it will be non-existent after this." – Reuters

REST OF AFRICA

Anti-corruption movement targets vice-president

(334) BD 9\3\99

Michael Wakabi

KAMPALA — Ugandan parliamentarians, who managed to censure Investment Minister Sam Kuteesa last week, have announced that Vice-President Specioza Wandira Kazibwe will be their next target.

President Yoweri Museveni is expected to drop Kuteesa from his cabinet after 152 parliamentarians voted for his censure over alleged conflict of interest and influence peddling when he bought Entebbe Handling Services from Uganda Airlines. He also allegedly presented false accounts to other shareholders and opened a new account for the business in a bank where he had shares without obtaining their consent.

Kazibwe, who also doubles as agriculture minister, is head of the National Sectoral Anti-Corruption Programme and is leader of government business in parliament. However, she now stands accused of failing to supervise a $2,5m dam-building project funded by the World Bank.

The money was earmarked for constructing 19 valley dams and rehabilitating water tanks for cattle along a cattle farming corridor stretching from central to southwestern Uganda. Investigations have shown work was contracted out to ill-equipped firms who had to hire equipment from the agriculture ministry itself.

An investigation into the project is complete and legislators say if they find the vice-president's conduct wanting, they will move a motion of censure against her as agriculture minister.

Parliamentarians say they are determined to tackle corruption and will censure ministers and leave it to the president to indicate his stance on the issue.

The Ugandan constitution provides for censure of ministers but leaves it to the president to take "appropriate action".

The Ugandan parliament's first education minister, Brig Jim Muhwezi, was censured last March. However, President Museveni did not sack him outright, dropping him in a reshuffle four months later. Kuteesa is, so far, only the second minister to be censured.

Former works minister Kirunda Kivejinja and former privatisation minister Matthew Rukikaire avoided official censure by resigning their positions.

Ugandans roll out red carpet for settlers from SA

~~(336)~~ (334) BD 10/3/99

Michael Wakabi

KAMPALA — A group of SA farmers, thinking of tackling major farming ventures in Uganda, have met President Yoweri Museveni after touring the country.

A Ugandan official said the group, led by cattle breeder Hans Herbst, indicated they were eager to invest in sectors like coffee, sugar, dairy farming and animal husbandry. Herbst believed fertile Uganda could easily be turned into a bread basket for Africa.

Herbst could not be reached for comment in Uganda yesterday, but his family in SA said he was negotiating with the Ugandans.

The visit comes seven months after Agriculture Minister Derek Hanekom led a 23-strong trade and investment delegation to Uganda. His party, including official and private sector representatives, met businessmen and agriculture ministry officials.

Museveni said after the meeting that farming in Uganda could be a profitable business, but production of crops was insufficient because local farmers lacked capital. Herbst, in turn, said Ugandans living near SA project areas would benefit from SA expertise and exposure to large-scale farming.

Since 1995, Uganda has passed a law that allows foreigners to obtain long-term leases on land. Central Uganda has large tracts of land suitable for ranching and breeding.

Officials said a government-owned sugar estate would be privatised in western Uganda. Foreign investors, including South Africans, could bid for it when offers were sought.

Representatives from Uganda's investment authority who attended Museveni's meeting with the farmers, said SA had become the leading source of foreign direct investment in Uganda since the two countries signed a double taxation agreement in 1997.

This position is expected to be consolidated when the two countries sign an investment guarantee and promotion agreement soon.

Fear of EU ban on Ugandan fish sales

CT(BR) 18/3/99 (334)

WAIRAGALA WAKABI

Kampala — Uganda risks having its fish banned from European Union (EU) markets after a dozen Ugandans died from eating fish, mainly from Lake Victoria, which had been poisoned in order to be harvested.

Tens of thousands of young fish, especially the Nile perch, were found dead at several landing beaches on Lake Victoria last week. The incident and the deaths forced the Kampala city council on Monday to ban the sale of fish in the city's markets.

Fears are being expressed that fish from countries bordering the lake will be banned again, as they were in 1997 after an outbreak of cholera. The ban, lifted last July, was a terrible blow to the economy of the region, which exports 70 percent of its fish to the EU.

Exports of fish, Uganda's second biggest export, fell from 16 046 tons in 1997 to 4 839 tons in 1998. Officials say they will fall again this year.

Decreasing fish catches have forced fishermen to resort to poisoning the fish or using crude methods that deliver very young fish.

"The fish landing sites do not have adequate facilities for fish handling, and communities do not have proper sewerage and refuse disposal facilities. Even the cold storage facilities at airports are not good enough," said Nsimbe Bulega, a fisheries official.

Catches on the lake had fallen from 39,82kg a boat a day in 1993 to 25kg by the end of last year.

"Partly in despair or due to gross ignorance of the effects, unscrupulous fishermen have resorted to the use of dangerous fishing and the use of explosives," said Telly Eugene Muramira of the Ugandan National Environment Management Authority. — Independent Foreign Service

No curbs on 'sound' censure of ministers

(334) BD 23/3/99

Michael Wakabi

KAMPALA — Ugandan President Yoweri Museveni has said he will not interfere in the proposed censure of top ministers accused of corruption, provided the censures conform to procedure and have a sound basis.

Museveni also hinted at plans to leave the political stage, saying he would retire in seven years' time.

The president said while there might be some grounds for the proposed censure of Vice-President Speciosa Kazibwe, he was concerned that she might not be given a proper chance to defend herself.

This is the first time Museveni has indicated what stand he will take on corruption allegations which have pitted public opinion against his ruling National Resistance Movement. "I am not alarmed if the censure has good grounds," he said in an interview published yesterday by The East African.

Four ministers — including Museveni's brother-in-law, Investments Minister Sam Kuteesa — have already been censured by the Ugandan legislature over the past few years for poor performance or corruption.

Parliament has asked Kazibwe and her two assistant ministers to resign or face censure this week. The trio have been accused of failing to supervise a \$2,5m donor-funded project to build 19 water reservoirs along a cattle corridor stretching from central to southwestern Uganda.

Last Friday Kazibwe said she would not resign and was ready to face a censure.

Kazibwe insists the valley dams were built, but Anthony Kanyike, chairman of the parliamentary committee probe, maintains no value was acquired for money spent. Work was contracted to incompetent contractors who did a shoddy job on only six dams that were built. Evidence showed one of the contracting firms was not registered at the time it was awarded the tender, while the other contracting company, registered two months earlier in neighbouring Kenya, did not have an address in Uganda.

Meanwhile, Museveni has said he wants to retire from politics while he is still young. "I am now 54, with two years to finish this term. If I get another five-year term, I'll be 61 at the end of it, and that would be a good time to go and look after my cows."

BD 23/3/99

Army urged to halt human rights abuses

(334)

NEW YORK — Amnesty International has challenged the Ugandan government to confront its own "largely hidden" pattern of human rights violations to break the vicious circle of violence in the country's northern war zone.

The organisation said it had during the past three years documented scores of killings of unarmed civilians including children, dozens of rapes and hundreds of beatings by Ugandan government forces.

While some soldiers have been arrested for these crimes, few have been brought to court as weaknesses in the criminal justice system delay trials of soldiers almost indefinitely.

"The extreme violence of the rebel Lord's Resistance Army has so far been allowed to obscure the government's failure to prevent its own soldiers from committing serious human rights violations," director of Amnesty International's Africa programme, Maina Kiai said. "We therefore urge President Yoweri Museveni to make human rights protection in northern Uganda a national priority."

In the past three years, about 400 000 people have been forced to flee their homes in the area. In Gulu, 80% of the rural population live in displaced persons' camps and are dependent on humanitarian aid, the organisation said.

Once in camps they are vulnerable to ill-disciplined government soldiers, who sometimes suspect them of being liberation army supporters. For its part, the liberation army has attacked camps to abduct children and steal food, Amnesty International said.

Human rights violations have also taken place in the context of combat, the organisation said.

In a report, it cited an incident on March 30 last year when 30 children, who had been abducted by the liberation army, were shot dead by government soldiers at Ogole in Kitgum district.

There has been no investigation and the army has denied that the children were killed, the report said. — IRIN.

Uganda to table new amnesty bill

BD 29/3/99 (334)

Hopes high for end to war as govt considers talks

Michael Wakabi

KAMPALA — Hopes for a peaceful resolution to the 13-year conflict in northern Uganda were high at the weekend after Ugandan officials said an amnesty bill would be tabled soon and that contact had been made with the Lord's Resistance Army.

Minister for the Presidency Ruhakana Rugunda said the government would go into negotiations if there were "indications of seriousness on the other side" and that there would be efforts to go the "extra mile in the search for peace".

The development marks a significant shift by the National Resistance Movement government that has always preferred a combination of military pressure and peace talks with its adversaries. The long-running insurgency has displaced thousands of people in northern Uganda, hurting economic productivity.

News of the peace moves is also likely to interest foreign investors, who have expressed concern about prospects for long-term stability in Uganda.

The Lord's Resistance Army is led by former church catechist Joseph Kony and is largely supported by the Sudanese. Kony calls for rule based on the Bible's 10 commandments and the reintroduction of multipartyism and federalism.

He has been a constant thorn in President Yoweri Museveni's side and, despite defeats, has been able to regroup from Sudan. It is difficult to assess Kony's support because the group has kidnapped thousands of children to serve in its army.

Rugunda said the government was encouraging other interested parties, such as nongovernmental organisations and civil leaders, to join the search for peace. He also confirmed reports by another minister that the cabinet had endorsed proposals to grant rebels a blanket amnesty which would also cover their leaders. Authorisation to that effect would soon be tabled in parliament.

Local press reported that Kony was in Kampala and had met security officials.

The government move comes on the heels of surveys by a ministerial team, which found that Ugandans were tired of war and wanted peace at any price.

Popular opinion has long advocated a peaceful resolution to conflicts within the country, but Museveni has always said only the victims of the rebels' crimes could forgive them.

Although previous amnesties expired without top rebel leaders taking advantage of them, several of their men have surrendered and government has not been prosecuting members of their ranks captured in combat.

Over its 13-year reign, the National Resistance Movement government has negotiated with various groups in a bid to bring peace to the country. Peace talks with the Lord's Resistance Army first started in late 1993 but broke down in 1994 after the government accused the rebels of using the lull to rearm.

Other rebel groups include the Allied Democratic Forces, which operate from the Ruwenzori Mountains along the country's western border with the Democratic Republic of Congo. The group often retreats into Congo, but the Ugandan government alleges that they are also funded by the Sudanese government.

The Ugandan government has also had to contend with Interahamwe, or ex-Rwandan army soldiers, reportedly armed by the Congolese government. They recently killed eight foreign tourists and four local park employees at the Bwindi national forest reserve.

Conflict 'entrenched poverty'

BD 8/4/99 (334)

Report finds 54% of Ugandans are still without access to clean drinking water

Michael Wakabi

KAMPALA — Political instability and armed conflict in Uganda have combined to entrench insidious levels of poverty and stunted development goals, the Uganda Human Development Report 1998, released by the United Nations Development Programme, indicates.

These factors have adversely affected the productive systems that support socio-economic development.

The report says that although the proportion of the population that is poor had declined in recent years, 54% of Ugandans are without access to clean drinking water, 38% of children under the age of four are stunted while 44% of the population is not expected to survive to the age of 40.

This picture makes Uganda's poverty rate the worst in eastern and southern Africa with the exception of Malawi, which has a poverty rate of 46%.

"Pervasive corruption and insurgency afflicting parts of the country represent a significant challenge in the pursuit of sustainable human development and there is the persistent problem and urgent need to redress the sharp regional disparities in human development," the report observes.

The report, the third in a series of annual statement released by the United Nations country office in Kampala, says poverty in Uganda is largely a rural phenomenon with at least 43% of the rural population being poor compared to just 20% of urban residents.

The UN report says that large parts of northern Uganda have been affected by cattle rustling for many decades and by insurgency and military violence for almost three decades. Intermittent civil war and armed conflict have also affected most of eastern Uganda and large areas in western and central Uganda during the past three decades.

Most of these acts of violence and the insecurity of life and property that results have adversely affected rural people and in particular rendered them highly vulnerable. Insecurity regarding the supply of food and in finding jobs is also a common feature of the livelihood of the rural poor, the report observes.

About 19% of the population cannot afford adequate — and sometimes any — food, or other basic family needs.

Since 1993, both the World Bank and the International Monetary Fund have commended Uganda for macroeconomic stability and high rates of economic growth which are seen as vital in the fight against poverty. Government divestiture and privatisation have put the economy firmly in the hands of the private sector as engine of growth and there has been steady inflow of investment funds.

Uganda continues to achieve modest gains in human development. The extent of human progress as measured by the Human Development Index in 1996 represents a virtual doubling over the level in 1980. However, the report cautions that Uganda continues to be saddled with numerous challenges.

Confidence shaken as second Ugandan institution is closed

Michael Wakabi and Irin

BD 9/4/99 (334)

KAMPALA — Uganda's central bank decision to close Greenland Bank last week and a shake-up in its own stable reflect serious management problems in the financial sector, say banking sources.

President Yoweri Museveni ordered the sacking of the director for bank supervision at the central bank on Monday, two days after the Bank of Uganda shut Greenland Bank on the grounds that its management flouted financial regulations and lent heavily to senior bank staff.

Greenland is the second Ugandan commercial institution to be declared insolvent by the central bank in six months. The Bank of Uganda's announcement that it would be liquidating Greenland Bank froze more than $20m in deposits. Angry depositors are considering taking class action against the central bank.

A lawyer who deposited $285 000 just three days before the closure, convened a meeting at which bank clients mapped out strategies for recovering their money. They claim the central bank misled them into keeping deposits in a bank that it knew was headed for closure.

The central bank took over management of the distressed bank in December, and kept telling depositors the bank was not in any danger of collapse.

A recent audit found that more than 50% of the bank's $29m loan portfolio was "insider lending", and the overall loan portfolio was 26 times the legal limit.

