



Uganda Since 1986: Museveni, the World Bank and the Coming of Neoliberalism

By Mary Serumaga



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Any political debate about Uganda tends to become polarised very quickly. Champions of the prevailing economic orthodoxy speak of the past 30 years as an almost unqualified development success. Critics of the establishment point to the absence of tangible benefits for a broad range of the population. These positions came into sharp focus in 2018 when the People Power movement gained momentum following the international outcry triggered by the abduction and torture of its *de facto* leader, R. Kyagulanyi, MP.

It is possible to argue either position depending on where one sits on a sliding timeline between 1986 and the present. After four coups d'état in the 24 years following independence - a time when, as was often pointed out to me by an NRM diehard, 'Even Kampala Road was murrām!' - the economic developments after the NRM takeover in 1986 look like miracles: the introduction and spread of mobile telephony and the internet, construction and tarmacking of major highways, the

availability of foreign currency, freedom to travel abroad, etc. It is this contrast, with its racist undertones - what more does a Third World country expect? - on which the 'Uganda as a success story' argument is built. It is the line adopted by champions of neoliberal policies, the IMF ("This is an African success story", Lagarde in 2017), the ruling junta and the bilateral partners and foreign investors who benefit from the liberalization of key sectors of the economy and dismantling of the public service. They are positioned in or close to 1986.

After four coups d'état in the 24 years following independence the economic developments after the NRM takeover in 1986 look like miracles.

Those outside that elite circle, referred to by the authors of this timely collection of essays on the neoliberal project in Uganda, as 'the wretched of the earth', are located in the present day. Economically and spatially removed from elite society, what they witness and experience 33 years after the NRM took power is described thus: "High levels of suicide (especially among the youth), poverty-driven deaths, preventable illnesses and generalised destitution." There is more: 80% youth unemployment, collapse of the education system, ever-recurring stock outs of essential drugs, high maternal and neo-natal death rates, land-grabbing by the rich, embezzlement of public funds, fraudulent grabbing of commercial banks by the Central Bank for sale to the competition or elimination from the market.

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For 'the wretched of the earth', this is the story of 'Uganda in crisis'.

While affirming the physical, political and economic transformation of Uganda since 1986, the authors interrogate both the drivers of the changes (the regime or its foreign financiers?) and identify the beneficiaries.

First the changes. Taking Nystrand and Tamm's definition of neoliberal interventions, they can be summed up as: "downsizing of the public sector, including retrenchment of staff; privatisation of social services and social protections; and decentralisation or devolution of state power."

The main premise of the collection is that in addition to the sliding timeline, the discourse is skewed by the lack of scholarly attention to the ongoing processes of transformation. One important dynamic remarked on is that much of the existing social science analyses has been carried out by donor-funded academics and consultants who have in turn produced studies that have tended to support the 'Uganda as a success story' point of view. Their collective check-list has included progress in: governance, poverty reduction and political power dynamics including political settlements, political emergencies, party and electoral politics, patronage politics, conflict management, humanitarian assistance, or peace-making. Testing this proposition, it is clear to see how apologists for the military junta that rules Uganda can be portrayed as developmental. For example, poverty as

measured by the neoliberals (dubbed by the authors as 'official poverty') fell sharply in the first decade reaching a low of 19% from a high of over 50%. (It has risen two percentage points to over 21% in recent years.)

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However the recent sharp [rise in undernourishment of 13% between 2006 and 2015](#) went largely unremarked. Similarly, wealth inequalities created by the restructuring were overlooked in the celebrations. As with the health sector, analyses of governance have been managed by gatekeepers and reported in Bank-speak. For example, small shifts in Uganda's Transparency International rankings based on the perceptions of foreign investors have been reported as progress, regardless of the facts presented by Uganda's own Auditor General, Ombudsman, local media and the public. (Note: Transparency International was discredited by its 2018 award to President Museveni for his 'fight' against corruption in the same year that he was named as a recipient of a bribe from the now convicted Patrick Ho.)

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This narrow approach excludes areas of research that would address the issues raised by the increasingly vocal and genuinely suffering majority:

"The first gap is the impact of global capitalism and global political economy on Uganda. This requires a study of the dynamics of Western and Eastern imperialism and their political, economic and cultural dimensions. The second under-researched area concerns the processes of societal transformation, including class formation, consolidation, struggle and compromise (and related core aspects such as dispossession, exploitation etc.), and the ways in which they shape, for instance, political power and market structures. A third overlooked area is the interaction of local and national power structures and dynamics with international political economic patterns."

