

**Building a Peace Economy
in Northern Uganda**

Investing in Peace

Issue No. 1

September 2008



BUILDING A PEACE ECONOMY IN NORTHERN UGANDA

Conflict-sensitive approaches to recovery and growth

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Acronyms

APG	Acholi Parliamentary Group
APEP	Agricultural Productivity Enhancement Programme
ASCA	Accumulated Savings and Credit Association
CAR	Central African Republic
CPA	Comprehensive Peace Accord
DANIDA	Danish International Development Agency
DRC	Democratic Republic of Congo
DDR	Disarmament, Demobilisation and Reintegration
DFID	Department for International Development (UK)
EC	European Commission
EU	European Union
FDC	Forum for Democratic Change
FGD	Focus Group Discussion
FPA	Final Peace Agreement
ICC	International Criminal Court
IDP	Internally Displaced Persons
JLOS	Justice, Law and Order Sector
JMC	Joint Monitoring Committee
KII	Key Informant Interview
MDI	Micro Deposit-taking Institution
MFI	Microfinance Institution
LDPG	Local Development Partner Groups
LRA	Lord's Resistance Army
MFPED	Ministry of Finance, Planning and Economic Development
NAADS	National Agricultural Advisory Services
NGO	Non-governmental organisation
NRM	National Resistance Movement
NURD	Northern Uganda Recovery and Development
OPM	Office of the Prime Minister
PRDP	Peace, Recovery and Development Plan for Northern Uganda
PRSPs	Poverty Reduction Strategy Papers
QIP	Quick Impact Projects
ROSCA	Rotating Savings Credit Association
SACCO	Savings and Credit Co-operative
SIDA	Swedish International Development Agency
SWAY	Survey of War Affected Youth
SWG	Sector Working Groups
UBOS	Uganda Bureau of Statistics
UIA	Uganda Investment Authority
UMA	Uganda Manufacturers' Association
UN	United Nations
UNDP	United Nations Development Programme
UPDF	Uganda People's Defence Forces
USAID	United States Agency for International Development
UTA	Uganda Tourism Association
UWA	Uganda Wildlife Authority
VSLA	Voluntary Savings and Loan Association
WFP	World Food Programme

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Foreword

This first issue of *Investing in Peace* examines current proposals to bring economic recovery to Northern Uganda. In so doing it seeks to inform policy-makers and practitioners from government, development partners and the private sector about the issues involved in ensuring that the most productive possible approaches and policies are adopted.

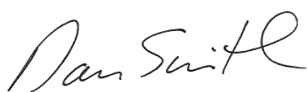
One of today's saddest international statistics is that 40-50 percent of peace agreements collapse within 5-10 years of being signed and war returns. The lesson is simply that peace is not necessarily secured with the signing of an agreement. The reasons for the fragility of agreements are varied. It may be that some of those who signed the agreement were insincere at the time, or later saw reasons for going back to war, or couldn't keep their most militant followers in check. It may be that the consequences of war are just too overwhelming for recovery to be possible at the first or even second or third attempt. And all too often the problem is that deeper issues that lie at the heart of a conflict remain unaddressed. All other things being equal, if the long-term causes of violent conflict are not dealt with, conflict will return.

The world community has begun to apply this lesson, which is why the statistics of collapsing agreements are in fact slowly getting better. What has been learned is, first and foremost, that peace is a process. It is not delivered fully formed by an agreement and an end to the fighting. Rather, the end of hostilities and the signing of an agreement provide the opportunity to build a sustainable peace.

The second lesson learned is that peacebuilding is a process made up of inter-locking, inter-dependent elements, including looking after the security of ordinary people, ensuring stable and proficient governance, giving people access to justice in an increasingly fair society, healing the wounds of war and making it possible for people to enjoy an adequate and stable standard of living. Each of these elements is equally important—there is no single, magic key.

Investing in Peace Issue No. 1 looks at prospects for economic recovery in Northern Uganda within this larger peacebuilding context. The question of who has access to economic opportunities, and who does not, has profound implications for longer-term prospects for peace. It must be factored into efforts to build a 'peace economy'. But there is a tendency to regard development projects and programmes as essentially technical exercises. These technocratic approaches overlook power relationships and the political dynamics which are especially important when the context is shaped by long-run violent conflict. To get a perspective on these issues as seen in Northern Uganda, this *Investing in Peace* briefing draws substantially on a survey of local people's hopes and fears regarding economic recovery. The survey was commissioned by International Alert for this report and provides new insights into programming priorities, risks and opportunities.

This report is the first in the *Investing in Peace* briefing paper series to be published by International Alert. This series will promote greater understanding of the economic dimensions of peacebuilding across different issue areas and regions of Uganda. The research and the reports are intended as part of a process of discussion and dialogue. For International Alert, this work is also part of a broader range of dialogue and research on the economic dimensions of peacebuilding that we are carrying out in Colombia, the Caucasus region, the Democratic Republic of Congo, Nepal and Sri Lanka. We look forward to feedback and to being part of the discussion in Uganda about how the country can build a better future.



Dan Smith
Secretary General
International Alert

1. Introduction

Despite setbacks, the Juba peace process has created a momentum which most hope is irreversible. The job of peacebuilding is not over with the signing of an agreement however, even assuming that a Final Peace Agreement (FPA) for Northern Uganda should materialise. Addressing structural issues, drivers and consequences of the conflict is also critical in order for the 22-year-old war to end.

Through 2008, a renewed sense of possibility has emerged regarding the rebuilding of the Northern Uganda economy, with government, development partners and the private sector all planning either to make the most of the opportunities that may present themselves in the north's post-settlement economy, or to contribute to peace through revised programmatic interventions. This report is particularly concerned with these economic dimensions of peace in Northern Uganda, recognising both the political economy of the conflict, and the failure of peace processes globally to deliver 'peace dividends' that address structural economic imbalances and contribute meaningfully to peace.¹

The attention and interest of the various stakeholders in rebuilding Northern Uganda's economy as part of peace and recovery present critically important opportunities for positive change and a move to sustainable peace in the region, following years of economic decline and underdevelopment during the decades of conflict. But how strategic are these plans, given the challenges that persist, and when seen from a peacebuilding perspective? Are the opportunities to address root causes, immediate consequences, and ongoing threats of war being seized? What are the unforeseen risks of a re-emergence of conflict posed by some approaches? And how can these best be mitigated?

This first issue of International Alert's *Investing in Peace* briefing paper series seeks to answer these questions, in order to serve as a stimulus to more conflict-sensitive policy and practice. Its intended audience are policy-makers and implementers in central and local government, as well as development partners (including NGOs), and private sector local to, or doing business in, the region. In order to contextualise its analysis, the report presents an overview of the political economy of war in Northern Uganda, before proceeding to review the different interventions being made or proposed for the region's economic recovery.

Recognising that appreciation and validation of different stakeholders' perceptions are at the heart of successful change programmes, the report also includes the findings of an empirical field survey commissioned by International Alert—a participatory rapid appraisal exercise undertaken at two levels: the community, and the districts (mainly leadership and stakeholders) in the districts of Amuru, Gulu, Kitgum and Lira. The survey consisted of:

- Highly structured questionnaires administered to sampled household heads
- Key Informant Interviews (KIIs) with institutions/organisations and stakeholders undertaking interventions that directly touch on peacebuilding/conflict resolution and economic recovery e.g., district chairs, local leaders, MPs, heads of chambers of commerce and district farmers' associations
- Focus Group Discussions (FGDs) aimed at bringing together community members and leaders to discuss peacebuilding/conflict resolution and economic recovery. FGDs included the categories of petty and market traders, youth and women.

¹ K. Ballentine and H. Nitzchke (Eds) (2005). *Profiting from peace: Managing the resource dimensions of civil wars*. Colorado, US: Lynne Rienner; S. Stedman, D. Rothschild and E. Cousin (Eds) (2002). *Ending civil wars: The implementation of peace agreements*. Colorado, US: Lynne Rienner.

The survey was implemented by Kampala-based consultancy firm Associates Research during May-June 2008 and explored people's perspectives on their current economic circumstances, as well as their immediate needs and longer-term aspirations with regard to economic opportunities after conflict. The findings provide a benchmark against which the proposals being made for the region's economy can be evaluated and are included throughout this report, especially in Sections 2 and 4. More information on the profile of survey respondents, tools used, and so on, is included in the Annex. The views gathered provide the basis for the framework of programming priorities for building a peace economy in Northern Uganda, outlined in Section 4.

This research has sought to present an overview of a constantly evolving situation, and to bring into one analytical space the different economic proposals from government, development partners and private sector alike. Its starting hypothesis has been that peacebuilding in Northern Uganda requires approaches to economic recovery that are both strategic and cognisant of political realities. The emphasis has been on using a political economy and conflict-sensitive lens to understand broad trends and challenges, and to identify positive and negative examples of sectoral and inter-sectoral planning. This first issue of *Investing in Peace* will help inform the priorities and practices of government, development partners and investors in order to help them contribute to conscious and effective peacebuilding during 2009 and beyond.

1.1 Background

After nearly two years of negotiations facilitated by the Government of South Sudan Vice President Riek Machar, a host of national and international politicians, cultural leaders, members of the press and other observers assembled in Ri-Kwangba at the border between South Sudan and the Democratic Republic of Congo (DRC) on 10th April 2008. They had come to witness the signing of the FPA of the Juba peace process.

