

**Mobilising the Ugandan
Business Community for
Peace**

Scoping Study – Summary
Report

October 2006

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About International Alert

International Alert is an independent peacebuilding organisation working in over 20 countries and territories around the world. Our dual approach involves working directly with people affected by violent conflict as well as at government, EU and UN levels to shape both policy and practice in building sustainable peace. Our regional work is based in the African Great Lakes, West Africa, the Caucasus, the Andean region of South America, Sri Lanka, Nepal and the Philippines. At both regional and international levels, our thematic work focuses on the role of business, humanitarian aid and development, gender, security and post-conflict reconstruction in the context of building peace.

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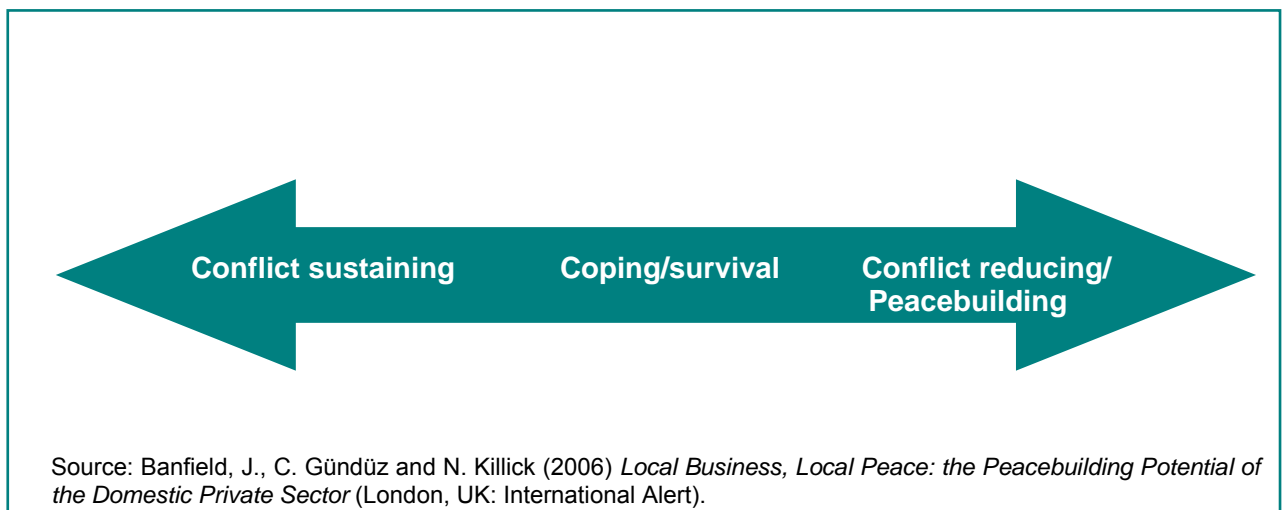
1. Introduction

The ‘Mobilising the Ugandan Business Community for Peace’ scoping study project undertaken by International Alert and funded by Swedish SIDA, ran from October 2005-July 2006. The purpose of the research was to assess the potential of the private sector in Uganda to address Uganda’s conflicts and contribute to peacebuilding. It was also intended to lay the groundwork for any future SIDA/ International Alert work in this area.¹

Alert has found through its research and field work around the world that the domestic private sector – whether operating at the level of industry leader or at a smaller-scale of activity, including in the informal sector – is often motivated to contribute to peace, and in some situations can have the resources, skills and capacities to do so, across a range of peacebuilding areas.² Recognition and understanding of a ‘positive’ face of business activity in conflict zones adds a valuable new layer to the inquiry into ‘war economies’ that is underway internationally. War economies research points to the powerful role certain types of business activity can play in determining the duration, intensity and character of civil conflict.³ With regard to some conflicts, recognition of these dynamics has helped policy-makers develop responses that seek to limit and transform them – for example through seeking to curtail trade in certain ‘conflict commodities’. Taken together, research and response to business and conflict/ business and peace represents a critical new area of peacebuilding policy and practice.

Figure 1 sets out a spectrum of domestic private sector responses to violent conflict taken from a recent Alert publication, from negative conflict sustaining activities, through to conflict reducing or ‘peacebuilding’ interventions and approaches.

Figure 1 - Spectrum of local business responses to conflict



The purpose of this research project was to shed light on such dynamics as they relate to latent or existing conflicts in Uganda, with a particular emphasis on any potential at the right-end of the spectrum in Figure 1. The specific question it set out to answer is: “Can (pockets of) the Ugandan business

¹ The research builds on wider International Alert efforts to promote a constructive role for business in conflict zones and improve understanding of the economic requirements of peacebuilding Regionally. Alert is also engaged in peacebuilding programmes in Burundi, Democratic Republic of Congo (DRC) and Rwanda. For more information see www.international-alert.org

² See Banfield, J., C. Gündüz and N. Killick (2006) *Local Business, Local Peace: the Peacebuilding Potential of the Domestic Private Sector* (London, UK: International Alert).

³ See, for example, Ballentine, K. and J. Sherman (eds.) (2003) *The Political Economy of Armed Conflict: Beyond Greed and Grievance* (Boulder, US: Lynne Rienner); Fischer, M. and B. Schmelzle (eds.) (2004) ‘Transforming War Economies: Dilemmas and Strategies’ *Berghof Handbook Dialogue Series No. 3* (Berlin, Germany: Berghof Research Center for Constructive Conflict Management); and Collier, P. (2000) ‘Doing Well Out of War: an Economic Perspective’ in Berdal, M. and D. Malone (eds.), *Greed and Grievance: Economic Agendas in Civil Wars* (Boulder, US: Lynne Rienner).

community be mobilised for peacebuilding?” The findings are to some extent impressionistic, being based on consultations undertaken during four trips to Kampala and one each to the following regions: Northern Uganda, West Nile, Karamoja and south-western Uganda – selected for their recent or current experience of armed violence – as well as on background literature and available data. In each region, interviews and focus groups following a loose interview map were held with stakeholders from each of: business (including local chambers of commerce and businesspeople, market traders etc); civil society (especially those working on conflict issues); local government; international development agencies present in the region; and in some cases the military and ex-combatants. The present document is a summary of a longer presentation of findings submitted to SIDA.

1.1 Business and peacebuilding – a theoretical framework

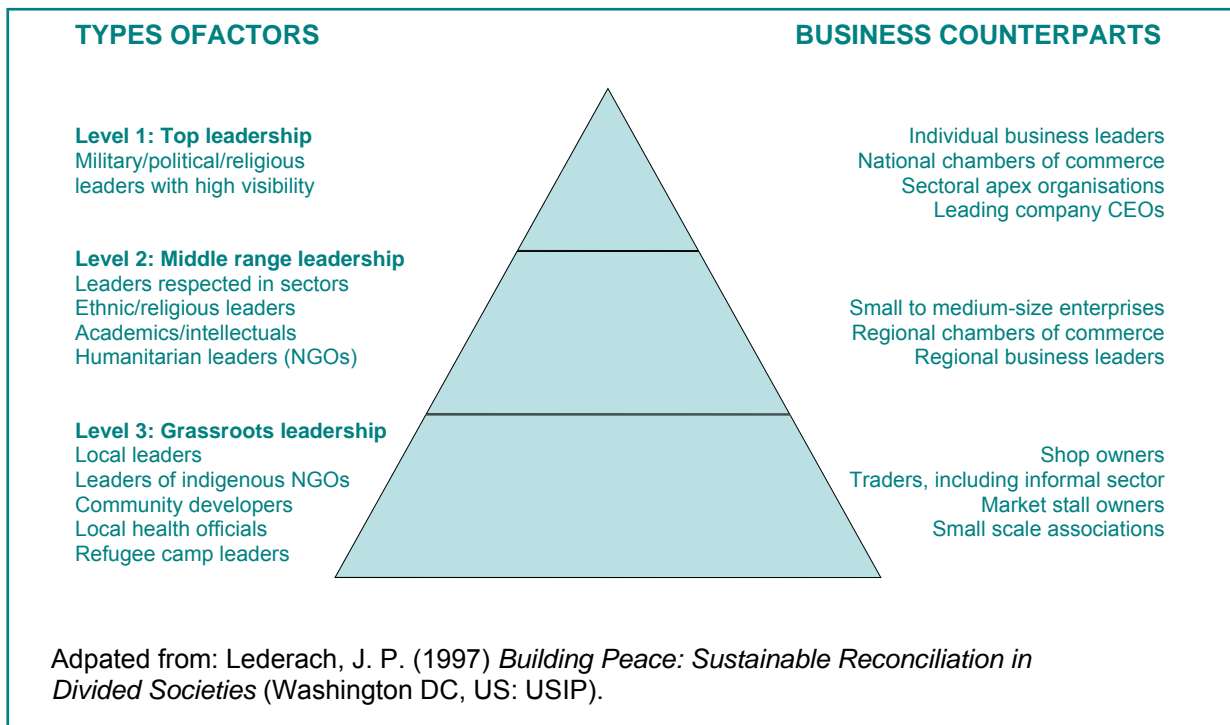
Efforts to promote peace are necessarily complex, mirroring the complexities of conflict itself. The causes of conflict are many, multi-dimensional and changing over time, including interacting social, cultural, political, security, economic, geographic and ideological factors. In addressing the different dimensions of conflict, peacebuilding is a long-term process that involves a variety of activities that seek: “to encourage the development of the structural conditions, attitudes and modes of political behaviour that may permit peaceful, stable and ultimately prosperous social and economic development. Peacebuilding activities are designed to contribute to ending or avoiding armed conflict, and may be carried out during armed conflict, in its wake, or as an attempt to prevent an anticipated armed conflict from starting.”⁴

Peacebuilding will involve different strategies and activities depending on the specificity of each conflict context, which can be broadly organised into four categories: political, economic, security, and reconciliation. Issues of concern within these categories – and activities to address them – inevitably overlap and are interdependent. Without basic security, for example, businesses are unlikely to make longer-term investments to generate economic growth. Conversely, without a healthy business sector, it will be a challenge to find sustainable employment for the many combatants that need to return to civilian life once a conflict has ended. Clearly, no single actor or institution is able to address change at all these levels. A wide variety of actors need to be involved, locally and internationally, with complementary roles and mandates.

While external actors, such as foreign governments, inter-governmental organisations and NGOs, can play an important role in facilitating conflict-transformation processes, the primary burden in building peace lies with local actors operating at different levels of society as set out in Figure 2. While often these will include NGOs, religious groups, parliamentarians and the media, for example, the domestic private sector can also make important contributions.