More directly put, the impact of Western and Eastern imperialism manifested in the debt-trap, privatization and the foreign direct investment for which privatization made room, and which provides free assets, has not been adequately scrutinized. Indeed, the emergence of a ruling oligarchy (beneficiaries of said privatization, and FDI), and a *faux* middle class (founded on patronage and corruption - not production), is treated as anecdotal evidence of something amiss rather than a serious existential issue for the majority. This book is timely in pointing out a lack of interrogation of capital accumulation by the politically connected and its impact on the rest of the population by current social science studies on Uganda.

Nor is due attention paid to the fact that 60 years after independence Uganda is still an exporter of primary commodities because that is what her 'development partners' require for their own development. All of this occurs alongside the 'successes' such as regular elections, 'concessions' or 'reforms' such as decentralization, expenditure on civil service reform (without actual civil service reform) and the universal primary education programme (which fewer than 50% of programme pupils complete) and which in turn trigger further disbursements of foreign loans and grants.

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The authors confirm this reviewer's assertions elsewhere that the facts were deliberately distorted. For example, the Bank publishes impressive statistics for vaccination coverage in Uganda ranging between 82% and 93% (*Source*: World Bank database – Health Nutrition and Population Statistics as updated on 12/18/2017). It has stopped publishing the percentage of immunizations actually paid for by the government of the country which is nowhere near as impressive. If the percentage of coverage funded by government resources is stagnant or falling, that is not just a development issue. It is a crisis. And with changing funding priorities owing to the rise of nationalism in Europe and America, will most likely result in further reductions in health sector aid.

The authors predict a future of 'enclave economies': large-scale plantations – tracts of land are already being distributed free of charge to foreign investors – tax and other concessions for 'investors' in mining, oil and gas. These enclave economies will have minimal linkages to the rest of the economy and will aggravate poverty and accelerate environmental degradation. A proposal for a Chinese fishing project on River Katonga is a case in point. It will come with 300 Chinese staff precluding any possibilities of indigenous job creation, and adding to the current trend of imported unskilled and semi-skilled labour. Fiscal delinking occurs when foreign investors are given tax holidays.

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In his December 2018 report, the Auditor General points out for the second time in three years that there is no clear policy regarding tax waivers for investors. In 2016 one hotel was in its fifth year of an open-ended tax holiday. In 2018:

"[...] because of lack of a proper policy, tax incentives are given to Investors without an accompanying budget. Close of financial year debts for the incentives had grown by 83% to UGX 153.6 billion up from UGX 83.8 billion in the previous year."

Therefore, a lot of development is not accompanied by jobs and only yields limited tax revenues. Activists find that discussions of the impact of corruption on lives unsupported by relevant studies are easily and routinely derailed with one or a selection of approved Bank statistics. It is gratifying to see apologist denials of these simple facts revealed as mere political gaslighting of opposition politicians and activists. The World Bank, through its monopoly of knowledge production about its clients has developed what is called here "Bank Speak" with which it disseminates "severely a-historical, abstract and flawed accounts" of Uganda's political-economic history (Mitchell 2002 cited by Wiegatz et al). By becoming the gatekeeper, the Bank has succeeded in manufacturing consents to their global programme of which Uganda has been made a partner through the NRM ruling class, itself a product of the Bank.

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Apart from important omissions in telling the Uganda story, the *veracity* of Bank statistics is questioned. Note the authors say 'veracity' as well as 'accuracy,' again suggesting intent.

Their finding that the World Bank minimizes embezzlement and incompetence in the public service is in line with the misreporting of planning, implementation and outcomes of Uganda's foundational economic and social reform programmes comprehensively documented in *The Case for Repudiation of Uganda's Public Debt* (Serumaga, cadtm.org, 2017). This book makes it clear that in addition to relevant studies, there is a need for an audit to establish completeness, accuracy and timeliness of World Bank and IMF data and other information on which Uganda's development policies are based.

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Also debunked is the link between public service reform and poverty reduction claimed by earlier studies. They are inapplicable in much of Eastern and Northern Uganda where poverty has barely been dented. In these studies, deep wealth inequality; wealth concentration among politically powerful beneficiaries of reform programmes, unemployment (and under-employment), and food insecurity is found to be a characteristic of neoliberalised countries (say WB/IMF clients) the world over.

