

World Report

Uganda

17 NOVEMBER 2007

Gearing up to host the
Commonwealth





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17 NOVEMBER 2007

Uganda takes centre stage

The 19th Commonwealth meeting gives Uganda a chance to showcase its progress over the last twenty years

Ever since the break up of the Roman empire one of the constant facts of political life in Europe has been the emergence of independent nations. They have come into existence over the centuries in different forms, different kinds of government, but all have been inspired by a deep, keen feeling of nationalism, which has grown as the nations have grown."

When Harold Macmillan spoke these words at the South Africa Parliament in 1960, he could scarcely have imagined that they would still ring true in 2007. Less still could the then British prime minister have entertained the notion that the 'emergence of independent nations' would be taking place in Europe - Montenegro being the most recent case - and that the fervour of nationalism would have taken hold in Africa to such an extent that ex-colonial states would today be leading the African continent towards a prosperous and peaceful future. The withdrawal of the colonial powers throughout the 1950s and 1960s invariably resulted in economic and social upheavals that even developed countries would have struggled to manage. It is with no small measure of pride then that Uganda this month plays host to the world's largest unilingual gathering of heads of state - the Commonwealth Heads of Government Meeting (CHOGM).

The logistical challenge of hosting the heads of state of the 53 member countries of the Commonwealth is one to which Uganda intends to rise emphatically. The capital, Kampala, will be the centre of international attention between the 23rd and 25th of November, when the leaders of the Commonwealth of Nations descend en masse to mark the 19th edition of CHOGM. The concurrent Commonwealth Business Forum is expected to attract in excess of 5,000 delegates.

Yoweri Kaguta Museveni, the president of the Republic of Uganda and chairman in office of the event, will welcome the heads of state, including the Head of the Com-



V PINTO, AP / © COMMONWEALTH SECRETARIAT

The 18th Commonwealth Heads of Government Meeting was hosted in Malta (above) and well-attended by the 53 Commonwealth member states, represented below in blue



monwealth Queen Elizabeth II, the Duke of Edinburgh, the Prince of Wales and the Duchess of Cornwall, along with the thousands of Ugandans expected to throng the streets. In anticipation of the scale of the meeting, extensive improvements have been undertaken at Entebbe International Airport in Kampala. The Civil Aviation Authority has commissioned a new surveillance radar and some 2,000 additional security personnel have been drafted in to ensure the safety of guests, who will be lodged at the Munyonyo Commonwealth Resort on the outskirts of the city. It is an unprecedented operation for Uganda, and one that Mr Museveni and his government have approached with passion and commitment. In a message to the Ugandan people earlier this year, Mr Museveni stated, "I wish to assure all our citizens that Uganda, as a nation, is ready to host this prestigious event. Since all the components of our society will be touched by the various CHOGM-related activities, hosting it suc-

cessfully will give us a major leap forward in the transformation of our country. I wish, therefore, to rally your support and commitment to the success of this event."

Under the banner of 'Transforming Commonwealth Societies to Achieve Political, Economic and Human Development', the 19th CHOGM will continue the work of its predecessors to deliberate central policies designed to benefit its member states, while Uganda will have the opportunity to display its progress in achieving its UN Millennium Development Goals. It is also the duty of the meeting to renew the mandate of the 1991 Harare Declaration, which sets out the core principles and policies of the Commonwealth of Nations. A broad-based set of beliefs that stem from a common desire for progress among member nations, the Harare Declaration spans global development and harmony, the denunciation of racial prejudice and the promotion of economic and social advancement among the combined 1,921,974,000 citizens of the Commonwealth. Previous CHOGMs have contributed to the cessation of the Cold War, the end of Apartheid in South Africa and the peaceful conclusion of decolonisation.

It is a testament to how far African nations have brought themselves, and to the positive reaction of the Commonwealth to the process of nation-building within its remit, that the 19th CHOGM is to be held in one of the continent's brightest examples of economic and social development. Secretary General of the Commonwealth Don McKinnon summed up the potential of this edition of the event on a recent preparatory visit to Kampala. "Fantastic," he enthused.

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The beauty of diversity

Uganda's cultural pastiche is unique and alluring. The focus of the great adventurers is primed to captivate the world anew

When John Hannington Speke sent his celebrated telegram to London to recount his finding the source of the Nile, the eyes of the National Geographic Society turned invariably to Uganda and the shores of Lake Victoria. A century and a half after the height of the age of African exploration, the world's most famous lake still provides the focal point of tourism in Uganda, a country of 30 million people bordered by Kenya, Sudan, Democratic Republic of Congo, Rwanda and Tanzania.

