OUR LAND
OUR BUSINESS

WORLD BANK'S BAD BUSINESS IN UGANDA

A GOOD ALLY IN THE EAST AFRICA REGION

In 2014, Uganda came in at 132nd out of 189 economies in the World Bank's Doing Business ranking, down from 126 in 2013, reflecting that in the Bank's view it had failed to improve the "ease of Doing Business in the country."[1] Nonetheless, Uganda was the second best performing economy of the East African Community (EAC) in the 2013 Doing Business report,[2] and the country is a good ally for the World Bank in the region. It was recently chosen as one of the pilot countries to test the Bank's new Benchmarking the Business of Agriculture (BBA) indicator,[3] a project that aims to "help policy makers strengthen agribusiness globally, enabling the farm sector to participate more fully in the market."[4] With this project underway, the Bank will assist Uganda in creating an environment that supports the establishment of more private agribusinesses in the country, despite concerns that agricultural investments in Uganda have provoked land grabbing and dispossession of local populations.[5]

DOING BUSINESS REFORMS IN UGANDA[20]

Although the World Bank observed in May 2013 that the country faces serious constraints that "significantly increase the cost of doing business,"[21] the following are examples of practices undertaken by the government to improve the business climate in the country:

- ✓ In 2014, Uganda made transferring property easier by "eliminating the need to have instruments of land transfer physically embossed to certify payment of the stamp duty."
- ✓ In 2012, Uganda allegedly increased the efficiency of property transfers by setting performance standards and recruiting more officials at the land office.

THE WORLD BANK AND UGANDA

Uganda has a long history of collaborating with the World Bank. As early as 1991, the Bank participated in drafting of a new Investment Code, which established the Uganda Investment Authority (UIA), an agency that facilitates investment in the country.[6] From 2004 to 2013, the government implemented business reforms under the Bank's Private Sector Competitiveness Project II (PSCP II), which included the objective of improving the country's land tenure system to facilitate private companies' activities. According to the World Bank, the project increased the number of land transactions, reduced registration time, and further integrated Uganda into the global market economy.[7] However, in 2010 the Bank reported that 70-80% of Ugandan land was still held under "undocumented customary arrangements."[8] In order to continue land transactions and scale up the land reform process carried out under PSCP II, the Bank approved a $100 million loan in 2013 to finance the Competitive and Enterprise Development Project, the first component of which is the "implementation of business environment reforms, including land administration reforms."[9]

The new Uganda National Land Policy (NLP) adopted in 2013 is expected to offer better recognition and protection of customary land rights. But while the NLP affirms "the State shall recognize customary tenure in its own form to be at par with other tenure systems,"[10] the Minister of Lands, Daudi Migereko, stated in 2014 that land reforms should focus on changing the Ugandan mindset to "stop looking at land as a cultural and social commodity but as an economic commodity."[11] The Minister of Lands wants to move "into the monetary market economy" and settle "for commercial agricultural production" on peasants' land; according to reports, his ministry was promised $54 million by the World Bank to help carry out new reforms.[12]

FDI DRIVING LAND GRABS IN UGANDA

From 2004 to 2013, the final year of the PSCP II, the foreign direct investment (FDI) flows into Uganda increased from $295 million to $1.1 billion.[13] To satisfy the increasing demand for land driven by FDI, the Uganda Investment Authority is mandated to acquire large pieces of land "to support private investment in specific sectors such as agriculture."[14] Between 2001 and 2009 foreign companies growing export crops, including the German coffee planter Neuman Kaffee Group and palm oil producers Wilmar International and BIDCO, obtained 99-year land concessions.[15] These and other investments have been denounced by many NGOs as resulting in deforestation, forced evictions, and human rights abuses.[16] In 2011, the government evicted 20,000 people from an area that was to be used for a plantation by UK-based New Forests Company. Communities in the Mubende and Kigoba districts filed a complaint against the International Finance Corporation (IFC), the World Bank's private sector arm, for supporting this detrimental investment.[17] The communities' complaint led to an independent investigation by the IFC accountability mechanism and an IFC-led mediation process enabled a settlement agreement between the company and the affected communities.[18] However, the land-grab problem is far from resolved in Uganda, where the World Bank continues to push for FDI-friendly policies while a 2012 estimate documented a total of 869,410 hectares has already been acquired by foreign investors.[19]

ENDNOTES

1 World Bank. "Doing Business." *Ease of Doing Business in Uganda.* http://www.doingbusiness.org/data/exploreeconomies/uganda/ (accessed July 6, 2014).

2 Mugabe, D. and S. Sanya. "Uganda second best in doing business in EAC." *New Vision,* March 27, 2013. http://www.newvision.co.ug/news/641063-uganda-second-best-in-doing-business-in-eac.html (accessed September 15, 2014).