⁴ Smith, D. (2004) *Towards a Strategic Framework for Peacebuilding: Getting their Act Together* (Oslo, Norway: Royal Norwegian Ministry of Foreign Affairs).

Figure 2 – Peacebuilding actors at different levels of society



The recent International Alert study *Local Business, Local Peace* analysed instances where different types of businesspeople had experimented with contributing to peace in over 20 conflict-affected countries and found that business can make important contributions to peacebuilding across different social spheres.⁵ Through reflecting on what drives such engagement by business in peace, it identified the following common motivating factors:

- **Counting the cost of conflict.** Awareness of the costs of a conflict to the private sector is a central issue for businesspeople. Economic downturn; loss of investment; destruction of infrastructure; damage to capital and workforces; loss of business partners across the conflict divide; lack of security in the operating environment and loss of opportunity for growth are among the direct impacts suffered by businesses during conflict.
- **Moral imperative.** Efforts by businesspeople to contribute to peace cannot be reduced entirely to an economic rationale: a moral imperative felt by the individuals involved is often an equally compelling factor. The desire to alleviate suffering and promote peace for the greater good of society often complements economic interests in motivating engagement in peacebuilding.
- **Opportunities catalysed by others.** International development or peacekeeping agencies; armed groups; local civil society groups and their international counterparts have all actively sought to encourage business to address specific conflict issues and otherwise become involved in peacebuilding in different contexts. The engagement of business can be catalysed through partners that offer space for dialogue and analysis; exchanges with individuals involved in other peace processes; political and security gains; and of course financial support and incentives.
- **Internalising corporate social responsibility (CSR) norms.** The increasing spread of CSR norms is another trend. Mainly relevant to companies that have attained a certain scale, CSR can provide a framework for addressing certain conflict issues directly – for instance corruption or unfair employment practices – either through changed approaches to core business activities or broader relationships at the community and political levels. At the same time CSR principles can be a powerful mechanism for altering negative perceptions of businesses as drivers of, or collaborators in, issues that may underpin conflict.

⁵ The following section summarises findings from Banfield, J., C. Gündüz and N. Killick *op. cit.*

The Alert study also drew some conclusions regarding important facilitating factors that made the efforts of business possible:

1) Internal factors

- **Leadership.** Ultimately, the success or failure of any peacebuilding initiative depends on the personal strength and commitment of the individuals leading it. They are usually personalities who can articulate the case for a wider, private sector role in peacebuilding and convince doubters to engage; who can exercise their influence without fear of reprisal; and who are respected both by their peers and society at large.
- **Collective action.** The most successful initiatives in terms of macro-level impact involve sections of the business community working cohesively to maximise influence over political dynamics, or to raise public awareness about conflict and peace. Some of the more effective initiatives have seen cross-sectoral engagement through umbrella organisations, such as chambers of commerce, that bring together different sectors. Working across the private sector can strengthen an initiative's credibility and legitimacy and facilitate an amplified agenda and impact. Competitive dynamics within the private sector need to be overcome through a sufficient sense of shared interest in achieving a jointly identified goal.
- **Legitimacy.** For collective action and co-operation with others to be possible and effective, the private sector, like any other actor seeking to engage in peacebuilding, has to enjoy credibility, legitimacy and the backing of other actors. This is crucial to winning acceptance both from conflicting parties and the wider public. Acquiring legitimacy can be challenging for the private sector if some enterprises have played – or are perceived to have played – a role in perpetuating conflict. Efforts to engage the business community must address negative perceptions.
- **Conflict analysis and self-reflection.** Perceptions of conflict are often subjective, and may be based on prejudices and preconceptions about the roles played by others. A rigorous, analytical approach that includes broad consultation with other stakeholders can help to overcome biases within the private sector and build a comprehensive picture of the causes of conflict. This has to include a good understanding of the private sector's perceived role in society, and its own links with conflict dynamics. Such self-reflection is critical if business is to tackle key conflict issues in a transformative manner. It may even reveal entry-points for addressing them.
- **Size and type of private sector.** The size of a business shapes its involvement in peacebuilding and the kinds of activities in which it is likely to become involved. Some of the most compelling examples of peacebuilding entail big companies using their influence to lobby for peace at the political level. However, small or micro businesses are by no means excluded from peacebuilding processes, although their impact tends to be more localised, because their influence on central government is often limited. Nevertheless, their contributions can be crucial because they are often located at the front lines.

2) External factors

- **The business environment.** The environment in which a company operates inevitably affects its ability to contribute to peace, and will shape the kinds of interventions it makes. The unpredictability generated by conflict tends to shrink time horizons in terms of investment and profitability. Where businesspeople have no confidence in the future, investing in peace can seem a remote priority. At the same time, features of the conflict-affected business environment that stand in the way of business can provide opportunities for engagement. For example, closed borders or broken business ties undermine trade; initiatives may seek to overcome precisely these blockages. Corruption can impose further constraints on which business may choose to focus.
- **The political context.** The political space to address conflict issues openly may be restricted. A peace role for business may be difficult when government is the major source of contracts; or when the memory or fear of reprisal is fresh. The voice and interests of small businesses are often ignored by decision-makers. Such issues influence whether and how businesspeople engage. At the same time, any peacebuilding initiative has to adapt to a constantly evolving political context. There may be times when some options, such as directly advocating peace to

conflict parties, may be impossible. In these cases, identifying alternatives with a longer term horizon will be necessary. Successful strategies are able to respond to – and even drive – the external environment, changed circumstances and opportunities.

- **External facilitation and support.** As above, initiatives by others – including international donor agencies, government and civil society – have been effective in catalysing and supporting a peacebuilding role for business. A critical first step is to understand the complex relationships different pockets of the private sector can have to conflict.

This summary will now offer an overview of conflict issues facing Uganda today and of the robustness of the private sector, before turning to share the main findings of the research on perspectives on the relationship between business and conflict/ business and peace.

2. Conflict issues challenging Uganda

Analysis of pre-colonial, colonial-era and post-independence conflict in Uganda, as well as manifestations of conflict in the NRM-era – in northern Uganda, West Nile, Karamoja and south-western Uganda, points to several cross-cutting conflict issues as ongoing areas of concern with regard to longer term prospects for peace in Uganda.⁶

2.1. National identity

Divisions along ethnic and regional lines around the country remain a stark feature of Ugandan society, frequently leading to violence. A recent study by the CSOPNU coalition found that negative ethnic stereotypes are common across the country, and that the most violent manifestation of conflict in Uganda, the LRA conflict in the north, is only a symptom of deeply embedded schisms related to national identity.⁷ Feelings of marginalisation by region, and ethnic and other tensions locally within each region in each case are apparent – even in a region such as south-western Uganda, which is not normally now thought of as a conflict-affected area. Several interviewees pointed to an exacerbation of ethnic tensions and mistrust over the past 10-15 years, and expressed concern at present trends. Ethnic elements are never far below the surface in popular political discourse or at the local administrative level, resurfacing for example in the 2006 election run-up.⁸ The extent to which Ugandans identify with the nation-state or their own ethnic or regional affiliation and how these identities are understood to co-exist or threaten each other continues to threaten long-term peace and stability.

2.2. Mixed economic development

The impact of a nearly two decades-long programme of reforms on Uganda's economy has been significant, and Uganda's development performance is celebrated internationally as a result. Once population growth is factored in, the overall benefits of growth are reduced however – with the annual rate of 5.5 percent from 2000-04 translating per capita into a rate of just 2.1 percent.⁹ It is notable that growth has also slowed in recent years. The Poverty Eradication Action Plan (PEAP) states that economic growth of 7% is necessary to achieve its social sector goals. With regard to poverty levels, it is often quoted that poverty has fallen in Uganda from 56 percent in 1992 to 38 percent by 2003. These figures measure poverty in terms of low income, but do not factor in other key dimensions, including vulnerability of income, physical insecurity, poor health, low levels of education, disempowerment, heavy burden of work or unemployment, etc. Strong regional disparity has increased, as well as income inequality among Ugandans around the whole country.¹⁰ While the proportion of the population living in poverty in the south

⁶ The longer version of this report submitted to SIDA includes a fuller analysis of pre-colonial, colonial-era, post-independence and NRM-era conflict dynamics in Uganda.

⁷ See CSOPNU (2004) *The Need for National Reconciliation: Perceptions of Ugandans on National Identity* (Kampala, Uganda: CSOPNU/ JAYAK).

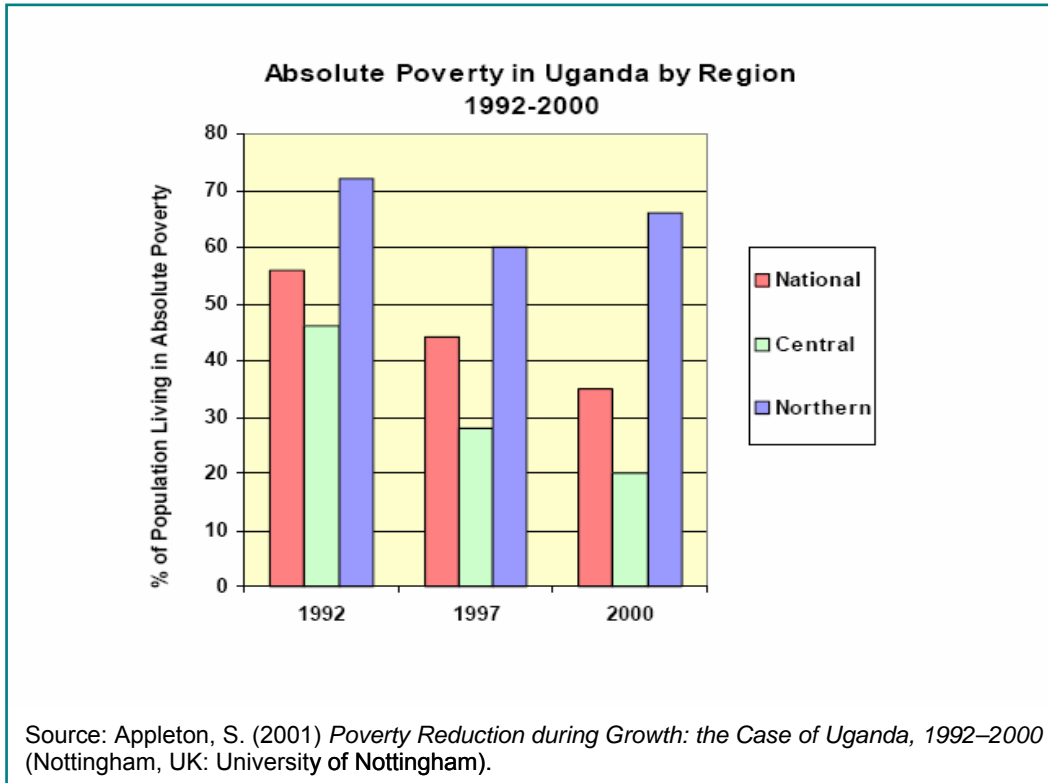
⁸ The Democratic Party (DP) elected a Muganda as presidential candidate, for example, a fact duly and publicly noted as typical by northern supporters of failed candidate Mao who is an Acholi. It is widely perceived among those from other parts of the country that the fall-out between Museveni and Besigye is between 'westerners'.