Suspicious regarding the elusive and unpredictable Lords Resistance Army (LRA) leader Joseph Kony's overall commitment to the Juba talks had been growing in the months leading up to April as a result of reported killings of senior LRA commanders; renewed atrocities committed by the LRA in South Sudan, the DRC, and Central African Republic (CAR); and repeated querying by Kony of the terms of the agreement regarding his own future. In particular, the July 2005 decision of the International Criminal Court (ICC) in The Hague to indict Kony and several of his closest LRA commanders for war crimes and crimes against humanity was seen as an obstacle to Kony's confidence in the peace process.² Despite rumours and concerns generated by these developments, the range of stakeholders that gathered on 10th April clearly signalled their readiness to give Kony the benefit of the doubt, in the interests of securing a peace deal.³

In the event, Kony failed to appear—as he also failed to appear at a meeting he himself subsequently requested with Northern leaders on 10th May. In explaining Kony's stalling, commentators have pointed to disagreements both within the LRA and Kony's own negotiating team, as well as outside influence both from individuals within the Acholi diaspora and foreign agents. Other more fundamental flaws in the Juba process have also been highlighted, as will

² 'LRA sticks to its guns, yet ready to sign peace deal', All Africa.com, 27 March 2008. Much has been written about the impact of the ICC arrest warrants on the peace process, with opinion divided between those pushing for accountability and international justice for perpetrators of war crimes — see Allen, T. (2006). *Trial justice: The ICC and the LRA*. London, UK: Zed Books; and HRW (2005). 'ICC takes decisive step for justice in Uganda' at <http://www.hrw.org/english/docs/2005/10/14/uganda11880.htm>; and those arguing that compromise in the interests of peace is necessary—and that the one-sided nature of the ICC move which does not address the culpability of the UPDF with regard to civilian abuses fundamentally limits its validity. Others argue that Kony has skilfully used the arrest warrants to buy time as he works out his options in a post-Khartoum environment. For a summary of views see P. Clark and N. Waddell (Eds) (2008). *Courting conflict: Justice, peace and the ICC in Africa*. London, UK: Royal Africa Society.

³ While the term 'Northern Uganda' can be used to describe the whole geographic north of Uganda, in this report it is used to refer specifically to those districts most affected by the LRA conflict (Acholi and Lango sub-regions).

be discussed in this report. Subsequent efforts by various cultural and political leaders to draw the LRA leader back to the negotiating table have been fruitless, and international donors providing funds to the process have terminated their support. Northern Ugandans and other stakeholders and observers have come to terms with the fact that the Juba talks have until now failed to achieve their stated objective: a negotiated settlement of the 22-year-old conflict in Northern Uganda.

At time of writing, the government has renewed talk of putting an end to the LRA through military means—a proposal that has met with repeated pleas from leaders in the north, who argue that, based on previous experience, military force is most likely to lead to more suffering for civilians.⁴ While Kony has also reportedly called for a resumption of talks, and has made several attempts to schedule new meetings, the results of the process at time of writing are unclear.

Despite the probable breakdown of the Juba peace talks, some significant successes can be claimed. While the conflict has imposed enormous social, political and economic costs on the worst-affected regions and the country as a whole, the government, according to various observers, was slow to put its full weight behind peace negotiations.⁵ From 2005, however, a shift in its outlook emerged, leading to a much more committed effort to find a solution to the conflict. Various factors have been cited to explain this: the threat of international opprobrium following UN Under-Secretary General for Humanitarian Affairs Jan Egeland's 2003 visit to Northern Uganda and the subsequent threat of a UN Security Council Resolution against Uganda in response to its failure to address the humanitarian crisis caused by the conflict; the threat of a reduction in military and financial assistance from key allies among development partners if a negotiated settlement was not pursued; and the government's own political need to address deep-seated mistrust and opposition in the region.

Whatever the political reasoning behind the initial commitment of the government to the Juba talks, actors across the regional, political and global spectrum rallied around a shared goal of achieving a negotiated peace in Northern Uganda as never before.

The impact of the fragile peace that has accompanied the Juba talks, especially since the signing of the Cessation of Hostilities Agreement in July 2006, has been significant—and is reflected above all in the living conditions of people in LRA-affected areas. By end 2007, the overall number of Internally Displaced Persons (IDPs) living in camps in and around Northern Uganda had reduced from a high of 1.8 million to 1.3 million as people moved out of camps into transit sites or returned to their original homes.⁶ By February 2008, while 784,376 people were still resident in IDP camps, 536,717 had returned to their villages of origin and 372,439 were residing in locations other than the IDP camps in the areas of return.⁷ The Lango sub-region had advanced furthest, with almost the entire population (99.7%) having moved out of the camps, primarily to their original areas.⁸ In stark comparison, 63% and 72% of the respective populations of Acholi and Teso sub-regions were still in IDP camps. By mid-2008, this variance had persisted.⁹

⁴ President Museveni threatened to 'crush' LRA rebels in his June 2008 State of the Nation address, see 'Northern legislators tell government, LRA to reconsider peace talks', *Daily Monitor*, June 2008; 'Hold action against Kony, Acholi leaders warn government', *Daily Monitor*, 18 June 2008.

⁵ A number of different theories have been offered. Some argue that certain UPDF soldiers were profiting from the conflict and hence not motivated to fight the LRA forcefully—see B. Bigombe (2007). *Turning war into peace: An insider's story*, forthcoming; others see in government's response to the conflict a deliberate revenge for Acholi opposition to the NRM project during the 1980s—see H. Behrend (1999). *Alice Lakwena and the Holy Spirits: War in Northern Uganda 1986-97*. Kampala, Uganda: Fountain. Many highlight the international community's failure to give any attention to the war as a further reason for its duration—see M. Schomerus (2008). 'International involvement and incentives for peacemaking in Northern Uganda', in A. Griffiths and C. Barnes (Eds) (2008). *Powers of persuasion: Incentives, sanctions and conditionalities in peacemaking*. London, UK: Conciliation Resources.

⁶ Inter-Agency Standing Committee in Uganda, *December 2007 report*.

⁷ OCHA (2008). *Uganda Humanitarian Situation Report*, 1–29 February 2008, p. 1.

⁸ *Ibid.*

⁹ OCHA (2008). *CAP Mid-Year Review Uganda 2008*.

It is also worth noting that during the negotiations, considerable progress was made on articulating some of the root causes and most serious impacts of the long years of conflict, and this is reflected in the terms of the various agreements reached. These include agreements on Cessation of Hostilities, Comprehensive Solutions, Accountability and Reconciliation, Permanent Ceasefire, Disarmament, Demobilisation and Reintegration, as well as Implementation and Monitoring Mechanisms for the above.¹⁰ On paper, the content of these texts marks a significant step forward in how the conflict is understood, and how it might be resolved in the interests of lasting peace.

Building on progress, while acknowledging flaws, is essential for identifying a way forward for peace negotiations concerning Northern Uganda. Weaknesses in the overall process include the lack of representation of certain groups (critics have pointed to the exclusion of diaspora voices, civil society, women, etc.), lack of preparatory agreements, and ultimate lack of buy-in by Kony to the deliberations of his own ‘team’. There are also outstanding questions regarding political will, and the inevitably complex legal, institutional, financial and socio-cultural requirements to implement the terms of the agreements even assuming that signing of the FPA does occur. Given its focus on broader economic dimensions of peacebuilding, it is beyond the purpose of this report to identify in detail ways forward for the Juba talks or any subsequent process; these are instead the subject of various other initiatives. However some form of negotiated settlement in which a larger number of stakeholders feel represented seems the only option from a peacebuilding perspective.

Meanwhile, new local-level or micro conflicts are emerging in the region, associated with the population flux that peace has allowed. Specifically, there is a steep increase in land boundary disputes arising as IDPs try to return to their home areas after long years of absence, in a context where land is for the most part customarily owned and decision-making processes require multiple inputs from clan members, and where population growth adds additional pressures. Such new conflicts, and their implications for peaceful economic recovery in the region, will be explored in greater detail in this report.

Lastly, the geo-political environment in which the search for peace in Northern Uganda is taking place remains challenging. Perhaps of greatest concern is the role of the Khartoum government, and the increasingly fragile Comprehensive Peace Accord (CPA) in Sudan. As fighting occurs in Abyei province and disagreements grow within the SPLM government, the opportunity for Khartoum to return to supporting the LRA as a spoiling tactic remains. Continued reports of LRA atrocities in the wider geographic region underline the LRA’s continued potential to generate and become bound up in instability in the region.

1.2 Links between economy and peacebuilding

Over the last decade, important international research and policy initiatives have led to a better understanding of the economic aspects of violent conflict, as well as of the role of economic recovery in improving a conflict-affected country’s chance for peace. These hold important lessons for Uganda’s current peace process and its prospects for consolidating peace in the future. They show for example that misuse of public resources, elite control of economic opportunities, or horizontal inequalities in a country’s economic base can all fuel grievances and even cause violent conflict to break out.¹¹ Likewise, economies that are vulnerable to shocks and dependent on few sectors and key imports are more vulnerable to instability and conflict.

Economic factors can also drive conflict, including illicit trade that sustains combat and serves personal or group enrichment during war—so-called war economies. Such dynamics can entrench economic interests that are difficult to overcome even once a peace agreement

¹⁰ The full text of these agreements is available at www.beyondjuba.org.

¹¹ E.W. Nafziger and J. Auvinen (2002). ‘Economic development, inequality, war and state violence’, *World Development*, 30 (2). Oxford, UK: Pergamon.

has been signed. This is one of the most pressing challenges facing peacebuilders today.¹² Meanwhile larger companies investing in conflict-affected regions can also further exacerbate or create fresh tensions.¹³

It is also apparent that building a peace economy, where different groups have access to decent work opportunities and a share in economic growth, is an essential ingredient for consolidating and sustaining peace in the long term.¹⁴ While there is emerging awareness that a country's economy is often closely entwined with its conflicts, and that conflict-affected and fragile countries cannot simply be subjected to 'economic development as usual', it is less clear what alternative approaches are required and how these could enhance chances for lasting peace rather than focusing purely on economic growth as the end goal. Despite some efforts to the contrary, the majority of interventions continue to follow existing aid, trade and investment paradigms, rather than being informed by an understanding of the political economy of each conflict context. The question therefore remains: how, and under what conditions, can external interventions designed to stimulate economic development contribute to building a peace economy, and avoid exacerbating conflict in their turn?