3 World Bank. "Benchmarking the Business of Agriculture." *Methodology.* http://bba.worldbank.org/methodology (accessed September 15, 2014).

4 World Bank. "Benchmarking the Business of Agriculture." *Project Overview.* http://bba.worldbank.org/project-overview (accessed September 12, 2014).

5 National Association of Environmentalists - Friends of the Earth Uganda. *A study on land grabbing cases in Uganda.* April 2012. http://reliefweb.int/sites/reliefweb.int/files/resources/Full_Report_3823.pdf (accessed July 6, 2014).

6 Government of Uganda. *Investment Code Act, Cap 92.* 1991. http://www.ilo.org/dyn/legosh/en/f?p=LEGPOL:503:4530202864026:::503:P503_REFERENCE_ID:140160 (accessed July 7, 2014).

7 World Bank. "Project & Operations." *Uganda – Second Private Sector Competitiveness Project.* http://www.worldbank.org/projects/P083809/private-sector-competitiveness-ii?lang=en (accessed September 15, 2014).

8 World Resources Institute, and Landesa. *Uganda, Lesson 1: The Compulsory Acquisition of Privately-Held Land by the Government.* Focus on Land in Africa Brief. December 2010. http://www.globalprotectioncluster.org/_assets/files/field_protection_clusters/Uganda/files/HLP%20AoR/Uganda_Brief_Compulsory_Land_Acquisition_By%20Government_2010_EN.pdf (accessed September 15, 2014).

9 World Bank. *Project Appraisal Document on a Proposed Credit on the Amount of SDR 66.1 Million (US$100 Million Equivalent) to the Republic of Uganda for a Competitiveness and Enterprise Development Project.* April 2013. http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/04/23/000442464_20130423110440/Rendered/PDF/751720PAD0P13000900IDA0R20130009601.pdf (accessed September 15, 2014).

10 Ministry of Lands, Housing and Rural Development, Republic of Uganda. *Uganda National Land Policy.* February 2013. http://landportal.info/sites/default/files/the_uganda_national_land_policy-_february_2013.pdf (accessed September 16, 2014).

11 Mwesigye, Shifa. "Interview- Uganda land minister promotes women's land rights with help from the World Bank." *Thomson Reuters Foundation*, Mach 25, 2014; "Land gets $54m from World Bank." *The Observer,* April 9, 2014.

12 *Ibid.*

13 UNCTAD. "Unctadstat." *Inward and outward foreign direct investment flows, annual, 1970-2013.* http://unctadstat. unctad.org (accessed September 15, 2014).

14 Uganda Bureau of Statistics. *Investor Survey Report 2012.* November 2012. http://www.ubos.org/onlinefiles/uploads/ubos/Investor%20Survey%20Final%20%20April%202013.pdf (accessed July 1, 2014).

15 "Coffee investor accused of evicting 400 peasants." *The Observer,* July 22, 2009; Friends of the Earth International. *Land Grabbing for Palm Oil in Uganda.* May 2013. http://www.foeeurope.org/sites/default/files/press_releases/land_grabbing_for_palm_oil_in_uganda_0.pdf (accessed September 15, 2014).

16 *Ibid*; "Claims of illegal eviction in Uganda haunt German firm." *Deutche Welle*, August 26, 2013.

17 Compliance Advisor Ombudsman. "CAO Cases." *Uganda, Agri-vie Fund – 01, Kiboga.* http://www.cao-ombudsman.org/cases/case_detail.aspx?id=180 (accessed September 15, 2014); Compliance Advisor Ombudsman. "CAO Cases." *Uganda, Agri-vie Fund – 02, Mubende.* http://www.cao-ombudsman.org/cases/case_detail.aspx?id=181 (accessed September 15, 2014).

18 "Mubende community in Uganda moves forward with implementation of agreement with New Forests Company." *Oxfam, Latest Campaign News,* April 3, 2014. http://www.oxfam.org.uk/get-involved/campaign-with-us/latest-campaign-news/2014/04/mubende-community-moves-forward (accessed September 15, 2014).

19 "Grain Releases Data Set with over 400 Global Land Grabs." GRAIN, February 23, 2012. http://www.grain.org/fr/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs (accessed September 15, 2014).

20 World Bank. "Doing Business." *Business Reforms in Uganda* http://www.doingbusiness.org/reforms/overview/economy/uganda (accessed September 15, 2014).

21 "Investment Reforms key to Uganda's Growth and Competitiveness." *Press Release, World Bank*, May 14, 2013.

Uganda Doing Business Fact Sheet was authored by Alice Martin-Prével and Faris Mohammed.

Photo: Land grabbing in Uganda. © FoEI / ATI - Jason Taylor.

The Oakland Institute

The Oakland Institute
PO Box 18978
Oakland, CA 94619 • USA
www.oaklandinstitute.org • info@oaklandinstitute.org