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SPECIAL ECONOMIC AND DISASTER RELIEF ASSISTANCE: SPECIAL PROGRAMMES OF ECONOMIC ASSISTANCE

Assistance to Uganda

Report of the Secretary-General

1. In its decision 40/453 of 17 December 1985, the General Assembly requested the Secretary-General to continue to review the progress made in the economic situation in Uganda and in organizing international assistance for that country, to apprise the Economic and Social Council at its second regular session of 1986 of the situation and to report thereon to the Assembly at its forty-first session.
2. Pursuant to that decision, the Secretary-General arranged for a mission, headed by the Under-Secretary-General for Special Political Questions and a special adviser to the United Nations Development Programme in Addis Ababa to visit Uganda from 8 to 18 July 1986 and from 31 July to 13 August 1986. The report of the mission, annexed hereto, reviews the general economic situation, discusses actions undertaken by the Government of Uganda to restore political stability and respect for human rights as well as to initiate economic reconstruction and development; identifies specific areas requiring, as a matter of priority, assistance from the international community; and draws certain conclusions and recommendations with regard to support by the international community to the development efforts of the Government of Uganda.
3. The Secretary-General strongly recommends that the findings of the mission be given urgent and favourable consideration by the international community.

ANNEX

Report of the mission to Uganda

(July-August 1986)

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I. INTRODUCTION

1. Pursuant to General Assembly decision 40/453 of 17 December 1985, a mission, headed by the Under-Secretary-General for Special Political Questions and including a representative of the United Nations Development Programme, visited Uganda from 8 to 13 July 1986 and from 31 July to 13 August 1986. The mission met with the President, His Excellency Yoweri Museveni, the Prime Minister, the Ministers for Planning and Economic Development, Rehabilitation, Industry and Health, the Executive Directors of the Uganda Development Corporation as well as with senior officials of relevant ministries. Consultations were also held with the field representatives of the organizations and agencies of the United Nations system as well as with representatives of non-governmental organizations.

2. The mission would like to express its appreciation to the Government of Uganda for its careful preparations for and support of its work. While the following report provides some general background information, it was agreed in consultation with the Government that the mission would focus its efforts on the short-term aspects of resettlement and rehabilitation.

3. The mission would also like to express its appreciation to the office of the United Nations Resident Co-ordinator for its assistance and to the field representatives of the organizations and agencies of the United Nations system for their co-operation.

II. BACKGROUND

A. General

4. After more than 15 years of political and economic instability, Uganda, once described as "the Pearl of Africa", is now at a critical point in its political and economic development. The Government that came into power in January 1986 has so far enjoyed a remarkable degree of political stability and has expressed a concern for human rights that will be important in the difficult task of national reconciliation and economic reconstruction on which it has now embarked. It is noteworthy that, barely six months after coming to power, the Government has established an independent commission to "inquire into all aspects of human rights violations, breaches of the rule of law, and excessive abuse of power; and examine and recommend to the Government, ways of preventing the recurrence of the same".

5. This is only one aspect of a 10-point programme that the new Government has drawn up as the basis for a new political dispensation that would assure a peaceful and more prosperous future for the Ugandan people. The 10 points of the programme are: democracy; security; consolidation of national unity and elimination of all forms of sectarianism; defending and consolidating national independence; building an independent, integrated and self-sustaining national economy; restoration and improvement of social services and the rehabilitation of the war-ravaged areas; elimination of corruption and misuse of power; redressing errors that have resulted in the dislocation of sections of the population and improvement of others;

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co-operation with other African countries in defending human and democratic rights of our brothers in other parts of Africa; and following an economic strategy of mixed economy.

6. While substantial progress has been made towards political stability and respect for human rights, the Government still faces the major task of economic reconstruction and development. This will require substantial international support both to cope with the immediate problems of emergency relief and priority rehabilitation and to lay the basis for more long-term development.

7. Given timely and well directed assistance, and some improvements in domestic response capacities, prospects for a speedy economic recovery are particularly good in Uganda, thanks to a combination of favourable physical features, an abundant natural resource endowment and good human resource potential. A particularly valuable asset is the positive attitude of the population. There is now a new spirit of confidence and optimism among the people of Uganda about their future. This is being expressed by their involvement in the reconstruction of damaged infrastructure, of abandoned homes, farms and villages, and in the restoration of productive capacities in vital areas of the agricultural sector.

