

# Uganda

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## // Overview

Uganda is a landlocked country bordering Lake Victoria in Eastern Africa. Economic reforms and the return of stability in the north of the country after years of civil strife ushered in a period of solid economic growth over the past decade. Uganda enjoys fertile soils and substantial natural resource wealth. The agricultural sector continues to employ 80% of the country's working population, with coffee — in large part harvested by smallholder farmers — accounting for the bulk of export revenues.

Nevertheless, agriculture's overall share in GDP (22% in 2011) has declined sharply over the past decade, especially relative to services (52% in 2011). Transport, communications and construction are the fastest-growing sectors of the Ugandan economy, offering ample opportunities for employment and participation as consumers for those at the base of the economic pyramid.

The country has made tangible headway, particularly on primary school enrolment and reducing the incidence of extreme poverty (from 57.2% in 2002 down to 38% in 2011). However, "poverty penalties" continue to persist for poorer households, especially those in rural areas (accounting for 86.9% of the population) outside the capital city Kampala and a few other larger towns.

Despite steady growth in the number of deposit-taking micro-finance institutions, only 1 in 5 Ugandans currently has an account at a formal financial institution. Only 34% of Ugandans have access to improved sanitation facilities and 32% of rural dwellers do not have adequate access to safe drinking water. Less than 10% of Ugandans currently have access to energy, an issue that has begun to be addressed by a range of NGOs and social entrepreneurs operating small-scale off-grid solutions.

In other areas, progress has been more rapid. More than a third of all Ugandan children under five now sleep under insecticide-treated bed nets, and mobile phone penetration — growing at an annual pace of 52.7% during 2006–2011\* — currently extends to more than half the population. Kampala is home to a nascent ICT start-up and mobile app developer scene, centered on well-known regional innovations such as mobile money payments.

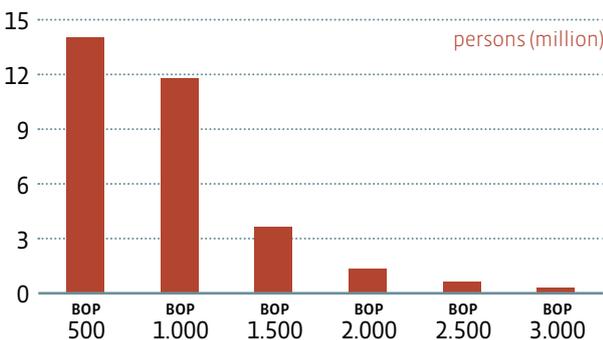
With deeper economic integration of the East African Community (covering Uganda, Kenya, Tanzania, Rwanda and Burundi), a rapidly rising local middle class, and a young Anglophone population, Uganda and her neighbors are poised to be hotbeds of inclusive business model innovation for many years to come.

## Market Data //

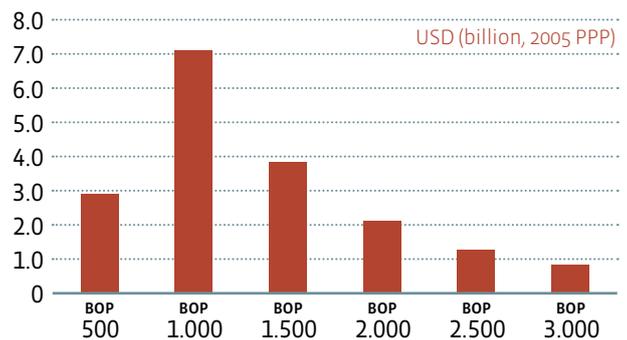
Population	35.9 million (2012 estimate)
Population living in extreme poverty (<\$1.25/day)	38% (2009)
Population living at the BoP (<\$3,000/year)	97.1% (2005)
GDP (nominal)	\$16.8 billion
Average GDP growth per year, 2000–2010	7.7%
GDP / per capita (PPP)	\$1,300
Unemployment rate	N/A
Gini ranking	47 / 136 (2009)
HDI ranking	161 / 187
CPI ranking	143 / 182
<small>(All data for 2011 unless otherwise noted / all \$ in purchasing power parity)</small>	

\*SOURCE: WWW.ITV.INT

Population in the different BoP segments



Total income in the different BoP segments



BOP500 = below USD 500 per year; 2010 data; Population data taken from / total income data estimated based on World Bank's PovcalNet.