In Uganda, corruption and incompetence, major barriers to implementation of the planned transformation from a peasant to an industrialized economy has created the opportunity to transfer public service delivery functions to the military. Notably Operation Wealth Creation (OWC) which has over the past five years edged out NAADS, the government agency responsible for distribution of and sensitisation about farm inputs (Wiegatz et al). NAADS was established with a repayable US\$50 million loan (and the same amount in grants). OWC is run by the President's brother and, unsurprisingly, has featured strongly in reports of the Auditor General. In 2016 deliveries of farm inputs worth close to UGX 3 billion were unverified; UGX 1.1 billion said to be expenditure on fuel lacked supporting documents. The fisheries department of the Ministry of Agriculture is now also under military command.

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In the meantime, accumulated wealth has driven up land speculation, making it unavailable for productive investment.

What is interesting is that the current crop of political commentators and activists, the punditocracy increasingly visible in debates around politics, governance and development happen to have been founded, financed or otherwise supported by International Financial Institutions (IFIs). Advocates Coalition for Development and Environment (ACODE), Anti-Corruption Coalition Uganda (ACCU), Uganda Debt Network (UDN), Civil Society Budget Advocacy Group (CSBAG), Private Sector Foundation Uganda (PSFU).

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While the book was produced primarily as a source to enable future scholars to avoid the omissions and errors of the past, the introduction alone is invaluable for navigating the miasma of Ugandan political affairs. It goes some way in answering the rhetorical demand put to activists: what are your policy alternatives? After reading this it should become evident what needs to be done.

Part I. The State, donors and development aid

Although much is made of the purported partnership between Uganda and the WB and indeed other development partners, Lie is of the view that the concept of partnership is merely a cover for the WB's indirect rule over Uganda through its poverty reduction strategy mechanisms. In *Donor-driven State Formation: Friction in the WB-Uganda Partnership* he demonstrates with evidence that partnership "exists when they [government] do as we [WB] want them to do, but they do so voluntarily" (Lie citing Randel *et al.* 2002: 8)

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He uses the gradual displacement of Uganda government's Poverty Eradication Action Plan by the WB's Poverty Reduction Strategy Paper (PRSP) to demonstrate this unequal relationship. The author reveals how Bank staff evaluate the implementation in four visits made during the year, putting a gloss on unfavourable outcomes to allow further disbursements for budget support yet sending messages of disapproval by reducing the amounts released (and disrupting implementation). He calls this process 'developmentality.'

It is a little irksome that Lie's chosen example dates from 1999 and no attention is given to the beginning of the relationship, the Economic Recovery Programme circa 1987. It is under this umbrella that work meant to provide the administrative foundation for future work like PEAP and PRSP was done with frankly disastrous results and undermined the possibility of success of later work.

Most importantly the legal implications of 'developmentality' are not addressed in the essay, namely that the appearance of voluntary cooperation gives the unsustainable loan agreements some legal standing in the event of attempted repudiation in the future. Lie's conclusion after he has so ably demonstrated indirect rule by the WB, is that the WB is not hegemonic and that the government has not fallen prey to the donor community is perverse.

Readers of this collection will find a vocabulary with which to capture Uganda's situation and to relate it to countries facing the same predicament - particularly useful are concepts such as 'procedural democracy' as opposed substantial democracy. Rubongoya in his essay *Movement Legacy' and neoliberalism as political settlement in Uganda's political economy* describes a transaction between the junta and foreign implementers of neoliberalism. In return for a free hand in forming and introducing policies favourable to their own constituencies, foreign actors provide the NRM the means to consolidate and prolong its grip on the State.

A related transaction took place in Acholi. There, even though the armed conflict continued for two decades after 1986, there was an agreement to treat it as a post-conflict zone. In *Our Friends at the Bank? The Adverse Effects of Neoliberalism in Acholi* Atkinson reveals that development partners turned a blind eye as increasing amounts of aid intended for development of the 'post-conflict' zone were channeled to the armed coercion of the Acholi.

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Without the more recent experience of the Arua Atrocities in 2018 and the internet connectivity that allowed the news to spread across the country it would be difficult to believe that foreign actors could be so cynical. Yet in August 2018, the donor community that had armed the junta sat silent as elected leaders were abducted and tortured. These essays serve to open eyes and minds to the magnitude of what is at stake for them and why in fact their cynicism is to be expected.