Analysts say that for a bank to sink to such levels, there must have been a lapse in the central bank's regulatory functions. A legal firm's independent probe found that Greenland's troubles began more than three years ago when managers invested in risky ventures and gave unsecured loans to themselves.

It is suspected that officials in the central bank's supervisory department took bribes to give clean bills of health to mismanaged banks. The finance ministry is drafting a law to make it possible to prosecute auditors who give misleading reports on financial institutions.

Concerns about Greenland Bank have spread to Tanzania. Customers of the recently suspended Greenland Bank Tanzania stormed the central bank, demanding to be know what would become of their deposits.

There was panic after reports that the local branch was also threatened by liquidation and depositors would get a flat 250 000 shillings back, regardless of sizes of their savings. Central bank officials denied the report.

IN BRIEF

(334)

EU slaps ban on fish imports

BRUSSELS — The European Commission confirmed yesterday it would ban fish imports from three African countries — Kenya, Uganda and Tanzania — for an unspecified time, over fears of pesticide contamination.

"The ban should take effect on Monday and follows a proposal from European Union veterinary experts," said a commission official. The 15-nation bloc imported only small quantities of fish from the three nations, he said.

Tanzania said on Wednesday it would appeal against the ban, saying it was unfair and threatened the country's economy. — Reuter.

Ugandan park starts getting visitors again

(334)

KAMPALA – More than 100 foreign tourists have visited Uganda's Bwindi National Park since it reopened after a four-week closure which followed the killing of eight foreigners there by Hutu rebels last month, officials said.

"We have occupancy of about 50 percent at the moment, mostly taken by backpackers and overlanders. We hope that in three month's time we will be back to full occupancy," said Shawn Mann, a tourism consultant told AFP.

"We had the first group through and they said they had been a bit nervous at first, but fine once they realised that the place was safe.

"But they also said there were a lot of soldiers in the area, which they were not so keen on," Mann added.

The Ugandan army has boosted its presence in the park since the attack during which some 100 Rwandan Hutu rebels stormed the park's headquarters, abducted 14 foreign tourists and later hacked or bludgeoned to death four Britons, two Americans, two New Zealanders and one Ugandan guide.

Tour operators who used to provide gorilla-racking permits to up-market clients are, however, yet to re-establish operations in Bwindi.

"We need to be convinced of the security situation ourselves, and we need to have enough clients to make it viable," said Patrick Shah of the British firm Abercrombie and Kent.

"Before we can go back to Bwindi, we need the British foreign office and the United States state department to change their travel advisories.

"We cannot take people into that area if it is being described as a no-go area," Shah added.

The US embassy in Kampala is to review the security situation in Bwindi at the end of this month.

The murder of tourists in Bwindi struck at the heart of Uganda's small but growing tourism industry, which is centred on trips to view rare mountain gorillas in the west of the country.

Bwindi is one of a few places where it is possible to track the world's remaining 620 mountain gorillas which live in the volatile and mountainous region at the intersection of the DRC, Rwandan and Ugandan borders. – *Sapa-AFP.*

S

Kampala's stock exchange eases listing rules

(334) BD 12/4/99

Amended regulations aim to encourage Ugandan companies to make share offers

Michael Wakabi

KAMPALA — Uganda has eased rules for listing on the country's infant stock exchange in a bid to encourage local companies to make share offers.

The privatisation unit is expected to divest the first firm, Uganda Clays, through the stock exchange in June. However private sector players are still sitting on the fence before they float their own companies.

Capital Markets Authority CE Japheth Katto said a second tier had now been introduced to accommodate companies that may not meet conditions set in the first tier.

Companies may be allowed to list if they can present audited accounts for at least the preceding three years and have a minimum $100 000 in capital. This is in contrast to first-tier companies which must present audited accounts for the preceding five years and have a minimum capital of $500 000.

The Uganda Securities Exchange opened to floor trading in January last year but business has been confined to a couple of financial instruments, the East African Development Bank that pioneered the exchange and the more recent PTA Bank bonds. Beyond these instruments and Bank of Uganda Treasury Bills that are being recorded, no private company has made a share issue yet.

"A lot of pressure is building up to have companies divested through the stock exchange and there is a general realisation that flotations may be a method of divestiture," Katto said.

The Capital Markets Authority has been trying to draw the attention of company owners to the potential benefits of having their companies listed, he said.

Ugandan businessmen say they see the benefits that would come with listing but the manner in which their companies have been run in the past precludes them from the listing requirements.

Several, though, do plan to list and are making efforts to meet the regulations.

Record keeping and accountable management have been so poor in the past that even the divestiture program which initially expected to put public companies on the stock exchange found most could not be listed. Potential candidates for listing in private hands are mostly family enterprises that have not been running along strict business practices.

However, Uganda Clays, 25% owned by the Swiss White Tower Corporation and 75% by the National Housing and Construction Company, will be ready for flotation in June.

Uganda Clays GM Frank Sebowa said 65% of the firm would put on the bourse, with 10% reserved for the 400-strong workforce. In all, there will be 325 000 shares on offer.

Other firms likely to follow Uganda Clays are Uganda Airlines, and utilities in the power, telecommunications and water sectors.

REST OF AFRICA

Ugandan press faces crisis

BD 23/4/99. (334)

A general economic malaise spells fewer titles, plummeting circulation and cutbacks

Michael Wakabi

KAMPALA — A depreciating currency, falling circulation and shrinking advertising revenues are ringing alarm bells for Uganda's vigorous press, an industry that appears to be a barometer of the country's economy.

From a onetime rags-to-riches business, publishers admit they have fallen on hard times, and the industry is cutting costs.

The Ugandan shilling has slipped 6,5% against major currencies in the past three weeks alone, raising the cost of major inputs such as newsprint and ink. These materials make up half the cost of putting a newspaper on the street, say Ugandan publishers.

David Ouma Balikowa, news editor of independent daily The Monitor, conceded that "hard times" had arrived, but said it was a general economic problem.

"The economy has not done well recently. Many companies are closing down due to high production costs and high taxes at time when consumption is not rising," he said.

"This has forced consumers to change their priorities and newspapers have been the first casualty. Balikowa said the print media was worse off because publishers feared that increasing cover prices could reduce circulation.

Media managers estimate that circulation has plummeted by at least 40%. Some titles have been discontinued, while others are desperately trying to hold on to readers. The Monitor has responded by cutting back on administrative costs, which has extended to such routine things as office coffee and upcountry trips. This has affected news-gathering operations, especially at the features desk.

Analysts fear that the crisis has boxed newspapers into a no-win situation. If the trend continues, the cutbacks could be counter-productive: content could suffer, leading to a loss of readers.

The state-run New Vision has been more creative, redesigning the product and reducing the physical size of the paper to conform to tabloid format.

Management sources say this translated into a 12% saving on the cost of newsprint, buffeting the company from the shilling's depreciation.

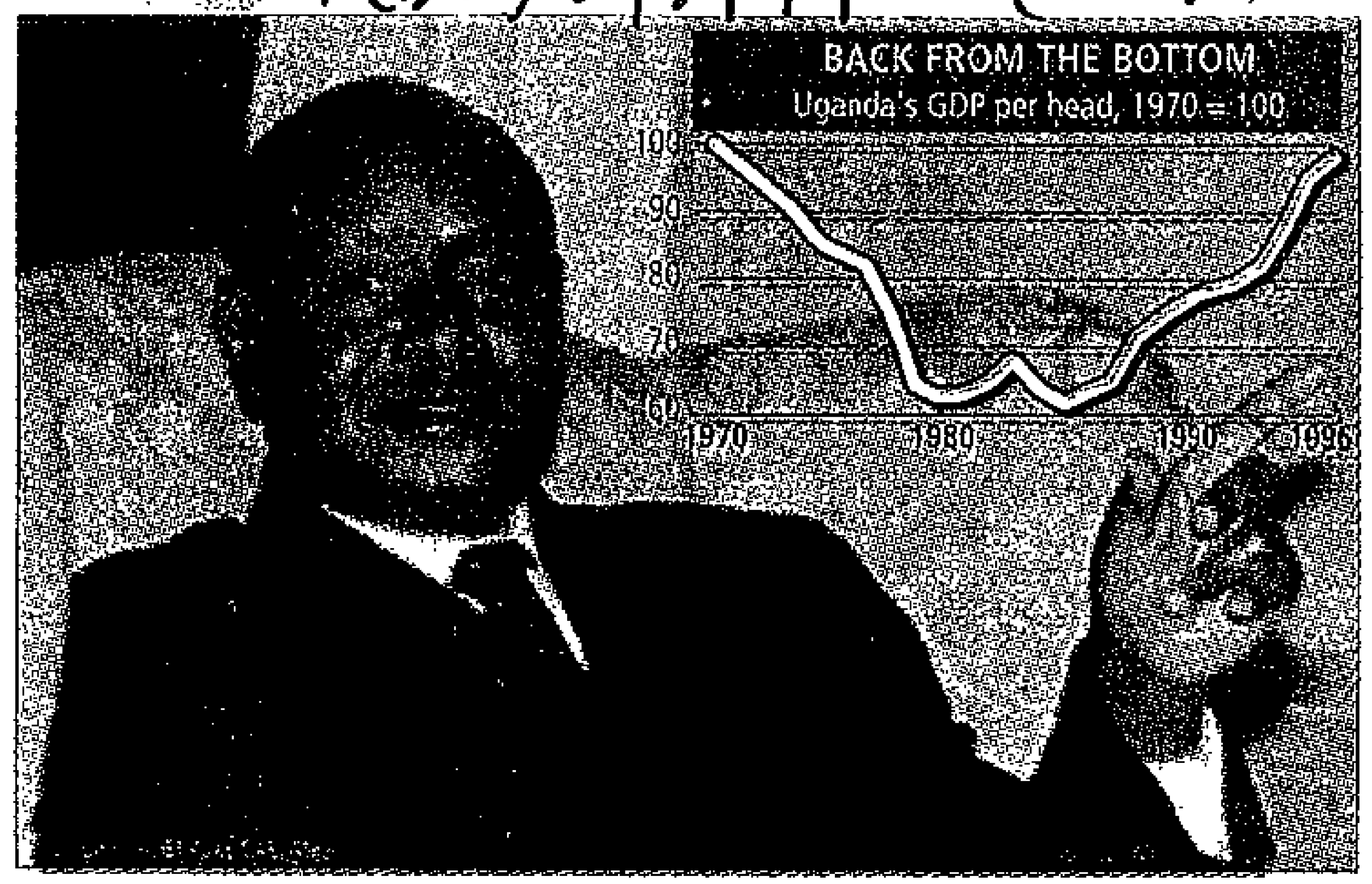
From about 50 titles a week at its peak at the onset of the '90s, the number of newspapers has fallen to less than 15. Only seven command respectable sales; the rest appear only intermittently. Some titles are so weak in sales that distributors are refusing to take them from publishers.

Distributors said at least two weeklies were selling less than 1% of their print runs. However, their owners insisted on publishing these titles as they use them as vehicles for advertising revenue.

Privately media experts say the problem with newspapers is not entirely economic. They cite mismanagement and poor content as factors contributing to the industry's woes. "Why have some titles actually experienced growth?" a marketing executive at one multinational asked.

Uganda's shining star fades

ST (DT) 2/5/99 (334)



KAMPALA — Just over a year ago, President Yoweri Museveni was being hailed as the creator of Uganda's successful recovery. Once synonymous with mayhem and murder, Uganda had gradually become one of Africa's most hopeful examples of reform, boasting growth rates of 7% or more, year after year.

Museveni told journalists: "There isn't anything we can't solve. The big problems are behind us." He spoke too soon.

The humming economy has started to sputter. The army is fighting deep in the Democratic Republic of Congo. Tourists are attacked by rebels. Bombs explode in the capital, Kampala. Uganda's vaunted political stability is wobbling. Confidence in Museveni and his government has taken a dangerous knock.

Museveni's biggest mistake was to send 15 000 troops to support rebellion against erstwhile protégé President Laurent Kabila. Launching one rebellion in the Congo (Kabila's, in 1996) looked audacious. A second was foolhardy. The bid by Uganda and Rwanda to topple Kabila by flying hundreds of troops and rebels to attack the capital, Kinshasa, ended in disaster, and brought Zimbabwe, Angola, Chad and Namibia into the war on Kabila's side.

Museveni argues that he must keep troops in the DRC because Kabila encourages Ugandan rebel groups to infiltrate Uganda's and Rwanda's western borders from eastern Congo. That Ugandan troops are deep in the DRC, fighting alongside Congolese rebels, suggests Museveni still thinks protecting his border means replacing Kabila.

And his western border is still not protected. This year, Ugandan and Rwandan rebels crossed into Uganda and killed at least 90 civilians, including eight foreign tourists at Bwindi in March. That was a damaging blow to Uganda's tourist trade.

In Kampala, once one of Africa's safer cities, rebels have set off about 20 bombs in the past two years, killing 45 people. In the north, war against the messianic Lord's Resistance Army (LRA) is entering its 11th year. Kampala failed to crush it militarily or find a political solution. That war is fuelled by Uganda's foreign adventurism; the LRA is helped by Sudan in retaliation against Ugandan support for Sudanese rebels.

Now Uganda's economy has slowed. Its people, 40% of whom the UN says live in poverty, are unhappy at the cost of wars. Aid donors, who pay more than half of government running costs, are losing sympathy. In March, the IMF delayed an $18-million loan to Uganda because of increased defence spending.

That may not have mattered had others stepped in. The economy is still fundamentally strong, but confidence in government and the private sector has been hit by graft scandals.

Aid donors reckon corruption costs Uganda $200-million a year. The president's supporters argue that at least the government exposed corruption and dealt with it; even Museveni's brother was sacked.

In fact, the president acted only when forced to by an increasingly headstrong parliament. Last December, parliament exposed corruption and mismanagement in privatisation, censured a minister and forced another to resign.

In early April, it threatened to censure for mismanagement Vice-President Specioza Kazibwe, who is also agriculture minister, and her two junior ministers. Museveni took her agriculture portfolio away, but kept her on as vice-president.