Comprising a cultural patchwork as diverse and colourful as any country in the world - as an indirect result of the colonial boundaries drawn up by Britain - Uganda today is home to multitudinous ethnic groups - some 17 tribes of Bantu and Nilotic origin including the Baganda, Banyakole, Basoga, Bakiga, Iteso, Langi, Acholi, Bagisu, Lugbara and Bunyoro, among others, hold Ugandan nationality. A medley of religions pervades the country, with large percentages of the population counting themselves as Catholic, Protestant and Muslim, in addition to a miscellany of indigenous faiths.

The tower of Babel may have been located in ancient Persia, but a modern day equivalent would not be out of place in Uganda, where cities and villages alike reverberate to the sounds of English, Swahili,

Luganda, Bantu, Ganda and Arabic. It is a cultural and linguistic pastiche that captivates and beguiles.

The capital, Kampala, rebuilt following the Uganda-Tanzania war of 1978-79, is now a modern, vibrant city and home to one of East and Central Africa's most prestigious seats of learning, Makerere University, and one of only eight Bahá'í houses of worship in the world - the Mother Temple of Africa. The city's population of 1.2 million reflects the demographic variegation of the country at large. Transport is a mix-match of western and African models, where a city-wide bus service to be inaugurated in 2008 will vie for space on Kampala's streets with the traditional boda-boda motorcycle taxis that weave their frenetic way through the throngs. Kampala will become one of the first cities in Africa to introduce a congestion charge when the bus network is up and running.

It is this progressionist attitude that infuses the nation and its citizens and has made Uganda a leader in African advancement. Tourism initiatives have made Uganda a shop window for the region. In 2006, nearly 700,000 visitors flocked to Uganda, a number that is set to increase sharply following upgrades at Entebbe International Airport and the increased coverage the country will enjoy as hosts of the 19th edition



The cultural heritage of Uganda has evolved and grown in tandem with the country itself

of the Commonwealth Heads of Government Meeting this month. Growth projections suggest that Uganda can expect 1.8 million tourists to enter the country via Kampala over the next decade.

Using the upcoming CHOGM as a platform for boosting its tourism offer, Uganda Ministry of Tourism, Trade and Industry has identified adventure tourism, its rich wildlife (Uganda is home to 1,200 species of bird - 10% of the world's total, as well as the iconic mountain gorillas), and an increase in the number of available beds in areas such as Queen Elizabeth National Park to further bolster the sector, which

is already the country's top revenue earner. With the sphere of international focus due to fall into Uganda's lap this month, it is essential that its tourism treasures are presented to a wider global audience to advertise Uganda as a safe, modern country with the potential to be one of Africa's premier tourist and business destinations.

Speke's telegram simply stated, 'the Nile is settled.' So too, 150 years later, is Uganda's enduring allure. All that remains is for Uganda to use the tools at its disposal to once again draw the attention of the international community to its natural bounty and its fascinating culture. ●

THE PATH TO INDEPENDENCE

The birth of a modern African democracy

Influenced not only by western political ideologies but by Islam, Catholicism and Protestantism, the western world's lasting legacy in Uganda has been a political and religious wrangle for control - largely carried out at the expense of Ugandans. When Arab traders arrived in the Kingdom of Buganda in 1845, it was the harbinger of an epoch of power shifts and the use of violence to assert control on the various tribal Kingdoms that then constituted modern Uganda.

The colonisation of Uganda by Britain was, however, achieved as much by subterfuge as by force. A British protectorate since 1894, the signing of the Buganda Agreement in 1900 ceded control of Buganda to Britain. The document was written in Luganda, still the most widely spoken language in Uganda, and English - the English version legally binding. As none of the Bugandan regents understood the colonial vernacular, in the stroke of a pen they effectively signed away their autonomy.

Control over Buganda's neighbouring



YOWERI KAGUTA MUSEVENI
President of Uganda

kingdoms was not so easy to seize and less still to maintain. Rebellions against British-controlled Buganda were commonplace until the British government, in 1954, proposed an East

African Federation, which was roundly rejected. The colonial administrators then exiled Kabaka (king) Mutesa, who was agitating for Bugandan independence. This act stoked the embers of Ugandan nationalism and provided the platform upon which political parties would eventually campaign for an independent Uganda - culminating in the 1961 elections that saw Benedicto Kiwanuka of the Democratic Party installed as the first chief minister of Uganda.

A Catholic, Kiwanuka was unpopular both internally and with the colonial administrators who favoured a protestant leadership, thus an alliance between the Kabaka Yeka Party - created to protect the traditional status of the Kabaka - and the Uganda People's Congress defeated the Democratic Party in the national elections of April, 1962.