1.3 Conflict-sensitive approaches to economic recovery

It has been asserted that 'Any development project set in a conflict-prone region will inevitably have an impact on the peace and conflict environment—positive or negative, direct or indirect, intentional or unintentional.'¹⁵ This growing understanding that humanitarian and development assistance can contribute to and exacerbate conflict and even feed violence has led to the development of a multitude of 'conflict-sensitivity' tools and approaches to help agencies better understand the relationship between development and conflict; and to adapt and plan assistance so the potential for violent conflict and abuse is reduced, and the potential for positive outcomes increased (see box).

Conflict-sensitivity—An introduction

Conflict-sensitivity requires that an agency (e.g., national government, international development partner, or private sector):

- Understands the context in which it operates—especially conflict dynamics
- Understands the interaction between an intervention and the context, and
- Acts on the understanding of this interaction to avoid negative and maximise positive impacts.

Critical to developing such conflict-sensitive approaches is appraisal and reflection on the perspectives that different stakeholders have on key conflict issues. In conflict-prone societies, rumour and perception can be as salient in determining outcomes as facts and 'reality'.

Conflict can reverse development gains and deepen poverty. Development partners, the private sector and NGOs have started to recognise the complex links between their interventions and conflict dynamics. If they ignore conflict dynamics, development/economic programmes can distort local economies, skew power relationships, destroy social relations, increase divisions between or within communities, and ultimately fuel conflict. In an attempt to work more effectively in conflict-prone and affected situations and to limit the possibility of doing harm, different stakeholders have begun to develop and implement a range of conflict-sensitive approaches. At a minimum, conflict-sensitivity seeks to reduce harm. At a maximum, it actively seeks to address the causes and drivers of violence whilst identifying and supporting opportunities for peace.

Source: International Alert, Saferworld, Fewer et al. (2004). *Conflict-sensitive approaches to development, humanitarian assistance and peacebuilding*. London, UK: International Alert et al.

¹² For a good overview, see M. Fischer and B. Schmelzle (2004). *Transforming war economies: Dilemmas and strategies*. Berlin, Germany: Berghof Research Centre for Constructive Conflict Management.

¹³ International Alert (2005). *Conflict-sensitive business practice: Guidance for extractive industries*. London, UK: International Alert.

¹⁴ P. Collier et al. (2003). *Breaking the conflict trap: Civil war and development policy*. Oxford, UK: OUP. The concept of 'decent work' is central to the work of the ILO, including in countries emerging from conflict. See www.ilo.org/global/About_the_ILO/Media_and_public_information/Feature_stories/lang--en/WCMS071241/index.htm

¹⁵ K. Bush (1998). 'A measure of peace: Peace and conflict impact assessment of development projects in zones of conflict', *Working Paper* No. 1. See http://www.idrc.ca/uploads/user-S/10533919790A_Measure_of_Peace.pdf

Such ‘conflict-sensitive approaches’ ask what impact an intervention will have on factors that can support ‘prospects for peaceful coexistence and decrease the likelihood of the outbreak, reoccurrence, or continuation, of violent conflict’, or ‘structures and processes that increase the likelihood that conflict will be dealt with through violent means’.¹⁶ More recently, efforts are underway to adapt these tools for use both by national governments and the private sector.

Despite theoretical advances however, much of the work to mainstream conflict-sensitive approaches has focused on specific project-level interventions undertaken by humanitarian and social sector development agencies.¹⁷ This has led to three major shortcomings in the discourse on conflict-sensitivity. Firstly, efforts to evaluate the impact of interventions aimed at peacebuilding can lack adequate rigour and depth. Secondly, the focus on individual projects has inhibited any appraisal of the overall impact of a particular agency’s footprint on conflict in a country.¹⁸ Even where a donor seeks to minimise local conflict impacts of particular projects it is funding, the same donor’s geo-political interests, championed through its foreign affairs department, may lead it to support military expansionism that is at odds with overall peace and security in the very country where it is promoting conflict-sensitive projects. The tendency for development assistance to pride itself on technocratic content, whilst remaining silent on geo-political dynamics, is a major problem in international relations today, and highlights the need for agencies genuinely committed to peace and conflict-sensitivity to take a much more strategic overview of their own work, even if this means grappling with difficult political issues.

The third related shortcoming of the conflict-sensitivity discourse to date has been its slowness to permeate to economic areas of intervention such as trade assistance or support to private enterprise and specific economic sectors. In part this may be symptomatic of a broader tendency among economists to believe that the laws of economics are politically neutral.¹⁹ The result of this has been that many development partners’ economic interventions at each of micro, meso and macro levels have remained ‘conflict-blind’ in their approach. In fact, *how* such interventions are designed and implemented are the key variables related to their ability to support peacebuilding processes.

In order to ensure that such interventions achieve their objective and do not inadvertently fuel tensions in a society (that they are ‘conflict-sensitive’), and do contribute to peace, a much richer appreciation of the operating environment’s political economy is required. This report in part seeks to contribute to the evolution of conflict-sensitive approaches by applying the lens to the question of economic recovery of Northern Uganda.

What is political economy analysis?

‘Political economy analysis is concerned with the interaction of political and economic processes in a society: the distribution of power and wealth between different groups and individuals, and the processes that create, sustain and transform these relationships over time. When applied to situations of conflict and crisis, political economy analysis seeks to understand both the political and the economic aspects of conflict, and how these combine to affect patterns of power and vulnerability ... A political economy approach should incorporate a wide historical and geographical perspective, explain why the relative power and vulnerability of different groups changes over time, and explain how the fortunes and activities of one group in society affect others.’

Source: S. Collinson (2003). ‘Power, livelihoods and conflict: Case studies in political economy analysis for humanitarian action’, *Humanitarian Policy Group Report No. 13*. London, UK: Overseas Development Institute.

¹⁶ K. Bush (1998). Op. cit.

¹⁷ J. Goodhand (2006). *Aiding peace? The role of NGOs in armed conflict*. Boulder, US: Lynne Rienner.

¹⁸ R. Paris (2004). *At war’s end: Building peace after civil conflict*. Cambridge, UK: CUP.

¹⁹ See C. Cramer in I. Livingston and D. Belshaw (Eds) (2002). *Renewing development in Sub-Saharan Africa: Policy, performance and prospects*. London, UK: Routledge.

2. Political economy of conflict in Northern Uganda

2.1 Economic causes

British colonial rule in Uganda left a typically complex legacy regarding longer-term prospects for economic and political development. In the words of one scholar: ‘The manner in which ‘protection’ was effected, the nature of the administration established and the colonial economy imposed—all were basic elements of the recipe for the chaos of the post-colonial period.’²⁰ Specifically, characterisation of the north as a military and labour recruiting ground led to a deliberate division of the country into productive and non-productive zones (focused on an export-oriented economy that stifled industrial advancement and the domestic private sector). When, for example, in 1925, the new Director of Agriculture started to encourage cotton production in the north, he was advised: ‘The policy of government is at present to refrain from actively stimulating the production of cotton or other economic crops in outlying districts on which it is dependent for a supply of labour for carrying out of essential services in the central producing districts’.²¹ Concentration of political and productive wealth in the south laid the foundation for the disparity in developmental indicators that still persists.

The violence, terror and economic failures of various regimes led by Northerners only served to consolidate these divisions, creating a north-south polarisation. When the southern-led NRM seized power in 1986, it was perhaps inevitable that various factions in the north would seek to regain power. Northern rebellion against NRM rule emerged in its first year, under the command of Odong Latek’s Uganda People’s Democratic Army (UPDA). The UPDA was quickly succeeded by Alice Auma (Lakwena)’s Holy Spirit Mobile Force; followed shortly thereafter by Kony’s movement in 1987, most widely known as the Lord’s Resistance Army (LRA).²² Initially, the Northern rebellion was able to mobilise popular support by appealing to ethnic anxieties about revenge, but the LRA swiftly squandered this through its abuse of and atrocities against civilians.²³

Despite significant inroads made particularly in the earlier phases of NRM rule towards creating a less secular and more integrated nation-state overall, stark divisions particularly between north and south remain, compounded by the long years of conflict. Instead of addressing the socio-economic divide between north and south Uganda, the NRM years have seen a perpetuation and exacerbation of divergent development indicators across the country, symptomatic of an ever-deepening spiral of further rebellion and ongoing neglect. While the proportion of the population living in poverty in the south and west is now roughly 27%, the percentage in the north is 63% while in the east it is 46%.²⁴ Other indicators show a similar disparity.²⁵

²⁰ S. Lwanga-Lunyiigo (1989). ‘The colonial roots of internal conflict’ in K. Rupsinghe (Ed.) *Conflict resolution in Uganda*. London, UK: James Currey.

²¹ *Ibid.*

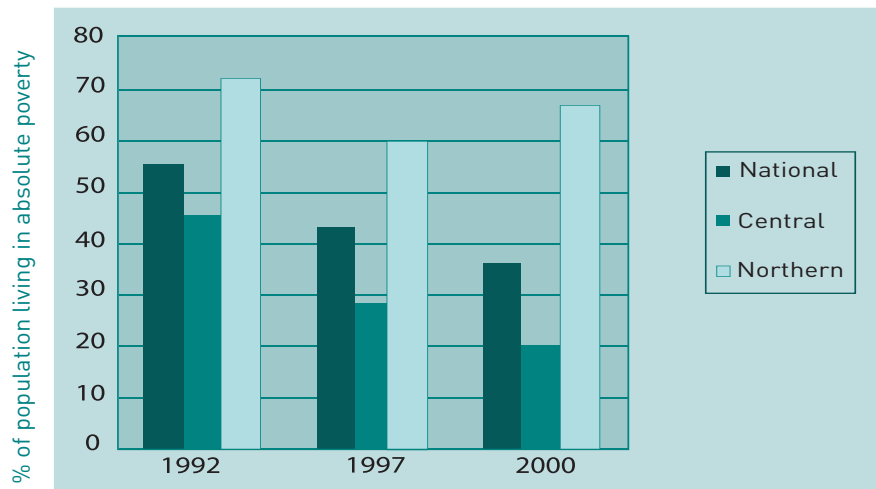
²² Kony has adopted various names for his army during the long course of the conflict. See H. Behrend (1999). *Op. cit.*

²³ For background on the conflict in Northern Uganda see: C. Dolan (2005). *Understanding war and its continuation: The case of Northern Uganda*. London, UK: London School of Economics; L. Hovil and Z. Lomo (2004). ‘Behind the violence: Causes, consequences and the search for solutions to the war in Northern Uganda’, *Refugee Law Project Working Paper No. 11*. Kampala, Uganda: RLP; R. Gersony (1997). *The anguish of Northern Uganda*. Report submitted to the USAID mission, Kampala, August 1997; S. Finnstrom (2003). ‘Living with bad surroundings: War and existential uncertainty in Acholiland, Northern Uganda’, *Uppsala Studies in Cultural Anthropology No. 35*; Human Rights Watch (2005). *Uprooted and forgotten: Impunity and human rights abuses in Northern Uganda*. London, UK: HRW; T. Allen (2006). *Op. cit.*

²⁴ J.D. Barkan (2005). ‘An African ‘success’ past its prime’. Presentation at Woodrow Wilson International Centre for Scholars conference, 2 June 2005.