⁹ Lundström, S. and P. Ronnäs (2006) *Challenges for Pro-Poor Growth in Uganda* (draft report prepared for SIDA, Kampala).

¹⁰ Okunzi, S. A. (2004) 'Dying for Economic Growth? Evidence of a Flawed Economic Policy in Uganda' *Lancet* Vol. 364.

and west is now roughly 27 percent, the percentage across the north is 63 percent while in the east it is 46 percent.¹¹ Mixed economic development interplays with fragmented national identity to produce resentment, mistrust, alienation and the ongoing potential for re-emergence or exacerbation of conflict around the country.

Figure 3 – Absolute poverty in Uganda by region



2.3. Strength of political institutions

While parliament has, since 1996, begun to be more active and independent, criticising executive actions, increasing oversight of the national budget and at times challenging the government’s role in security affairs,¹² and Uganda has gradually opened up to a multi-party system, concerns around the relationship between the executive and the rest of the political system continue. Hostility between political parties has also intensified. Some commentators have observed that the NRM, with its origins as a rebel army, has inevitably been susceptible to ‘informal norms and personal rule’¹³ despite the significant efforts made to put Uganda on a more secure political footing. There is a sense in which the discourse on corruption in Uganda, while resonating with international donor priorities, fails to address the fact that Uganda’s entire system of governance relies on patronage networks, which the government has sought to manage in the interests of stability and growth, but which pose long-term challenges and volatility. Ugandan civil society and the press have a relatively free space in which to operate, however there are limits to this and uncertainty regarding political space in the longer term.¹⁴

2.4. Movement to Multi-partyism

¹¹ Barkan, J.D. (2005) ‘An African ‘Success’ Past its Prime’ presentation at Woodrow Wilson International Center for Scholars conference, *Uganda: An African ‘Success’ Past its Prime?* 2 June 2005.

¹² Moncrieffe, J. (2004) *Uganda’s Political Economy: A Synthesis of Major Thought* (report prepared for DFID Uganda).

¹³ Ibid.

¹⁴ Dicklich, S. (1998) ‘Indigenous NGOs and Political Participation’ in Hansen, H.B. and M. Twaddle (eds) (1998) *Developing Uganda* (Oxford, UK: James Currey).

From the mid-1990s, the NRM has exhibited an increasing tendency towards control and consolidation of power, culminating with the constitutional amendment that allowed Museveni to stand for a third time in the 2006 elections. The apparent implication of those close to Museveni in the profitable trade in precious commodities from eastern Congo,¹⁵ as well as in other scandals such as that around the Global Fund to Fight Aids, Malaria and Tuberculosis,¹⁶ have further undermined the Movement's credibility in the eyes of many observers. Museveni's adoption of a Presidential Guard Brigade, thought to be a far increased transformation of the previous Presidential Protection Unit, now operating under the command of Museveni's son and deployed throughout the election period, was seen as a worrying development. The fact that the FDC has its base in Museveni's own heartland constituencies is also seen to be significant.¹⁷ Creation of several new districts prior to the 2006 elections (bringing the number of administrative districts in Uganda up to 78) raise further doubts as to the health of the Movement project at this point.¹⁸ At the very least it can be interpreted that Museveni is drawing deeply on his reserves of political capital in order to maintain power. In this sense his developmental project of the 1990s has seemingly gone astray in its current focus to maintain power at all costs. Relationships with international donors dissatisfied with these political developments raises further challenges.

Also, the NRM's governance of conflict itself during the past 20 years has raised questions as to the extent to which it has been genuinely committed to ending conflict, particularly in the north. The government is accused of having shown inadequate commitment to protecting civilians from LRA attacks; meanwhile certain military figures are said to have profited from the conflict.¹⁹ Some argue that the conflict has provided a convenient source of military support from foreign powers for the government; a source of patronage for maintaining control over the army; as well as political cover within Uganda as the constant threat of armed rebellion resonates acutely with many citizens and can be manipulated to maintain support. This characteristic of the government's response to conflict relates not only to the north, but also to manifestations or the threat of violence throughout the country.

Outright exclusion of the opposition would risk promoting more radical positions, and some have even claimed it might lead to the threat of war, as has happened in Uganda in the past.²⁰ There has recently been a formal move back towards multi-party politics, and the 2006 elections, though recognised as imperfect, were conducted under the multi-party system for the first time since the 1980s. It should be remembered however that international research shows that political systems often become more prone to violent conflict during the "opening up" period.

2.5. Regional insecurity

Uganda's borders are a source of insecurity – each of DRC, Sudan, Kenya and Rwanda has provided a haven for different armed groups to base themselves at different times. The signing of the Navaisha Accords between Khartoum and South Sudan has had a major impact on the feasibility of the LRA's ongoing rebellion, with South Sudan most recently weighing in as a mediator. Ongoing insecurity and the lack of central control over eastern DRC, however is a source of continued concern, and fuels anxiety of future armed attacks in south-western Uganda, West Nile and regarding the north. It also sustains ongoing involvement of the Ugandan army in the DRC. The situation in Karamoja has wider implications for regional security, and there is a clear need for co-ordination with Sudan and Kenya. Tensions between Uganda and Rwanda continue to exist since their split during the most intensive phase of conflict in DRC. Other manifestations of wider insecurity in the region, including flows of refugees and arms across Uganda's borders, also have an impact on conflict levels. Peacebuilding strategies in Uganda have to factor in deeper analysis of regional dynamics to be effective.

¹⁵ United Nations (2001) *Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the DRC* (see press release SC/7057).

¹⁶ 'Foreign Envoys Demand Action against Global Fund Culprits' *UN Integrated Regional Information Network*, 23 August 2006.

¹⁷ 'We Need to Go Slow on Tribe, Religion in National Politics' *The Monitor*, 9 January 2005.

¹⁸ 'Creation of New Districts Good for Politics Bad for Economy' *The Monitor*, 27 March 2005; 'Can Uganda's Economy Support More Districts?' *New Vision*, 8 August 2005.

¹⁹ Carson, J. (2005) 'A Legacy in Danger' presentation at Woodrow Wilson International Center for Scholars conference *Uganda: An African 'Success' Past its Prime?* 2 June 2005.

²⁰ 'Besigye Calls for Mass Uprising' *The Monitor*, 31 July 2006.

3. Uganda's private sector

A critical role for the private sector as a vehicle of growth has been asserted with increasing emphasis at the highest policy levels during the reform period. In 2000, the government, supported by several international donors, launched the Medium Term Competitive Strategy (MTCS) aimed at creating a favourable environment for increased private investment, through removing key obstacles that impede business operations. Business leaders have an important place at the table in the various MTCS working groups tasked with monitoring implementation, as well as other important national policy processes such as previewing the budget, the Uganda Programme for Trade Opportunities and Policy, the Capital Markets Advisory Board, the National Planning Authority, the Plan for Agricultural Modernisation, as well as the annual Presidential Private Sector Roundtable.

Together with donor support for private sector development and business services, Uganda's commitment to economic reform has led to a revitalisation of industry and sector-wide associations, as well as overarching private sector representation. These range from apex organisations like the Private Sector Foundation of Uganda (PSFU) and the Uganda National Chamber of Commerce and Industry (UNCCI); to umbrella sector-specific organisations such as the Uganda Manufacturers Association (UMA) and the Uganda National Farmers Federation (UNFFE); to smaller bodies.

Despite this trend, the private sector in Uganda is still fairly undeveloped. While pockets of particularly foreign and high-end business have enjoyed significant expansion, the gap between a rhetorical emphasis on the private sector, and a holistic effort to unleash its potential at all levels is substantial. There have been limited gains to date in terms of the broad-based economic renewal and employment opportunities anticipated from private sector ascendancy. The Ugandan government is the primary consumer and user of services, and Uganda's investment is overwhelmingly in the hands of a small number of large business groups. A snapshot of Uganda's labour force in 2003 is revealing: out of a pool of approximately 9.3 million, of whom 87 percent were in rural areas, the majority of the labour force was employed in agriculture. Just 11.6 percent worked in sales, maintenance, repair of motor vehicles and household personal goods; and 6.1 percent in manufacturing.²¹ With regard to the growth of business associations, a trend of early-1990s donor sponsorship in which donors encouraged particular organisations to be run according to sustainable business principles within a certain timeframe (i.e. at no cost to the donor) is apparent. In a difficult environment in which service delivery to members is challenging, and members themselves weak, perhaps inevitably many of these associations are, a decade later, now finding it difficult to survive and have limited functionality.

Flawed policy approaches can in part be blamed. Controversy at the time of privatisation of Uganda's public enterprises during the early years of the SAP provides a salutary insight. Issues of concern voiced in the local media included over-involvement of international technical staff and wildly imprecise valuing of assets (e.g. Uganda Agricultural Enterprises Ltd, was assessed by different stakeholders at \$7.5 million and \$36 million; while the Uganda Fisheries Enterprises Ltd which had been set up with a \$14 million loan from the Italian government, was privatised for \$1.1 million).²² Above all, the privatisation programme's 'highest bidder' approach failed to generate opportunities for local entrepreneurs with most assets going to foreign owners. Moreover, 'political interference' or corruption tainted many of the deals, and is seen by some to have driven the privatisation agenda.²³

The domestic private sector in Uganda now faces numerous obstacles to expansion and growth. Leaving aside insecurity and conflict for now, these include:

- **Poor infrastructure.** Particularly challenging over the past year has been severe restrictions and uncertainty to Uganda's energy supply, which hit manufacturing, services and large-scale agriculture badly. With national demand expected to peak at 650 megawatts by 2010, Uganda's

²¹ UBOS (2003) *National Household Survey 2003* (Kampala, Uganda: UBOS).