B. Economic conditions

8. The new Government inherited a war-shattered economy, characterized by physical destruction and the disruption of normal economic and social services. Much of the infrastructure and productive capacity had been destroyed. Thousands of Ugandans had fled into neighbouring countries and even more were displaced within the country.

9. According to estimates provided by the Government, Uganda's gross domestic product (GDP) in constant prices declined by 19 per cent between 1972 and 1980, and per capita real income fell by 35 per cent during the same period. Commercialized agriculture fell by 22.8 per cent and all the other sectors except subsistence production experienced a sharp decline in output. There was a partial recovery between 1981 and 1983 but a further decline occurred in 1984 and 1985.

10. The regular budget surpluses of the 1960s turned into huge fiscal deficits between 1972 and 1981, amounting in some years to over 50 per cent of the recurrent revenues. The rising deficits caused excessive monetary expansions averaging 30 per cent per annum in the 1970s. Between 1982 and June 1985, the budgetary situation improved and the rate of expansion of domestic credit declined substantially; but the adverse trends were resumed in the latter part of 1985.

11. Inflation, as measured by the consumer price index, rose by 1.9 per cent in 1972, by 12.9 per cent in 1973 and accelerated to an annual rate of 50 per cent by 1974. By 1979, inflation had risen to an annual rate of 88 per cent; and between August 1981 and April 1986, domestic prices rose at a compound annual rate of 67.8 per cent.

12. These inflationary trends coupled with declining export earnings put intense pressure on the balance of payments. The balance-of-payments deficit, which was \$190 million in 1970, widened sharply to reach an all-time record of \$227 million in 1980, in spite of extensive import restrictions and foreign exchange controls. There was some improvement in the balance of payments after 1981 as a result of improved export earnings and increased inflow of foreign aid to support the Government's stabilization efforts. There were also current account surpluses in 1984 and 1985, but the situation started to deteriorate again before the end of 1985. By 1985, debt servicing was absorbing more than 50 per cent of current export earnings. The rate of exchange had gone through several changes, and the future outlook was uncertain. Morale in the public service was at an all-time low. The long period of political instability had taken a big toll and salaries and incentives had become eroded by the high rate of inflation.

13. The economic problems confronting the new Government on its assumption of power fell into four major areas:

- (a) Repatriation and resettlement of refugees and displaced persons;
- (b) Restoration of economic and social infrastructure (health, water and sanitation, education, houses, and roads);
- (c) Restoration of productive capacities (most especially in agriculture and livestock production and in industries producing essential commodities);
- (d) Establishment of an appropriate framework for economic and social policies.

III. GOVERNMENT RESPONSE

A. Emergency Relief and Rehabilitation Programme

14. As an immediate response, the Government launched an Emergency Relief and Rehabilitation Programme in February 1986, with three main objectives: to provide immediate assistance to displaced persons; to restore services which had been disrupted by war; and to make available emergency inputs for the production of essential commodities and services.

15. The Programme placed particular emphasis on the resettlement of refugees and displaced persons and gave special consideration to:

- (a) Provision of locally-produced food items, household utensils, clothing, bedding materials and drugs and medicines;
- (b) Provision of agricultural inputs and emergency veterinary drugs;
- (c) Re-opening of rural feeder-roads and provision of essential transport services to the Government;

(d) Rehabilitation of public buildings such as schools, hospitals, health units and administrative offices and houses;

(e) Provision of emergency inputs to industries producing essential commodities, e.g., soap, cement;

(f) Provision of scholastic materials, e.g., books, chalk, blackboards;

(g) Restoration of power, rural and urban water supplies and communication services;

(h) Rehabilitation of the police, prisons and related services.

16. The Programme was drawn up barely two months after the new Government came to power. It was essentially a list of requirements designed to draw attention to the deficiencies in material supplies that had to be addressed in order to get relief and rehabilitation measures under way. An overall economic strategy was to be articulated later.

17. The response to the Programme has been generally positive. It is significant that, as at 7 May 1986, Ugandans themselves had contributed 210 million Uganda shillings to the Programme. In addition, as at 30 June 1986, the international community - international organizations, Governments and non-governmental organizations - had donated a total of about \$40.5 million in material supplies and in cash for the implementation of the Programme. The Government has now reported that, as at 31 July 1986, approximately \$47.6 million (about 29 per cent of the total Programme costs) has been pledged by bilateral donors and international agencies.