The private sector is mired in corruption. Two scandals at local banks, which lent millions of dollars in unsecured loans, have sapped confidence. The shilling has fallen to its lowest level since it was floated in 1992, part due to the collapse of tourism since the Bwindi attack.

Museveni has been in power longer than any other Ugandan leader, but he is less and less popular. Many Ugandans say he is arrogant and out of touch.

Parliament is no lap dog. A referendum will be held next year on whether to retain the no-party system or allow multiparty politics. Even if Museveni wins, criticism from parliament and a flourishing press is likely to continue. —

Uganda launches banking reform

BD 3/5/99 (334)

Criminal sanctions for auditors and sharp increases in minimum capital requirements are on the cards

Michael Wakabi

KAMPALA — The Bank of Uganda is bringing in radical financial sector reforms that could see auditors take criminal responsibility for bank failures and sharp increase in minimum capital requirements.

The proposed reforms, which include closer central bank scrutiny of companies associated with banking groups, come in the wake of a banking crisis that saw the central bank shut the International Credit Bank in September and Greenland Bank last month. Deloite & Touche have been appointed to liquidate Greenland.

The law today requires indigenous banks to have a minimum capital of 500-million shillings, and foreign-owned banks 1-billion shillings. A 2-billion shillings across-the-board minimum is proposed. The two-tier system that requires financial institutions to raise additional capital in relation to the nature of investments they make with deposits will be maintained.

To an extent, financial experts blame banking problems on weaknesses in prudential regulation and capitalisation requirements that disregard levels of deposits held by financial institutions. They say that increasing statutory deposits will give depositors greater security.

It is widely felt that the existing capital requirement for local commercial banks is inadequate. Additional capitalisation is required in relation to risk and the type of investments banks make.

Central bank spokesman Walugembe-Musoke says amendments to the financial institutions law of 1993 will soon be sent to the finance ministry. All commercial banks have been told to raise minimum capital levels to 2-billion shillings by next year if they want to stay in business.

Mandatory capital requirements will rise to 4-billion shillings by 2001. No grace period will be allowed and financial institutions that cannot cope will be advised to merge or close.

Central bank officials say the reforms are aimed at checking insider lending and ownership concentration, which have been identified as the major causes of failure by local banks. International auditors PriceWaterhouseCoopers reported that insider lending accounted for 45% of the International Credit bank's loan portfolio. No interest was charged on the loans.

Holding companies and their relationship with the banks they own have been a source of problems in the management of commercial banks. An audit of Greenland Bank found that former MD Suleiman Kigundu invested 57-billion shillings off-balance sheet to associated companies.

These drawings were made without knowledge of the board.

According to Musoke, ownership of the majority of indigenous banks is concentrated in a group of companies that are part of the very banks from which they make unsecured loans.

The Uganda Commercial Bank lent more than 30-million shillings to companies associated with its "new owners" within five months of their taking management control.

Uganda's central bankers now want a regulatory framework that allows their auditors to scrutinise the activities of companies associated with banks. In a bid to raise standards of auditing, the central bank also wants auditors who give clean bills of health to ailing financial institutions to be criminally liable if the banks subsequently fail.

These reforms stem from recent discoveries of irregular management practices, which have gone undetected for years in spite of regular audits. The malpractices came to light only after banks went into crisis.

Small investors will get access to bourse

Michael Wakabi (334)

KAMPALA — Uganda is drafting a law that will form the basis for operation of collective investment schemes and open-ended investment firms on the country's bourse.

The move is expected to open the stock exchange to small investors, locked out until now by the big denominations in which business has been conducted.

Capital Markets Authority CE Japheth Katto said the cabinet had already approved the proposal and the law had been sent to the justice ministry for drafting. Officials say wider public participation will be important if the bourse is to be integrated in Ugandan society and encourage a culture of saving.

The Collective Investments Act will put in place mechanisms for the establishment, operation and regulation of collective investment schemes and open-ended investment companies. The investments will operate in the same manner as unit trusts and are expected to enable small investors to access firms listed on the bourse.

Eleven broker dealers and 13 investment advisers have already been licensed to operate on the Uganda Securities Exchange, but they have been dealing in a couple of big denomination bonds issued by the East African Development Bank and the PTA Bank.

Besides these instruments, Bank of Uganda Treasury Bills are also being recorded. These have attracted mainly institutional investors, leaving out ordinary people. The spirit of the new law is to change this trend. Exchange officials say that with collective investments, small investors will be able to buy into as many stocks as the investment companies will invest in.

A number of public enterprises will make share offers, although there were fears that ordinary taxpayers who contributed to building of public enterprises might not be able to buy into them when they were finally floated.

BD 5/5/99

Uganda cleans up banking

(334) BD 7/5/99

Auditors who clear ailing institutions could be held responsible for later failures

Michael Wakabi

KAMPALA — The Bank of Uganda is introducing radical reforms in the financial sector which will raise minimum capital thresholds and could hold auditors criminally responsible for bank failures.

The reforms include closer financial scrutiny by the central bank of companies associated with banking groups.

The proposed reforms come in the wake of a banking crisis that has seen the central bank shut two banks, the International Credit Bank last September and Greenland Bank on April 1. Delloite & Touche have been appointed to liquidate Greenland.

Under existing legislation indigenous banks were required to have a minimum capital of 500-million shillings ($345 000), while foreign-owned banks required 1-billion shillings. In terms of the new laws, a uniform capital adequacy requirement of 2-billion shillings will apply across the board.

The two-tier system that requires financial institutions to raise additional capital in relation to the nature of investments they make with deposits will be maintained.

Financial experts attribute problems in the sector partly to prudential regulations and capitalisation requirements that do not take into account the levels of deposits held by financial institutions. Higher statutory deposits will give more security to deposits, they say.

It is felt that the minimum threshold of 500-million shillings in capital that local commercial banks are currently required to have is inadequate. Additional capitalisation is required in relation to the type of investments banks make and the corresponding risk.

Walugembe Musoke, the central bank's director for public relations, says amendments to the Financial Institutions Statute of 1993 will be passed on soon to the finance ministry. Notice has been given to all commercial banks to raise minimum capital levels to 2-billion shillings ($1,4m) by next year if they are to remain in operation.

Mandatory capital requirements will rise to 4-billion shillings by 2001. No grace period will be allowed and financial institutions that cannot cope will be advised to merge or close.

Central bank officials say the reforms are aimed at checking insider lending and ownership concentration, which have been identified as the major source of failure by local banks. According to a report by international auditing firm PriceWaterhouseCoopers, insider lending accounted for 45% of the International Credit Bank's loan portfolio. No interest was charged on the loans.

Holding companies and their relationship with the banks they own have been a problem in managing commercial banks. An audit of Greenland Bank showed that its former MD, Suleiman Kiggundu, had invested 57-billion shillings off the balance sheet to companies associated with the bank. These drawings were made without the board's knowledge.

According to Musoke, ownership of most indigenous banks is concentrated in a group of companies which are part of the banks from which they make unsecured borrowings.

More than $30m was lent by Uganda Commercial Bank to companies associated with its "new owners" within five months of them taking management control.

A number of companies associated with the proprietor of the International Credit Bank and his close relatives also borrowed heavily from the same bank. Among these companies were International Television Network which also ran a radio station.

Greenland Bank is associated with Greenland Investments, which runs a maze of other companies. This makes it difficult to establish the relationship between the various components. Besides, the directors of the bank also own other companies that are shareholders in the bank.

Bank of Uganda now wants a regulatory framework that allows its auditors to scrutinise the activities of companies associated with banks. In a bid to raise standards of auditing, the central bank wants those auditors who give clean bills of health to ailing financial institutions to be criminally liable for the subsequent failures.

This follows recent revelations of irregular management practices, which have gone undetected for years in spite of regular audits. The malpractices came to light only after the banks were already in crisis.

Rightwing 'plot to seize power alive and well'

(334)

CP 16/5/99

By CP CORRESPONDENT

THE biggest threat to South Africa's democracy could be felt only after the June elections.

Intelligence experts are concerned that some of the strategies contained in a document sourced to a secret right-wing think-tank, which met while negotiations for a new South Africa were taking place, are now being implemented by rightwingers.

The basic idea outlined in the 1992 document is for the huge networks of former agents of the old security apparatus, right-wing supporters and third-force elements to go to ground and play a waiting game.

Forces sympathetic to the cause of white supremacy, the document advocates, should not try to make a major bid for power until the period after the second general election – in other words in the run-up to the third election, scheduled for the year 2004.

Meanwhile, they should remain connected via loose networks of influence and build their paramilitary capabilities.

These forces should seek to promote a climate of lawlessness and crime and destabilisation of the new society. They should seek secret alliances with groups hostile to the new government and provide training and military hardware, thereby pursuing old strategies of low-intensity warfare in a new context.

The think-tank in question is believed to have been linked to the so-called Volkseenheidskomitee or Vekom, a committee of former SA Defence Force and police generals connected to the Freedom Front and headed by former SADF intelligence chief, Gen Tienie Groenewald.

FF leader Constand Viljoen admitted in his Truth and Reconciliation Commission amnesty application that in the run-up to the 1994 elections his party – and specifically the group of generals associated with it – had well-developed plans to seize power by force.

Viljoen also admitted to training and providing weaponry for Inkatha Freedom Party paramilitaries before the plot was abandoned.

But according to intelligence sources, at least some of the Vekom generals have continued to meet ex-Civil Co-operation Bureau agents and other third force operatives of the old regime. The reports connect them to plots like the Tempe weapons theft last year.

The strategy outlined in the document built on conditions created in the covert networks of the old security system – a process of decentralisation and channelling of funds away from the control of the visible arms of government in the mid-1980s.

One of the key strategies developed in the document is for supporters to go to ground in strategic services like private security companies, investigations units and private intelligence outfits.

In doing so they would be able to accumulate many arms and further develop paramilitary networks. Control in this sector would give them privileged access to strategic installations.

The security industry employs about 236 000 guards officially, but in fact more than 500 000 guards have been trained and could be armed legally.

Security company operatives have been linked to ongoing political violence in KwaZulu-Natal and the training of paramilitaries.

The document also outlines the mobilisation of whites – especially the farming community – via the old commando system.

FF sources claim this could lead to the mobilisation of as many as 100 000 soldiers in the event of conflict with government.

Attempts by government to forestall this potential by drafting ex-liberation army soldiers into the commando system have proved unsuccessful.

Some areas like the Eastern Cape, KwaZulu-Natal and the Free State have seen commandos mobilised as farmer-protection services. A good deal of this mobilisation has been effected by fugitive former CCB operative Johann Niemoller, who has also been identified as attending secret meetings with members of the generals' group in Bloemfontein in the middle of last year.

How real the theat all this really poses remains to be seen.

Some senior intelligence members claim the rightwing around Vekom and similar structures is gradually falling apart and that the network of third-force front companies set up by the old regime now pursues profit rather than political goals.

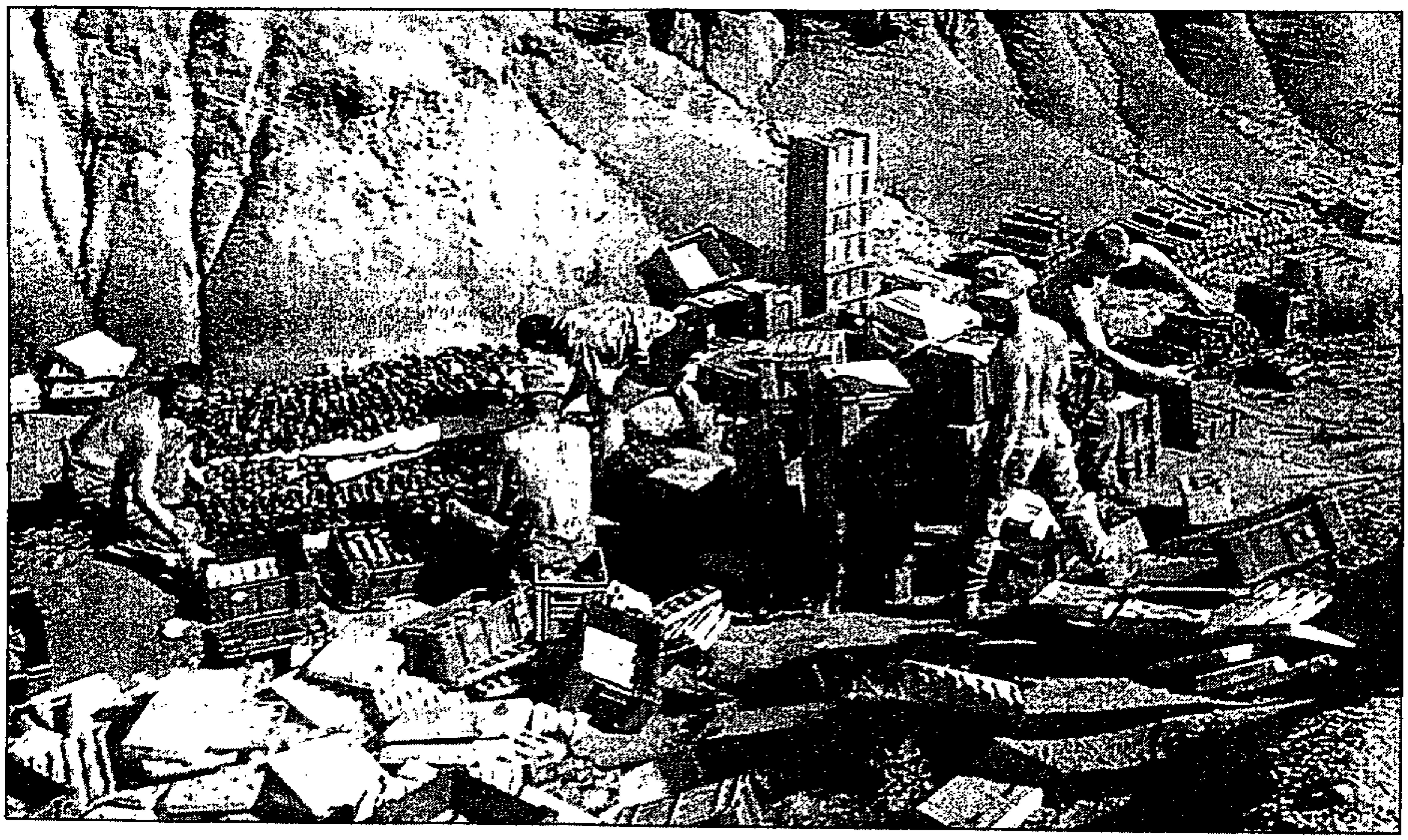
However, recent reports of paramilitary training on farms owned by rightwingers in, among other places, Northern KwaZulu-Natal, the Graaf Reinet area of the Eastern Cape and in Mpumalanga, suggest ongoing plotting against the new South Africa.