²² For further discussion see Tukahebwa, G. (1998) 'Privatisation as a Development Policy' in Hansen, H.B. and M. Twaddle *op. cit.*

²³ *Ibid.*

current level of energy supply of about 317 megawatts is inadequate.²⁴ Even now there is a deficit of 50% of demand during peak hours. The presumed negative effect on annual GDP growth is estimated at 2%.²⁵ Poor roads and access to markets are further major obstacles. While Uganda's climate and natural resources offer huge potential to the economy, the fact that it is landlocked hits it unfavourably with regard to some activities and underlines the importance of efficiency in other areas.

- **Institutional constraints.** Lack of access to credit and other critical financial services as a result of weakness in the financial sector; and weakness in the commercial justice system (for example regarding enforcement of contracts) as well as the criminal justice system, pose particular challenges.
- **Political constraints.** The government is a major consumer and client for a whole range of industries, at both national and district levels. Uganda appears to be a long way from having the ideal 'level playing field' for business opportunities through such contracts however, with district level officials and higher echelons of government alike using the opportunities at their disposal as a lever for maintaining political power.²⁶ Those close to government are widely said to be increasingly implicated in corrupt business activities, with some members of the governing elite exploiting their position to profit across a range of sectors.²⁷ This acts as a major constraint for those businesses that do not have access to such closed-door channels.

While the first two of these constraints are identified in PEAP-related analysis – including the MTCS – progress in removing them is slow. This may in part be explained by the third constraint: the way in which the economy is governed. The tendency that became apparent during the major phase of privatisation has continued to shape and inform the government's approach to managing the economy, distracting it from wholehearted follow-through with a private sector agenda.

It is estimated that nearly 90 percent of the private sector in Uganda is made up of micro and small enterprise.²⁸ The conditions for stimulating SMEs remain limited, and the SME legislation which has been under development since 1999 is all-but ridiculed, showing few signs of ever being put into practice. Smaller scale entrepreneurs or those with no access to the corridors of power, find limited opportunities or credit support facilities, and in general an operating environment which is not conducive to growth.

Meanwhile, in spite of the unanimous emphasis placed by international development partners – whether bilateral or multilateral – active in Uganda on the private sector as a key engine of growth, and the numerous instruments and programmes that continue to be implemented as a result, questions regarding the overall impact of donor activity in Uganda on strengthening the private sector also need to be raised.²⁹

²⁴ Ministry of Finance, Planning and Economic Development (2005) 'Budget Speech 2004-05'. Available at <http://www.finance.go.ug/budgetSpeech04-05.htm>

²⁵ Personal communication, Swedish Embassy, 2006.

²⁶ Barkan, J.D. (2005) *op. cit.*

²⁷ Why Uganda's Privatisation Project was not Justifiable' *The Monitor*, 21 August 2005.

²⁸ Government of Uganda (2005) *Uganda Vision 2035, op. cit.*

²⁹ While a fuller audit of activity than fell within the scope of this research is required to fully assess this, discussions held as part of this research pointed to several significant issues of concern:

- Despite micro-finance representing a quasi-industry in its own right within Uganda, there is a lack of donor support to smallest enterprises
- Despite increased efforts to co-ordinate most recently under the framework of Uganda Joint Assistance Strategy (UJAS) a previous tendency not to leads to inconsistent impacts and high transaction costs
- Despite efforts to support business associations, unrealistic expectations built into programme design re: business sustainability over time undermine the objective
- Avoidance of conflict-affected areas for programming, and favouring of certain private sector partners over others are two instances pointing to a wider problem whereby 'conflict-sensitivity' is not mainstreamed into this area of development assistance
- As Uganda has come to rely on in-flow of budgetary support and other assistance in lieu of local revenue collection, it is possible to argue that development of the 'social contract' between governing and governed particularly with regard to business has been undermined (and the political negotiation of rights between business and government that would otherwise ensue).

Overall, the gap between Uganda's private sector promotion as it appears on paper, and its actual governance model, is substantial. These constraints impact private sector growth not only in terms of its economic success, but also its political voice. Dependency of bigger players on government for opportunities limits their independence from government in pursuing various reform agendas; and marginalisation of smaller players effectively silences them. Moreover, the imbalance of opportunity by region and towards elite players exacerbates underlying tensions in Ugandan society.

4. Perspectives on business and conflict/ business and peace – main findings from the research

4.1. National

Most interviewees whose activities have a national reach in terms of geographic spread around the country (whether as part of business, civil society, media, politics or academia), are professionals working for organisations with headquarters in Kampala. These represent Uganda's most educated elite, with access to pinnacle opportunities in their fields. Many such individuals, while seeing themselves to have a national perspective and motivation, often in fact have limited exposure to regions or points of view outside of central and south-western Uganda. Others – particularly those working with NGOs or private sector associations that have partnerships and membership around the country – have more genuinely 'national' perspectives. Taken together, many of the Kampala-based interviewees met with for this research are at the heart of current political discourse in the country and have the potential to influence it accordingly.

The main focus of discussions at the national level tended to gravitate towards *the* conflict in Northern Uganda – unsurprisingly given that this is the most violent manifestation of conflict at present, emphasised in political attention and media reporting alike, particularly in the context of recent developments. A large number also identified conflict issues arising from the political system, expressing disaffection with the events surrounding the 2006 elections, and concern as to an apparent return to volatility and insecurity in the struggle to maintain power at the top level. This reflects voting patterns among educated elites that have turned against the NRM in recent years. Issues of national identity, and fragmentation and mistrust between different ethnic groups and regions were also highlighted. A particular anxiety as to the legacy of the Northern conflict on young people who have known nothing except IDP camps and violence, and their likely attitude towards the rest of the country, was apparent among this group of interviewees – many of whom are conscious of the suffering that has affected the north but have themselves been largely insulated from it.

With regard to the potential role of business to contribute to peace, while several participants, from all sectors, were quick to point out that many businesses profit from conflict (highlighting in particular the role of some military officers in seizing opportunities in DRC and Northern Uganda), the idea of a positive impact by business, which many felt was a new concept, generated serious interest and enthusiasm. At the same time, many asked why business has done so little to date – with many outside of the private sector having the impression that interventions have been entirely limited to high-profile donations of blankets and other goods to the IDP camps as part of a new trend of corporate philanthropy on the part of larger business operators in Uganda – and confirmed that outside input in terms of facilitation and learning from other contexts would be important to stimulate a more proactive engagement. Another reason given for the cautiousness of the private sector related to the lessons of history, whereby some Ugandans are extremely nervous of a recurrence of past violence and turmoil and hesitate to get involved in discussions about security as a result. In addition, closeness and dependence on government on the part of some segments of the private sector was also seen to inhibit a more proactive approach.

The primary reasons given – by private sector and other stakeholders alike – for why business could have an important role to play were:

- **Motivation.** There was a clear sense from many interviewees that business is losing out on a number of levels because of ongoing violence in Uganda, as discussed in further detail below

- **Economic role.** Business was seen to have the capacity to address the pressing need to generate economic opportunities for all Ugandans particularly in areas recovering from conflict
- **Voice.** If properly organised, it was felt that business could use its influence with government to leverage new approaches to addressing conflict issues
- **Identity.** The common identity that many businesspeople may find in each other, superseding ethnic or religious ties, was identified by some interviewees to yield untapped prospects for national reconciliation.

4.2. Northern region

Traditionally, the Northern region's economy was dependent on agriculture, specifically animal rearing and food crops. Currently, with more than 90 percent of the population living in IDP camps and unable to access their land, this is no longer the case. With less than 25 percent of land being used, production has been almost non-existent. Therefore a population that was previously self-reliant with regards to food is now mainly dependent on food aid from the World Food Programme and other donors.³⁰

Businesses across the scale have lost goods, property, money and even lives to the conflict. Businesses in trading centres are regularly targeted by LRA rebels for supplies or money: shops have been robbed, vehicles ambushed and destroyed. Insecurity has further isolated the region from the rest of the country. High transport costs, corruption among UPDF officers, and other risks associated with the movement of goods and people were all cited by interviewees as obstacles to business. There is also tension and resentment between some local businesspeople and civil servants due to corruption within the local government system, with allegations of local government officials awarding themselves the tenders by setting up 'briefcase' companies, or extorting big bribes before giving out such tenders, crippling business opportunities.

As a result of all these factors, prices for almost everything are high, while the purchasing power of the majority of the population is low. Market vendors in Gulu town, for example, often carry their merchandise to camps in other sub-counties in search of customers. Despite incurring high transport costs and risking rebel attacks they still cannot rely on making any sales.

It is estimated that 70 percent of the population are under 30, with limited or no education and skills. There is high unemployment, especially among the youth, and this presents a risk of future armed conflict as they become an easy target for recruitment into armed rebellion. Some argue that this is demonstrated by the fact that when LRA rebels attacked Lira and Teso they were repulsed because the population there has a stable source of livelihood.

There is no significant war economy in northern Uganda on the level of the DRC or Sierra Leone. However, civilians in the north strongly believe that a number of different individuals or groups are benefiting from the war, in particular high-ranking individuals within the UPDF. In addition, there is a widely held suspicion that civilians living in the area that are acting as rebel sympathisers or co-ordinators are benefiting. Whether or not such allegations are true, they are indicative of the extent to which the war has generated an atmosphere of intense suspicion between different actors, both internal and external.

Despite the challenges associated with the conflict, local business is attempting to continue, with some managing to exploit opportunities in some sectors (see Annex 1). Whereas there is high growth potential, lack of capital and ongoing insecurity continue to deter growth. Business support services are limited due to perceived risk and low economic activity in the region. There are only three commercial banks (Stanbic and Centenary Bank, and recently Post Bank) operating in Gulu. Unlike other urban areas in Uganda where micro-finance is thriving, this region seems to be the exception. Limited local access to capital stifles entrepreneurship, and it already looks as if the economic opportunities that do exist will be harnessed by outsiders to the region – which itself poses risks to long-term prospects for peace and security. Another obstacle resulting from the war is lack of local skilled labour. The situation confirms perceptions about ongoing economic marginalisation of the Acholi that is one root cause of the conflict. There is a real danger that such perceptions are likely to intensify unless post-conflict reconstruction efforts put them at the fore of planning.

³⁰ CSOPNU (2006) *Counting the Costs: Twenty Years of War in Northern Uganda* (Kampala, Uganda: CSOPNU).