African dependency is a myth created to gain access to resources without which Western populations would have to live within their means and in relative austerity. The myth allows austerity and poverty to be permanently transferred to Uganda and other African countries via neoliberal policies. This reviewer has argued elsewhere that this manufactured poverty is mitigated by emergency aid, post-conflict aid, humanitarian aid and non-specific aid from Western tax-payers. The fears surrounding Brexit and the stocking up of emergency drugs and foodstuffs are a further indication that they enjoy a standard of living subsidized for example by Ugandan farmers, that would be otherwise impossible to maintain.

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But they are secondary beneficiaries. The primary beneficiaries of neoliberalism are a class unto themselves: the Davos elite which includes individuals in autocratic regimes like the NRM, IFIs and foreign investors all of who became fabulously wealthy and influential via the proceeds from this system. Like their counterparts in other African IMF outposts, billionaires Museveni, Sam Kutesa, Muhwezi were all penniless in their pre-regime lives.

Part II: Economic restructuring and social services

As with many of the findings of these studies, the basic facts will not be new to Ugandans, for instance the rise in poverty alongside increasingly visible trappings of extreme wealth of the oligarchs. In *The Impact of neo-liberal reforms on Uganda's Socio-economic Landscape* Asiimwe throws light on the mystery of how development by-passed some and benefited others.:

"Asiimwe's chapter shows that the economic growth miracle was to a significant extent based on the effect of large sums of aid, which sometimes constituted half of the national budget, creating public-expenditure-driven growth. The reforms induced stagnation, decline or minimal growth in key productive sectors, such as agriculture and industry. Small-scale producers and workers –mostly youth and women – were systematically marginalised by the policy reforms. Asiimwe argues that Uganda's growth is not based on a structural transformation of the economy, but rather on a deepening of primitive accumulation occurring through corruption – which is the use of extra-economic force to access and control resources – aid dependence, widespread economic trickery and

the dumping of low quality foreign products that crowd out local products. Asimwe observes that donors' policy preferences systematically produced anti-poor and anti-development effects, as the commodification of health and education left the majority of the population with sub-par access, or denied access altogether." (Wiegratz et al).

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The impact of neoliberal reforms on social services has been equally damaging. In *Social service provision and social security in Uganda: entrenched inequality under a neoliberal regime* Nystrand and Tamm describe how the commodification of basic healthcare and education - they are now consumer products rather than citizen entitlements - has increased inequalities along class, regional and urban/rural lines. Those locked out from access to the services evolve into the 'chronic poor'.

"Those who have gained from neoliberal reform are, for example, not primarily the Ugandan business sector at large - as the domestic private sector is very weak with the exception of a few large companies and individual businesspersons close to the ruling elite - but rather the ruling elite, which has been able to use donor funding to preserve their power through patronage." (Nystrand and Tamm citing Whitfield *et al.* 2015)

Primary health and education, two of what used to be known as priority programme areas, are reviewed in detail, restating familiar data showing low completion rate, high teacher absenteeism (60 percent on any given day), and demonstrating how the majority of UPE pupils never attain functional literacy or numeracy. The result has been migration to proliferating private services to avoid the deterioration and the gradual fall in the quality of public education. The authors thus demonstrate that migration was the *goal* of neoliberalisation but that decentralized government has failed to either improve or maintain quality.

Ssali in *Neoliberal health reforms and citizenship in Uganda* also states that quality as well as availability of health services has suffered. Although expenditure per capita on healthcare has increased threefold, service delivery has not improved. Her essay highlights the way in which governments surrendered health services to market forces thus creating two streams, a service for the spatially marginal (the rural population) and poor, and one for the rich. This is borne out by the previously known fact that even where maternal and neo-natal services are available, less than 20 percent of women use them opting for reliance on the extended family and other support networks.