Meanwhile, one of the largest potential threats continues to be posed by the existence of huge arms caches laid to ground before the old government lost power.

The amnesty application of Eugene de Kock states that about 250 tons of weaponry confiscated by SA security forces in Namibia was secretly delivered to former Koevoet commander Gen Hans Dreyer.

This was around the time that about 60 tons of weaponry was delivered to the IFP's Philip Powell in 1992 – some of which were destroyed near Ulundi this week.

Dreyer, ailing at present, was one of the former generals associated with Vekom and other rightwing structures. The weapons delivered to him remain unaccounted for. Intelligence sources say the weapons have been concealed on farms in the Graaf Reinet and Free State areas.



EXPLOSIVES.. Police explosive experts prepare part of the arms cache that was discovered this week at Nquthu in KwaZulu-Natal. The weapons were pointed out by IFP strongman Philip Powell for demolition.
Pic: NATAL WITNESS

Powell's guns: SPU and SAP links

By CHIARA CARTER

CP 16/5/99

PHILIP Powell, a member of the provincial legislature in KwaZulu-Natal, is a former member of the SA security police who is alleged to have continued to supply the SAP with information after joining Inkatha.

He was responsible for training Inkatha Self Protection units and, according to former IFP kingpin Walter Felgate, was directly accountable to Inkatha leader Mangosuthu Buthelezi.

Several sources, including Eugene de Kock, claim a link between Powell and superspy Craig Williamson, and say that as late as 1994 Powell held meetings with rightwingers.

More recently he was alleged to be assisting Midlands warlord and spy Sifiso Nkabinde, who joined the United Democratic Movement after being expelled from the ANC.

De Kock was not the only source of Powell's arsenal.

In December 1993, Powell wrote a letter marked private and confidential and titled "Self Protection Training Programme", in which he complained about a lack of co-operation from the police.

Powell wrote: "If the Department of Police are unable to supply the ammunition then it is suggested that other avenues be examined."

De Kock, at his own trial, said that Powell had told him that he had found a person in Durban who could get better homemade guns.

An intelligence report alleged Powell sold ammunition to IFP members in Patheni and had loading equipment to make ammunition at his home.

De Kock told investigators he delivered six truckloads of weapons to Philip Powell for use in the SPU training project. He said that four KwaZulu government trucks were used on 1 October 1993 and another two trucks on 20 October 1993.

De Kock was introduced to Powell by members of the Durban security branch, while he was on holiday in KwaZulu Natal.

De Kock later went to the police weapons store at Armscor subsidary, Mechem, to collect ammunition.

According to the amnesty application of Mechem official Johann Verster, De Kock phoned and asked for all the weapons.

This was apparently approved by Mechem manager Theo van Dyk. The armaments De Kock collected were not only former Vlakplaas weapons but also arms from Mechem.

Another Mechem employee, Martinus Gouws, made a statement in which he listed the weapons and explosives given to De Kock on one occasion - including RPG7s, mortars, hand grenades and cord ignitors.

De Kock was no longer in the employ of the SAP at the time but he told investigators that he had used an old police ID card.

De Kock two weeks later collected yet another load of weaponry and also fetched arms stored at a privately-owned plot. The first load was collected by four KZ police trucks allegedly driven by Erick Mbhele, Jethro Ndlovu, a Mr Mhlongo, Sgt Mthimkhulu and Patrick Mbambo.

The second load was delivered to Powell at Ulundi, and Vlakplaas operative Snor Vermeulen helped store the weapons. The arms cache found this week was linked to Powell's Mlaba training camp.

Powell was the driving force behind the Self- Protection Unit training project and was also the Mlaba camp Commander. The camp's origins lie in a meeting on 25 August 1993 which decided to set up a Self Protection Unit training project financed by the KwaZulu government.

Between October 1993 and April 1994, 5 000 to 8 000 IFP recruits were trained at the Mlaba and Emandleni Matleng camps. About 1 200 of these trainees were recalled in April 1994 to be trained as Special Constables. Statements made to the TRC suggest these recruits received training in offensive methods and in the use of unlawful weaponry.

A former Mlaba trainee alleged that they received instructions on how to construct home-made bombs, sabotage vehicles and set alight a bus in a manner which would prevent most passengers from escaping.

Instructors included former Vlakplaas members (including De Kock and Snor Vermeulen), Askaris, rightwingers and Caprivi trainees.

At least some of these people are alleged to have recently restarted training projects in the province.

Uganda in 30% defence overspend

(334)

BD 20/5/99

Kampala aims to curb spending, clear local debt

KAMPALA — Uganda, which has troops fighting in the Democratic Republic of Congo and against rebels on its own soil, will overshoot this year's defence budget by more than 30%, but says its economy remains strong.

Finance Minister Gerald Sendaula, told reporters this week the $106m defence budget to end-June would be exceeded because of the "the nonwage bill", but no more big defence purchases would be made next financial year. Kampala spent $28m in January on 62 vintage Soviet T-55 tanks, which critics say were 600% overpriced, clapped out and needing costly repairs to make them battleworthy.

After a two-day public expenditure review meeting of government officials and donors, Sendaula said that although Uganda experienced economic hardship in the past year, progress was made in economic growth, which had surpassed the medium-term target of 7%.

"Despite the difficult problem faced, particularly in the banking sector and the recent sharp depreciation of the exchange rate, the overall performance of the economy remained strong." Gross domestic product (GDP) growth was again expected to exceed 7% next fiscal year. The shilling fell 18,9% against the dollar between July 1998 and April this year. Now it is now than 1 500 to the greenback.

Sendaula said that was a strong rebound in agriculture. Output of cash and food crops was projected to increase more than 10% in real terms, while growth in manufacturing and construction sectors remained buoyant.

In the budget next month, the government would try to reduce spending and local arrears amounting to $169m, he said The government is to stop its departments making purchases on credit, and they will pay for all utilities in advance.

He hoped to clear local debt in three years. Revenue increased this financial year more than $17m to $617m, he said, or 12,1% to 12,5% of GDP, much lower than that of Kenya's 24% and Tanzania's 16%.

Officials are still meeting an International Monetary Fund team. Resident IMF representative Zia Ebrahim Zadeh says he is optimistic the fund will release $18m that was held back in March after the government failed to convince the fund that it was meeting IMF benchmarks, including those for defence spending. — Sapa-AFP.

Co-operative Bank in Uganda closed

KAMPALA — The Bank of Uganda said yesterday it closed the Co-operative Bank, one of the country's largest, and would liquidate it.

"This action has been taken because the Co-operative Bank is insolvent," Bank of Uganda Governor Charles Kikonyogo said.

The privately owned bank is second only to the state-owned Uganda Commercial Bank in terms of branch network and its closure comes less than two months after the closure of locally-owned Greenland Bank.

The closure of International Credit Bank last year triggered a run on TransAfrica Bank and Trust Bank (Uganda). Their activities were temporarily suspended. — Reuter.

(334) BD 21/5/99

(334)

Ugandan economy 'to grow by 7%'

CT (BR) 21/5/99

From Reuters

Kampala – The Ugandan economy would grow by 7,1 percent in the year to July despite setbacks such as the closure of three banks and a depreciation in the shilling, the central bank said yesterday.

"As we stand today, the economy will grow by 7,1 percent this year," Charles Kikonyogo, the governor of the Bank of Uganda, told a news conference called to announce the closure of the insolvent Co-operative Bank.

"The momentum of growth is continuing despite these setbacks," Kikonyogo said.

Uganda forecast growth of 7 percent in the 1998-99 budget.

The privately owned Co-operative Bank is the third bank to be closed recently, following Greenland Bank in April and International Credit Bank in September last year.

But many local economists and manufacturers say they are more concerned about the sharp fall in the Ugandan shilling in April, which could undermine investor confidence.

CAPE TIMES
TUESDAY, MAY 25, 1999

Violations claims hit Uganda

CT 25/5/99

WAIRAGALA WAKABI
INDEPENDENT FOREIGN SERVICE

(334)

KAMPALA: The Ugandan government is reeling under accusations of the army committing human rights violations against civilians in the war zone. But President Yoweri Museveni's government says rebels in the northern and western regions of the country are to blame.

The independent *Monitor* newspaper published a picture last week showing men in military uniform holding a naked woman to the ground, trying to commit an atrocity on her.. The paper claimed the picture was taken secretly from Gulu Barracks, headquarters of the army division fighting Joseph Kony's Lord's Resistance Army (LRA) rebels.

The government denied the soldiers in the picture were Ugandan, and charged the three top editors at the *Monitor* with sedition and publishing false news.

Earlier, the Uganda Human Rights Commission (UHRC) said it was investigating Museveni's adviser on political affairs, Major Kakooza Mutale, for alleged human rights violations. He has been accused of setting up illegal military and intelligence groups and detention centres, and detaining innocent civilians in the war zone.

The UHRC has accused Mutale of "abducting" 22 people from the war zone. Mutale, who dumped them at the UHRC offices, said he intended to "prove" that some people who had been released had committed murders in the north.

The UNHR official, who has accused northern leaders of being collaborators of Kony, exhumed bodies to "prove" that rebel collaborators were committing atrocities against civilians. Museveni later said Mutale was wrong, and promised to take disciplinary action against him.

Human rights watchdog Amnesty International this year accused Uganda and the rebels of human rights violations. "From January 1996 to May 1998, the army was involved in about 70 to 80 killings of innocent civilians."

REST OF AFRICA

Uganda predicts growth despite challenges for the country

(334)

BD 28/5/99

The delay of an IMF loan, poor weather that threatened the coffee crop and a ban on fish exports were setbacks

NAIROBI — Uganda's finance minister yesterday predicted real gross domestic product growth of 7,8% in 1998/99 (July/June), from 5,2% in 1997/98 and 5,1% in 1996/97.

Gerald Sendaula said that real gross domestic product (GDP) would grow by about 8% in the next year, providing weather conditions were favourable for crops.

"From data available, economic growth in terms of GDP will be 7,8% this fiscal year. As for the next year, we expect growth at about 8% or even better — but that will depend on good weather," Sendaula said.

Sendaula's data for GDP growth in the last and previous fiscal years were marginally below figures in last year's budget background papers, which showed GDP growth at 5,5% last year and 5,2% in the previous fiscal year.

Sendaula said the economy had grown strongly despite a delay in the disbursement of an International Monetary Fund (IMF) loan, poor weather that threatened the coffee crop and a ban on fish exports to the European Union on health grounds.

He said that a crisis in the banking sector had also weighed heavily on economic growth but Ugandan authorities had moved to strengthen bank supervision and management.

"We have had a relatively challenging year. Some would like to see the situation as difficult, but we took it as a challenge and worked hard to ensure growth in the economy, which is the only way to deal with poverty," he said.

The IMF in March said it was delaying the release of a $18m loan tranche to Uganda, and said it wanted to see defence spending contained, the privatisation process made more transparent and banking supervision strengthened.

An IMF mission is currently in Uganda to review progress on those issues. The mission will complete its task next week.

Uganda has come under fire from western donors for its involvement in the war in the Democratic Republic of Congo, where its troops are backing a rebel army aiming to oust President Laurent Kabila.

Sendaula said no cash from foreign lenders had been diverted to the war in the Congo. He said Uganda had explained to the IMF that the increase in military spending was caused by replacing ageing equipment and maintaining existing facilities.

"We had an army in which people walked around barefoot or in gumboots. Now, that is not a modern army. Our increased costs were pegged to procurement for these purposes. The military has a broad border security role and we must respect that," he said.

Sendaula blamed this year's fall in the Ugandan shilling on a lack of foreign exchange inflows.

New axle-load laws in Kenya, which restrict the amount of cargo a truck can carry, also temporarily slowed shipments, Sendaula said.

The shilling fell to nearly 1 600 to the dollar earlier this month from about 1 370 in mid March, but has since recovered to about 1 450 after central bank intervention. — Reuter.

Uganda calls for IMF reforms

(334) M+G 28/5-3/6/99

Charlotte Denny

Uganda has added its voice to calls for an overhaul of the World Bank and International Monetary Fund's (IMF) heavily indebted poor countries initiative (HIPC).

In a letter to British Chancellor of the Exchequer Gordon Brown, Ugandan Finance Minister Gerald Ssendaula called for speedier debt relief. Currently, countries must spend six years on an economic reform programme before qualifying for debt write-offs.

"Delaying debt relief deprives debtor countries of much-needed relief at a time when they are attempting to direct increased resources to poverty eradication," notes Ssendaula.

HIPC cuts debts to levels the IMF considers sustainable — where the proportion of exports earnings spent on servicing debt each year is between 20% and 25%. Ssendaula says qualifying criteria should be based not on export earnings, but on how much of the budget is spent on interest payments.

He says the West has signed up to international targets for poverty reduction, but little thought is given to the financing of programmes that will ensure these ambitious targets are met.

"A debt can only be considered sustainable when sufficient resources are left after debt service has been paid, to ensure that these poverty eradication programmes are fully budgeted for."

Uganda's budget boasts GDP growth

(334)

Ross Herbert

Kampala – Ignoring criticism of mounting economic turmoil, Yoweri Museveni, Uganda's president, yesterday released a $1 billion national budget and announced Uganda had achieved 7,8 percent real growth in its gross domestic product in 1998.