4.2.1. What efforts have businesspeople made to contribute to peace?

As one senior local government official noted, businesspeople have on the whole been ‘helpless victims’ of the war. They have lost property, goods, money, and lives, and have not found effective means of actively demanding their rights. Efforts by the Gulu Chamber of Commerce to pressurise government for compensation for some of the losses incurred have not been fruitful. Since there is no insurance cover for war, businesspeople have largely tried to cope and exist within the prevailing circumstances.

In the various peacebuilding and conflict transformation efforts focused on the Northern region, local businesses have tended to be excluded. Some of the reasons put forward by government and civil society interviewees for not involving businesspeople were:

- Some businesses tend to benefit from the conflict or are thought to collaborate with rebels and are therefore not appropriate as peacebuilding partners
- Businesspeople tend to be interested in issues that benefit them directly not causes that are in the longer term interest of society
- Existing business organisations are operating at limited capacity and find it difficult to present a common or powerful voice
- Local government does not perceive business as important because they do not generate significant tax revenue.

However, discussion with businesspeople, ranging from market vendors to proprietors of big businesses, showed a high consciousness about the effect of the war on business and recognition that peace is within both their interest and sphere of responsibility. Some businesspeople reported feeling neglected since they are rarely consulted or involved in peacebuilding initiatives. The research also revealed that local business is already contributing to peacebuilding in interesting ways, some not visible to civil society and government. Examples include:

- Due to their position in society and the fact that they tend to move around, businesspeople are always informed about what is happening. They have been a useful source of information about rebel activity for the army, and sometimes the rebels have used them to relay information to the army.
- Market vendors through their association try to integrate returnees by accepting them to become members of the association without discriminating against them, encouraging and supporting them to start businesses so that they can become self-reliant and turn away from life in the bush
- Market vendors, the majority of them youth, have a football club that brings together teams from different backgrounds such as the army to play against each other in order to increase interaction and co-existence
- Businesspeople have played a role in dissipating the conflict between the Acholi and neighbouring groups arising from LRA attacks on such groups. Whenever the LRA attack Acholi neighbours the perception tends to be that the attack was committed by the Acholi people. When the LRA attacked Lira, for example, the Lango retaliated by chasing Acholi businesspeople out of Lira town. In at least one instance, businesspeople recognised that the effect was not good for business on both sides, came together, and reconciliation was possible through customary processes.
- Businesses have continued to trade across ethnic divides and this helps to mend and cement relationships between conflicting ethnic groups. Businesspeople in Gulu have demonstrated their capacity to transcend conflict divides caused by LRA attacks on neighbouring ethnic groups. As one chicken trader from Gulu remarked: ‘We buy chickens from Lira and Apac traders and they treat us like brothers, even giving us goods on credit. The only challenge we face as traders is high transport costs, insecurity and lack of capital.’³¹
- The trade delegation by the Gulu Chamber of Commerce to their business counterpart Juba Chamber of Commerce can also be looked at through a peacebuilding lens given the history of

³¹ FGD with Market Vendors, 6th June 06

SPLA/LRA involvement in Southern Sudan and Northern Uganda. It also demonstrates businesspeople's ability to organise and be proactive.

- Business through the Gulu Chamber of Commerce was instrumental in advocating for the removal of landmines.

From this brief research it is already apparent that there is significant potential for harnessing positive linkages between business and peace in Northern Uganda, while at the same time sensitising investors and others involved in post-conflict reconstruction planning to the potentially negative conflict impacts of certain business trends. All interviewees affirmed that involving business in peacebuilding is a relevant and timely idea. Whereas there was a general feeling among civil society that businesses that have profited from the war may not be supportive of the idea, all businesses irrespective of their linkages affirmed that it is relevant and they can contribute.

4.3. West Nile

West Nile is one of the least developed regions in the country, with 63.3 percent living below the poverty line.³² There are also significant numbers of refugees living in most of the districts, both in the settlements and as self-settled refugees.

The following table below presents the main sources of livelihood for the region.

Table 3

Economic Activity	Population Involved	Percentage
Farming (subsistence and Commercial)	804,545	83%
Formal Employment	67,853	7.0%
Trade	38,773	4.0%
Cottage industries	9,693	1.0%
Property income activity	4,847	0.5%
Family support	29,080	3%
Others	14,540	1.5%

Source: Deloitte and Touche (2004)

The business sector profile for the region is presented in Table 4 below. It is important to note that a significant portion of West Nile businesses are informal, mainly petty trade, carpentry, blacksmiths etc, and not reflected in the data.

Table 4

Sector	Number of Businesses	Percentage
Trade	2,608	74.6%
Hotels	376	10.7%
Manufacturing	200	5.7%
Community, Social and Personal Services	103	2.9%
Health and Social Work	82	2.3%
Business development Services	42	1.2%
Transport	27	0.8%
Construction	16	0.5%
Agriculture	16	0.5%
Education	15	0.4%
Finance	6	0.2%
Communication	5	0.1%
Utilities	1	0
Insurance	1	0
Total	3,498	100%

Source: UBOS (2003) Business Profile

Trade, the dominant business activity, consists mainly of the retailing of general merchandise (mostly imported manufactured consumer goods) and agricultural products. There is active cross-border trade in

³² Poverty Eradication Action Plan 2004/2005-2007/2008.

food and non-food items, but this is still largely informal and, at times, illicit involving rebels in DRC. The manufacturing sector, which is mainly small-scale (metal fabrication, carpentry and wood works, leather works), is constrained by a lack of electricity in the region. Agribusiness accounts for only 0.5 percent because there is limited value addition to products partly due again to lack of electricity. On the whole, the productivity of these sectors is still low.

As in Northern Uganda, there is significant untapped potential in various sectors, as set out in Annex 2. Serious obstacles exist however, and are compounded by the prolonged nature of conflict in the region has, unsurprisingly, imposed further constraints on business – although a few individuals have benefited. The armed insurgency of 1979-86, which coincided with the majority of civilians in the region being forced into exile in Sudan or Congo, crippled the West Nile economy in general. For instance, interviewees talked of how people had deserted their businesses, property was destroyed or looted, there was loss of lives, and there was no agricultural production. The majority, particularly those who had gone into exile in Sudan, came back poorer than they left, and had to begin afresh.

One of the underlying causes of armed conflict in the region in the past was precisely its underdevelopment. With the majority of the population illiterate and lacking marketable skills, and with high levels of unemployment and poverty particularly among the youth, civilians have been an easy target for recruitment into armed rebellion. Lack of adequate infrastructure as well as low levels of investment have meant that opportunities outside of agriculture have remained limited. Although there has been some improvement in infrastructure since the signing of the peace agreement in 2002, these problems still exist and, if not addressed, have the potential to fuel conflict in the future.

Furthermore, insecurity in neighbouring countries continues to have a direct impact on the region. While there are some opportunities for cross-border trade with eastern DRC, ongoing rebel activity and prevailing lawlessness means that the rebels control the economy and therefore collect taxes. Thus the income generated by this trade finances rebel activity, indirectly prolonging the war. In addition, the government of DRC suspects Uganda to be harbouring its opponents, something that could fuel conflict between the two countries in the future.

Tensions between different groups within West Nile are high and access to business opportunities has sometimes been articulated along religious and ethnic lines, in turn generating conflict. At the heart of an ethnic/religious conflict between Ayivu (Christians) and Aringa (Moslems) in Arua municipality, for instance, is the issue of control of resources and access to economic opportunities such as tenders. The Aringa, who originate from Yumbe district and have the reputation for being business oriented, own most of the properties and businesses in Arua town. The Ayivu, who are indigenous to the municipality, feel cheated as a result and are trying to regain control of the municipality. The conflict manifests itself in political division, which has tended to be violent. According to a businessman who is also an ex-combatant, this ethnic tension arises because business is limited and people are poor. With the war in Sudan ending and the prospect of peace in DRC, active business will resume and people may be too busy to focus on such conflict. However it was acknowledged that the wider geopolitical situation remains precarious and further violence could erupt at any point.

District border conflicts are also linked to control of resources, and there is a tendency for people to ignore the administrative boundaries and instead focus on ethnic boundaries. This has caused violent clashes between ethnic groups in the past. It has also led to conflict with local government officials who are interested in administrative boundaries for collection of taxes.

Given differences and tensions across the region, it is important to discern how districts have been affected differently by conflict. For instance, there was widespread feeling among interviewees that businesses in **Arua town** had benefited from the conflict and post-conflict phases disproportionately to the rest of the region. A few individuals, commonly referred to as the 'Arua Boys', returned from exile in DRC with wealth from trading in gold, and were able to set up businesses in Arua town. Businesses have also benefited from the conflict in eastern DRC through the trade in arms, gold, diamonds, timber, and smuggled goods such as fuel, motor vehicles and electrical goods. This has created unfair competition for those doing business in a more formalised and legal manner. For example, proprietors of petrol stations find it hard to compete because of the existence of smuggled fuel from DRC under the arrangement locally known as the 'Opec boys', something that is likely to cause conflict among businesses in future. In addition, such illegal trading activities have the potential to intensify conflicts between the two countries that could, ultimately, generate further regional instability.

Arua town has also been the focal point for many of the development agencies involved in post-conflict reconstruction in the region. Their presence has created business opportunities, particularly for hardware dealers, construction companies and those providing goods and services. With the end of the war in Southern Sudan, the potential repatriation of refugees has generated further business opportunities for Arua, with many of the agencies basing themselves there. Some businesses in Arua have already opened branches in Southern Sudan.

At the same time, the LRA conflict continues to affect businesses in Arua negatively, as in other districts in the region. The main road to Kampala passes through territory in which the LRA rebels operate. Many businesspeople have lost money, merchandise and even their lives due to attacks by the LRA on buses and other vehicles to and from Kampala. Furthermore, due to the high levels of insecurity, the costs of transporting people and goods has increased substantially, increasing the cost of doing business in the region.

Adjumani district, like the rest of the region, has suffered from the presence of insecurity and widespread exile in the post-Amin years. However, business seems to have taken off after people returned from exile. The Madi people, who had previously had little involvement in business activity, saw their fellow Sudanese-Madi involved in business, and began their own on return. They took advantage of the market created by the increasing number of refugees from Sudan and from IDPs fleeing the LRA conflict. In addition, the significant number of development organisations in the district has again further boosted the local economy with similar opportunities arising as for Arua with the end of conflict in Sudan.

The district suffers from the impact of LRA activities in neighbouring Northern Uganda, and has, at times, suffered attacks in the south near the Zoka forest. A significant number of displaced people from the sub-counties in neighbouring Gulu now live in Adjumani town. This, coupled with refugees from Sudan, puts pressure on the available social services. In addition, since the majority of those internally displaced were from farming communities, there is a shortage of food, making the majority of the population dependant on food aid.