In October of the same year, Uganda declared its independence and Milton Obote became the first prime minister of Uganda with Edward Mutesa, Kabaka of Buganda, as his president. Allegations of corruption and the

suspension of the 1962 constitution saw Obote overthrown by a military coup led by Major-General Idi Amin, commander of the armed forces. Amin's murderous regime lasted until 1979 when a coalition of rebel Ugandan fighters and the Tanzanian People's Defence Force swept into Kampala.

Marred elections in 1980 - each party had its own ballot box - saw the UPC's Paolo Mwanga claim victory. His term would last six months. 1980 also witnessed Obote again assume the office of president, where he would remain until ousted in 1985, and the emergence of Yoweri Kaguta Museveni's Uganda Patriotic Movement.

Elected president in 1986, Mr Museveni started a broad-based 'movement' system of government that was ratified by national referendum in 2000. In 2001, he was re-elected in the second presidential elections of the post-Amin era. Having guided Uganda to its current position on the world stage, Mr Museveni has been described by western observers as one of a 'new generation of African leaders'.

It's 'E-life' for Uganda

New Ministry of ICT targets 'e-living', aiming to equip citizens with the ICT tools they need to carry out everyday tasks digitally

Uganda's Ministry of ICT is one of its newest and most important. Its minister, Ham-Mukasa Mulira was handpicked by President Museveni for his wealth of experience in the ICT sector, or in the words of the President, "for technical reasons." Before his appointment, Dr Mulira worked in IT for more than twenty years, developing software, teaching statistical computing and software engineering at university level, and being at the helm of Uganda Computer Services.

Now overseeing the fastest growing sector in the economy - telecoms - Minister Mulira says that although his initial background was in computers, with the advent of Internet over the last few years, telecommunications and computer technology have become irrevocably linked.

"Telecommunications are really to transmit the message from one geographical location to another. And IT is the processing, storage and dissemination of that information," he observes. "So the convergence of the transmission of information across vast

distances digitally and the processing of information has brought about this new sector of ICT."

As the son of political activist EMK Mulira, who founded Uganda's Progressive Party, and Rebecca Mulira, a pioneer in the country's women's liberation movement, Dr Mulira should be well up to the task of leading the ICT revolution in the country. Also, considering the developments in the telecom sector over the last twelve months, outlined in the UCC article on page five of this report, it is no accident that the creation of the Ministry of ICT has coincided with the liberalisation of the telecoms sector in the country - the second such stage following a preliminary liberalisation at the end of the nineties that saw UTL and MTN form a duopoly that ended in 2005.

Dr Mulira says that communications infrastructure is the foundation upon which IT development in the country sits. As such, Uganda has taken a giant leap forward in the past year towards putting this infrastructure in place, and also towards realis-



The government is aware of the economic benefits of universal ICT access

ing the Ministry of ICT's 'e-living' dream and President Museveni's vision of creating an information society.

"Simply ringoing to say 'Hello, how are you?' doesn't necessarily spur growth," comments Dr Mulira. "With the liberalisation of the sector, operators have moved beyond the provision of just voice communication into the provision of data communication services. They are introducing services that will start building onto the next level."

The other side of this coin is public. The government has expressed its intention to create a national communications backbone

that will ensure universal access and Chinese financing has been secured to begin construction on the fibre link that will provide high speed and affordable connections for voice and data across the entire nation. Dr Mulira says the government is building 'digital roads', with open access for all who care to use them, including the country's new telecoms.

"The private sector has laid fibre in some key places where they know there will be a return on investment. The government's return on investment is in social terms not in balance sheets," he points out.

HITS TELECOM

Empowering Uganda is the goal of new telecom

With access to the best network, best value for money, innovative services & widespread distribution

The first venture of its kind in Africa for majority shareholder, International Investment House (IIH), HITS Telecom Uganda (HTU) is one of the new telecoms to appear on the scene in the changing and dynamic landscape that is Uganda's telecom sector this year. A Middle Eastern leader in emerging market investment, Abu-Dhabi-based IIH has a long track record of successful development projects in emerging countries in the energy, transport, oil and real estate sectors. Excited at the prospects for growth in the Ugandan telecom sector and encouraged by the country's liberal and business-friendly investor policies, IIH, and its chairman Ahmed Al Marar, are looking forward to its latest venture, convinced that the Ugandan market is ready for the first class service HTU will provide.

"Customers of HTU will be assured of having access to the best network, best value for money, innovative services, and widespread distribution channel, all backed by world-class customer service," says Mr Marar.