"Our economy is robust and will continue to grow," said Museveni, who pledged to continue the pursuit of a common East African market with Kenya and Tanzania. He vowed to hold Kenya to a reciprocal trade deal in which both countries bought each other's goods.

Despite the economic drag caused by Museveni's military involvement in the Congo, his budget claimed overall real growth of 11 percent in manufacturing and 23 percent growth in 13 major manufacturing industries.

Foreign direct investment was up 21 percent to $230 million, while inflation was kept to 5,4 percent. He said the economy was too dependent on primary commodities and pledged tax and tariff breaks to cultivate the manufacturing industry. – Independent Foreign Service

ET (BR) 11/6/99

Blasts raise concern

15/6/99 (334) BD

SA group says attacks do not seem to target foreign investors

Michael Wakabi
and Claire Pickard-Cambridge

KAMPALA — Security concerns have risen in Uganda's capital due to a spate of bomb blasts since February and the killing of eight tourists in Bwindi National Park near Uganda's western boundary in March.

Up until last year, Uganda's 13-year-old rebel insurgency had been a remote affair for citizens of Kampala, who largely associated the problems with the country's disaffected north. Now the blasts and the tourist killings, which were carried out by a range of rebel groups with diverse demands, have brought sporadic rebel activity to their doorsteps.

While the blasts have not yet had a significant impact on business, they have generated a feeling of insecurity in the otherwise peaceful capital. Tourism, which was brought to a standstill by the Bwindi killings, is slowly picking up again amid assurances by the government that troops have secured the area around the park.

So far the effect of the blasts has largely been felt by Kampala's nocturnal economy, which is dependent on leisure and entertainment. Patrons are more apprehensive about personal security now and proprietors report a downturn in business.

The deteriorating internal security situation was also highlighted recently when the US Peace Corps, which traditionally works in rural outposts, announced that it was withdrawing its staff from the country. US ambassador to Uganda Nancy Powell told the government that the organisation felt compelled to suspend operations as a result of concerns for the safety of its volunteers.

The volunteers had been helping Uganda in the areas of conservation, teacher training and small enterprise development projects. Costas Christ, director of Peace Corps volunteers in Uganda, said the volunteers had been spread around eastern and central Uganda where rebel activity had been limited.

In mid-April, the US state department issued a consular travel advisory to its citizens travelling to Uganda, cautioning them against visiting the western and northern parts of the country.

There were initial fears in Kampala that the announcement by the US government would have a negative effect on the risk assessment of Uganda as an investment destination.

However, officials at the Uganda Investment Authority said they did not see the Peace Corps's withdrawal as an "escalation beyond the security advisories issued earlier by the US to its citizens in Uganda". Most foreign investors still feel positive about the business climate in the country, although some are beginning to express concerns about the prospects for long-term stability.

SA is the leading source of foreign direct investment in Uganda, with MTN — which operates mobile, wireless and fixed network telecommunications — as the single largest foreign investor.

Last month the SA Foundation organised a visit to Uganda for business leaders. Delegates said afterwards they had been impressed by business opportunities but thought Uganda's problems with neighbouring Sudan could outlast the problems it was having with the Democratic Republic of Congo.

Sudan provides shelter to the rebel Lord's Resistance Army in southern Sudan. Uganda has also accused Sudan of supporting rebels operating over Uganda's western boundary with Congo.

The SA Foundation's delegation said last week that security did not appear to be a marked problem for business in Uganda and that bombs were not perceived to be aimed at foreign investors.

Terms called 'unacceptable', while claims of corruption resurface

Ugandan parliament rejects SAA's airline bid

ET(BR) 18/6/99 (634)

Ross Herbert

Kampala – The Ugandan parliament rejected terms for the proposed sale of Ugandan Airways to SAA this week, despite backing from the Ugandan government for the proposed sale.

The state airline is losing 1 billion shillings (R4,3 million) a month and will lose its state subsidy after this month, but parliamentarians broadly rejected SAA's terms, demanding that the minister of state for privatisation reopen negotiations.

SAA offered $1 million for 49 percent of the shares in the airline, which has only one plane on lease from Zimbabwe. Members of parliament rejected the price as too low and complained that SAA intended to stop flying aircraft painted with the Ugandan flag.

"The offer is completely unacceptable," said Isaac Musumba, the chairman of the parliamentary committee on the national economy. He said the SAA offer was tantamount to taking the airline out of existence.

Because of earlier problems of privatisations tainted by influence peddling and unfair pricing, parliament this year was effectively given a veto on key remaining parastatal privatisations of the national airline, power supply and telephone company.

The issue is clouded by unsubstantiated allegations that bribes have been paid to members of parliament to win support for the SAA buyout. Minister of Parliament Winnie Byanyima said she overheard members threatening to block the sale unless they shared in money paid by lobbyists for SAA. "My own parliament makes me disgusted."

She said accusations of corruption sometimes were circulated falsely to block deals, but that parliament had been the object of aggressive corporate lobbying, including members being flown on all-expense five-star trips to Scandinavia purportedly to review prior work of bidders.

"In our society there is a lot of corruption. I haven't heard of it with this deal, but cannot rule out the possibility of corruption (in this case). But that is why we want to be as transparent as possible with Uganda Airlines," said Ndawula Kaweesi, who sits on the committee evaluating the deal.

Further complicating the tender is a second offer pushed by Fin Investments, a consortium of Ugandans, led by a member of parliament and former executive at Uganda Airlines.

Fin proposes to buy for $10 billion shillings the 51 percent of shares that were to be held in reserve by government and later sold to the public. But this offer would be contingent on finding a strategic equity partner able to turn around the airline.

SAA bid in conjunction with Alliance airlines, the consortium of the Ugandan, South African and Tanzanian national airlines.

However, a government team briefing parliament announced that Uganda would withdraw from the Alliance consortium, which puts the joint operation at risk and also changes the value of Ugandan Airlines because the Alliance held rights to Uganda Air's four most valuable international routes, including landing slots in London, South Africa and Dubai.

Members of the parliamentary committee said they wanted to sell the airline with non-exclusive rights to its landing slots so that they could be disposed of separately if the buyer failed to turn around the troubled airline.

With those rights not part of the sale, Air Mauritius, BA and Sabena all either failed to complete bids or submitted unrealistic offers, which left SAA the only bidder. – Independent Foreign Service

Hope for peace in Uganda grows

BD 23/6/99

The government plans to meet rebels this week

(334)

Michael Wakabi

KAMPALA — The search for peace in Uganda enters a new phase this week when government officials meet commanders of the rebel Lord's Resistance Army (LRA) who have waged a 13-year war in the northern part of the country.

Defence Minister Steven Kavuma confirmed direct talks between the rebels and the government would begin this week.

On Monday the government-run New Vision daily reported that a delegation of civil leaders from northern Uganda was in Sudan to meet LRA leader Joseph Kony and convince him to respond to an amnesty offer by President Yoweri Museveni.

Museveni announced an unconditional amnesty for the LRA rebels in May when he visited the rebel leader's home village just outside the town of Gulu in northern Uganda.

At the time Museveni said he was ready to offer Kony a ministerial post provided he was prepared to contest a parliamentary seat in his home area.

The president also gave his blessing to initiatives by any individual or group that could initiate dialogue with rebel leaders.

He said he was bowing to pressure by various groups in the country to forgive the rebel leader and his fighters.

The rebel insurgency that started in August 1986 has displaced nearly half a million people and destroyed infrastructure in northern Uganda. The war has seen children abducted, killings, rape, maiming and mutilation of victims.

Human rights groups led by Amnesty International have condemned the war and urged the government to enter dialogue with its opponents. The government has argued that it is ready to talk peace if the insurgents demonstrate a commitment to talks by halting all attacks against civilian targets.

Last March Ugandan officials said an amnesty bill would be tabled to cover northern rebels and that contact had been made with Kony's rebels based in Sudan. The bill has not yet been tabled.

Minister for the Presidency Ruhakana Rugunda said the government would go into negotiations if there were "indications of seriousness on the other side" and that there would be efforts to go "an extra mile in the search for peace".

Peace talks with the LRA first started in 1993 but broke down in 1994 after government accused the rebels of using the lull in hostilities to rearm. The latest initiatives have been met with cautious optimism by observers who fear that the efforts could be derailed by extremists in both camps.

There are hopes that successful talks would encourage other rebel groups, such as the Allied Democratic Forces in western Uganda, to choose dialogue over war.

The 1998 Uganda Human Development Report, released recently by the United Nations Development Programme, says political instability and armed conflict have combined to entrench insidious levels of poverty in Uganda and to stunt development goals.

The report says that although the proportion of the population that is poor has declined in recent years, 55% live on less than \$1 a day.

Uganda: No trickle down

MtG 18-24/6/99 (334)

Nick Davies

The top man at Uganda's Finance Ministry in Kampala keeps an old greetings card in his office. It shows an employee who has just been given a miserly pay rise and has gone to his boss to show him what he thinks of "trickle down" economics. He is standing on the desk and peeing on the boss's head.

In a school near Jinja, 80km from the capital, a teacher shows his visitor around. Here is the year six classroom, where pupils outnumber the teacher by 236 to one. They share 40 text books.

A kilometre away, a woman points to four hummocks on a patch of land where she grows the beans on which she lives. This is where she buried her children, all of whom died from measles because she could not pay for a doctor.

Uganda is the great success story of the Third World, one which the World Bank and the International Monetary Fund (IMF) like to hold up as their model of achievement, where the politics are democratic and the economics are conservative, where the old state agencies have been privatised and the free market rules supreme, and to which — at least in theory — the wealth of the rest of the world trickles down.

As a result of its willingness to obey the nostrums of the West, Uganda is also the first African nation to have seen any of its international debt relieved under the Highly Indebted Poor Countries (HIPC) scheme, unveiled by the World Bank in 1996. Three years later, Uganda continues to spend more on repaying its old debts than on its schools and health services combined.

This is the tale of two kinds of arithmetic. The first concerns the statistics of poverty. The Ugandan government has worked assiduously with aid agencies to collect them: 88% of the population live in the bush, most eating only what they can grow; 46,6% consume less than 3 000 calories a day, the World Health Organisation's measure of absolute poverty; 5,3% of children under four are wasted by malnutrition, and a further 38,3% are stunted.

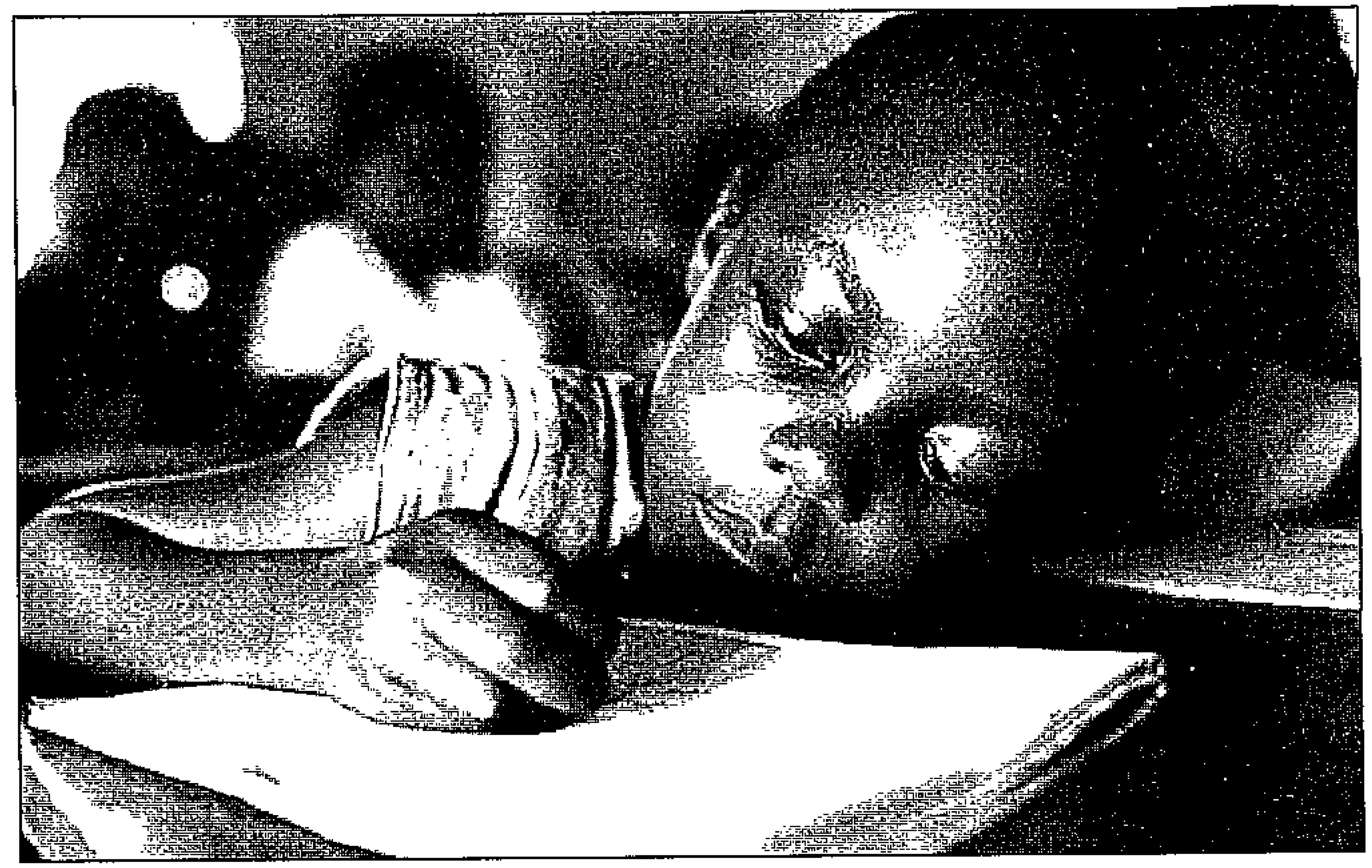
In the village of Wantai, 15 women describe their lives. They talk about poverty, famine and the shortage of water. They say their greatest dream is to educate their children. Their greatest worry is illness. In both cases their enemy is the shortage of cash.