## // Examples

**MTN** is a leading pan-African telecoms provider. Through its “VillagePhone” joint-venture with Grameen Foundation, the company made affordable calls available to thousands of rural Ugandans for the first time. It is also at the forefront of mobile money payment services.

**Good African** is the first (and currently only) Sub-Saharan African coffee packaging and roasting firm to export branded final products directly to European and U.S. markets. The company invests 50% of its profits back into agronomy training and extension services for its growers and creates livelihoods for more than 14,000 smallholder farmers.

**Appfrica Labs** is an ICT incubator located in Kampala. Its HiveColab provides work-space to young Ugandan web and mobile app developers and is engaged in a wide range of social enterprise initiatives.

**Living Goods**, “the Avon of pro-poor products”, empowers Ugandan micro-entrepreneurs to deliver healthcare and personal hygiene products to the doorsteps of the poor. Since 2007, the company has built a network of over 600 sales agents, serving thousands of customers living at the BoP.

**SABMiller**, one of the world’s largest brewers, has been selling “Eagle Lager”—a beer brewed with sorghum sourced from local Ugandan small-holder farmers—since 2002. It now accounts for about 50% of the company’s sales in the country and generates income for 9,000 smallholder farmers.

**Solar Sister** fights energy poverty by combining solar technology with a woman-centered micro-franchise direct sales network. The company estimates it has provided solar lighting to some 30,000 people.

## // Trends

### How is the society going to develop?

After decades of civil strife, Uganda’s recent strong economic showing has meant Ugandans are not looking back. With a median age of only 15 years and a population growth rate of 3.5%, one of the highest in the world, a key task for the country is to provide livelihoods and skills to its burgeoning youthful population. Investment in human capital will be essential to the future continuation of Uganda’s success story.

### Which sectors currently offer the greatest opportunities?

Fast-growing sectors include agri-business, food and beverages, textiles, ICT and mobile, transport, pharmaceuticals, construction and building materials. Market opportunities for the BoP, specifically, exist in education, access to energy, eco-tourism, low-cost housing and waste management.

### Is the support by the government likely to change?

In February 2011, President Yoweri Museveni was re-elected to a fourth term in office amid protests over food and fuel price increases. Formerly credited for bringing political stability and economic reform to Uganda, and broadly supportive of entrepreneurship as an engine of inclusive growth, uncertainty over “M7’s” (as Ugandans often call Museveni) succession leaves a doubt hanging over the country’s future political path.

### What are future risks?

In 2006, more than 2 billion barrels of oil were discovered under Lake Albert in Uganda’s Western region. Whilst not sizeable enough to turn the country into a petro-state, it remains to be seen whether Uganda can escape the “resource curse” that has marred so many other low-income countries.

## // Directory

### Literature & web sites

- GOOD Magazine Photo Essay on Inclusive Business in Uganda [www.good.is/post/welcome-to-kawempe-photos-of-social-enterprise-in-uganda](http://www.good.is/post/welcome-to-kawempe-photos-of-social-enterprise-in-uganda)
- World Bank Data on Uganda | <http://data.worldbank.org/country/uganda>
- Makerere University Business School | [www.mubs.ac.ug](http://www.mubs.ac.ug)
- Business in Development (BiD) Network: Investing in SMEs in Uganda | [www.bidnetwork.org/sites/default/files/Investing-in-SMEs-in-Uganda-2008.pdf](http://www.bidnetwork.org/sites/default/files/Investing-in-SMEs-in-Uganda-2008.pdf)
- Daily Monitor Newspaper: Business Section | [www.monitor.co.ug](http://www.monitor.co.ug)

### Contacts & support

- Enterprise Uganda: United Nations-backed training provider active in a wide range of inclusive market development programmes | [www.enterprise.co.ug](http://www.enterprise.co.ug)
- SNV Uganda: Dutch NGO active in developing inclusive business models in Uganda [www.snvworld.org/en/countries/uganda](http://www.snvworld.org/en/countries/uganda)
- Technoserve Uganda: non-profit organization promoting enterprise solutions to poverty [www.technoserve.org/work-impact/locations/uganda](http://www.technoserve.org/work-impact/locations/uganda)

### Fact sheet editor



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