B. Interim macro-economic measures

18. In the statement of the Government entitled "Interim Macro-economic Measures", issued in July 1986, it was recognized among other things, that there was a need to reduce government expenditure, a committee was established to determine which parastatals should be sold to the private sector, and government control of industrial production was relaxed. Two rates for foreign exchange transactions were also established: a priority exchange rate (Window 1) at which foreign exchange was sold for certain items, including some basic consumer goods, agricultural inputs and implements, petroleum products, scholastic materials, human and animal drugs, and raw materials and spare parts for essential industries; and a market exchange rate (Window 2) for all other imports of goods and services. The priority and market rates, which were to be reviewed periodically were fixed respectively at Shs. 1,400 = \$US 1.00 and Shs. 5,000 = \$US 1.00. The measures also included an upward revision of the prices paid to the producers of the main export crops and substantial increases in interest rates. On 23 August 1986, the Government announced, during its budget statement, that effective from that date, only one rate of exchange, set at Shs. 1,400 = \$US 1.00 would prevail.

19. In the meantime, the groundwork for the elaboration of a more comprehensive policy framework for medium- and long-term development has been prepared by a joint team of Ugandan and Canadian experts.

C. Problem of co-ordination

20. Taking into account the large number of States, organizations and agencies involved in the supply, management and delivery of international assistance for emergency relief and rehabilitation, it was realized at an early stage that, aside from the existing mechanism for the co-ordination of development assistance (in the form of the World Bank Consultative Group meetings), an effective machinery to co-ordinate the various offers of emergency assistance and to harmonize such assistance with the efforts of the Ugandan people themselves was indispensable to the productive use of emergency assistance and the realization of the objectives set out in the Emergency Relief and Rehabilitation Programme.

21. When the present Government came to power, arrangements for the co-ordination of emergency assistance were somewhat diffused. There were two arrangements in existence at that time, with specific reference to the affected areas of Luwero, Mpigi, and Mubende: a Joint Meeting of Government Relief Co-ordinating Committee with Non-Governmental Organizations on Relief Aid and Resettlement of Displaced Persons, and an Inter-Agency Meeting on Displaced People.

22. The new Government established an Emergency Aid Co-ordination Committee and an Aid Co-ordination Secretariat in the Prime Minister's office with responsibility for:

- (a) Co-ordinating all external and internal emergency relief aid;
- (b) Proposing the allocation of external and internal relief aid resources;
- (c) Monitoring and reporting to the Cabinet on the progress of the implementation of the Emergency Relief and Rehabilitation Programme;
- (d) Reviewing any implementation bottle-necks;
- (e) Advising the Ministerial Committee and the Cabinet on all these matters.

23. The Government was in the process of reviewing these co-ordinating mechanisms at the time of the mission's visit, and it has now agreed that some modifications of existing arrangements may be necessary in order to allow more focused consideration of sectoral activities. It is contemplated that while the Aid Co-ordinating Committee in the Prime Minister's office will continue to have the overall responsibility for the co-ordination of aid for emergency relief and rehabilitation, sectoral sub-committees will be established in each ministry to focus on specific sectors or issues related to the Emergency Relief and Rehabilitation Programme.

IV. PROMOTING ECONOMIC RECOVERY: NATIONAL ASSETS AND MAJOR CONSTRAINTS

24. In many respects, Uganda has exceptional potential for development. With political stability and appropriate economic policies, the country certainly has the capacity to maintain a high rate of economic growth on a sustainable basis. Even during the turbulent years of wars and crises, Uganda was able to achieve substantial rates of growth for brief periods when conditions were relatively stable and world prices for its major commodities were relatively high. Thus, between 1982 and 1984, government statistics indicate that the country was able to achieve an annual average growth rate of about 6 per cent. This reflects the fundamental strength of the Uganda economy, especially its capacity in normal times to achieve more than self-sufficiency in food production, as well as to produce valuable cash crops (coffee, tobacco, cotton and tea) for export. For this reason, food aid has played a relatively limited role in the present emergency relief. Some imports of wheat have been provided by the World Food Programme on a swap basis, in exchange for maize purchased locally to satisfy the needs of returning refugees and displaced persons in areas temporarily deficient in food supplies.