Official surveys found that 44% of Ugandans were unable to afford health care the last time they were ill. From every 1 000 babies, 97 die at birth and another 147 die before the age of five. About 10% of the population is HIV-positive.

The second kind of arithmetic concerns the economy. When Yoweri Museveni led the guerrillas of his National Resistance Movement to victory in 1986, he inherited a country in shambles — terrorised by Idi Amin, plundered by Milton Obote's government and wrecked by the civil war that followed.

After 12 months in power, he turned to the World Bank and the IMF for help. He adopted their policies and borrowed their money. By 1995 he had cut inflation to 6,1%, and the gross domestic product was rising by up to 10% each year. With added interest, he owed $3,39-billion.

When HIPC was unveiled, Ugandan officials were ecstatic. They were told that since they had already adopted the required policies and made the approved reforms they would receive their relief by April 1997. It didn't happen. The World Bank's shareholders — particularly the governments of the United States, Japan and Germany — threw up obstacles and queried figures. Emmanuel Tumusiime-Mutebile, permanent secretary at the Ministry of Finance, watched in alarm: "They were haggling among themselves about the size and the nature of the relief. They said they wanted to help but they couldn't afford it."



Suffer the children: A child at lessons in a Kampala primary school, where many of the1 500 pupils are Aids orphans now living with relatives

The relief arrived a year late. During that year Uganda's reviving economy had boosted its exports, and since HIPC chose exports as the means of deciding how much relief should be allowed, their benefit to Uganda plummeted by $238-million to $30-million a year. Uganda had previously secured grants from other countries worth $40-million a year to help pay its debt. With HIPC's arrival these grants stopped. The net effect of the World Bank's brave new initiative was that Uganda was worse off by about $10-million a year.

Faced with this embarrassing outcome, the bank agreed to "front load" the relief so that it was higher for the first five years. This lifted the annual relief temporarily to a little more than $40-million for each of those years. Uganda was still left to pay a further $120-million a year.

Uganda has continued to play the game. Every cent saved in debt relief has been diverted into a poverty action fund, to which it has added new funds. The government is trying to cut the number of people in poverty by 50% before 2015; it aims to build 26 000 new classrooms; by 2002 it wants no more than two children to share each text book. But the reality of market-led economics is the same in Uganda as it has been in the West: the new wealth has favoured the better-off, while the poorest 20% have become poorer.

Last month the finance minister wrote to his opposite number in each of the G7 countries to advise them that unless the scheme is overhauled their latest claim to be cutting Third World debt is too little and too slow.

Ugandan group disavows debts

Michael Wakabi

KAMPALA — A Ugandan debt advocacy group has suggested that the country could dishonour a portion of its foreign debt as it is owed money to parties that supported competing groups during the east African state's liberation wars.

A study commissioned by the Uganda Debt Network found that up to $202m of the $3,6bn foreign debt is owed to three countries — Libya, Tanzania and Yugoslavia — as war debt.

In a report released last week, the group says the debts were incurred during the 1979 liberation war.

Libya is owed $100m, Tanzania $67m and Yugoslavia $35m.

The Libyan loan arose from support extended to Ugandan dictator Idi Amin against the Tanzanian offensive in 1979.

The group says the debt has accumulated partly because the victors transferred their war costs to Uganda.

The network argues that since debts contracted by liberation groups are not recognised in law, and the wars against Uganda were against legitimate governments, they should not be honoured.

Uganda is one of the highly indebted poor countries that could benefit from a $70bn debt relief programme agreed on by the Group of Seven industrial nations and sponsored by multilateral financial institutions such as the World Bank and International Monetary Fund.

(334) BD 8/7/99

Rightwingers 'betrayed by AWB leaders for money'

(334)

ARG 21/7/99

Probe into 'turncoat' plot

ARGUS CORRESPONDENT

Johannesburg – Top government investigators are probing Afrikaner Weerstandsbeweging generals who allegedly turned in their own foot soldiers in bizarre schemes to enrich themselves by collecting reward money.

Angry AWB "prisoners of war" have rounded on top officers, alleging the men they trusted took huge amounts of reward money.

Dozens of soldiers have been rounded up in recent years. Many are being held in C Max prison in Pretoria and in other jails.

Sources said four rightwingers, now in C Max, initially levelled the accusations, providing the names of senior officers.

The officers were allegedly in the pay of the SA Police Service's intelligence network, and had spied on supporters for money.

The government inquiry is being led by top public prosecutors Silas Ramaiti and Paul Fick.

Mr Ramaiti said yesterday: "I can confirm we are investigating, but the matter is still a long way from completion. A number of issues and questions are being probed."

Rightwing sources said the inquiry could answer why so many secret cells had been smashed.

Sources at the time said that either the police intelligence service was more efficient than believed, or the men had been betrayed by "kith and kin".

The decision to inform on members may have been taken at top level, because the AWB war chest was virtually bankrupt. Millions of rands were paid in legal costs to defend those charged after the pre-1994 election bombings.

Rewards of more than R250 000 were offered at the height of rightwing activities between 1990 and 1994.

The turncoat theory began to emerge in 1993 when five rightwingers were arrested in KwaZulu Natal. It was alleged they had been betrayed by a top AWB leader.

The five were allegedly part of a force of Zulu and French mercenaries hired by the AWB to take over the province and force the African National Congress to concede more land for a volkstaat.

Later, four prisoners staged an audacious escape from Diepkloof prison in 1996.

Nicolaas Clifton Barnard and Abraham "Koper" Myburgh were recaptured. Jan Bastiaan de Wet was arrested on a farm owned by AWB general Japie Oelofse. Etienne Jacobus le Roux also was rearrested.

De Wet's accomplice in the bombing of a Worcester supermarket, Jan van der Westhuizen, was also "betrayed by a general".

Soon afterwards, Commissioner George Fivaz said: "I am satisfied the police and crime intelligence operatives are absolutely clued up and in a position to deal with this."

Police corruption exposed

(334)

Michael Wakabi

KAMPALA — A judicial commission of inquiry into Uganda's police force has exposed serious levels of corruption and abuse of office by top officers.

The commission, which is investigating allegations of corruption and improper conduct, began its probe last May. It is headed by high court judge Julia Sebutinde and has been taking testimonies from police officers and members of the public.

Witnesses testify that police officers colluded with criminals to carry out robberies and that the interdicted former director of criminal investigations, Chris Bakiza, received a \$100 000 bribe from a Kampala business tycoon and hotelier Karim Hirji to quash inquiries into the murder of a business associate.

The assistant commissioner of police in charge of crime, George Garyahandere, is also being investigated. He is accused of receiving \$10 000 to reduce a murder charge against a businessman to manslaughter.

The commission also heard that a former minister of internal affairs, Tom Butiime, ordered the improper release of a suspect who was in police custody.

The inquiry is revealing a den of organised crime with guilty officers being protected by their seniors and, in the worst cases, merely being transferred.

In one case, the officer in charge of the antirobbery squad got involved in a robbery, but was transferred to an upcountry station. The inspector-general's orders to have him interdicted were disobeyed.

Witnesses also said the force was ill-equipped, inefficient and short of money as a result of inconsistent government funding.

Interdicted officers pleaded before the commission that this hindered the investigation of cases and the prosecution of suspects.

Police in Uganda essentially operate on guesswork and receive little training from their superiors. The commission was told that most police officers had little or no practical experience and acquired most of their skills while on duty because police training schools were poorly funded.

Power struggles and tribalism in the force were also cited as a factor shielding criminals. Prosecution of capital offences such as murder also depended on the personalities involved, witnesses said.

The director of criminal investigations told the commission that the minister of internal affairs ordered him to release a suspect who was the father-in-law of a Norwegian diplomat based in Uganda. Witnesses also accuse police officers of trumping up false charges against innocent people to extort money from them.

BD 12/8/99

Rogue cops run Uganda like 'Mafia'

ST 29/8/99

Now Museveni orders crackdown after public outcry

(334)

WAKABI W ISABIRYE: Kampala

IGNATIUS Mukuye, a successful Ugandan businessman, is bitter. Two years ago, police arrested him for alleged robbery and illegally held him without trial for more than a week.

Police attempted to bribe him, he says, and when he wouldn't submit, they tortured him.

His life has never been the same. He still walks on crutches.

"I am a sincere, law-abiding citizen, but they insisted I was a robber. They demanded a two million shillings [about R8 500] bribe to release me and when I refused to give them any money they started torturing me," he said.

"They made me impotent and now my wife has to go 'outside' to get [sexual] satisfaction."

Mukuye's story is one of several being heard before a judicial commission of inquiry set up by President Yoweri Museveni in response to a public outcry against police corruption and abuse of power.

The commission, headed by Judge Julia Sebutinde, has heard harrowing tales that indicate that the police force is being run like a Mafia organisation.

People have been framed on charges of terrorism and treason, held illegally in ungazetted places, suffered torture and have had money extorted from them.

Police are also accused of being trigger-happy and highly inefficient.

"It is not unusual in the country for police to arrest and torture suspects before charging them," said Aliro Omara, a Uganda human rights commissioner.

Judge Sebutinde said that, according to information before the commission, policemen have hired guns out to robbers and then shared in their spoils.

Policemen have also been accused of taking part in robberies, which are then covered up by their bosses.

Three pistols assigned to the head of the Criminal Investigations Department in Kampala were allegedly found on one of the capital's biggest criminals.

The CID officer then claimed the guns had been stolen from his office, but he only reported the robbery after the guns were found on the thug.

The commission is investigating whether the same officer took a bribe to "kill" a murder case, and whether two of his deputies had also taken bribes.

The policemen are all on leave, while former Inspector General of Police Cosy Odomel was forced to resign in January when the public ombudsman revealed that he had defied the Leadership Code of Conduct and was supplying sundry items to the force.

John Kisembo, the new police chief, said he was happy with the judicial commission.

"As a department we are happy that the commission was formed to check on us.

"We have got some errant members, and we are happy for any action taken to identify these people," he said.

Since the commission started its work, several policemen have been charged with crimes, including stealing gold from Congolese traders, theft of a witchdoctor's cars and cellphones, and torturing suspects and rendering them impotent.

A number of cases that were closed inappropriately have been reopened.

Eric Naigambi, the police spokesman, said that sometimes policemen acted illegally because of their poor pay and working conditions.

A Ugandan policeman is paid about R287 a month and is forced to share a one-room cubicle with one or two colleagues and their families.

The force is severely understaffed and living facilities are so bad that former mortuaries and toilet blocks have been turned into residential quarters.

While the brewing and sale of beer is prohibited in the barracks under the Police Code of Conduct, it is a thriving business among policemen's spouses who want to supplement their husbands' meagre pay.

"Several officers report to work late and drunk. There is daily fighting reported," said Alex Bitwire, the head of Old Kampala Police Post.

JUDICIAL INTERVENTION: President Yoweri Museveni's inquiry has heard many tales of police abuses of power **Picture: ELIZABETH SEJAKE**

Uganda perky about its 'instant' coffee clone

(334)

WAKABI W ISABIRYE
Kampala

ST 29/8/99

CLONED seedlings are to come to the rescue of Uganda's coffee industry.

The country is to boost coffee production from three and a half million 60kg bags to about five million bags a year within the next three to five years, mainly as a result of the introduction of a cloned variety of coffee tree.

The fast-maturing and high-yielding coffee clone was developed from Robusta trees selected for their high productivity, disease-resistance and quick-maturity. The variety matures in two years on average, but harvesting may start one and a half years after planting.

Apollo Kamugisha, development officer of the state-run Uganda Coffee Development Authority, which regulates the coffee industry, said: "We want farmers to grow clonal coffee especially given that coffee wilt is on the rampage, ravaging the old coffee trees. Clonal coffee is also attacked by the fungal disease but it is a lot more resistant."

The authority has launched a huge campaign to promote the growing of the cloned coffee, establishing coffee nurseries in all sub-counties of the districts which grow the crop. The government's target is to replace 10 percent of the old coffee trees every year.

The country is the second biggest producer in Africa after Ivory Coast, and seventh in the world.

The coffee authority said there had been no problems with cloned coffee. The world markets treated it like other Robustas and was happy with the quality.

Uganda's land reform act 'unlikely to achieve aims'

BD 7/9/99 (334)

The measure was intended to modernise agriculture and alleviate poverty

Michael Wakabi

KAMPALA — Uganda's planned land reform programme is not likely to achieve the stipulated goals of agricultural modernisation and poverty alleviation, a policy appraisal report says.

The Land Act was passed last year to help modernise agriculture by establishing security of tenure for rural Ugandans — and especially squatters — who had no rights over the land they occupied, belonging mostly to absentee land owners.

A year earlier SA farmers wishing to settle in Uganda cited problems with security of tenure as an important disincentive.

However, the Land Act Implementation Study draft report says the new Land Act does not target the poor, and there is no clear-cut relationship between security of tenure and farm investment.

"The act is therefore unlikely to make a major impact on government's agriculture modernisation programme."

The document is the result of a countrywide assessment of the potential economic and social effect of the new legislation.

Released early this month, the document alleges a "lack of identifiable benefits" in implementing the act and that the "beneficiaries are likely to be among the wealthiest", despite the huge cost which the government may incur in effecting the reforms set out in the legislation.

The report says government may need more than $1bn to implement the Land Act in its present form and warns that donor support is "unlikely" because of the absence of development benefits to justify such huge investments of scarce resources.

The document is the work of the Land Tenure Reform Interim Project, which is charged with developing an implementation plan for the Land Act.

However, the experts who conducted the study fell short of advising government against the entire act.

"Tenure reforms can proceed, but carefully placed in the context of other initiatives, which it will complement, and with some modifications to the provisions of the act to prevent or mitigate against the potentially negative outcome," the study team recommended.