²⁵ See OPM (2007). *Peace, Recovery and Development Plan for Northern Uganda (PRDP) 2007–2010*. Kampala, Uganda: GoU, p. 2.

Figure 1: Absolute poverty in Uganda by region 1992-2000



Source: S. Appleton (2001). *Poverty reduction during growth: The case of Uganda, 1992-2000*. Nottingham, UK: University of Nottingham.

In addition, the LRA conflict has taken a long time to conclude, leaving many with the perception that the government has not seen it as in its own best interests to bring peace to the region. Failure of the government not only to ensure that developmental gains enjoyed elsewhere in the country reach the north, but also to protect civilians adequately during the long years of LRA conflict, has created a deeply-felt mistrust of the government that poses significant challenges to longer-term peace and recovery, as will be discussed in further detail below.

2.2 Economic drivers

'I know of traders, who at the start of the war were mediocre in their business, but today they have built houses, hotels, etc. They have made a lot of money from this conflict, some are supporters of everything that has gone wrong in trying to end this conflict.' (KII, Gulu)

Related to the mistrust felt by many Northern Ugandans towards the government are perceptions that certain politically well-connected individuals and military personnel actively exploited the conditions of the conflict in order to manufacture personal wealth. Allegations made about UPDF generals growing rich through exploitation of natural resources during Uganda's engagement in war in the DRC led to international campaigns by advocacy NGOs, and censure of Uganda under UN Security Council Resolutions 1304 (2000) and 1332 (2000), as well as a case at the International Court of Justice brought successfully against Uganda by the DRC.²⁶ Personal enrichment during war in the DRC is echoed in reports of individuals profiteering within Northern Uganda, e.g., through the infamous 'ghost soldiers' army pay roll phenomenon, investigation into which led to sentencing of three top army officers for

²⁶ Human Rights Watch (2001). *DRC report*; and IPIS (2005). *Greed and guns: Uganda's role in the rape of the Congo*. Antwerp, Belgium: IPIS; H. Wasswa (2007). 'Will Uganda pay up for Congo occupation?', *Global Policy Forum*, 26 July 2007. Reports of LRA profiteering from mineral exploitation in DRC also exist, see 'Stop LRA Now, says Aronda', *New Vision*, 23 July 2008.

their involvement,²⁷ and through claims of others exploiting business opportunities and buying up land and property.²⁸ Some have argued that it was precisely this enrichment of a small military elite able to exploit the chaotic economic environment of war in both the DRC and Uganda that led to the LRA conflict dragging on for so long.²⁹ These individuals in effect acted as ‘peace spoilers’—those who stand to lose the most in economic or other terms from peace, and who as a result have an interest in perpetuating conflict.³⁰ The experience of politically connected individuals profiting while others suffer will undoubtedly influence popular perceptions of any post-conflict investment and economic activity.

This sub-text to the LRA conflict demonstrates how the betrayal of trust between the government and local people has compounded historical legacies to produce still more bitter relationships. Suspicions and grievances have been further fuelled by UPDF failure to protect civilians during some of the worst atrocities committed by the LRA during the conflict, and its own involvement in abuses, including those against suspected LRA collaborators particularly in the early phases of the conflict.³¹ Instruments of accountability and reconciliation such as the 2000 Amnesty Act and the ICC arrest warrants have so far failed to hold the government accountable for what many perceive to be its culpability in the suffering of Northern Uganda.

2.3 Economic impacts

‘For us when the war started, we had to sell our chickens, goats and sheep. In the camps where we were going; there was no place we could keep. We ate, the money it got finished and we started begging’. (Women FGD, Amuru District)

‘...Everything was abandoned: crops in the gardens; those in the house, even shops would be left just like that. We would only mind about our lives and not crops or animals. Some who were lucky sold their things first and then moved to the camps. The whole day we would do nothing but sit and wait for World Food Programme to give us food...’ (Men FGD, Lira District)

Traditionally, the Northern region’s economy was dependent on agriculture, specifically animal rearing and food crops. With large-scale displacement spanning a decade this is no longer the case, and until recently, production has been very low. Results from the International Alert survey show the dramatic effect conflict has had on crop cultivation. Regarding the effect of conflict on economic activities, complete stoppage of cultivation was rated at 81% by survey respondents, while grievous harm and theft of livestock followed with a rating of 12.5% as shown in the table below.

²⁷ ‘Ghost soldiers delayed end of northern war’, *Daily Monitor*, 29 May 2008; ‘More ghost soldier reports expose UPDF failure to end Kony War’, *Sunday Monitor*, 11 May 2008.

²⁸ ‘Corruption prolonged LRA war, says insider’, *Daily Monitor*, 10 September 2007. Interview with Betty Bigombe.

²⁹ *Ibid.*; see also Hovil *Op. cit.* Also President Museveni quoted in *New Vision*, 29 November 1996: ‘It is true that in the past army officers were doing business out of the suffering of the people of Acholi and they did not want it [the war] to end.’

³⁰ See S. Stedman (1997). ‘Spoiler Problems in Peace Processes’, *International Security*, Vol. 22, no. 2, pp.5-53, Fall 1997.

³¹ See Amnesty International (1990). *Deaths in the countryside: Killings of civilians by the army*. London, UK: AI; Amnesty International (1992). *The failure to safeguard human rights*. London, UK: AI; Acholi Religious Leaders Peace Initiative (2001). *Let my people go*. Gulu, Uganda: ARLPI. Also Museveni’s address to Langi and Acholi councils and elders: ‘Sometimes our own undisciplined soldiers took advantage of the breakdown of law and order caused by the rebellion and committed atrocities against the civilian population,’ quoted in *New Vision*, 28 March 1994.

Table 1: Effects of conflict on household economic activities

Analysis of multiple mentions: Effects of conflict on household economic activities	Study district									
	Kitgum		Lira		Gulu		Amuru		Total	
	N	%	N	%	N	%	N	%	N	%
Stopped cultivation	207	79.9	201	77.9	202	83.5	234	82.7	844	81.0
Grievous harm and/or theft of livestock	37	14.3	30	11.6	26	10.7	37	13.1	130	12.5
Shop looted/closed	11	4.2	16	6.2	10	4.1	4	1.4	41	3.9
Had to sell livestock	4	1.5	11	4.3	4	1.7	8	2.8	27	2.6
Total	259	100.0	258	100.0	242	100.0	283	100.0	1042	100.0

Instead, a population that previously provided the rest of Uganda with basic foodstuffs, and which was itself self-reliant, became dependent on food aid, while other regions of Uganda have benefited by meeting the gap in supply.³² Other evidence of economic decline is highlighted in Table 2.

Table 2: Changes in household economic assets by district

Changes in household economic assets as a result of the conflict situation	Study district									
	Kitgum		Lira		Gulu		Amuru		Total	
	N	%	N	%	N	%	N	%	N	%
Lost livestock	94	49.7	82	47.4	73	50.3	86	55.1	335	50.5
Land abandoned	38	20.1	30	17.3	23	15.9	43	27.6	134	20.2
Crops destroyed or stolen	16	8.5	5	2.9	32	22.1	20	12.8	73	11.0
Lost land	24	12.7	28	16.2	0	.0	1	.6	53	8.0
Businesses looted	7	3.7	18	10.4	12	8.3	3	1.9	40	6.0
Lost farming equipment, ox-ploughs	10	5.3	10	5.8	5	3.4	3	1.9	28	4.2
Total	189	100.0	173	100.0	145	100.0	156	100.0	663	100.0

It is clear that while some individuals profited during the LRA conflict as discussed above, many local businesses lost goods, property, money and even lives. Businesses in trading centres were regularly targeted by LRA rebels for supplies or money, shops were robbed, vehicles ambushed and destroyed. Insecurity 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 have all been recorded.³³ Tension and resentment between local businesspeople and civil servants due to corruption within the local government system, with allegations of local government officials awarding themselves tenders by setting up 'briefcase' companies, or extorting bribes before giving out such tenders, have been a major obstacle to economic activity cited by businesspeople.

The conflict has also had an enormous impact on the demographic and skills base of the region. A large percentage of the population are currently under 18, with limited or no education and skills.³⁴ Traditional subsistence farming is unfamiliar to many young people who have grown up in the camps. This aggravates the risk of future armed conflicts as young people are unable to secure an income and become an easy target for recruitment into armed rebellion. The lack of skilled labour poses a significant risk that local people will not fully benefit from the opportunities that become available during economic recovery, in turn reinforcing the economic marginalisation of Northern Uganda.

³² CSOPNU (2006). *Counting the costs: Twenty years of war in Northern Uganda*. Kampala, Uganda: CSOPNU.

³³ International Alert (2006). *Mobilising the Ugandan business community for peace*. London, UK: International Alert.

³⁴ See for example Amuru and Gulu District Development Plans 2007–10.