25. The capacity of the country for food self-sufficiency is attainable not only due to favourable physical conditions, in particular the favourable climate enjoyed by most parts of the country (except the Karamoja region in the north-east) but also on account of its human assets, especially the attachment of the people to the land and their dedication to agricultural production. This is demonstrated by the zeal and eagerness with which the returning refugees and displaced persons have embarked on the resumption of their agricultural pursuits, even as they struggle to rehabilitate their ravaged villages.

26. Another feature of the human asset that could be important for economic recovery is reflected in the vitality of the informal sector. With some help from the Government, and using only the simplest tools, the informal sector has geared itself to producing a wide range of durable consumer goods in substitution for scarce imports. Given more tools and better equipment, it could certainly play a significant role in the task of rehabilitation and reconstruction at very minimal costs.

27. The most urgent requirements of farmers and of the informal sector are (a) tools and equipment to undertake rehabilitation and reconstruction, (b) improved transportation facilities for the movement of goods and people, (c) an economic policy that provides adequate incentives to stimulate their effort, and (d) adequate supplies of inputs at reasonable prices.

28. Another human asset that could be used to great profit is the relatively large pool of highly educated and well-experienced Ugandans that has emerged from a fairly long history of education and public service. While political instability in recent years has kept a large number of skilled Ugandans outside the country, a sizeable number of trained people remain in the country and are available to be utilized in the public and private sectors. Given the proper incentive, they could play a decisive role in strengthening the administrative and technical services. In this respect, it would be helpful if the new Government could consider policies aimed at the creation of appropriate incentives to sustain morale and promote

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efficiency in the public service as well as arrangements designed to attract qualified Ugandans from abroad to the service of their country.

29. Some of the constraints (for example, shortages of agricultural inputs and implements, tools and equipment and materials for the reconstruction of damaged infrastructure, and of basic consumer goods; and transportation bottle-necks) which inhibit the effective mobilization of the nation's potential assets, have already been detailed in the Emergency Relief and Rehabilitation Programme. Others relate to management, co-ordination aid, and appropriate measures in some key areas of economic and social policy.

30. These constraints need to be removed very quickly to enable Uganda to mobilize fully its immense stock of material and human assets for the task of economic rehabilitation and reconstruction. In particular, the Government, with the support of bilateral donors and multilateral agencies needs to accelerate measures for the following:

(a) Alleviation of the critical shortage of the essential inputs for agricultural production;

(b) Improvement in the supplies of materials required for the reconstruction of damaged economic and social infrastructure;

(c) Improvement in the supplies of medicines and drugs and other materials required to sustain the health of refugees returning to their home areas;

(d) Reactivation of domestic industries, especially those producing agricultural implements and such basic needs as blankets and soap;

(e) Improvement of public service salary and incentive structure;

(f) Speeding up of the programmes already in hand to induce the return of highly qualified Ugandans to strengthen the administrative and technical services;

(g) Promotion of major programmes to support community efforts to rebuild their devastated villages and to contribute to the reconstruction of damaged economic and social infrastructure;

(h) Improvement of the present arrangement for the co-ordination of international assistance for relief and rehabilitation.

V. SPECIAL PROGRAMME OF ECONOMIC ASSISTANCE

31. As previously indicated, the Government proposed that the mission should concentrate on short-term emergency and rehabilitation issues with regard to refugees and displaced persons, as well as the restoration of the economic and social infrastructure and of productive capacity. In consultation with the Government, the mission identified certain priority areas for action. The indicated costs are based on government estimates. Full details of these projects can be obtained from the appropriate authorities of the Government of Uganda.

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A. Repatriation and resettlement of refugees
and displaced persons

32. The immediate task of repatriation and resettlement involves the return of refugees and displaced persons to their old habitat and the emergency provision to them of food, medicine, clothing and shelter, as well as the seeds and simple agricultural implements that they need to restart their farming activities. Two areas were most seriously affected: the three districts of Luwero, Mubende and Mpigi, generally referred to as the Luwero Triangle, and the West Nile region.