The draft report is a discussion document to guide consensus debate among stakeholders. A final report is expected in the next couple of months after workshops have been held.

The £1,2m land tenure reform project is funded by the British international development department to offer consultancy services to government while it prepares to implement the Land Act. It started this year and runs for 15 months.

The current debate over land tenure systems has its roots in the 1900 Buganda Agreement, under which land was divided between the Kabaka of Uganda, a few notables and the protectorate government.

The agreement created a small landed class whose interests have since revolved around the rental fees from the occupants of their land.

Idi Amin's 1975 Land Reform Decree declared all land state owned, turning all occupants of private land and leaseholders into tenants of the state.

The Land Act was aimed at establishing a new structure regulating the relationship between landlords and tenants, and to help squatters obtain "registrable interest". The resulting security of tenure was expected to form the backbone of the agricultural modernisation programme which envisages increased investment in the sector and poverty alleviation, particularly in rural areas.

Government, however, has been grappling with implementation of the act — it was enacted on July 3 last year — due to the high financial, institutional and human resources required.

The report says the economic and social benefits of the act should not be expected to be as significant as envisaged.

"The act cannot be expected to lead to a major expansion in the amount of credit supply to agriculture, largely due to the unwillingness of commercial banks to lend to that sector and the early development state of microfinance institutions."

The study says establishing the land administration and dispute resolution structures, as required by the act, calls for the recruitment of about 20 900 public servants to the land boards, committees and tribunals. This may require at least $14m.

Museveni risks joining casualty list

(334) ARG 9/9/99

The Ugandan president's economic policies have brought growth to Uganda, but his one-man rule may be outliving its usefulness, RICHARD STEYN writes from Kampala

A palpable sense of unease pervades the dusty air of Kampala these days as the bodies of Ugandan soldiers are regularly flown home from the Congo for burial.

No one is quite certain of President Yoweri Museveni's motives for involving his army so deeply in the fight against Laurent Kabila's forces, but speculation is rife.

Theories range from a need to protect Uganda's western border against terrorist incursions to the president's loyalty to Rwanda's Tutsis and the financial interests in the Congo of his shadowy brother, Salim Saleh.

Museveni has ruled Uganda for 13 years, since overthrowing the generals who toppled Milton Obote from power for the second time.

As a former Marxist who forswore socialist ideology when confronted with the realities of power, his orthodox economic policies have brought growth to Uganda and made him a favourite of the international financial community.

But economic improvement has come at a price for Uganda – in the form of one-man rule that is threatening to outlive its usefulness.

Uganda is a fascinating study for observers of African politics. Although the country is ruled by Museveni's Movement (short for National Resistance Movement), under a constitution that forbids political parties because they are held to encourage religious and tribal hatreds, Uganda is not a typical one-party (or no-party) state.

Parliament is superior to the executive and can call into question the actions of individual ministers. So too can the press, which has more freedom than that of many other African countries.

The Monitor, an independent daily and counterweight to the government-owned New Vision, often criticises the president. One of its columnists refers to him as Mr "Know-it-All" Museveni.

Besides the lengthening casualty list in the Congo, the other matter on the minds of Ugandans is next year's referendum on whether or not to allow "multi-partyism".

Under the constitution, people have to decide whether they wish the Movement's rule to continue or to introduce a multi-party system and possibly revive the factionalism that in the past has brought the country to its knees.

The question is critical for Uganda's political future. For Museveni's supporters in the Movement, to lose control of the political process would be to risk all they fought for in the guerrilla campaigns against Obote and Idi Amin.

For his opponents, critical of economic growth that has benefited the well-off but done little for the poor, the referendum offers a ray of hope.

The president has already made clear his intention of winning the referendum – and the next election in 2001 – by firing five incompetent or corrupt cabinet ministers who were damaging his government's credibility with the masses.

Mr Museveni is likely to get his own way, because some of his opponents are threatening to boycott the referendum, and he can always count on winning the rural vote.

But he is fast losing support among the Ugandan elite, which is concerned about corruption around the president and by the involvement in the war in the neighbouring Congo.

Not even his generals, I was told by insiders in Kampala, approve of Uganda's involvement across its borders, which is costing the country money it can ill afford and bedevilling regional efforts to bring about peace.

The last straw has been the outbreak of fighting among the rebel forces opposing Mr Kabila.

Earlier this month Ugandan and Rwandan soldiers occupying Kisangani, the Congo's third biggest town, inflicted severe casualties on one another, thereby delaying implementation of the Lusaka peace accord signed by all the regional powers, with the help of South Africa.

Mr Museveni's sensitivity to concerns about the infighting was revealed in a long letter to Kampala's main newspaper, objecting to a headline that described the fracas as a "battle" for control of Kisangani.

He was at pains to point out that opportunists with an economic agenda or "confused egoists" were behind the flare-up, but that he and his Rwandan ally, General Paul Kagame, had brought the dissidents swiftly to heel.

There are signs, however, that Mr Museveni and General Kagame do not see eye to eye on strategy in the Congo.

Rwanda wants a military victory over Mr Kabila; Uganda would like both a political and military solution to the conflict.

Yet the Lusaka Accord seems to have trapped the Ugandan president between a rock and a hard place. As long as the Congo remains unstable, the threat to Uganda's borders persists.

But the alternative – allowing the despotic Mr Kabila (described by Mr Museveni as a "madman") to consolidate his hold over the Congo – is equally unappealing. That is why the Ugandan president is said to be unusually depressed of late.

According to the editor of the Monitor, the elders of Mr Museveni's own Banyankole tribe have advised him not to seek election again in 2001.

As the problems mount for the Ugandan leader, he must wish he had made good on promises given in 1986 and again in 1990 – to rule Uganda for a limited period before giving way to democratic rule.

That he shows few indications of doing.

Along with Thabo Mbeki, Mr Museveni is regarded as one of the great "black hopes" for a democratic renaissance in Africa.

But unless he puts his oft-professed belief in democracy into practice and allows other political forces to emerge, he risks becoming yet one more African leader who undid his legacy by holding on to the reins of power for too long.

■ *Richard Steyn is a former editor of the Natal Witness and The Star*

Backed by Uganda: Congolese rebel leader Wamba Dia Wamba, left, talks to his supporters in Kisangani in the Democratic Republic of Congo. Ugandans have begun to question the involvement of their president, Yoweri Museveni, above, in the Congo conflict

Bank sets deadline for Uganda

BD 22/9/99 (334)

Funding for power project threatened unless liberalising electricity legislation is passed next week

Michael Wakabi

KAMPALA — The World Bank has given Uganda until Thursday next week to have a new Electricity Act in place or risk the loss of further funding for an important power generation project.

Energy Minister Syda Bbumba told Parliament recently that the World Bank had said it wanted a new regulatory framework in place before disbursing more funds for the Owen Falls Dam extension project.

Civil works at the Owen Falls extension have been completed and funding for a 40MW generation unit has been secured from Denmark.

Officials say if there is no unnecessary delay in funding, the extension will produced 200MW by the beginning of May next year.

Bbumba also said the delay in passing the new electricity legislation was holding up the licensing of independent power producers.

The World Bank wants a regulatory framework that ends the monopoly enjoyed by the state-run utility, the Uganda Electricity Board.

SA utility Eskom has said that it is interested in buying a stake in the board when it is privatised later this year.

It is already involved in helping to run the board and there is a management contract between the two utilities in the pipeline.

Meanwhile, Parliament has suspended debate on a power purchase agreement between government and independent power producer AES-Nile Independent Power, pending passage of the new law.

The new law would liberalise other aspects of the Ugandan power sector, such as transmission, and define the status of independent power producers and their relationship with the board.

As the country rebuilt its economy in the early 1990s, demand for power outstripped supply, prompting the search for new sources of power.

Three independent power producers have been vying for licences for power generation but progress has been delayed by disputes over tariffs.

Although only 5% of Uganda's population is connected to the national electricity grid, the peak time deficit is about 80MW.

When the Owen Falls extension starts producing the extra 200MW another 5% of the population may be connected to the grid.

Three other power stations — one at the contested Bujagali rapids, Kalagala and Karuma falls — promise about 900MW together when they come on stream between 2002 and 2005.

Words of war: Ugandan President Yoweri Museveni has threatened to launch a full-scale war against Rwanda if a recent ceasefire agreement is not adhered to. PHOTOGRAPH: AP

M + G 23-30\9\1999 (334)

Uganda warns of new conflict

Howard Barrell

Relations between Rwanda and Uganda have worsened in recent days, endangering the alliance between the two countries that has driven the war against Laurent Kabila's regime in the neighbouring Democratic Republic of Congo.

Ugandan President Yoweri Museveni is under growing domestic pressure to break with Rwanda, according to usually well-informed sources on the Great Lakes region.

The Ugandan People's Defence Force is unhappy about continued co-operation with the Rwandan armed forces. A joint report into recent clashes between the Ugandan and Rwandan armies seems only to have inflamed relations.

Ugandan politicians are warning that Ugandan and Rwandan war aims in Congo are too different for the alliance to continue. There is also concern among Ugandan leaders that the country is beginning to lose aid from donors because of its involvement in the war in Congo.

Popular discontent in Uganda is growing over the loss of lives and the cost of the country's involvement in the war. And the Ugandan press is now carrying reports alleging attacks on Ugandan citizens in the streets of the Rwandan capital, Kigali.

The concern among South African officials and other peacemakers in the Great Lakes region is that, if the Uganda/Rwanda alliance breaks up, this will worsen relations between the different rebel factions fighting Kabila, further complicate an already fraught situation and undermine the search for peace there.

Uganda and Rwanda support different factions of the Congolese Rally for Democracy (RCD), operating in eastern Congo. Uganda also backs a separate rebel group operating in the north of the country, led by Jean-Pierre Bemba, a businessman once loyal to the former dictator, Mobutu Sese Seko.

This week senior South African official sources said that they were aware of tensions in the Ugandan/Rwandan relationship and of reports of a worsening in relations.

"But at this second — bearing in mind that things can change very quickly around the Great Lakes — I am not independently aware of a sudden deterioration," said one source.

"Basically," said another, "the problem is that Uganda, which sees itself as big brother, is upset because little brother Rwanda is not falling in with its plans."

Over four days from August 14, Rwandan and Ugandan troops in Kisangani in east-central Congo engaged in fierce battles, apparently on behalf of the different RCD factions they support. About 200 Ugandan and 100 Rwandan soldiers died.

On August 17, Museveni and Rwanda's Deputy President Paul Kagame drew on their long-standing friendship and signed a ceasefire agreement in Mweya.

Two weeks after the clashes in Kisangani, apparently seeking to appease domestic pressure on him to take a firm stand, Museveni told a closed session of the Ugandan Parliament that he had warned Kagame of a full-scale war against Rwanda if the ceasefire agreement signed after the Kisangani battles was not adhered to.

Museveni reportedly said: "If Rwanda continues with its attacks, the Ugandan People's Defence Force will reply with promptness and a double-barrelled, lightning attack."

Kagame took a softer line in a similar address to Rwandan political leaders. He blamed Ernest Wamba dia Wamba, leader of the Ugandan-backed faction of the RCD, for creating "misunderstandings" between the different armies in Kisangani.

An inquiry into the Kisangani battles, set up by the two leaders, has just been reported. The report is being kept secret in both countries, but the Ugandan military are reportedly upset at selective leaks from the Rwandan side which appear to put Uganda in a bad light.

On September 18 Museveni met in Kampala with Burundi's President, Pierre Buyoya, evidently in an attempt to find a way through the current tensions with Rwanda.

Administration key to investment for Uganda

(334) BD 29/9/99

Infrastructure constraints must be addressed, says UN report

Michael Wakabi

KAMPALA — Uganda will have to bring its administrative systems up to standard and address infrastructure constraints if its drive for foreign direct investment is to be sustained, says an investment policy review of the country.

The review by a mission of the United Nations Conference on Trade and Development (Unctad) also says the Uganda Investment Authority, the primary investment promotion agency, will have to refocus its goals while the top leadership will have to get more involved in the investment drive.

The mission concluded its review in August, but its findings were presented to Ugandan stakeholders last week.

Unctad said that, although Uganda had a diversified natural resource base, exploiting opportunities would require continued efforts to improve the microeconomic environment in which firms operate. Infrastructure and human resource development were cited as areas deserving priority status.

"Firms in Uganda face high operating costs and low productivity, due to structural constraints posed by weak utilities and transport networks; inadequate supply of inputs and added transit costs from being a landlocked country," the review mission found.

Inadequate transport, electricity and telecommunications facilities were also raised as factors hampering productivity. Additional constraints cited are inadequacies in domestic transportation and logistics infrastructure.

The Ugandan government is reportedly addressing some of these concerns through infrastructure projects, but it will be some time before they are completed.

While recent surveys reveal both high levels of optimism and policy improvements, it is conceded that reforms need to translate into high standards of regulation and better administration of government functions.

Looking at Uganda's investment code, Unctad said it was a restrictive and control-oriented regime for foreign direct investment.

Earlier surveys found that the positive effects of major policy reforms were undermined by the existence of second-tier administrative constraints

Unctad proposed that Uganda set up a cabinet committee on investment chaired by the president. It also advocated a greater role in investment promotion for Ugandan missions abroad.

Finally, the UN body recommended that Uganda address infrastructure constraints through privatisation of sectors such as power and telecommunications, while expediting cargo transit through better co-operation with its neighbours.

Uganda first to get debt relief

BD 30/9/99 (334)

Britain's foreign minister says the plan should benefit the African country within weeks

WASHINGTON — Uganda will be the first country to benefit under a new, enhanced debt relief scheme and should see the benefit within weeks, British finance minister Gordon Brown said this week.

Brown said he was writing to World Bank President James Wolfensohn urging the bank and the International Monetary Fund (IMF) to work together to ensure that deeper, faster and broader debt relief actually begins flowing to the most indebted countries.