An important priority for HTU is the provision of coverage in Uganda's semi-rural

and rural areas. In particular, HTU intends to provide network coverage in areas that have so far been overlooked by other service providers in the country. This is in line with a fundamental cornerstone of the company's philosophy - that each and every Ugandan has the right to affordable, high quality telecommunication access. HTU plans to form solid partnerships with both local and international partners in order to fulfil this vision, such as the partnership agreement HTU signed this year with Alcatel-Lucent to build its state-of-the-art turnkey GSM 900/1800 network in Uganda. The next generation network, which includes high speed data services GPRS/EDGE, WIMAX broadband, international gateway, mobile virtual network and data transmission services, is testament to the company's commitment to the country. HTU will also be working with other global leading suppliers such as Cisco and Oracle for the deployment of the latest IP call centre and ERP system.

HTU is also committed to building strong CSR partnerships in Uganda aimed at improving the quality of life for all Ugandans. HTU hopes to empower Ugandans through providing them with the tools they need to become economically self-sufficient. The focus will be on business development and

empowerment through a micro-financing initiative.

Another step towards this is the role that HTU will play as an employer in the country. HTU has already filled all of its top management positions with qualified and talented local professionals, all self-driven, motivated and high performing individuals who will enjoy the challenging business environment that the telecoms sector represents, and who will benefit from the opportunities for professional growth that a career with

HTU can provide. HITS Telecom prides itself on being an equal opportunity employer, and diversity, high levels of personal integrity and multiculturalism are trademarks of its employees.

Mr Marar says that the opening up of the Ugandan telecoms sector over the past year can only serve to benefit consumers in the country, who will enjoy the lower tariffs that increased competition will bring. "Existing subscribers in Uganda represent only 12.7 per cent of the potential market," he comments, adding that this leaves more than enough room for the country's current five telecom companies to expand exponentially. "The resulting competition will benefit consumers through a better service, lower prices and greater

'The resulting competition will benefit consumers through better service, lower prices and greater innovation'



AHMED AL MARAR
Chairman of HITS Telecom Uganda

innovation. HITS Telecom believes in fair competition, and we know that only by being a cut above can we make our mark and stand out from the other players."

Hosting the Commonwealth Heads of Government Meeting has been a great privilege for Uganda as well as a good opportunity for Ugandan companies, says the chairman, adding that they will benefit from the extra business the conference will generate. "All this will ultimately benefit the Ugandan people and the local economy through increased demand for goods and services. This is in addition to the phenomenal publicity the country will receive as an attractive investment destination long after the conference," he concludes. "HTU is extremely happy that the government of Uganda has liberalised the telecoms sector and we have confidence that this will change the development of the economic landscape of the country. We at HTU firmly believe that there is soon to be a telecoms revolution in Uganda."

WARID TELECOM

Transforming telecom sector

Uganda's telecommunications sector has until recently had three major telecom providers. In November last year, the government of Uganda completely liberalized the country's telecom infrastructure and services arena, opening up the market to full competition. Warid Telecom Uganda (WTU) was awarded a Public Infrastructure Provider license on 26th of March this year.

To date, the telecommunications landscape is characterized by low penetration and inconsistent service quality. Network disruptions are prevalent and the existing operators have fallen short of the growing expectations of the corporate and consumer customer base. This resonates with Warid Telecom's experience in Pakistan, its first country of operation; the incumbent players were hesitant to invest in their networks and customer focus was poor. Warid entered the market in May 2005 with a service and quality proposition that has since led to the acquisition of nearly 12 million subscribers.

WTU's rollout is progressing at a rapid pace. On 13th September this year, WTU made test calls on its network, exactly 50 days after the equipment was delivered into the country. The rollout of BTS sites and the billing solution is also progressing well.

The company plans to invest US\$400 million in its operations in Uganda, with \$150 million



WTU Country General Manager Zul Javaid and the Minister for ICT Ham-Mukasa Mulira make a mobile-to-mobile test call

so far injected. At the time of launch, the company expects to employ over 400 Ugandans directly and many thousands indirectly. The advent of WTU has triggered investments in the sector by all players in an effort to defend their market position.

WTU has selected its initial technology platforms as GSM and WiMAX on a converged IMS core network. These wireless technologies support its strategy for a quick rollout, in order to expedite the availability of its services to the people of Uganda.

WTU is owned by Warid Telecom International, a part of the Abu Dhabi Group chaired by His Highness Sheikh Nahayanca Mabarak Al Nahayan. Warid Telecom International has begun the expansion of its footprint in Africa with new licenses in Uganda and the Republic of Congo and it is actively seeking operating licenses in the CIS, South Asia and other parts of Africa.

UGANDA COMMUNICATIONS COMMISSION

Revolutionary boom

As the eyes of the Commonwealth turn to Uganda this November, there will be a natural emphasis on communication services. ICT services are not only necessary for the smooth running of an event like CHOGM; they are also a prime indicator and an enabler of national development.

Luckily the current boom in Uganda's communications sector is nothing short of revolutionary.