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As with education, so with health. The sector is characterised by inadequate resources and high absenteeism (50 per cent no-shows on any given day). Competence is a major challenge: "It was found that only 35 per cent of public health providers can correctly diagnose at least four out of five of the most common conditions, and only one out of five knew how to manage the most common

maternal and neo-natal complications.” Public health and education services have thus become the preserve of the poorest and most physically marginalized. Heavily dependent on donor funding, they are assessed to be unsustainable in the long run. (Nystrand and Tamm)

Part III: Extractivism and enclosures

Commodification of forests was executed via the doling out of concessions to private sector players for management. It has had the same result, namely, privileging of capitalist interests over smallholder indigenous interests. Readers may find Nel’s *Neoliberalisation as Ugandan Forestry Discourse* useful in understanding the impact of privatization on the crater lakes of Kabarole in 2017, which left fishermen without a livelihood and made the lakes vulnerable to environmental degradation. Wedig discusses this in relation to Lake Nalubaale (Victoria) in *Water-grabbing or Sustainable Development?* The same applies to more recent sand-mining concessions granted by the President’s brother, Caleb Akandwanaho (aka Gen Salim Saleh) to Chinese investors to the exclusion of indigenous artisanal miners.

As Smith and Van Alstine show in *Neoliberal oil development in Uganda*, any resistance to rampant dispossession is prevented by the deployment of the armed forces. In the case of oil, it has been the presidential elite Special Forces Command armed and trained by the United States. Military deployment together with the use of Public Order Management legislation to subdue populations that make the debt incurred during this phase of history odious and liable to repudiation.

There is similar commercial pressure for land and similar dispossession for the implementation of the envisaged transformation to an industrialized economy as discussed by Nakayi in *The politics of land law reform in neoliberal Uganda*.

Race, culture and commoditization

A new proposition is that even cultural identity has been commoditized in the neoliberal dispensation. Youth, race and faith are looked at from this perspective. In *Youth as ‘Identity Entrepreneurs’; Emerging Neoliberal Subjectivities in Uganda*, Vorhöller studies a group of dancers in Northern Uganda and concludes that: “They tend to prioritise short-termism, instrumentalism, flexibility, pragmatism and self-interest and often switch cultural styles and political allegiances depending on situational contexts and according to calculations of expected benefits.”

The youth market their youth to the myriad NGOs promoting neoliberal policies and looking for exemplars of how they support and are embraced by the youth. Once sponsored, the youth adapt to the required value system of their sponsors. Another example would be the youth marketing their youth and numbers to political parties. They form savings groups at the behest of the President, which groups are then given cash at public events to demonstrate the regime’s interest in the youth. [New enterprises such as radio calling](#), telephoning radio discussion programmes to push propaganda are performed by groups such as the [Lango Radio Callers group](#). That the group is short-termist and not rooted in ideology or any belief is clear from the fact that it publicly announced its intention to desert the NRM for the opposition if it was not paid the millions of shillings and iron roofing sheets promised before the elections. Besides ethnicity, other identities emerging from youth celebrity culture, academic qualifications and even internet presence are also available for political branding.

The role of Pentecostal-charismatic churches in politics and their rise to prominence (originating in the rise of NGOs and faith-based organisations, the result of the government’s withdrawal from its role as principal driver of development) is covered by Barbara Bompani in *Religious Economics: Pentecostal-charismatic Churches and the Framing of a New Moral Order*. Bompani posits that PCCs

endorsed neoliberal policies by their close relationship with the ruling class, legitimising neoliberalism and provide a moral framework within which those living (or enduring) the neoliberal experience can maintain hope in a country in crisis. It is further argued that they share an exclusionary world view with neoliberalism in which “the sinful, immoral, non-conforming are to be targeted for discipline, reform and legal action.”

The framework provided by this book, its definitions of neoliberal policy and examination of its effects, will facilitate public discussion even of issues as sensitive as race. The elitism created by the exaltation of FDI, where those with access to foreign capital are perpetually entitled to special favours such as tax waivers, is analysed in *African Asians and South Asians in Neoliberal Uganda: Culture, History and Political Economy* in which Anneeth Kaur Hundle proposes that “the FDI policy opens up new possibilities for racial elite class formation.”

Taken together, this collection of essays is a commendable effort in achieving its objective of determining by whom, why, how and to what effect Uganda was transformed since 1986. A criticism might be that few Ugandan analysts were cited by any of the contributors even where the same ground has been extensively covered by them. Secondly, the book may be slightly behind the curve. Much of this data has been available but is only being published in this context when the effects of the reported activities are leading to seismic changes. The great value of the collection is that it finally ‘mainstreams’ the discourse and will perhaps provoke debate on those issues of which Ugandans have been aware but which have languished in the ‘informal sector’ of scholarship and public debate.

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