The major economic resource of the region is land—yet here too, the legacy of conflict poses challenges, as already identified in Section 1 and discussed in further detail below. Overall, it is clear that the economic costs to the region's economy taken as a whole were immense—the government Peace, Recovery and Development Plan (PRDP) itself estimates that the conflict has cost the country a productive capacity equivalent to \$100 million per year.³⁵

2.4 Overview of Northern Uganda's economy today

After years of stagnation, the enduring months of peace enjoyed by Northern Uganda during the Juba peace process has led in some respects to a new feeling of buoyancy in the economy, with indicators of investor confidence ranging from the opening of new bank branches, movement on the road connecting Uganda and Sudan, and traders moving freely around and between districts.³⁶ Looking ahead to longer-term development, there are a number of sectors offering potential for more significant levels of economic growth and prosperity.³⁷

³⁵ OPM (2007), p. 9. For further information on costs of the LRA conflict see CSOPNU (2006).

³⁶ Professor Maggie Kigozi, executive director of the Uganda Investment Authority (UIA), presentation made to UIA conference on investment in Northern Uganda, Kampala, June 2008.

³⁷ The summary offered in Table 3 is based on information International Alert has gathered since 2005. It also draws on various papers presented at several recent workshops and conferences promoting investment in the north: N. Eng. Opwonya (2008). 'Contributing to economic recovery: Opportunities and challenges facing the Northern business community', paper presented to International Alert Investors' workshop, Kampala, 16 May 2008; papers presented at UIA conference on investment in Northern Uganda, Kampala, June 2008.

Table 3: Sectors with potential for economic growth in Northern Uganda

Sector	Status before war	Opportunities for growth	Conflict risks/ peacebuilding potential
(1) Commercial agriculture	Pre-dates the war and is now beginning to re-emerge, spearheaded both by individuals from the region and Kampala-based and foreign investors. Most regions of the north have good soil, flat terrain, two growing seasons and good rainfall. Crops grown include upland rice, millet, sorghum, cassava, groundnuts, beans, sweet potatoes, sim-sim, soy bean, coffee, tea, cotton and tobacco (on a small scale). The region was previously known as the grain basket for Uganda.	Most observers understand commercial agriculture as key for economic revitalisation of the region. Further development through establishment of factories processing: (i) maize, millet, sorghum and cassava—flour production and manufacture of by-products; (ii) sunflower, sim-sim, soy bean and groundnut processing and manufacture of by-products; (iii) cotton processing—to include ginning, spinning, textiles, edible oil and soap, animal and chicken feeds; (iv) cleaning and packing upland rice—which formerly used to provide for domestic consumption and export. Briquettes produced from rice husks can also be used for soft board and animal or chicken feed. In addition there are opportunities to set up kilns for drying cereals. Output from such factories could help meet growing local demand and wider national and international distribution/export.	There is a potential for commercial agriculture to disenfranchise local people by preventing them from returning to their own lands, exacerbating the already complex and conflict-ridden land tenure system. It is unclear whether the numbers employed per hectare on commercial farms exceeds the number employed by small-scale agriculture on the same land area. Opportunities for empowering smaller-scale agriculturalists to move from subsistence production to value added processing are also critical.
(2) Dairy and beef production	The Northern region had more than three million cattle before the Northern insurgency first broke out in 1986. Much of this wealth was looted or destroyed between 1987–99.	Government and donor efforts to restock animals are underway. A court case seeking compensation against the government has led to the government accepting liability and agreeing to settle the matter out of court (see below). Regenerating this sector would require upgrading existing cattle stocks using artificial insemination with high-grade dairy and beef animals, which would require setting up appropriate facilities.	Expectations are now high in the region regarding compensation. Failure to meet these may exacerbate mistrust and tension.
(3) Fruit and vegetables	Apples, bananas, avocados, mango, paw-paw, jack fruit, pineapples, passion fruits and citrus fruits; as well as tomatoes, onions, peas, beans, cabbages, aubergines, carrots, etc.	All of these have the potential to be supplied by outgrowers to factories processing and packing juice, canned and dried fruits and vegetables, promising easy access to high demand in South Sudan.	

(4) Cross-border trade with Sudan (also DRC and wider region)

Civil war in Sudan and DRC during the entire post-independence period prevented cross-border trade developing on a significant scale.

Movement of goods across the border from Uganda to South Sudan (including from other countries in the region routing through Uganda) is visibly on the increase, presenting huge opportunities for Northern Uganda. Various delegations from Ugandan chambers of commerce to counterparts in Juba to initiate interaction and explore business opportunities and visits by leading businesspeople from Kampala spear-headed by the UMA are evidence of a keen awareness of these opportunities even before the Juba talks began. Subsequent efforts to ensure the Juba/Gulu routes were open and safe have led to emergency road works and de-mining, and good marram roads on both sides of the border. Several businesspeople—both local to the north and from Kampala have been able to bank significant profits by taking scarce consumables such as mineral water and packed juice over the border, as well as vehicles, building materials and machinery.

For these opportunities to really be capitalised on, infrastructure and security both have to be improved. During the rainy season many businesspeople lost perishables were unable to pass—and tarmacking the road is a clear priority. Development of a rail link across the region would also boost trade further. The security situation in South Sudan imposes limitations—there have been frequent reports of Ugandan traders being harassed, assaulted, raped and even killed in and around Juba, and the re-emergence of violence between the SPLA and Khartoum government in Abyei, as well as ongoing fear of LRA attacks in South Sudan point to unpredictability for investors.

It is important to recognise that currently control over the cross-border trade is firmly in the hands of top army and political figures. It therefore runs the risk of creating potentially violent competition unless steps are taken to broaden out and regularise its conduct.

Providing support to peacebuilding initiatives among businesspeople, training and information, could have important peacebuilding impacts. There are also peacebuilding ramifications for the wider region of strengthening regional trade ties and relationships.

A further negative impact associated with the lucrative markets in Sudan for Ugandan produce has been higher prices within Northern Uganda for food, and the risk that trade will contribute to food insecurity during this time of transition.

<p>(5) Property market</p>		<p>Due to the remarkable increase in international visitors occasioned by the war—particularly from development partner agencies and relief NGOs, this sector witnessed tremendous growth even during the conflict, and shows no sign of slowing with peace. Demand for hotel and residential accommodation and office space have boosted property prices and led to a mushrooming of hotels and restaurants catering to this market. The establishment of Gulu University has also increased the demand for student accommodation, and hostels are being built.</p>	<p>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. This sector has a demonstrated potential to feed corruption and be controlled by politically connected elites, further entrenching feelings of alienation by the majority.</p> <p>As demand is dominated by the higher-priced international market, a shortage of affordable accommodation for government officials and public sector workers has emerged and continues to pose problems, but also presents opportunities to meet the demand.</p>
<p>(6) Construction</p>		<p>Due to the various government and donor programmes such as road construction, building schools, health centres and water points, as well as growth in the property market, this sector grew during the war, and has significant potential to continue expanding during peace. Other businesses related to construction such as hardware dealers also benefit.</p>	<p>There is a risk that lucrative contracts for construction projects go to Kampala-based or foreign firms, undermining opportunities for wealth to be generated locally. Where possible, local contractors should be brought into construction work. There are also enormous potential economic spin-offs for the local economy if labour-intensive projects draw people into employment.</p>
<p>(7) Wholesale and retailing of general merchandise and consumer goods</p>		<p>Local people's small and micro enterprises dominate the sector. The sector is likely to continue growing, particularly if people's incomes improve.</p>	<p>There are perceptions that trade in some consumer goods is dominated by Asian businesspeople to the exclusion of local people which can fuel resentment in the region. Yet at lower levels, this sector also provides important livelihood opportunities for the increased urban population. Access to financial services and property to enable growth are needed.</p>

<p>(8) Financial services</p>	<p>For years there were only two banks in the region: Stanbic and Centenary Rural Development Bank.</p>	<p>Since the Juba talks, four more banks have opened branches in Gulu: DFCU, Crane, Standard Chartered and Barclays, with others talking about following suit. In addition, various microfinance institutions have opened branches. This has sent a positive signal to other investors.</p>	<p>As will be discussed in further detail, the potential for improvement in this sector to meet the actual needs of economic recovery is significant.</p>
<p>(9) Health and education</p>	<p>Given the perceived superior education system of Uganda, there is 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.</p>	<p>While private sector growth in these areas offers some economic potential, broad-based expenditure by government to address the devastated social infrastructure of the region would have important ramifications for peace and help address perceptions of neglect.</p>	<p>While private sector growth in these areas offers some economic potential, broad-based expenditure by government to address the devastated social infrastructure of the region would have important ramifications for peace and help address perceptions of neglect.</p>

(10) Tourism

The national parks of Kidepo, Murchison Falls and Baker's Fort have existed since the colonial era, though the region has never been a major tourist destination due to insecurity.

Tourism could play a key role in economic recovery of the region. Numbers of visitors to the various parks are already seeing steep increases, especially at Murchison Falls. Given the provision for 20% of revenue from parks in Uganda to be distributed to villages living around them, managed by Uganda Wildlife Authority (UWA) and districts, some tangible benefits should be expected.

The UIA places a big emphasis on describing investment opportunities in Northern Uganda's tourism products—historical leaders, tribes, dance, language, food, business and health tourism, community tourism, wonders of the world, wildlife, forests, sports.

There are plans by the Uganda Tourism Association (UTA) to develop commercial hunting for tourists in southwestern Amuru and even to turn an IDP camp into a memorial site for local people and to attract visitors, although neither plan has yet attracted investment.

Land use in the region is highly contentious so any plans to develop further touristic attractions must be sensitive to these issues. As numbers of tourists visiting the region increase, ensuring that the 20% contribution is transparently distributed and used by local authorities is important to safeguard against increased feelings of exclusion from economic profit. Ideas such as the UTA's plan to turn an IDP camp into a memorial have significant potential to help with social recovery and validation of people's experiences during the war, if handled properly.

Looking ahead to a future where more significant levels of economic growth can be achieved in the region is important, and this report will discuss opportunities for building towards such a future in greater detail in the framework for programming priorities presented in Section 4. Balancing of risks is also critical however if approaches to economic recovery are not to increase potential for future violence. As confirmed in Tables 4 and 5 below, all of the sectors identified require not only continued and deepening peace and security; but also improved purchasing power and stability of the local population in order to flourish. Sustaining the peace, as also discussed in further detail in Section 4, and addressing the enormous challenges facing the local population associated with resettlement, in order to assist them in regaining a productive livelihood on which to build more ambitious undertakings, are at the root of any future peace economy in the region.