In his letter, Brown said Uganda, which had already passed the "completion point" under the old Highly Indebted Poor Countries (HIPC) initiative, would quickly see the benefit of sweeping reforms to the HIPC system agreed at this week's annual meetings of the IMF and World Bank. Brown told reporters this meant Uganda, which has already seen its annual debt repayments fall by \$40m to \$120m, would see further funds freed up for social spending purposes.

Uganda now planned to use the funds to reduce its teacher/pupil ratio in primary education from 1:100 to 1:50 within the next 12 months, he said.

"This is an example of the enhanced HIPC in action. We hope we can match their hopes and ambitions," Brown said.

The original HIPC scheme was launched in 1996 with the aim of helping cut the debts of the world's 41 poorest nations, most of them in sub-Saharan Africa.

Yet it has been widely criticised as delivering too little relief too late. Thus the Group of Seven leading industrial countries agreed in June in Cologne to a complete overhaul of the system to speed up debt relief and ensure funds released were spent on reducing poverty rather than on arms or other items.

Brown, a leading advocate of HIPC reform, came to the annual meetings determined to win pledges of more funds from creditor nations to enable the enhanced HIPC scheme to get off the ground.

He said on Tuesday an extra \$1,5bn had been promised by creditors and this meant three-quarters of all eligible countries should be in the HIPC process by the end of next year.

Besides Uganda, three other countries — Guyana, Bolivia and Mozambique — had also passed the completion point under the old HIPC scheme and so they were also likely to qualify soon for additional debt relief.

The HIPC reforms have lowered the barriers to entry for countries and shortened the qualification period from six years to three.

Debt relief campaigners and church groups have welcomed the reforms to the scheme but say many countries will still face a high burden of debt repayments.

The 33 impoverished countries expected to benefit from HIPC have \$90bn of debt, based on what the debt is worth at present.

Debt relief from the Paris Club of creditors should cut that amount to about \$71bn and HIPC should reduce it further, to about \$45bn. — Reuter.

Uganda and Kenya clamp down on smokers

CT(BR) 21/10/99 (163)(334)

Wairagala Wakabi

Nairobi – Uganda and Kenya were to enact tough laws against the use and advertising of tobacco products, the governments of the two countries confirmed yesterday.

Ugandan health minister Dr Crispus Kiyonga announced that a bill was being drafted to ban smoking in public places, to require tobacco makers to display health warnings on cigarette packets and to ban advertising in the electronic media.

The bill, which is expected to be debated by parliament before the end of this year, proposes placing production and marketing of all tobacco products under the control of the Tobacco Products Regulatory Board. This body will oversee the quality of tobacco products, including the maximum tar and nicotine levels and carbon monoxide yields.

Both countries propose to ban distribution of free branded merchandise and tobacco advertising at sports events.

"The crude reason why tobacco companies sponsor sport is to associate a fundamentally unhealthy activity (smoking) with a fundamentally healthy one (sport) in order to increase its profits," says anti-tobacco activist Ronnie Rooke.

Tobacco companies are leading tax contributors in both countries. In Uganda they contribute up to 5 percent of government revenue, while Kenya's tobacco industry is three times larger.

The anti-tobacco lobby has said that, while the tobacco industry in the two countries generates employment, tax revenue and export earnings, "there has to be a compromise between producer and consumer interests. At present there are just unfettered producers pursuing profits."

In a report last September, a committee of the Ugandan parliament called for a law to curb tobacco smoking, including banning smoking in public places. The MPs suggested that parliament be declared a no-smoking zone.

Kenya's anti-smoking bill prohibits tobacco manufacturers from marketing cigarettes through sponsorship of cultural, artistic or entertainment and sporting activities.

Kenya and Uganda have seen aggressive campaigns by international cigarette makers. British American Tobacco is the main cigarette maker in both countries.

Last year, the company started advertising its products on television, featuring athletes and footballers as well as prominent socialites. – Independent Foreign Service

World Bank, IMF 'gloss over discord'

(334)

Economist tells how bodies differ behind doors

Michael Wakabi

KAMPALA — World Bank senior vice-president and chief economist Joseph Stiglitz concedes that foreign advisers sometimes fail to highlight the risks and consequences of policies to client states, giving a false sense of confidence in economies of developing countries.

Stiglitz, speaking at a conference on outcomes of the World Bank's Comprehensive Development Framework in Kampala this week, said the IMF and World Bank had often disagreed behind doors but went ahead to present a facade of consensus to governments.

"They should have the arguments and alternative views in front of governments so that countries are aware of disagreements and make informed choices," he said.

Stiglitz, who said "GDP should not be looked at as an end but as a means to improve living standards", also cautioned economic advisers to respect domestic consensus even as they shared global experience with clients.

Governments should look beyond having good macroeconomic policies and strive to improve public expenditure while reducing poverty. Good projects needed public consensus, he advised. "To have an impact on the standard of living it will not do to have isolated projects ... we need projects that are replicable," he said.

Under its new approach to development, the World Bank is advocating national ownership of productive enterprise, partnerships between government, civil society and the private sector as well as a long-term vision of needs and solutions.

"With a lack of local ownership, there will be insensitivity to indigenous conditions and needs. Indigenous traditions should be incorporated within the development process," Stiglitz says.

Often presented as a success story of IMF guided economic reform, Uganda has registered rapid and consistent economic growth over the past decade. However, local politicians sometimes express reservations about the social consequences of some these policies and their long-term sustainability.

Productive capacity has been rebuilt at the expense of a lost generation and an increased dependency on externally driven policy initiatives.

Uganda bourse to get first company stock

(334) CT (BR) 13/10/99

FROM REUTERS

Kampala – Uganda's first company stock was launched this week and the government promised more flotations in coming years.

On Monday the government offered 325 000 shares in Uganda Clays, which produces tiles and decorative clay products. The public offer closes on November 5.

The shares represent a 65 percent stake. About 25 percent of the rest will go to Swiss-based White Tower Corporation and 10 percent to the company's workers.

Shares were offered initially at 4 000 Ugandan shillings (about R16) with a minimum purchase of just 10 shares to encourage widespread participation.

Manzi Tumubweine, the privatisation minister, pledged that government holdings in British American Tobacco (Uganda), Kinyara Sugar Works, Bank of Baroda (Uganda), Stanbic Bank and Barclays Bank would be offered within five years.

"The government's commitment to building the capital markets will be given a further boost when parliament passes the collective investment schemes bill," Tumubweine said.

The long-delayed bill will allow Ugandans to invest collectively in enterprise share offers.

Launched in January last year, the Uganda stock exchange has only two listed securities – the East African Development Bank bond and the Eastern and Southern Africa Trade and Development Bank bond. Uganda Clays will bring this number to three.

Uganda moving from democracy, report says

BD 13/10/99 (334)

Discriminatory legislation is blamed for curbing political activity

Claire Pickard-Cambridge

GOVERNMENT harassment and discriminatory legislation are suppressing independent political activity in Uganda, Human Rights Watch charged in a report yesterday.

President Yoweri Museveni and his ruling National Resistance Movement (NRM) are likely to entrench this system further in a referendum scheduled for June next year.

"Uganda has become the darling of the western powers," said Peter Bouckaert, author of the report. "But Uganda is moving away from democracy, not towards it. The 'movement' political system is inherently hostile to democratic freedoms."

The report charges that the NRM has outlawed most activities by political parties, such as holding meetings and public rallies and sponsoring election candidates.

At the same time, it recognises that Uganda has made significant progress in many areas of human rights. Although police and army abuses persist, the NRM has forged an army which is more disciplined than its predecessors.

Uganda has also established a credible human rights commission, but the progressive policies pursued by the government in some areas of human rights protection contrast sharply with its policies in the political arena.

Since 1986, independent political parties in Uganda have been legally prohibited from carrying out many basic political activities. Activists who attempt to hold public events are frequently harassed and arrested by police. Human Rights Watch has documented many cases where police broke up rallies and seminars.

Civil society groups are required to be nonpolitical or face similar harassment. "All kinds of groups have been targeted for engaging in activities that displease the government," said Bouckaert. "The ban on political activities is broadly enforced to stop any perceived threat to the NRM."

The NRM presides over what it calls a "no-party" system, but is in fact virtually indistinguishable from a state-funded political party. It has consolidated its monopoly on political power through exclusive access to state funding and machinery, widespread and sometimes compulsory political education programmes and an exemption from the stringent constraints placed on opposition political parties.

Human Rights Watch expressed concern about the referendum on Uganda's future political system, questioning whether a free and fair referendum could take place in the restricted political climate.

"The very purpose of human rights is to put certain fundamental standards beyond the whims of the majority and to protect the rights of minorities," said Bouckaert.

BD 8/11/99

(334)

Uganda launches bid to woo investors

The east African state is criticised for stifling multiparty democracy

Justin Palmer

UGANDA has overhauled its investment policies in a bid to woo foreign investment, says Boney Katatumba, president of Uganda's Chamber of Commerce and Industry.

Addressing an export workshop in Johannesburg, Katatumba said Uganda's investment climate had improved markedly since the reign of dictator Idi Amin.

"Uganda has done a lot to bring about a friendly business environment in the country. It is now up to the business community to take advantage of this friendly environment.

"During the Amin era, state terrorism was official policy and many people lost their lives and property. Business collapsed as entrepreneurs and ordinary people fled," he said.

He said the present government of Yoweri Museveni had put peace and security high on its list of priorities, with the result that business could now be conducted in confidence and with predictability.

However, despite its attempts at reconstruction, Uganda still faces criticism over its lack of multiparty democracy. Human Rights Watch last month published a report accusing the Ugandan government of suppressing independent political activity. Museveni has ruled the country for the last 13 years.

Katatumba, who concentrated his presentation on the country's economy rather than its political activities, said Uganda had ploughed a lot of resources to improve its transport and communications infrastructure, power and water utilities, as well as education and health services.

"Besides peace and security and infrastructure development, these being some of the basic needs for a good business climate, government has also put in place other friendly macroeconomic policies to support business.

"Exchange control is minimal in Uganda. The currency is fully convertible and the only thing expected in the transfer transaction is that the amount being transferred has not been earned illegally. Tax policies take account of the need for business survival.

"Government policy is to simplify matters for the business community in relation to providing security for their investments. Government has therefore seen it fit to cut down on bureaucracy," Katatumba said.

"All in all the fundamental ingredients required for business in this country have been provided and there are ongoing efforts to sustain them. These should help the long term strategic plans of an investor or businessman."

Uganda's gross domestic product growth rates have averaged between 6% and 7% in the past 10 years. Inflation, which ran at 240% in 1987, is now under 10%.

Nonetheless, the country remains one of Africa's poorest. Some Ugandan economists say the high growth rates achieved by Uganda in the last few years have resulted from a country whose economy "has been in such a poor shape that the only way for growth rates to go was up".

A recent review by a mission of the United Nations Conference on Trade and Development (Unctad) highlighted infrastructure and human resource development in the country as some of the areas that deserved priority status. It said inadequate transport, electricity and telecommunications facilities were hampering productivity.

"Firms in Uganda face high operating costs and low productivity, due to structural constraints posed by weak utilities and transport networks," the mission said.

Uganda coffee exports soar 127% on sale of stockpile

ET (BR) 10/11/99 (77V)

From Reuters

Kampala – Ugandan coffee exports soared in October but the figure was distorted after a large quantity of stock held over from last season was sold, the Uganda Coffee Development Authority (UCDA) said yesterday.

Uganda exported 225 025 bags of coffee of 60kg each in October, a 127 percent increase from last October's figure of 99 123 bags.

Export receipts stood at $13,5 million, a 59,7 percent increase from October last year, when the figure stood at $8,46 million.

UCDA added that an improvement in weather conditions following the devastation caused by El Nino in 1997/98 had helped the trend.

Prolonged rains caused by the El Nino weather phenomenon during the 1997/98 season hampered coffee drying and shut down supply routes, depressing the country's exports by nearly 30 percent from the previous season.

October's exports were the highest since the 1996/97 season when 340 341 bags were exported.

UCDA forecasts show that 290 000 bags would be exported in November when the harvesting season peaked in central and eastern Uganda, where up to 70 percent of the country's crop is produced.

Farm gate prices for Robusta were down to 625 Uganda shillings ($0,41) a kilo from September's 700 Uganda shillings rate.

Fairly Average Quality (FAQ) rose slightly to 1 370 shillings a kilo from 1 350 shillings while Arabica parchment prices improved to about 1 000 shillings from 900 shillings a kilo in September.

Uganda agrees to new power plant

BD 11/11/99 (334)

Michael Wakabi

KAMPALA — A nine-month tug of war has ended with Uganda's parliament allowing government to sign a controversial power purchase agreement which opens the way for a hydro-electric power station on the River Nile's Bujugali rapids.

The bid to generate power by AES-Nile Independent Power had been delayed by parliament's refusal to authorise a power purchase agreement that contained contentious provisions. The delay was also caused by the absence of a new regulatory framework for the sector.

Nile Independent Power (Nile) is partly owned by American power multinational AES Corporation.

A fortnight ago, MPs passed a new law regulating the power sector. The legislation came almost a month after the expiry of a World Bank deadline that would have seen Uganda lose crucial funding for the power sector if a new Electricity Act was not enacted.

The new law effectively ends the monopoly enjoyed by the state-run utility, the Uganda Electricity Board, and allows competitors to invest in areas like generation and distribution of power.

MPs finally passed the motion after the power agreement was revised. Now Nile will build, operate and own the 250MW power plant for 30 years, after which ownership will revert to the government.

The purchase price of power delivered has also been revised downwards from 11 US cents to 3,9c/kWh. Controversial provisions that required Uganda to pay for all power produced at the plant and to guarantee water levels have also been dropped.

"It is a win-win situation," AES country representative Christian Wright remarked after the vote.

According to studies commissioned by the Uganda Electricity Board, Uganda suffers a 160MW power deficit and demand is projected to shoot to 400MW by the end of next year. About 50% of the current deficit is suppressed demand from domestic lighting that is currently provided by car batteries, kerosene lamps, candles and small generators.

Uganda's rate of investment has suffered a sharp decline recently. One factor cited as discouraging investors is inadequate power supply and outages.