Uganda

Background: The colonial boundaries created by Britain to delimit Uganda grouped together a wide range of ethnic groups with different political systems and cultures. These differences complicated the establishment of a working political community after independence was achieved in 1962. The dictatorial regime of Idi AMIN (1971-79) was responsible for the deaths of some 300,000 opponents; guerrilla war and human rights abuses under Milton OBOTE (1980-85) claimed at least another 100,000 lives. The rule of Yoweri MUSEVENI since 1986 has brought relative stability and economic growth to Uganda. A constitutional referendum in 2005 cancelled a 19-year ban on multi-party politics and lifted presidential term limits.

Basic Facts

Population	37,873,253[2]
Area	241,038 km^2
currency	Ugandan shilling (UGX)
GDP (Nominal)	$26.631 billion
Export Volume	$ 2,267,009
Import Volume	$ 5,528,117
Export to OIC Member States	$ 500,392
Import from OIC Member States	$ 1,086,115

Economy - overview: Uganda has substantial natural resources, including fertile soils, regular rainfall, small deposits of copper, gold, and other minerals, and recently discovered oil. Agriculture is the most important sector of the economy, employing one third of the work force. Coffee accounts for the bulk of export revenues. Uganda's economy remains predominantly agricultural with a small industrial sector that is dependent on imported inputs like oil and equipment. Overall productivity is hampered by a number of supply-side constraints, including underinvestment in an agricultural sector that continues to rely on rudimentary technology. Industrial growth is impeded by high-costs due to poor infrastructure, low levels of private investment, and the depreciation of the Ugandan shilling.

Since 1986, the government - with the support of foreign countries and international agencies - has acted to rehabilitate and stabilize the economy by undertaking currency reform, raising producer prices on export crops, increasing prices of petroleum products, and improving civil service wages. The policy changes are especially aimed at dampening inflation while encouraging foreign investment to boost production and export earnings. Since 1990 economic reforms ushered in an era of solid economic growth based on continued investment in infrastructure, improved incentives for production and exports, lower inflation, better domestic security, and the return of exiled Indian-Ugandan entrepreneurs.

The global economic downturn in 2008 hurt Uganda's exports; however, Uganda's GDP growth has largely recovered due to past reforms and a rapidly growing urban consumer population. Oil revenues and taxes are expected to become a larger source of government funding as production starts in the next five to 10 years. However, lower oil prices since 2014 and protracted negotiations and legal disputes between the Ugandan government and oil companies may prove a stumbling block to further exploration and development.

Uganda faces many challenges. Instability in South Sudan has led to a sharp increase in Sudanese refugees and is disrupting Uganda's main export market. High energy costs, inadequate transportation and energy infrastructure, insufficient budgetary discipline, and corruption inhibit economic development and investor confidence. During 2015 the Uganda shilling depreciated 22% against the dollar, and inflation rose from 3% to 9%, which led to the Bank of Uganda hiking interest rates from 11% to 17%. As a result, inflation remained below double digits; however, trade and capital-intensive industries were negatively impacted.

The budget for FY 2015/16 is dominated by energy and road infrastructure spending, while relying on donor support for long-term economic drivers of growth, including agriculture, health, and education. The largest infrastructure projects are externally financed through low-interest concessional loans. As a result, debt servicing for these loans is expected to rise in 2016/2017 by 22% and consume 15% the domestic budget.