33. The Luwero Triangle consisting of three districts - Luwero, Mubende and Mpigi - had a population of about 1.6 million in 1980. It was one of the major coffee-producing areas in the country, accounting for 45 per cent of the coffee crop in 1980. In 1981, the district of Luwero alone had 560,000 head of cattle. The area was more than self-sufficient in food, realizing some surpluses for sale to the urban centres. The civil war shattered the foundations of this prosperous economy. Damage and destruction rose to a level that could have been inflicted only by a scorched earth policy, with thriving rural communities reduced to ghost towns, and economic and social infrastructure ravaged beyond description. Coffee production declined sharply and food surpluses virtually dried up. The cattle population fell to about 150,000 because of diseases induced by the lack of dipping and spraying, and the indiscriminate slaughter of young breeding animals. The area became heavily infested with tsetse fly, giving rise to a marked increase in the incidence of sleeping sickness. Roads, which were once well maintained, deteriorated in many places into tracks. Many educational and health facilities were closed down, while others lost their buildings, roofs, furniture and vital supplies and equipment. Mortality rates in the area increased, as the damage to health infrastructure was compounded by a lack of drugs, the complete stoppage of immunization programmes, untreated water supplies, inadequate sanitation and poor nutrition.

34. The three districts in the West Nile region - Arua, Moyo and Nebbi - had a population of 811,755 in 1980. The region was the main producer of cured tobacco, and also produced Arabica coffee and cotton. Following the 1979 conflict, the area was subjected to widespread political disturbances that caused more than a third of the population to seek refuge in southern Sudan and Zaire. The basis of the agricultural economy was largely destroyed, with food and export production reduced to a trickle. Many animals were taken across the borders and a large proportion was lost through disease.

35. Since 1984, the Office of the United Nations High Commissioner for Refugees has assisted in the repatriation of Ugandan refugees in the West Nile province. This programme, which benefited over 85,000 persons with a budget of some \$2.3 million is phasing out on 31 August 1986.

36. In May 1986, following a sudden return of Ugandans from southern Sudan, UNHCR launched a limited emergency programme for 75,000 Ugandan returnees. This programme is expected to last until 31 December 1986. Its purpose is to assist the returnees with the provision of food, domestic and agricultural tools and seeds, so that they can achieve self-sufficiency by the next harvest.

37. According to information available to UNHCR, a majority of the 160,000 Ugandan refugees still remaining in southern Sudan wish to return to the West Nile province of Uganda. They would like to do so after they have harvested their crops in December 1986/January 1987. However, this return may occur earlier depending on security and political developments in their present places of residence. UNHCR has therefore drawn up a contingency plan to cope with all eventualities.

38. In the short term, it is essential that preparation be made to transport, receive and assist these returnees as was done with the present limited emergency operation. In the medium term, measures will have to be taken to rehabilitate basic infrastructures and communal facilities and to restore productive capacities.

39. UNHCR and UNDP intend to make a joint appeal to donors to mobilize the necessary funds and they have taken steps to establish maximum co-operation in the field, in order to achieve the smoothest possible transition between emergency operations and development-oriented activities.

B. Restoration of economic and social infrastructure

40. The main areas requiring emergency action to restore essential economic and social infrastructure are health, water and sanitation, education, housing and roads.

Health

41. Before the conflicts, the six most seriously affected districts of Moyo, Arua, Nebbi, Luwero, Mpigi and Mubende had a reasonably well developed health infrastructure. In addition to the six rural hospitals in these districts, there were 160 primary health facilities which historically played a major role in both the treatment of disease and the promotion of health and the prevention of diseases in rural areas.

42. Most of these units have suffered physical destruction or disrepair, lack of fixed equipment and transport, and critical shortages of drugs and beddings and other essential supplies. As a result, diseases related to poor nutrition, exposure, housing and poor sanitation are rampant in all the districts. Even preventable diseases such as measles and whooping cough are claiming the lives of hundreds of children owing to the total breakdown in the immunization services. Sleeping sickness, which once was confined to two districts in Busoga has now re-emerged in the districts of the West Nile, especially Moyo, from southern Sudan where it is endemic. This is adding to the difficulties of resettling the returnees and their animals.

43. Very little has been done thus far to rehabilitate the health infrastructure. Some emergency rehabilitation work has been carried out in some of the health units to cope with the immediate needs of refugees and displaced persons. However, this has not met the emergency demand on the health services, and in some cases (e.g. in Moyo district), the health situation of the returnees may pose a considerable risk to the rest of the population. Unless the health infrastructure is substantially restored before the new wave of returnees arrive, a life-threatening situation could well arise in the West Nile region. Additional resources required for this purpose are about \$6.8 million.