Among respondents to the International Alert survey, there is reasonable optimism that economic recovery is likely: 64% claimed to be hopeful in this regard. This was highest in Lira district (79.1%), reflecting a shorter period of displacement and more substantial levels of IDP return, and where the impact of re-established production is already felt. Hope for economic recovery is lower in other districts, and appears to reflect the different lengths of stay in camps: in Amuru 55.8% of respondents thought economic recovery was possible; 59.4% thought so in Kitgum; and 63.2% in Gulu. Overall, such levels of optimism show the willingness of the general population to work towards recovery; however optimism is dependent on certain pre-conditions, which, as indicated in Table 5, may not in fact yet be realised, and which instead become sources of pessimism in their absence. Table 5 also clearly demonstrates the over-riding significance of signing of the FPA in the minds of local people as a pre-condition to economic recovery.

Table 4: Reasons for optimism about economic recovery

Reasons offered for optimism	Location of household					
	Rural		Peri-Urban		Total	
	N	%	N	%	N	%
We will be able to resume farming	273	81.5	202	76.5	475	79.3
We will be able to operate our businesses	20	6.0	36	13.6	56	9.3
Animal rearing will become possible	24	7.2	11	4.2	35	5.8
We expect to get compensation from government	11	3.3	7	2.7	18	3.0
The land conflict has been resolved	7	2.1	3	1.1	10	1.7
Employment opportunities will become available	0	.0	5	1.9	5	.8
Total	335	100.0	264	100.0	599	100.0

Table 5: Reasons for pessimism about economic recovery

Reasons offered for pessimism	Location of household					
	Rural		Peri-Urban		Total	
	N	%	N	%	N	%
The peace agreement has not yet been signed	48	27.1	49	36.8	97	31.3
Because of old age I cannot do much	51	28.8	29	21.8	80	25.8
Lack of land to resume agriculture	38	21.5	33	24.8	71	22.9
Lack of capital	31	17.5	19	14.3	50	16.1
Lack of ox-ploughs to open big gardens	9	5.1	3	2.3	12	3.9
Total	177	100.0	133	100.0	310	100.0

Although agriculture is still the mainstay for most people, the character of involvement is different from before the war, and reflects a collapsed rural economy. According to results in Figure 2, there are more people selling agricultural labour (14.2%) compared to before the

conflict (3.5%). Disaggregation of this result by gender (Table 6) shows more men (4.8%) compared to women (2.3%) engaged in sale of agricultural labour before the conflict; currently more women (15.5%) compared to men (12.7%) are engaged in the practice. The role of livestock as a means of earning a living has drastically declined, as animal numbers have dwindled. Livestock as an income option in rural agrarian economies represents a level of growth/transformation where income vulnerability is less significant. Sale of agricultural labour on the other hand represents a ‘hand to mouth’ situation, or weak base from which to move forward economically. This is against the backdrop of a more than doubled unemployment level (from 5% to 13.4%) amongst respondents as shown in Figure 2 (again, the rate of increase in unemployment was higher amongst women compared to men).

Figure 2: Changes in occupation/employment

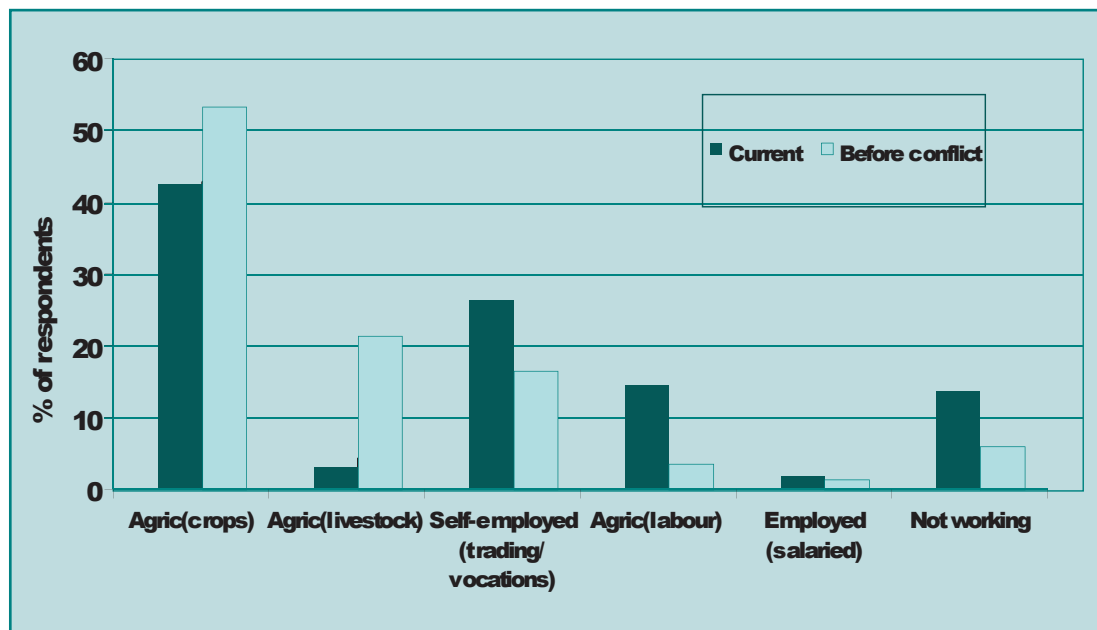


Table 6: Comparison of changes in occupation by gender

Changes in occupations/ employment	Gender of respondent			
	Male		Female	
	Current	Before conflict	Current	Before conflict
Agriculture (crops)	47	49.4	36.7	54.4
Agriculture (livestock)	5.2	20.1	1.2	21.6
Self-employed (trading/brewing)	16.1	12.8	29.5	16.4
Not working (dependent)	13.0	7.7	13.8	4.4
Agriculture (sale of labour)	12.7	4.8	15.5	2.3
Employed (salaried work)	1.8	0.7	1.9	0.6
Self-employed (transport and vocations)	4.1	2.7	1.2	0.3
Total	100	100	100	100

The conflict has also inevitably resulted in the emergence of new forms of productive enterprise, and adoption of emergency coping strategies.³⁸ Petty trade and boda-boda (motorcycle taxis) have grown dramatically; however such alternatives are yet to take the place of agriculture as the major form of livelihood.

³⁸ Others such as sex work, that is known to have increased during the conflict and into its aftermath, did not emerge from the International Alert survey but have been documented elsewhere, see <https://www.alertnet.org/thenewsdesk/IRIN/elif91bc800dd3151c9bt0677bd5703d7.htm>

These transformations have a positive dimension, indicating resilience and capacity for diversification in the economy, with more people (25% from 16.2%) self-employed in non-farm activities, and various forms of trade (shop operation, market and roadside vending) and vocations like mechanics, tailoring and transport all gaining prominence. There are also more negative implications—the steep increase in the number of women making a living from brewing alcohol is testimony to the rise in alcoholism in the region that is described elsewhere, and which may well have a link to the increase in domestic violence that this study also confirmed.

**Alternative livelihoods:
Boda-boda riders in Gulu town**

Interestingly, when respondents to the survey were asked about the source of future work opportunities, an overwhelming majority (87%) felt they themselves would have to take the initiative to improve their own opportunities. However, ‘self-help’ requires others’ support, according to respondents. Among both rural and peri-urban respondents, the most frequently mentioned forms of support identified were loans (38% and 41.5%, respectively), immediately followed by securing farm inputs and accessing ox-ploughs as shown in Table 7. It should be noted that most traders, save for a few in well-established towns like Gulu, Lira and Kitgum, derive their capital primarily from agriculture: trading is for the most part a supplementary income-generating activity.

Table 7: Support needed to support self and family

Forms of support	Location of household	
	Rural	Peri-Urban
	%	%
Loans/grants to invest	38.0	41.5
Help secure farm inputs	18.8	21.2
Provide ox-ploughs	16.3	14.0
Provide training: agriculture, business skills	11.9	9.2
Improve access to markets (work on roads/markets)	6.1	5.4
Provide better health services	5.9	5.2
Ensure peace (end LRA conflict/resolve land conflicts)	2.9	3.4
Total	100.0	100.0

When asked about priorities for economic recovery, respondents in the four survey districts emphasised that returned populations should be resettled peacefully, with adequate access to services, and their food security ensured. This would mitigate the emerging risk of conflict over food for survival. It would also help people move away from dependency on food hand-outs. Also cited was the need to diversify crop production from the region’s traditional crops like cow peas, cassava, sim-sim to other improved varieties that are fast growing and high yielding to expedite recovery of the agricultural sector.

With regard to current assistance that respondents are aware of, currently more than half of the study population reported not having been given any form of assistance (53.5%) for economic recovery. A slightly larger group (55.7%) felt that the little economic recovery assistance being offered is neither in-line with the priorities of the communities, nor disbursed effectively. Amongst those who had received economic recovery assistance, the

most common form was farm inputs—mainly seeds and livestock, much less the ox-ploughs which most respondents claimed were essential. The other forms of assistance acknowledged by participants are shown in Table 8 by location of household included in the survey.