The LRA conflict has also created tension between the Acholi and Madi people, which is likely to continue into any post-conflict era. This tension stifles business/trade initiatives between the two districts, with the LRA conflict being interpreted along ethnic lines: when the LRA carries out attacks within Adjumani, many Madi people perceive it to be an attack by the Acholi. This makes them suspicious of any Acholi trying to do business in Adjumani. However, if the LRA war finally comes to an end, there would be clear opportunities for trade between Gulu and Adjumani. For example, traders from Adjumani could purchase goods from Gulu instead of the going all the way to Kampala. Ethnic tensions would need to be carefully dealt with in order to generate the necessary conditions of trust for such interactions to take place.

In **Yumbe**, business was almost completely wiped out due to past armed conflict. After people returned from exile, the district was the centre of rebel activity by the UNRF II. The remaining businesses moved to Arua town and agricultural production came to a standstill. Up to this day, Yumbe has not recovered and is referred to locally as the 'dark district'. While business is slowly picking up, it is still limited by lack of infrastructure and other services – there is no bank, petrol station, or electricity in the district.

Across the West Nile region, the presence of fire arms among civilians has fuelled cross-border illegal trade in arms and poses a risk of robbery or further armed conflict, particularly if ex-combatants remain unemployed. In addition, ethnic, religious and district border conflicts negatively affect business and deter economic development in the region. For example, it may not be easy for an Ayivu to set up business in Yumbe or to get tender from local government, irrespective of technical competence. A non-Kakwa may find it difficult to operate a business in Koboko district, and in Arua Municipal Council there is a deliberate move among the Ayivu not to sell land to the Aringa. While such tensions are by no means uniform, they have stifled business development across the districts.

4.3.1. What efforts have businesspeople made to contribute to peace?

Available literature and discussions with key people in government and civil society indicate that businesses did not participate in the West Nile peace process that led to the signing of the peace agreement in 2002. Their perception was that peacebuilding and security issues were the purview of

government, civil society and the elders. Discussion with chamber of commerce officials in Arua, Moyo, and Adjumani confirmed this.

Discussions with ex-combatants involved in the peace process offered an alternate view, implying that the peace process would not have been possible without the involvement of businesspeople, who provided an important contact with the rebels in convincing them to negotiate peace, and supplied financial support and food for the fighters in order to stop them from looting during the peace process. However all this was done under the guise of ‘elders’ or ‘civil society’, rather than ‘business’, in part because the business identity remains challenging to act under given the present weakness of business associations in the region.

In the post-conflict era, business has not come up with its own initiatives to contribute to the peacebuilding process, although many get involved indirectly. The main exception is Yumbe district (the worst hit by the violent armed conflict) where the business community is being mobilised by the NGO PRAFORD.³³ In its peacebuilding work, PRAFORD recognises that businesspeople are well suited to provide an early warning system for detecting signs of conflict, and are good facilitators for peacebuilding being in touch with the people. PRAFORD has mobilised and trained businesspeople in community policing and conflict transformation skills, has involved them in carrying out a survey in small arms, and has used them as resource persons for training in life skills. As a result, businesspeople are now better equipped to mediate conflicts among themselves and in their communities.

In addition, in Adjumani district a number of different organisations have come together and started a multi-faith peacebuilding initiative (including Muslims, Catholics and Protestants). The initiative brings together elders, women, youth, and war veterans through churches and mosques in order to promote reconciliation and forgiveness of their neighbours, the Acholi, and the ex-combatants living among them. Businesspeople are involved in this initiative, not as a distinct sector but rather as individuals. In Moyo district, the business community, through the Chamber of Commerce, is conscious about the need for peace, acting as an early warning system by providing information to the various security organs. Businesspeople in Arua appeared from the research to be the least aware.

In sum, it is apparent that in almost all districts (apart from Arua, and especially in Yumbe and Adjumani that were the worst hit by conflict) there is a high level of consciousness about the need for businesspeople to participate in generating long-term stability in West Nile, but that to date the divisions that exist between businesspeople along ethnic lines have prevented them from organising themselves into a specific group. One suggestion made by a key businessman in Adjumani to address these divides was to organise a forum in which businesspeople would come together to have dialogue and come up with positions that promote business interests for all of them, capitalising on their shared challenges and concerns. Even in Arua, where interviewees from the business sector initially showed little enthusiasm for getting involved, by the end of the interview they sounded convinced about the importance of such an initiative. This means that with sensitisation, Arua business actors could also become proactive in peacebuilding.

4.4. Karamoja

Livestock is the primary source of livelihood in Karamoja, with crop agriculture more dominant in the southern part of the region. The region is not self-sufficient when it comes to food and suffers periodic famine particularly during drought spells. Business activity is primarily at micro level – in part due to the low purchasing power of the population: less than five enterprises in Moroto have working capital in excess of UgShs10 million. Obstacles to development include ongoing armed violence, the low skills base of the local population, poor infrastructure and access to either capital or markets. The business sector is generally dominated by non-Karamojong, though this is slowly beginning to shift. Sectors where there is potential for growth are set out in Annex 3.

The steady increase in armed violence in the region has further intensified its historical marginalisation, deterring infrastructure development and the emergence of basic business services. Those

³³ Participatory Rural Action for Development (PRAFORD) is based in Yumbe. Its primary goal is to contribute to the empowerment of communities in the West Nile region to acquire the capacity to undertake productive developmental activities and to manage and transform destructive conflict by applying alternative and creative means to promote peace and sustainable human development.

businesspeople that continue to take the risk of doing business in the region have suffered heavy losses at the hands of rustlers, and are frequently the target of road ambushes, while larger scale investment is deterred. Impacts differ from sector to sector:

The **cattle trading** sector has been the worst hit since conflict in the region revolves around cattle. In the process of transporting cattle between markets, cattle traders often fall into the hands of rustlers who rob them of money, take their cattle, and even kill them. Over time, some traders have seen their capital diminish while others have gone out of business. This vulnerability is further intensified by the risk of traders unknowingly buying stolen cattle, getting arrested for it, and having to bribe the law enforcement authorities before being released, as well as suffering the loss when the animal is returned to its rightful owner. Efforts to curb this have included branding of animals and encouraging individuals who want to sell their cattle to first get a written permit from officials. Raided cattle is often priced lower, introducing unfair competition to legitimate traders who have to invest their money and pay taxes.

The local meat market within Karamoja is small due to local limited purchasing power; hence traders mainly depend on markets outside the region. At the same time, access to external markets is a major challenge for Karamojong cattle traders, who are frequently denied access to the Mbale slaughter house, for instance, having to resort to selling their animals to Mbale traders on credit. Efforts to gain support from the Mbale traders association have not been successful.

The **mining** sector is also affected negatively by conflict, particularly through the high transport costs associated with the risk of attacks. These costs are borne by the local miners by way of low prices. At the same time, the conduct of mining activities has also tended to spark off conflict, particularly over dissatisfaction with the benefits for the local people from minerals, as discussed above. The benefits to the Karamojong are only limited to the sale of stones by the small scale miners and the local middlemen. Interviewees reported a wish to see factories were set up in Karamoja, which it was perceived would bring other added benefits such as employment opportunities, infrastructure development and social services. Conflict over ownership of land that is mined adds a further dimension, as local people refuse to recognise mining licenses granted to investors by the government and continue to graze their cattle there. One focus group discussion conducted for this research reported an incident when Tororo Cement wanted to mine limestone in Matheniko, Moroto District using dynamite, but were refused by the local people on the grounds that it would push the local miners out of jobs and the noise would disturb their gods in the mountains. As a result, Tororo Cement left Moroto and is now mining in Amuriat district and on the Kenyan side. Another incident of local people resisting mineral exploitation was in Kaabong district where a South African Company was stopped from mining gold in 1996-97. Such resistance is made even more dangerous by the existence of guns among local people. Overall, interviewees reported a feeling that local government officials are conniving with big companies to exploit them instead of protecting them.

The issue of **land for investment** is also causing conflict in other sectors, which is likely to increase in the future. The land ownership system in Karamoja has always been communal, consistent with pastoral lifestyles characterised by mobility. However government owns huge areas of land protected as forest reserves, hunting grounds or national park. There is an emerging trend towards private land ownership where game reserves are being de-gazetted for agricultural investment. However such land has water sources that pastoralists depend on during the dry season. Similar clashes as have occurred between mining investors and pastoralists seem likely, as does an increase in a local sense of alienation from government and the state.

4.4.1. What efforts have businesspeople made to contribute to peace?

Business has clearly been negatively affected by conflict and has suffered a lot of losses. Despite this, there have been some very localised efforts to respond that were reported in interviews:

- In the mid 1990s when government tried to stop cattle trading by the Karamojong, traders were able to come together and put pressure on government to reverse this
- Recognising the effect of cattle theft on their business, the cattle traders in Kotido District, through the Kotido Traders Association, advocate against cattle theft, and are involved in a process of identifying stolen animals and returning them to their rightful owners.

- These traders also organise peace meetings among groups in conflict over cattle raiding. Indeed, whenever there are ethnic clashes arising out of raiding, cattle traders from different sides continue to trade and initiate reconciliation meetings through elders.
- Because of being cheated by traders in Mbale, cattle traders from Karamoja have attempted to hold talks with their counterparts in Mbale to seek ways of resolving their conflicts. Although this was not successful, the initiative demonstrates some capacity for peacebuilding.
- The local players in the mining sector attempted to seek the support from Moroto local government over exploitation by the middlemen with no success.
- Exchange visits between cattle traders in Moroto and Turkana (Kenya) have been initiated by local government as part of the cross-border peace initiative
- Whenever cattle rustlers go to the market, produce traders talk to them informally about not attacking vehicles carrying food from Mbale, and the outcomes appear positive since such attacks have become less frequent.

5. Conclusions

Recalling the spectrum of responses that business actors may have to violence (see Figure 1) it is apparent from the research that Uganda's private sectors linkages to conflict and peace fit this basic framework, straddling the breadth of possible response, from conflict sustaining to potential peacebuilding. In considering these conclusions, it's important to keep in mind that Uganda is a country affected by multiple conflicts, not just the LRA conflict; and that in any case the LRA conflict does affect Uganda as a whole.