The latest investment survey from the Uganda Communications Commission (UCC) reveals that the sector attracted over \$75 million last year, a 47 per cent increase over the previous year. The number of phone subscribers grew by 1.5 million in the last fiscal year. As of June 2007, there were 3.7 million phone subscribers in Uganda, 3.6 million of whom owned mobile phones. Ten years ago that number stood at 3,000.

According to UCC Executive Director Patrick Masambu, the increases are the result of a surge in competition on the market. Last year a duopoly that had given exclusive rights to MTN Uganda and Uganda Telecom Ltd ended and the UCC established a new licensing regime.

In addition to the three existing telecommunication operators, UCC has licensed two additional service providers who will be operational by November. The Commission has so far li-

censed 23 companies to offer telecommunication services. Four of these—Warid Telecom Uganda, Hits-Uganda Ltd, Infocom and Africa Online—hold both public infrastructure provider and public service provider licenses.

Vigorous competition and major capital investments in the sector promise to push growth even further in the coming year. This competition is also bringing to consumers lower tariffs, innovative services and better quality of services.

Internet usage, which to date had been relatively low, also yielded promising figures. The number of subscribers rose last year by 30 per cent. Buoyed by an increase in private demand, international bandwidth increased by 50 per cent.

One of the major challenges in capitalising on the socio-economic potential of the ICT revolution, however, is limited infrastructure in rural areas. The

UCC has taken the novel approach of subsidising small service providers as well as committing a very substantial budget, in millions of US dollars, to ICT development in areas identified as unprofitable by the telecommunication companies.

By enabling the private sector, ensuring a competitive market and investing in rural connectivity, UCC is making sure that Uganda's communications boom translates into economic growth for all.



Patrick Masambu
Executive Director
of UCC

One voice makes all the difference



Since inception in 2005, Warid Telecom International has changed the face of telecoms in those countries where it has sought operating licenses. Its launch of a Next Generation Network in Pakistan in May 2005 has contributed to the rapid increase in teledensity from 4% to over 40%, followed by its entry into Bangladesh in May 2007 where over 1 million customers joined the Warid network within 69 days.

Warid Telecom is currently in advanced stages of its network rollouts in Uganda and Republic of Congo expecting to launch services in early 2008.

Warid Telecom International is at the forefront of convergence in technology, having selected high end GSM, optical fibre, WiMAX and IMS based solutions for rollout in under-served countries.

With a focus on quality, affordability and service excellence, the Warid Telecom companies set themselves apart from other operators.

As the group expands into Africa, it seeks to bring the benefits of a wide-ranging portfolio of services including voice and value-added services, data, corporate communication solutions, secure VPN, and high-speed internet broadband.

Warid Telecom International maintains two brands Warid Telecom and Wateen Telecom, and has plans to expand its footprint into more and more countries in a short space of time.

One thought, one idea, one voice

*Source: Pakistan Telecommunication Authority



CHOGM brought to you by Uganda Tel

UTL is the sole service provider for the CHOGM media centre in Kampala this week - enabling live broadcasts of the meeting to be seen back home

Providing critical communication links to the outside world this week for the journalists covering the Commonwealth Heads of Government Meeting (CHOGM) in Uganda's capital, Kampala, will be the country's largest fixed line operator, Uganda Telecom Limited (UTL).

Privatised in 2000, the telecom was chosen among Uganda's current five telecoms as the sole service provider for the Summit's media centre, which will be located at a prominent hotel in the city.

UTL was majority acquired by Libya African Portfolio Greencom (LAP) in April of this year, the third foreign operator to move into the sector in 2007, testament to its current dynamism. Under its new shareholding structure, LAP owns 69 per cent equity in UTL, while the government of Uganda retains 31 per cent.

"The market in Uganda holds a lot of potential for growth. More and more Ugandans are demanding more solutions and the communication companies are trying to cater for these demands. UTL as one of these companies prides itself in being a leading innovator and solutions provider. We are constantly developing solutions and providing communication access to more and more Ugandans," observes Abdulbaset Elazzabi, the company's new managing director.

With its entry into the market, LAP brought with it a breath of fresh air and new enthusiasm for the telecom, not to mention the cash (specifically \$50 million) to fund ambitious network expansion plans this year.

Appointed shortly after the spring takeover, over the last few months the company's managing director has overseen the rollout of UTL's GSM network in partner-

ship with Huawei Technologies, which has installed 200 base transmission stations for the telecom—the first phase of a two phased expansion that will soon see UTL cover nearly three quarters of the national territory in a bid to boost its current 20 per cent share of the country's mobile market.

"We have invested a lot of money, expertise and energy into UTL, and our first step will be to improve the coverage of GSM. We aim to deliver GSM solutions to over 70 per cent of the population by November and are targeting over 2 million subscribers by end of 2008," remarks Mr Elazzabi, adding that once the expansion project is finalised this month, UTL's network will be the largest in the country, meaning that more and more Ugandans will be able to enjoy the solutions offered by the company's network.