Table 8: Assistance offered to communities to promote individual and household economic recovery

Type of assistance	Location of household					
	Rural		Peri-Urban		Total	
	N	%	N	%	N	%
Farm inputs: seeds, livestock, ox ploughs	180	69.2	85	53.1	265	63.1
Food aid	39	15.0	38	23.8	77	18.3
Loans	25	9.6	28	17.5	53	12.6
School fees for children	12	4.6	6	3.8	18	4.3
Others (bicycles, boreholes)	4	1.5	3	1.9	7	1.7
Total	260	100.0	160	100.0	420	100.0

Table 9: Best way to deliver economic recovery assistance

What should be done differently with regard to economic recovery assistance being offered	Study district									
	Kitgum		Lira		Gulu		Amuru		Total	
	N	%	N	%	N	%	N	%	N	%
Increase the amount of assistance given	35	38.5	39	36.8	33	32.0	30	24.2	137	32.3
Assistance should target individuals	25	27.5	25	23.6	29	28.2	36	29.0	115	27.1
Sponsor children from poor households	8	8.8	3	2.8	27	26.2	17	13.7	55	13.0
Give each household an ox-plough	15	16.5	12	11.3	5	4.9	16	12.9	48	11.3
Train people on loan usage and handling	6	6.6	9	8.5	5	4.9	17	13.7	37	8.7
Assistance should be more predictable	2	2.2	6	5.7	3	2.9	8	6.5	19	4.5
Monitor assistance given	0	.0	12	11.3	1	1.0	0	.0	13	3.1
Total	91	100.0	106	100.0	103	100.0	124	100.0	424	100.0

3. Overview of current proposals for economic recovery of Northern Uganda

‘The perverseness of signals and incentives that is the legacy of violent conflict indicates a long transition to ‘normalcy’ and extraordinary creativity in policy design and sequencing [are required] ... Re-creating a viable economy, or repositioning within a normal development trajectory, after prolonged violent conflict remains one of the most serious challenges of development’ (UNDP Bureau for Crisis Prevention and Recovery)³⁹

There can be no doubt that against the backdrop of the political economy of conflict in Northern Uganda and given the current economic situation, economic recovery is of paramount importance in enabling the region to move away from conflict, and must be at the centre of peacebuilding efforts. This is in fact well recognised by all stakeholders. Indeed, the text of the Agreement on Comprehensive Solutions signed as part of the Juba process hints at a framework through which to address some of the structural causes of the conflict, including imbalances in the overall socio-economic and infrastructural development of Uganda. Recalling the discussion in Section 1 on conflict-sensitive approaches, there are however a number of specificities and sensitivities that have to be taken into account if efforts to promote economic recovery are to have a maximal impact on peace, and to avoid exacerbating or re-igniting conflict dynamics. While many of the respondents to International Alert’s survey are not necessarily in a position to see the big picture of forces that need to be harnessed to stimulate economic recovery, their own personal priorities, perceptions and assessment of required interventions need to be understood. Based on research conducted into major trends and more prominent initiatives currently underway with regard to the Northern Ugandan economy by each sector (government, development partners and private sector), as well as the above discussion and survey findings, this report will now review some of the findings regarding each sector before proceeding to recommend a way forward.

3.1 Government: The PRDP

The PRDP attempts to provide an overarching framework for recovery of the region.⁴⁰ The basic outline of the PRDP priority ‘strategic objectives’ (SOs) is shown in Figure 3.

Initially published with a 2007–10 timeframe, implementation of the PRDP has seen a slow start, with complex funding modalities still being worked out into mid-2008. Efforts made by the Office of the Prime Minister (OPM) in conjunction with the Ministry of Finance, Planning and Economic Development (MFPED) and various individual donor agencies and Local Development Partner Groups (LDPG) and Sector Working Groups (SWG) have subsequently helped to clarify a way forward. Several donor agencies have made funds available to support the capacity of OPM to oversee and monitor implementation. In Uganda’s national budget 2008, published in June, \$300 million (30% of the total) was set aside for PRDP spending, with development partners invited to fund the rest.⁴¹

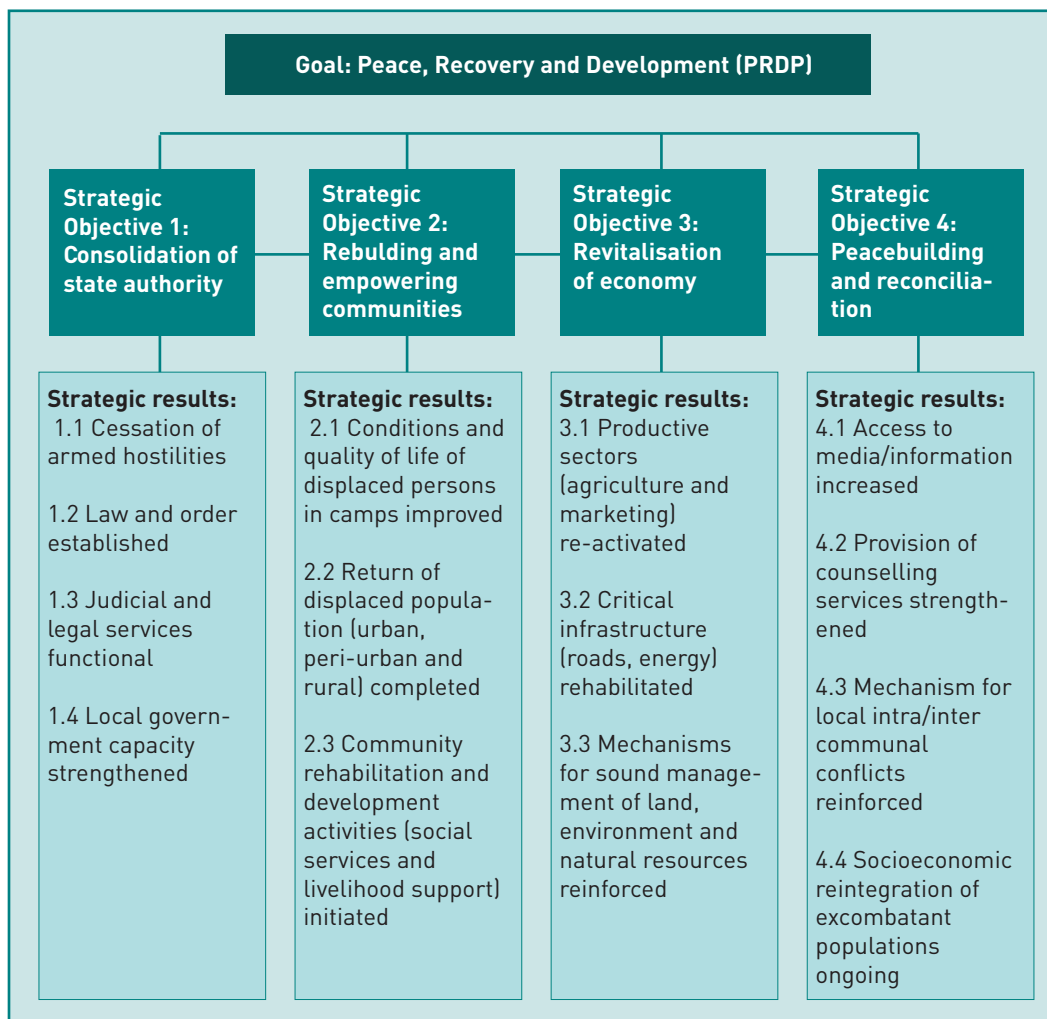
Overall, the PRDP represents a significant opportunity for moving towards greater parity and integration between the economies of Uganda’s north and south. It is however critically important that funds start to be visibly channelled to the north and their impact felt as part of a ‘peace dividend’, and evidence of government commitment to the region. In particular, perceptions that government has to date failed to spread the benefits of development across the whole country must be reversed.

³⁹ UNDP (2005). Sustaining post-conflict economic recovery: Lessons and challenges. *BCPR Occasional Paper* No. 1, October 2005, UNDP.

⁴⁰ The geographic spread of this ambitious planning document—with a price tag of \$600 million—is large: covering 40 districts from West Nile, through to Karamoja, and including the LRA-affected areas that are the focus of this report. OPM (2007). *Peace, Recovery and Development Plan for Northern Uganda (PRDP) 2007–2010*. Kampala, Uganda: GoU.

⁴¹ ‘Shs1 trillion for North Peace Plan’. *New Vision*, 18 July 2008.

Figure 3: PRDP strategic objectives



Challenges in achieving this end remain. Some of these are institutional—in terms of central government’s capacity to coordinate and oversee implementation of the plan,⁴² and local government’s capacity to play its essential role in monitoring and planning for spending at district level.⁴³ Open multi-stakeholder dialogue at district level on investment/land issues, that seeks to build consensus on the appropriate path for economic recovery in each district will help sustain PRDP implementation and economic recovery as a whole.

⁴² While the SOs provide a broad framework for intervention, the PRDP does not elaborate how implementation should proceed, either with regard to coordination, in terms of appropriate leads from line ministries and how these would work with the OPM; or the actual activities under the priority programming area headings identified. By mid-2008, only two of the SWGs had advanced a strategy for Northern Uganda as part of implementation of the PRDP. The UNDP Resident Representative’s office has developed a ‘PRDP Monitoring Table’ that sources all current relevant activities underway based on District Development Plans, and other government programmes such as the Karamoja programme for DDR, the National Agricultural Advisory Services (NAADS), etc. This document could also be developed to include a dimension on other programmes sponsored by development partners and even NGOs.

⁴³ The local administration staffing gap in the Acholi sub-region is at 63.2%, with a wage bill gap of 54.4%; the figures for Lango are 51.1% staffing gap, with a 50.3% wage gap. See PRDP (2007), p.35. The creation of a number of new districts in 2006 only added to the severe challenges faced. While the PRDP SO1 includes a programme on Local Government Enhancement, which if successful could go some way to addressing this capacity gap. Until its effects are realised local government is simply not equipped to play its part fully in the processes envisaged.

Amuru district council hall as of June 2008—a new EU grant of Shs 22 million to better equip the offices promises some improvements

However, the cases of corruption and embezzlement that have dogged previous Northern Uganda government programmes in particular sound a warning.⁴⁴ MPs making a recent assessment of the return and resettlement process to parliament reported that much of the money injected into the north for recovery has had no tangible impact.⁴⁵ In implementing the PRDP, keeping track of financial flows—programme by programme, district by district—and carefully monitoring results, takes on a rationale that goes beyond technical accountability issues and straight to the heart of the structural conflict dynamics that Uganda still faces. If the profound unpopularity of government is

to be reversed, and Uganda is to become a more integrated society with a national peace economy, money has to be well spent.