Patterns of profit from war were identified in the various regions and in consultations in Kampala, including: smuggling across national borders that exploits lawlessness and the presence of armed groups; engagement of military and political members of the elite in profit-based activities such as opening of hotels in conflict-affected areas; and the more structural gains that the southern agricultural areas of Uganda have experienced as the north's ability to produce foodstuffs has declined during the prolonged conflict. The possible political gains of the government; and overall booming of the international aid 'industry' as a result of conflict and humanitarian disaster should also be considered. These activities are enormously heterogeneous in their active/ opportunistic or passive nature, the political level at which they take place, and the degree to which they can be seen to reflect an emergent interest in perpetuating conflict in order to sustain profit. They nonetheless point to the need for deeper understanding of the links between economy and conflict by those concerned with peace in Uganda.

Despite the significance of economic motivations in explaining the perpetuation of Uganda's various conflicts, the research pointed overall to a great sensitivity among interviewees to the economic losses incurred.³⁴ Despite economic renewal from 1986, macro-economic conflict-related costs can still be measured into the present day. A recent study found the conflict in Northern Uganda to have cost the country \$1.7 billion after 20 years (an average of \$85 million annually over 20 years, the equivalent to Uganda's annual income from coffee exports; or total US aid to Uganda from 1994-2002).³⁵ Budgets of different ministries have at times been cut by up to 60 percent in order to leverage funds for conflict management, significantly affected national service delivery.³⁶ Data does not exist for the costs relating to other specific manifestations of conflict, or for the constraints imposed on business at more localised levels, but the qualitative testimony of numerous interviewees underscores such costs nonetheless. Awareness of these costs disaggregated into personal experience by individual sectors and at different levels was a common theme in interviews.

³⁴ Looking back to Uganda's past, it is clear that the prolonged period of civil conflict from the 1970s had enormous economic consequences, with the economy declining by 13 percent from 1971-86. See Collier, P. and S. Prabhakar (1998) 'Economic Aspects of the Transition from Civil War in Uganda' in Hansen, H.B. and M. Twaddle (1998) *Developing Uganda* (Oxford, UK: James Currey).

³⁵ CSOPNU (2006) *Counting the Cost: Twenty Years of War in Northern Uganda* (Kampala, Uganda: CSOPNU).

³⁶ Northern Uganda Peace Initiative (2006) *Issues Paper on the Development of a Conflict Resolution and Peacebuilding Policy for the Government of Uganda* (Kampala, Uganda: Government of Uganda).

It is possible to see that in response to concern about conflict, business has in some cases already taken steps that loosely address these. Table 1 offers a summary of existing initiatives or potential for further business action identified by the research against the corresponding conflict issue:

Table 1 – Potential of Ugandan private sector to address key conflict issues

Issue	Business potential to address
<p>NATIONAL IDENTITY</p>	<p>The research highlighted that in several regions, competition between different business actors is compounded by ethnic or religious identities – leading to instances where the marketplace, or decisions about awarding of tenders, has become the locus of inter-group conflict – for example with agriculturalist Banyankore in Kasese denying food produce to pastoralist Bairu; chasing away of Acholi traders by Madi in Adjumani following an LRA attack; and conflict between Ayivu and Aringa in Arua restricting business opportunities for both groups.</p> <p>At the same time, there have been efforts by businesspeople in such localities to overcome these tensions through attempting to intervene with mediation and dispute resolution. In Gulu, this has led to market vendors organising inter-group football matches and seeking to integrate returnees from the LRA; and to continue trade across ethnic divides. In Karamoja, traders have organised peace meetings between groups in conflict over cattle theft. In Adjumani, businesspeople participate in a multi-faith peace initiative promoting reconciliation and forgiveness.</p> <p>While these have been isolated and largely reactive rather than proactive initiatives, several interviewees particularly among focus groups of market traders and within the umbrella farmers’ associations UNFFE and UCFA felt that the potential for the common identity and bonds shared by businesspeople locally and around the country could be harnessed to produce a much more constructive role for different business actors with regard to building more peaceful relationships and a cohesive Ugandan national identity. This potential exists in different regions with regard to specific conflicts as well as at the national level through some of the apex or sector-specific umbrella organisations.</p>
<p>MIXED ECONOMIC DEVELOPMENT</p>	<p>The relative under-development of conflict-affected regions in the north as a whole is an area where business, particularly larger scale industry leaders in the different sectors, has significant potential to contribute according to interviewees. Little has been done to date by business to deliberately focus their core investment activities towards the end of providing more equal opportunities around the country. With post-conflict reconstruction of the north uppermost on people’s minds however, and recognised concerns about the way in which investment and land use will play-out as and when</p>

	<p>this phase commences, many interviewees in that group were interested in the idea of exploring more ‘conflict-sensitive’ approaches to post-conflict investment further, and identified a clear desire for a more inclusive dialogue involving local stakeholders on the way forward. This is also relevant in other parts of the country, not just the north.</p> <p>The pressing need for more substantial outreach and capacity building of SMEs in Uganda given their potential to contribute to poverty reduction and more evenly-spread growth is recognised in key national policy documents and donor programmes – however the reality remains that the majority of Uganda’s private sector is excluded from business opportunities and growth. This has negative implications for long-term stability and suggests fresh political commitment is required from both government and international donors. Supporting smaller associations so that they are in a better position to present their own case to government could meanwhile intersect with efforts to harness the business identity across different ethnic and other lines of division.</p>
<p>STRENGTH OF POLITICAL INSTITUTIONS</p>	<p>It is clear from the research that in many cases access to business opportunities particularly through tenders issued by local government is politicised along party, ethnic or religious lines in Uganda, and that a large amount of business benefits from privileged access to the corridors of power in one way or another. At the same time there is a high recognition right across the spectrum of entrepreneurs interviewed for this research of the obstacles that this system imposes on overall opportunities, and a perceived interest in a more level playing field. Little was revealed in terms of concrete efforts by business to address issues of patronage and corruption to date, but potential for future action was identified.</p> <p>Again, supporting business associations so that they are in a better position to present their own case and to act independently of government and international donors alike, negotiating accountability at the political level, would assist this process.</p>
<p>THE FUTURE OF THE MOVEMENT</p>	<p>While many businesspeople have preferred the security and predictability of the Movement to the chaos of Uganda’s past, some are beginning to feel insecure about the future.</p> <p>One key aspect of the government’s underperformance is the NRM’s management of conflict itself. This research has shown that business has a significant potential to advocate improved strategies in this regard, that could be in the interests of a more open and progressive approach to peacebuilding in the country. Businesspeople at local and national levels have lobbied the government on certain aspects of this, including:</p> <ul style="list-style-type: none"> ■ UMA and PSFU press statements and interventions highlighting conflict as an

	<p>obstacle to investment</p> <ul style="list-style-type: none"> ■ Efforts by the Gulu Chamber of Commerce to gain compensation for losses through attacks ■ Farmers' associations acting on behalf of cotton growers and the right of IDPs to grow their own produce in Northern Uganda ■ The tourism sector's intensive advocacy for improved security of roads and parks ■ Businesspeople in West Nile playing a behind-the-scenes role in getting negotiations to end the conflict started. <p>Businesspeople have also lobbied non-state conflict actors, including cattle rustlers in Karamoja and armed groups in West Nile.</p> <p>To date there has been no comprehensive cross-sectoral concerted effort to explore the range of options open to business at the national level in promoting improved governance of and solutions to Uganda's conflicts, yet again, a clear potential for more action exists.</p>
<p>REGIONAL INSECURITY</p>	<p>Business activities at Uganda's borders in some cases can contribute – often inadvertently – to the financing of rebel activity in neighbouring states (e.g. 'Arua' boys purchasing of gold from rebels in the DRC while in exile). The opportunities presented for trade across borders have also been exploited to the benefit of some groups over others in some areas, fuelling a sense of competition. The arms trade is also a source of profit and insecurity in the region.</p> <p>At the same time, linkages between some traders across borders have created strong affinities that transcend inter-state tension. Businesspeople have also at times lobbied government for safe passage through regions of insecurity in order to more effectively exploit opportunities in neighbouring countries, most recently in southern Sudan. This research has pointed to the need for more localised and in-depth research to understand the patterns of trade at Uganda's borders and how these could be harnessed in the interests of peace and security at a regional level.</p>

These findings confirm that there is potential for pockets of the Ugandan private sector to be mobilised for peacebuilding and that some activities have already been undertaken to this end. This is not intended to suggest that business acting alone could resolve conflict in Uganda – rather that it has an as yet unrecognised but important contribution to make across a range of pressing conflict issues – together with other actors in society.

5.1. Practical ideas for follow-up

5.1.1. A clear interest was expressed by representatives of apex and sectoral umbrella associations as well as leading companies interviewed for this research in any future opportunities to develop more proactive strategies for contributing to peace in Uganda. Such a high level of interest warrants follow-up, for example in the form of a business dialogue forum. While there are numerous existing business associations operating at the national level, as well as other fora such as the Presidential Investor

Roundtable, none of these is well placed to take the lead on such an initiative given their own constraints, agendas and politics. Such a forum could provide an informal space for sharing experiences across sectors and regions within Uganda; pulling in lessons from elsewhere that could serve as a source of ideas and inspiration; building confidence and a sense of common purpose around the notion of business and peacebuilding; and identifying appropriate strategies given the current situation in Uganda – all with a view to building private sector capacity to influence public discourse on peace and conflict.

5.1.2. A lack of research and awareness among decision-makers in Uganda (including the private sector itself, but also government, international development agencies, and civil society) on critical issues relevant to the links between economy and conflict became apparent during this project.³⁷ A think-tank that over time informs national debate on relevant economy and conflict issues through producing timely and high-quality analytical research, could help to fill this gap, building local research capacity on economy and conflict issues. Outreach and advocacy managed by the think-tank surrounding its findings could provide an informal space for decision-makers from different sectors to communicate on these key issues.

5.1.3. Businesspeople can find a dimension of common inter-personal identity that cuts across ethnic and political divides, enabling innovative mediation and dispute resolution interventions and joint advocacy activities around issues of shared concern, as evidenced from this research. Evidence of such promising initiatives that have taken place should be explored further and shared with other civil society and international development organisations active in different regions, in order that others capitalise and harness peacebuilding potential where appropriate.

5.1.4. A major obstacle to business fulfilling its peacebuilding potential is the limited capacity of business associations that has been identified repeatedly in this report. There is a pressing need for government and donors alike to be encouraged to give conflict-sensitive capacity building to local business associations, including at the lowest levels, more priority.