Water and sanitation

44. The neglect and destruction of rural water supply facilities in the war-ravaged areas has created a potentially dangerous health situation. The threat to human life is compounded by the fact that many of the returning refugees and displaced persons are already afflicted by epidemics of measles, sleeping sickness and infections from water-borne diseases. An emergency programme to restore a safe water supply to the affected districts is therefore a matter of great urgency. This involves the drilling of additional boreholes, the installation of new pumps on existing boreholes, and the protection and rehabilitation of natural springs and wells. In the Luwero district, 375 new boreholes have been drilled, 50 existing boreholes rehabilitated and 40 natural water springs protected and made safe. In Mubende and Mpigi, 180 boreholes have been repaired or replaced, and 500 springs and shallow wells protected. In Arua, Nebbi and Moyo, 383 boreholes have been rehabilitated and 233 natural springs protected.

45. Additional resources estimated at \$4.9 million are required to complete the rehabilitation of the rural water supply and sanitation in the Luwero Triangle and to implement the programme in the West Nile region.

Education

46. Of all the social services, education is the most widely spread, extending to the grass-root level of almost every community. Unfortunately, the educational service sustained greater damages than other services. Institutions affected by destruction, damage and looting comprise 543 primary schools catering for over 400,000 pupils, 25 secondary schools with a capacity of 45,000 students, 5 teachers' colleges and 4 technical institutions. All the educational software such as textbooks, exercise books, furniture and equipment, and the majority of the roofs and shutters for these buildings were destroyed or looted.

47. In the circumstances, the authorities had to tackle two main problems:

(a) Rehabilitation of the institutions and emergency supply of equipment and educational material;

(b) Provision of free education to orphans and to other pupils and students whose parents have been impoverished by the conflict.

48. To rehabilitate educational facilities, there is the possibility that the unused balance of the \$2 million loan from International Development Association phase III for education could now be activated. In addition, an estimated \$6.8 million is also required.

Housing

49. During the period 1981-1986, the physical destruction in the Luwero Triangle reduced most of the thriving villages to ghost towns. Houses, administrative buildings, community centres and stores, and health and water facilities were looted, damaged or completely destroyed. The West Nile districts of Arua, Nebbi and Moyo also suffered and became victims of many periodic raids from neighbouring countries and in some cases from other parts of Uganda itself.

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50. The project for the rehabilitation of houses in the area is essentially a self-help project designed to encourage the affected population to rebuild their own houses by providing them with technical assistance and the necessary building materials and hand tools. In co-operation with the Department of Engineering at Makerere University (Kampala), a UNDP/ILO project is experimenting with the production and use of sun-dried earth bricks. A central materials bank is to be established to facilitate the supply of building materials. Village craftsmen are to be assisted to acquire the hand tools and other equipment that will enable them to cope with the large demand for frames and furniture, etc.

51. Resources needed to implement this programme are estimated at \$3 million.

Roads

52. The rural feeder-roads in the war-ravaged districts have not been maintained since early 1970 due to a lack of road plants and equipment, and the adverse security situations. They have consequently degenerated into a complete state of disrepair. With parts overgrown with bush and drainage systems blocked, the feeder-roads have become impassable in many places, and this has seriously impeded the movement of relief supplies and construction materials.

53. The situation has been aggravated by the looting and the destruction of plants and equipment in maintenance depots during the fighting, which has made it impossible to re-open roads even when the fighting ended.

54. The strategy for rehabilitation involves rebuilding local repair depots, creating pools of vehicles, equipment and tools for reconstruction and maintenance to support the road gangs and the community labour that are already becoming active in many areas despite the shortage of working tools.

55. It is estimated that resources required to carry out this programme total \$2.8 million.

C. Restoration of productive capacities

56. The restoration of productive capacities includes both agriculture and livestock production as well as productive industrial enterprises.

Agriculture and livestock production

57. In the final analysis, the pace of economic recovery in Uganda will depend on the speed with which productive capacities can be restored in the once thriving, self-sufficient and cash crop producing areas affected by the wars and crises. While this will no doubt be helped by the rehabilitation of the economic and social infrastructure in those areas, direct measures have to be taken with regard to:

(a) Rehabilitation of the food and cash crop sub-sector;

(b) Rehabilitation of the livestock, including the control of animal diseases in particular the tsetse fly;

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(c) Restoration of the support services to agriculture: extension services, research, training, marketing and credit.