"As it stands right now, UTL has got the most solutions and these are tailored to meet the varying needs of different individuals," he states.

The improvements in Uganda's telecom-

munications infrastructure over the last few months in preparation for CHOGM have been significant, according to Mr Elazzabi, who says that the government has encouraged the telecom sector to deliver the latest solutions. Bandwidth in the country has been increased and many of the major hotels and destinations have upgraded their communication facilities.

For its part, UTL has increased bandwidth to over 100 megabytes and has provided a 2MBPS wireless network to the CHOGM command centre.

"We have also signed a new 3G network and have provided BlackBerry solutions to the market," says Mr Elazzabi. "We have over 270 roaming

partners that include most of the Commonwealth countries, so delegates do not have to buy new connections but can carry out business as usual. We are introducing data roaming as well. Basically, CHOGM will require a wealth of solutions for communication needs, and UTL is confident we can meet all these needs."



UTL will be able to provide GSM solutions to 70 per cent of the country this month



uganda telecom
the leading communications provider

uganda telecom boasts of a wide portfolio of communication services that include landline, mobile, data and innovative ICT solutions.

As a key player in the communications sector, we are mindful of the important role we play in promoting social and economic development.

That's why we continuously strive to ensure that more Ugandans get access to cutting-edge technology.

By offering innovative and customer focused solutions, uganda telecom remains the preferred communications partner in Uganda.



uganda telecom
it's all about U

ENERGY

Building Bujagali

Just a few kilometres from the source of the Nile River, engineers for Italian-based Salini Costruttori are busy overseeing the construction of spillways for Uganda's much-anticipated Bujagali dam project. The spillways will control flooding on either side of the river, and when they are finished early next year, work will begin in earnest on Bujagali, thus ending nearly a decade of stalled plans for the dam's construction.

"We have been trying to develop Bujagali hydropower resources for quite some time," says Minister of Energy and Mineral Development Daudi Migereko. "In the late 1990s, there was a lot of discussion regarding the development of the project, and in 2001, the World Bank approved it. Unfortunately, there were problems with the global energy sector at that time. The companies involved ran into financial problems, and the project came to a standstill."

Now the \$500 million dam, the single largest investment East Africa has ever seen, has new financiers: Aga Khan Development Network, which sponsors projects worldwide in fields ranging from education to rural development and institution building, and Sithe Global of America's Blackstone Group.

The Italian firm they have chosen to build the dam is the same company behind the two Gilgel Gibe dams in Ethiopia, which transformed that country's energy sector. Prior to their construction, Ethiopia was able

to supply electricity to less than 20 per cent of its population. Today, it is a net exporter of what has come to be known as the country's 'white gold' - hydroelectric power.

Uganda needs the electricity that Bujagali will supply. Only three per cent of Ugandans currently have access, and only half of these get their electricity from the national grid, using instead homegrown solutions such as solar panels, car batteries or household generators. The country's electricity shortfall has cost it two per cent in growth, and has been a deterrent to foreign investment.

Bujagali will supply an additional 250 MW of electricity, covering the current 100 MW shortfall. But this is only the beginning. The government has recently announced a sector strategy that aims to increase Uganda's capacity to 22,500 MW by 2020.

This may seem a stretch considering that nearly 98 per cent of its current supply is generated at another dam down the river, the 380 MW Owen Falls, but only a fraction of Uganda's hydroelectric potential has been developed, and oil and gas have recently been discovered in the country.

Consequently, the government is considering a number of projects. "If anybody wants to invest in this country, and wants to invest in the energy sector, this is the time," declares Mr Migereko. "There will be no better time than now. The demand for power is there, and the support from the government is there. This is really the time to invest."

Rice, cassava, plantain, papaya – the cupboard is overflowing

Uganda is a green paradise with a bounty of crops. Agribusiness is now sweet temptation for investors

Unlike many of its continental counterparts, Uganda is blessed with rich soil and an abundance of water. Although the landlocked country has no coastline other than the shores of Lake Victoria, it has many rivers and lakes and nearly a fifth of its terrain is wetland – plateaus that are rimmed with the green peaks of the Rwenzori mountain range. This not only makes the country stunningly beautiful but these natural advantages, in tandem with a tropical climate and regular rainfall, create idyllic conditions for agriculture – and Uganda's are considered among the finest in Africa.



Not surprisingly, the agricultural sector is dominant in the economy. It employs roughly 80 per cent of the workforce, represents more than a third of GDP and accounts for nearly all of Uganda's foreign exchange earnings. Additionally, much of the country's industry is related to the agricultural sector.