³⁷ Issues where more informed debate could contribute to more constructive decision-making in the interests of peacebuilding include:

- Land ownership and economic development of the North
- Youth and unemployment
- Business opportunities for Ugandan enterprise in Sudan
- Corruption and conflict
- Conflict-sensitive Private Sector Development
- Uganda's regional trade activities and prospects for peace in the Great Lakes region, etc.

Annex 1. Sectors with potential for growth in Northern Uganda

- **Wholesale and retailing of general merchandise and consumer goods.** Since the majority of people live in camps and have limited or no purchasing power, the major clients for these businesses has been the army, civil servants, development organisations' staff and, in some cases, the rebels. Local people's small and micro enterprises dominate the sector. If the war should come to an end, the sector is likely to continue growing, particularly if people's incomes improve.
- **Hotels and restaurants.** This sector has witnessed tremendous growth due to the conflict. Gulu has hosted numerous visitors, researchers, international development organisations, government officials etc, who have come to witness/assess the war and its effects. Almost all the hotels in Gulu are owned by Acholi people with links to government, the army and politicians; as well as by officials in the army and government themselves.
- **Construction.** Due to the various government and donor programmes such as road construction, building schools, health centres and water points, this sector has also grown. Besides government and donors, the private sector has boosted the sector through investment in buildings and real estate. Other businesses related to construction such as hardware dealers have also benefited. The sector has high growth potential if the war ends in terms of reconstruction activities for both Northern Uganda and Southern Sudan, and construction companies have already started activities in Southern Sudan. Small construction companies, which take on the majority of the local government and other private contracts, are owned by local people, while the larger ones that undertake large government contracts tend to be Kampala-based.
- **Real estate.** Again, responding mainly to increased demand for office space and accommodation for workers of NGOs and other development organisations, property prices have increased. In addition, there is a move by some Acholi living in the diaspora to invest, and much of the new and ongoing construction is by diaspora Acholi. The recent establishment of Gulu University has also increased the demand for student accommodation, and hostels are being built.
- **Transport.** Road transport has persisted throughout the war despite the risks and ongoing attacks. Due to insecurity, air transport has also become increasingly popular especially with international agency staff. Transport costs to and within the region have been generally high affecting the prices of all other goods and services. With post-conflict reconstruction and opportunities in Southern Sudan, the sector will undoubtedly grow. The biggest players in this sector are from other parts of Uganda.
- **Commercial agriculture.** This sector pre-dates the insurgency, and is now beginning to re-emerge, spearheaded mainly by an Acholi elite most of whom have links with officials. These individuals have big chunks of land, as well as ready access to capital. On the surface, it might appear that these few people have managed to benefit at the expense of the majority who have had to live in camps for 20 years. This may further intensify the long-standing resentment of some Acholi people towards the elite.
- Crops grown include rice, millet, cassava, groundnuts, beans, cotton and tobacco (on a small scale). The region has the potential to become the food basket for Uganda. Kampala-based and foreign investors are also showing interest in commercial agriculture in the region, and a number of delegations have come to Gulu to explore possibilities. One US company (Donavan) is involved in cotton on a contract farming basis, whereby the company pre-finances opening of land using tractors, provides pesticide, and buys cotton from farmers. Commercial agriculture is seen as key for economic revitalisation of the region and is likely to attract much attention should the conflict come to an end. If this happens, the sector may have the potential to provide much needed employment opportunities. One commercial farmer with over 1,000 acres already employs over 300 people from camps.

- There are, however, serious concerns at present that the re-emergence of commercial agriculture will further disenfranchise local people by preventing them from returning to their own lands, exacerbating the already complex and conflict-ridden land tenure system. People are already beginning to sell clan/family land without consulting other family members. There is a widely-held perception that forcing people to live in camps was a trick by the current government to take over their land. It is also not clear whether the numbers employed per hectare on commercial farms exceeds the number employed by small scale agriculture on the same land area.
- **Cross border trade with Sudan.** With the recently concluded peace agreement in Sudan, cross-border trade is visibly on the increase and again presents huge opportunities during the reconstruction phase and beyond. A trade delegation by Gulu Chamber of Commerce to counterparts in Juba to initiate interaction and explore business opportunities, as well as a higher level delegation of leading businesspeople from Kampala spear-headed by the UMA (these initiatives were not co-ordinated) show the keen awareness of these opportunities. There is no plan as yet on how the region will tap into these opportunities, and at the moment it remains at the level of small-scale trade in items like consumer goods and food stuffs, with some construction and transport contracts. Large-scale revitalisation of trade links will be dependant on infrastructure development, especially rehabilitation of the railway line from Lira to Gulu connecting to Port Sudan, and the road through Pakwach to Port Sudan. Some district leaders also spoke of building a container terminal and making Gulu airstrip into a second national airport. With the right investments, Gulu could become a major trade hub. The ethnic connections between Sudan and Uganda (Acholi, Madi and Lugbara peoples live in both Uganda and Sudan) is another positive factor for cross-border trade. At present, however, concerns are that opportunities will be monopolised by big business from Kampala with local operators excluded through a dearth of capital.
- **Health and education.** Business involvement in the education sector is still limited with a few private secondary schools and a University. However, these are already attracting students from Sudan. Given the perceived superior education system of Uganda, private schools have huge potential to tap into the Southern Sudan market. Low incomes are a limiting factor at least in the short-term however. In the health sector, private business is beginning to emerge with one modern private hospital, Gulu Independent Hospital, owned by a diaspora Acholi. There are also a few private clinics. Given the limited outreach of government-provided health services, the potential for private sector health providers is high if the incomes of the population increase. This service sector is likely to grow with economic revitalisation

Annex 2. Sectors with potential for growth in West Nile.³⁸

- Location advantage to serve the huge market in Southern Sudan and Congo through more organised cross-border trade
- Unopened, fertile land suitable for commercial agriculture in all the districts that could target neighbouring countries
- Under-exploited natural forests in Moyo, Nebbi and Adjumani districts
- Mineral deposits of marble and limestone in Moyo and Adjumani districts
- A wide range of fish species in Lake Albert and Albert Nile for Nebbi, Moyo and Adjumani districts
- Rivers for hydroelectric power generation on the rivers Nyawa and Ibikwa in Moyo district; and rivers Nyagak and Namrodho in Nebbi district
- Hot springs at Amuru, Pekere Sub County, Adjumani district with the potential for geothermal power source
- Geological resources such as clay, sand and rock for the construction industry and ceramics in Moyo and Nebbi districts
- Unexploited mineral resources like petroleum, gold diatomite in Nebbi District
- Fresh water for human and livestock
- Tourism.

The obstacles to exploiting these and other opportunities include:

- Over-dependency on subsistence agriculture with low productivity due to poor agronomical practices, low productivity of farm labour, availability of water for production in the dry season, availability and affordability of inputs, availability of relevant financial service, poorly developed and poorly organised marketing channels.
- Underdeveloped or non-existent physical infrastructure such as roads, utilities such as electricity and water, other services such as telecommunication and financial services make the region unattractive for industrial investment.
- High levels of illiteracy and the related problem of lack of skills leads to high levels of unemployment in the region, in part the result of previous instability, whereby the majority of young people missed out on education while in exile, and on returning they were too old to go to school.
- A business culture that emphasises short-term pay-offs due to a long history of uncontrolled/opportunistic cross-border trade, rather than more sustainable trade relationships.
- Limited or non-existent business support services such as financing and business skills training. This hampers business growth and, as a result, the majority of businesses are micro and small, with just a few medium sized.
- Extremely limited capacity of business organisations such as the chambers of commerce, meaning business does not have a strong voice to influence government and create a more conducive environment for effective productivity.
- Ongoing dependency amongst the refugees and reduced potential for the mutually positive benefits of local integration.³⁹

³⁸ Technical Concept Paper for the West Nile Development Conference (WNDC), November 2005.

³⁹ For an in-depth analysis on the detriments of the settlement policy, as well as the potential benefits of self-settlement for the host communities, see Hovil, L. (2005) *Questioning the Settlement Policy for Refugees in Uganda: A Socio-Legal Analysis* (final report to the John T. and Catherine MacArthur Foundation, RLP October 2005).

Annex 3. Sectors with potential for growth in Karamoja

- **Cattle trading.** A key business activity which has high potential in the pastoral economy. It is constrained by its long tradition of non-commercialisation, insecurity caused by cattle rustling, access to markets, access to capital, and low levels of entrepreneurship. The sector has been dominated by non-Karamojong, but organised trade by the Karamojong is beginning to emerge. The sector provides opportunities to disarmed rustlers.
- **Mining.** Deposits of 17 precious minerals including gold, diamonds and platinum are thought to exist in the region, but currently only limestone and marble is being exploited on a commercial scale. The key players are Tororo Cement Factory and Saudi Mable (both foreign companies with local headquarters in Tororo and Jinja respectively). These companies buy through middlemen, who in turn buy from individual miners or small local companies. Whereas the sector has great potential for providing alternative sources of livelihood to the Karamojong, and is already employing a significant number of people, the actual benefits are still negligible. According to interviewees, miners are currently exploited due to their lack of understanding of market dynamics, poor organisation, unfavourable government policies and inadequate support from the local government. If further exploitation of as yet untapped mineral resources were to proceed, the question of whether this pattern will intensify needs to be addressed.
- **Agricultural produce.** Almost all foodstuffs sold in the region are brought in by traders from neighbouring districts such as Mbale, Soroti and Lira, and the sector is thus vulnerable to insecurity on the roads. The sector is dominated by non-Karamojong, particularly from Mbale. The productivity of the local livestock sector would be greatly enhanced if activities such as meat processing and canning, tanning, and milk processing plants could be introduced. In addition, other commodities such as gum arabica, aloes and honey could be more productively harnessed. Local NGOs with support from development partners have started mobilising communities to exploit these opportunities in some cases.
- **General merchandise.** This is one of the key sectors, and is dominated by Somalis.
- **Restaurants and hotels.** This sector is still relatively small but has witnessed some growth in the recent past linked with the increasing presence of development partners.
- **Transport.** The sector is still small, dominated by a few buses and trucks. Investment in the transport sector has been low due to insecurity along the roads. This makes the cost of transport for people and goods high, which in turn affects all other sectors.
- **Tourism.** As yet untapped, there is potential for an increase in tourism at the Kidepo national park, with its abundant bird species and animals including climbing lions and giraffes. The potential for cultural tourism also remains untapped. Currently there is only one modern lodge, Aduke Lodge, in the park targeting high-end tourists. Due to lack of infrastructure and insecurity, the region is inaccessible and can be reached only by air.

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