(a) Rehabilitation of food and cash crop production

58. The overall objective of the rehabilitation effort is to restore the production of food and cash crops to the high levels of self-sufficiency in food and increased cash incomes and well-being that was characteristic in these districts before the wars. The immediate objective is to increase the supply of farm tools, crop seeds, agricultural chemicals, fertilizers, and farm machinery and equipment.

59. The rehabilitation of the agricultural production commenced almost from the moment the refugees returned to their farms, in many cases with only makeshift grass huts to serve as shelter, and emergency kits supplied on arrival. The tools and implements are far from adequate and movement is hampered by poor roads and the lack of transportation. As noted above, unless the feeder-roads are improved urgently, marketing will pose serious problems when the first harvests are brought in.

60. The estimated resources required for the priority efforts to rehabilitate agricultural development is \$12.5 million.

(b) Rehabilitation of livestock

61. The objective is to restore the cattle population in the Luwero Triangle from the present figure of about 150,000 to the original level of well over 600,000. This will be done by clearing the area of tsetse fly which, among other things, involves the provision of emergency supplies to the veterinary and tsetse control Departments. In addition, an effort is required to mobilize the population to adopt new livestock breeding practices.

62. The estimated cost of this programme is \$5.35 million.

(c) Restoration of support services

63. During the 1960s, Uganda had good and effective agricultural services such as extension, research, training, marketing and credit. Many commendable results were achieved during this period, and Uganda's agricultural services were generally considered to be well above the average for the continent. The long period of political crisis has led to almost complete destruction of the agriculture infrastructure which, among other things, has resulted in major disruption of the production and marketing of the main products. The restoration of basic agricultural services includes the provision of transportation for extension workers, the rehabilitation of coffee factories, cotton ginneries, tobacco barns, co-operative societies and the replacement of essential equipment. The estimated cost of this programme is \$8.33 million.

Productive industrial enterprises

64. The rehabilitation of productive industrial enterprises is also essential for speedy economic recovery. Of particular importance are the following industries:

- (a) Those producing essential commodities (e.g., soap, cement, school materials);
- (b) Those producing inputs required for agricultural production;
- (c) Those processing domestic raw materials for local consumption or exports;
- (d) Those producing intermediate products required by the above industries.

65. These industries are either completely shut down or are producing at extremely low capacities.

66. Complete inventories of the requirements for the rehabilitation of most of the industries are still under preparation.

VI. CONCLUSIONS AND RECOMMENDATIONS

67. While Uganda has an unusually favourable potential for speedy economic recovery, the very serious situation inherited by the present Government will almost certainly mean that the initial phase of economic recovery will be difficult and protracted. It will require great ingenuity by the Ugandan Government and people, and a great deal of understanding and substantially more financial and material support from the international community. The response from the international community so far has enabled the Government to facilitate the repatriation of refugees, to relocate displaced persons and to set the country on the road to economic recovery. Much more will be required in terms of domestic effort and international support to consolidate what has been achieved so far, to cope with the remaining problems of repatriation and resettlement of refugees and displaced persons, to deal expeditiously with the urgent requirements of the poor health infrastructure, and to rehabilitate agriculture and livestock production, and the productive industrial enterprises.

68. The projects outlined above represent only a part of the as yet unfunded components of the Emergency Relief and Rehabilitation Programme. The mission fully supports the Government's efforts to obtain full funding for the entire Programme. However, on the basis of consultations with the Government, the mission has identified these projects as representing the most urgent priority concerns.

APPENDIX I

Summary of special programme of economic assistance

		<u>Cost</u>
		(Thousands of United States dollars)
A. Repatriation and resettlement of refugees and displaced persons		Under preparation by UNHCR
B. Restoration of economic and social infrastructure		28 580
1. Health	6 800	
2. Water and sanitation	4 900	
3. Education	6 800 <u>a/</u>	
4. Housing	3 000	
5. Roads, vehicles and maintenance	7 080	
C. Restoration of productive capacities		26 180
1. Agriculture	12 500	
2. Livestock	5 350	
3. Support services	8 330	
4. Industrial enterprises	Not available	
Total		<u>54 760</u> <u>b/</u>

a/ In addition to the unused balance of \$2 million available from IDA, Phase III loan.

b/ Excluding resources required for the resettlement of returning refugees from southern Sudan and the restoration of industrial enterprises.

/...

APPENDIX II