Uganda is Africa's largest producer of coffee. Traditionally a high export earner for the country, today Uganda's rich beans represents between 20 and 30 per

cent of total export earnings. Fish - mainly the fresh water Nile perch and Nile tilapia from Lake Victoria - and fish products account for another 17 per cent. Other mainstays like cotton, tea, sugar cane and tobacco continue to generate their share of export earnings, while the export of non-traditional products, including vegetables, cut flowers, fruits, vanilla, silk and honey, is on the rise.

Although there exists a scattering of larger commercial farms in the country, most of Uganda's produce is farmed by its more than 2.5 million small-scale farmers. There is also a great deal of subsistence farming in the country.

With the exception of cereals, Uganda's staple crops are used primarily for domestic consumption and cover a wide spectrum from plantains, cassava, maize, millet and sorghum to sweet potatoes, peanuts,

rice, wheat and Irish potatoes.

Coffee, tea (Uganda is second largest producer of tea in Africa after Kenya), cotton, tobacco and cocoa are the most important cash crops. The horticultural sector has posted promising growth over the last decade (Uganda is now the third largest producer of vanilla on the continent), and common products include chillies, asparagus and medicinal plants. The fresh cut flower industry has also taken off in recent years.

President Museveni has been behind various initiatives to increase value addition in the agriculture industry. His Plan for the Modernisation of Agriculture aims to empower local governments so they can boost production enhancing techniques. Main crops such as coffee, tea and tobacco have traditionally been exported in raw form but would earn more if processed and exported as finished products. Other underdeveloped industries in fruit and vegetable processing have enormous potential for value addition, such as the production of frozen juice concentrate from the country's rainbow of tropical fruits, in particular, passion fruit, mango, pineapple and papaya. ●

BIDCO

An eco-friendly island

Off the northwest shore of Lake Victoria lies the tropical Island of Kalangala, home to an array of stunning wildlife as well as the most promising agro-industrial project in Uganda.

Thanks to a joint venture between Wilmar Group of Malaysia and Bidco Uganda Limited, 450,000 palm oil seeds have been planted on the island. The plantation represents a \$100 million investment, and the state-of-the-art edible oil processing complex in the town of Jinja represents an additional \$50 million. Combined, the project is the largest single foreign direct investment in Uganda in recent times.

Agriculture is Uganda's core competency. All too often, however, a lack of money and technology means that raw goods are exported, deferring economic benefits to more developed countries. "Bidco's investment aims to change that," says Kodey Rao, Managing Director of Bidco Uganda Ltd. "We want to set a positive trend for the future development of the sector and the country."

Based on their fundamental philosophy - "From the Soil to the Pan" - Bidco's investment is bringing to the country a fully integrated value chain, creating and retaining wealth within Uganda. At its peak the project will make Uganda fully self-sufficient in edible oils, removing the

need for nearly \$100 million of oil imports per year.

In addition to driving macro economic growth, the project is also infusing Uganda with state-of-the-art agrotechnology, local skills development, thousands of jobs and a plethora of downstream activities.

The project represents a connection to not only the people but also to the land. Once again leading by example, Bidco not only adheres to global criteria for sustainable land usage, it also helped to develop them. These include a zero burning policy, erosion control and soil conservation. Bidco has also invested in environmentally-friendly effluent and sewage treatment plants in Jinja.

An eco-friendly crop, palm oil is also a source of food security. In the fight against malnutrition in the developing world, palm oil is a healthy and affordable source of energy and sustenance. Furthering these benefits, Bidco is dedicated to fortifying their product with additional vitamins and minerals.

As a progressive agro-business, Bidco is creating sustainable growth through economic, social and environmental commitments to East Africa. And through its success, it is showing the world what is possible when you invest in Uganda.

FROM SOIL TO PAN

With as firm commitment to the community and to the environment, Bidco's palm oil project is working toward an optimistic future of economic growth in Uganda.

BIDCO

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The coffee craze...

Rich Arabica and Robusta blends are the country's speciality. Recent increases in world prices should lead to higher productivity levels for its farmers – and more great coffee for the rest of us

Uganda's beans produce some of the highest quality coffee in the world, a fact that the world's coffee drinkers are beginning to cop onto. It has two main varieties: Robusta and Arabica, produced at a ratio of approximately four to one. Robusta is grown in the low altitude areas of Central, Eastern, Western and South Eastern Uganda while Arabica, which fares better at higher altitudes, is grown in the highland areas on the slopes of Mount Elgon in the East, and Mount Rwenzori and Mount Muhabura in the southwestern region. Unlike Robusta, whose native habitat is the Lake Victoria Crescent, Arabica coffee was originally introduced from Ethiopia. Both brands are considered superior quality and given the fact that most of Uganda's beans are organic, the country produces a coffee product that is hard to beat.



Roughly 3.5 million Ugandans depend either directly or indirectly on the coffee sector

"Uganda produces an excellent and unique quality of Robusta because the variety originated here. Consequently, the types we grow are not only natural, but also grown in their natural conditions. The Arabicas, though not naturally found in Uganda, are also of excellent quality because of the good elevation and growth conditions, and the varieties grown are good to type since they have not been subjected to various breeding as you see elsewhere," asserts Henry Ngabirano, director of the Uganda Coffee Development Authority (UCDA), the sector's governing body.

This year has seen a boom in Uganda's coffee exports. As of August, totals were up some 30 per cent over the previous year to 2,683,400 bags. The country has become a leading African producer of Robusta since political crisis erupted in former top-producing Ivory Coast – Ugandan exports of the coffee have skyrocketed by more than 50 per cent this year alone. Mr Ngabirano credits the 2007 increase in value to improved international prices, a better quality of Ugandan coffee as well as the fact that more bags were sold through organic, fair trade and specialty movements.

Uganda currently produces three million 60kg bags of coffee beans per year, which the government is hoping to increase to four million by 2015. Higher global

prices over the last two years have helped considerably, as an increase in earnings has led to improved husbandry practices and the planting of more coffee trees. Curiously, exports to the European Union have dropped nearly ten per cent over this period, a decrease that was luckily made up for by a 24 per cent increase in exports to other African countries.

The drop in sales to the EU is surprising considering that North American and Asian coffee drinkers are buying more Ugandan coffee. Increasingly more demanding, consumers there are choosing the high-grade Ugandan coffee and are willing to pay higher prices for it.

Global consumers are also increasingly attracted by Uganda's abundance of organically grown coffee beans. Organic farming officially began just over a decade ago in the country and there are currently 15,000 certified farmers in the country who produce 2,000 tons of organic beans each year. According to Mr Ngabirano, however, most of the country's one million producers are organic 'by default' as they have never used chemi-

SUSTAINABLE CROPS

...and the crisis

In the last two decades, the world's consumption of coffee has changed dramatically. The spread of the 'coffee bar' and the introduction of gourmet brews have produced a new coffee fervour in the West. Coffee lovers can now choose from hundreds of combinations of variety, origin, brewing and grinding methods, flavouring, packaging and ambience.

At the same time, international prices for the raw product, or green coffee, are the lowest in decades. It has been estimated that the coffee content of the cost of a cappuccino in a UK coffee bar these days is less than four per cent. In Uganda, coffee farmers and exporters combined receive just 6 per cent of the finished product price, according to estimates from the Uganda Coffee Development Authority. Nowadays, coffee farming, especially by the world's millions of smallholders, has become economically unsustainable.

How did this happen? Throughout the



CHOGM participants will be enjoying some of the world's best coffee during their visit

icals in their production either due to insufficient funds to purchase fertiliser or simply not having access to them.

"There are stringent standards that the organic farmers have to meet that are set by the certifying body regarding good agricultural practices, including the prohibition of inorganic fertilizers or sprays," he explains, adding that the cost of certification, which is normally carried out by European agencies, is quite high for Ugandan farmers. In addition, there is a three-year chemical-free period on plots before farmers can become certified, which Mr Ngabirano says is basically redundant in Uganda's case.

"The 2-3 year conversion period should only be applicable to farmers who have been using artificial fertilizers and sprays. Use of such chemicals is quite limited in Ugan-

da's coffee farming. It would be appropriate in my view if we were declared organic farmers by default," he explains.

Established at the beginning of the nineties during the liberalisation of Uganda's coffee industry, which saw a surge in the number of coffee farmers in the country, UCDA works to ensure quality standards in the sector and to promote Uganda's coffee abroad. Though large scale coffee producers are gradually emerging, the coffee sub-sector is almost entirely dependent on about 500,000 smallholder farmers – 90 per cent of average farms range in size from less than 0.5 to 2.5 hectares. UCDA is active in its attempts to secure a more equitable distribution of the coffee chain's profits to optimise foreign exchange earnings for Uganda and payments to these farmers. ●



suggesting that profits for roasters, and their gross margins, had jumped considerably.

The last few years have seen a slight turnaround in this trend. Aware perhaps that over 90 per cent of coffee production takes place in developing countries, and that the "coffee crisis" is threatening the livelihood of communities that rely heavily on coffee cultivation, both roasters and consumers are increasingly choosing 'sustainable coffee'. Why not? It's better quality. And as luck would have it, there are many varieties to choose from: Organic, Bird-friendly (Shadegrown), Rainforest Alliance-certified, Fair Trade, or Utz Kapeh, to name a few.