Other challenges also exist, relating to the identification and prioritisation of different issue areas.⁴⁶ Some aspects of SO3—in particular the goal of industrialising Northern Uganda—have proved particularly controversial and again in some senses go to the core of conflict dynamics in the region.⁴⁷ Debate about the appropriate path of economic recovery in the region highlights the importance of understanding the political climate and conflict context in which recovery takes place, and the need for strategic conflict-sensitive assessment and planning. Long-standing anxiety among northerners and speculation about plots to rob them of their land are in part at the root of the outcry on industrialisation and large-scale agribusiness plantations.⁴⁸ Mistrust of government programmes based on perceived failure of other programmes such as NUSAF also contributes to this context. While acknowledgement of this outlook is hinted at in the PRDP ('perceptions that there is marginalisation of the north from the centre', p. 8), understanding of the distortions these perceptions create—and their validity—must go to the heart of planning in order to anticipate, take into account, and mitigate against future conflict.

Opportunities exist to ensure a multiplier peacebuilding effect across the whole spectrum of priority areas in the way that programmes are designed. With regard to economic recovery this includes, for instance, ensuring that in rebuilding infrastructure, job opportunities for

⁴⁴ In November 2007, 20 cases of embezzlement of Northern Uganda Social Action Fund (NUSAF) monies were registered by the High Court in Kitgum—and there have been many other such cases related to NUSAF, as well as its predecessors. According to a recent report, a total of Shs 2.5 billion NUSAF funds are missing, see 'Shs 2.5bn NUSAF funds missing', *New Vision*, 11 July 2008.

⁴⁵ 'Funds for North misused—MPs', *Daily Monitor*, 23 April 2008.

⁴⁶ See C. Dolan 'Is the PRDP a three-legged table?' Keynote speech given at NGO seminar for Scandinavian-based international NGOs working in Northern Uganda, 10 April 2008.

⁴⁷ The ambiguities of this section, which includes reference to developing a sugar industry in Gulu, Amuru (as well as Adjumani) districts; setting up a bio-fuel industry in the north; as well as fruit processing and the Karuma power project, have perhaps contributed to the extremely politicised debate that has emerged on these issues. The section later concedes that with regard to north-central Uganda, the priority will be on returning people to their homes, despite the fact that earlier the sugar industry development in Acholi is highlighted. Its general thrust however, echoes earlier papers issued by government such as the *Position paper on service delivery on national peace and development plan for Northern Uganda* published by the Ministry of Lands, Housing and Urban Development in September 2006, which, while asserting the government's desire to improve security of land tenure for people in Northern Uganda, also envisages a systematic effort to turn land customarily owned into title land and to replace the family small-holder agricultural system with large cooperatives with mechanised farming. See Land and Equity Movement in Uganda (2006). 'Return or transformation? Land and the resettlement of IDPs in Northern Uganda', *Policy Discussion Paper*, No. 6. Kampala, Uganda: LEMU.

⁴⁸ The NRM party is extremely unpopular in Northern Uganda, mustering only 8% of total votes in the 2006 elections [extracted from Electoral Commission of Uganda data]. The question of land greatly influences this unpopularity. The fact that much of the population was moved into IDP camps during the 1990s as a result of government policy, into what at first were called 'protected villages', has for long fuelled the view that government exploited the LRA insurgency as a means of alienating the Acholi from their land. These perceptions have been through various incarnations over the decades, becoming more aggravated and entrenched as time passes. R. Gersony (1997). *Op. cit.*, p. 59–60; RLP (2004). *Op. cit.* According to a recent World Bank survey on land and conflicts (discussed in further detail in the report), 23% of Northerners interviewed felt that the government, army and rich people have taken significant interest in their land without clearly elaborating their motives. See M.A. Rugadya, E. Nsamba-Gaiyiya, H. Kamusiime (2008). *Analysis of post-conflict land policy and land administration: A survey of IDP return and resettlement issues and lessons*. Kampala, Uganda: World Bank.

returnees or even ex-combatants, and contracts that support Northern business development are offered where possible. Failure to do so will continue to fuel the fire of controversy and division.

Opposition Northern MPs, primarily Forum for Democratic Change (FDC), are vocal in challenging government policies—and debates on economic recovery of the region have generated particular political vitriol. The backdrop of political debate about the government-proposed Land Bill has not helped, contributing to perceptions and political opinions that accuse government of grabbing land, in some cases for President Museveni's own ethnic group.⁴⁹ Politicised wrangles over land in Northern Uganda abound—perhaps the most spectacular of which has been the controversial Madhvani Amuru Sugar proposal described in further detail in Section 3.3 below.⁵⁰

One observer of the effectiveness of policy processes such as the internationally promoted Poverty Reduction Strategy Papers (PRSPs) recently commented: 'Technocratic devices will not crack the problem of non-developmental priorities of the politicians who lead poor countries'.⁵¹ These comments could equally be applied to the PRDP. In other words, whatever the technical complexities, its politics have to be understood—including how these relate to the conflict context. The PRDP will ultimately only be as successful as politicians within and outside of government want it to be. Yet the current polarised debate among politicians, and politicians that are both within and outside of government's own personal agendas, runs the risk of derailing the joint effort towards peaceful economic recovery that is required.

Part of the problem has been the lack of an in-depth communication strategy for the PRDP, which could help both to build understanding and to gather views to inform programming and create greater buy-in at both local and national levels. While the PRDP document claims to be based on a 'two-year consultative process with all stakeholders at the district and national level', information about the PRDP is not as widely available as it might be, leaving particular stakeholders, including the local private sector and civil society, under-informed.

3.2 Development partners—From relief to recovery

As levels of violence dropped dramatically during the Juba peace talks and especially throughout 2007, development partners and relief agencies present in the LRA-affected districts began to talk of phasing out relief and moving to 'early recovery' as well as planning for longer-term development.⁵² Thus the major effort underway in each of the Uganda clusters is to find ways of integrating activities, expertise and ongoing programmes into the relevant national SWGs of the government (which correspond to the line ministries implementing Uganda's PEAP); and/or LDPGs.⁵³ (For readers unfamiliar with the labyrinth of donor coordination mechanisms in Uganda, see Figure 4).

Just as the humanitarian clusters have been trying to realign themselves to integrate assistance in Northern Uganda into broader national frameworks, the major effort underway in the development 'pocket' of donor assistance has been to understand and realign interventions with

⁴⁹ 'Will Balaalo and land define the 2011 elections?' *Sunday Monitor*, 20 January 2008; 'Land Act: Why is Baganda breathing fire on changes?' *Daily Monitor*, 13 November 2007.

⁵⁰ Others include the Gulu University offer of land for investment, as well as 'Nwoya MP, presidential aide wrangle over land', *New Vision*, 23 July 2008, and 'UPDF General survives lynching over land', *Daily Monitor*, 18 June 2008.

⁵¹ D. Booth (2008). 'Aid effectiveness after Accra: How to reform the Paris Agenda', *July 2008 Briefing Paper*.

⁵² The UN Office for the Coordination of Humanitarian Affairs (OCHA) responsible for coordinating humanitarian agencies and NGO interventions in crisis situations around the world announced that it was working towards phasing out by mid-2009.

⁵³ Under the global oversight of the Inter-Agency Standing Committee, lead UN agencies in 11 cluster areas have been appointed from within the UN system to coordinate the plethora of agencies operating in emergency zones, including Northern Uganda, together with government (in Uganda specifically the Chief Administrative Officers—CAO—at district level). The 11 cluster areas include Camp Coordination and Management; Governance, Infrastructure and Livelihoods; Education; Health, Nutrition and HIV and AIDS; Water, Sanitation and Hygiene, Food Security and Agricultural Livelihoods; Protection; Gender-Based Violence; Child Protection; Human Rights and Law. See www.humanitarianreform.org for more information.

the PRDP.⁵⁴ These parallel transition processes are necessarily rich with technical complexity, which leads to a number of challenges on the ground, including a funding gap.⁵⁵

Meanwhile, as a result of this incomplete relay race—whereby the baton of assistance in Northern Uganda has yet to be fully grasped by longer-term development partners—many cluster agencies have *de facto* adapted their activities to meet the changing needs of their client groups as they return from the camps to their home areas. Cluster chairs interviewed for this research reported that most interventions are now integrating some aspect of ‘recovery’ into their work, often through ‘Quick Impact Projects’ (QIPs).⁵⁶ In some senses, this shift reflects a genuine and well-meaning effort to respond to changing needs and the slow arrival of any other agencies whose core business may be to deal with the challenges of early recovery and longer-term development. In others it may be more motivated by agency survival instincts.⁵⁷ Some confusion, and competition, about roles and responsibilities between humanitarian and development agencies has now emerged, which in some senses has an ideological tinge as typically economic development practitioners take a far more market-driven approach to programming that emphasises the capacities of stronger beneficiaries of economic development assistance to maximise its effects, and places stimulating market demand at the centre of initiatives. This contrasts with the traditional approach of humanitarian agencies, which often targets the vulnerable and weakest members of a community, and tends to favour free inputs rather than market-based approaches. To critics, such ‘handouts’ simply contribute to ever-deepening dependency. The apparent paradox in this transitional situation is that often the very same donor agencies are funding both types of intervention through their different desks, sometimes in the same communities, demonstrating a lack of coherence. Meanwhile a further tension arises when development partners place very different degrees of emphasis on working with local government, or directly through the private sector.

The task now is to ensure that the investments made during the emergency phase, and the knowledge that exists within agencies, can be built on with the new approaches that might be required to support longer-term development, as quickly as possible; and that those whose work is done develop appropriate exit strategies. It is also apparent that a hybrid approach where projects incorporate livelihoods components but also integrate aspects such as rehabilitation, counselling and/or infrastructure repair, etc., is entirely suitable to the early recovery environment, provided it is linked to strategic planning for the longer term, and underlying structural conflict issues such as land tenure are taken into account from the outset. Far better communication *within* agencies and *between* the different coordination groups is also required as the development partners hone their plans, as is recognition that when it comes to the debate on market forces vs. vulnerable groups, both approaches need to be able to co-exist and support each other.

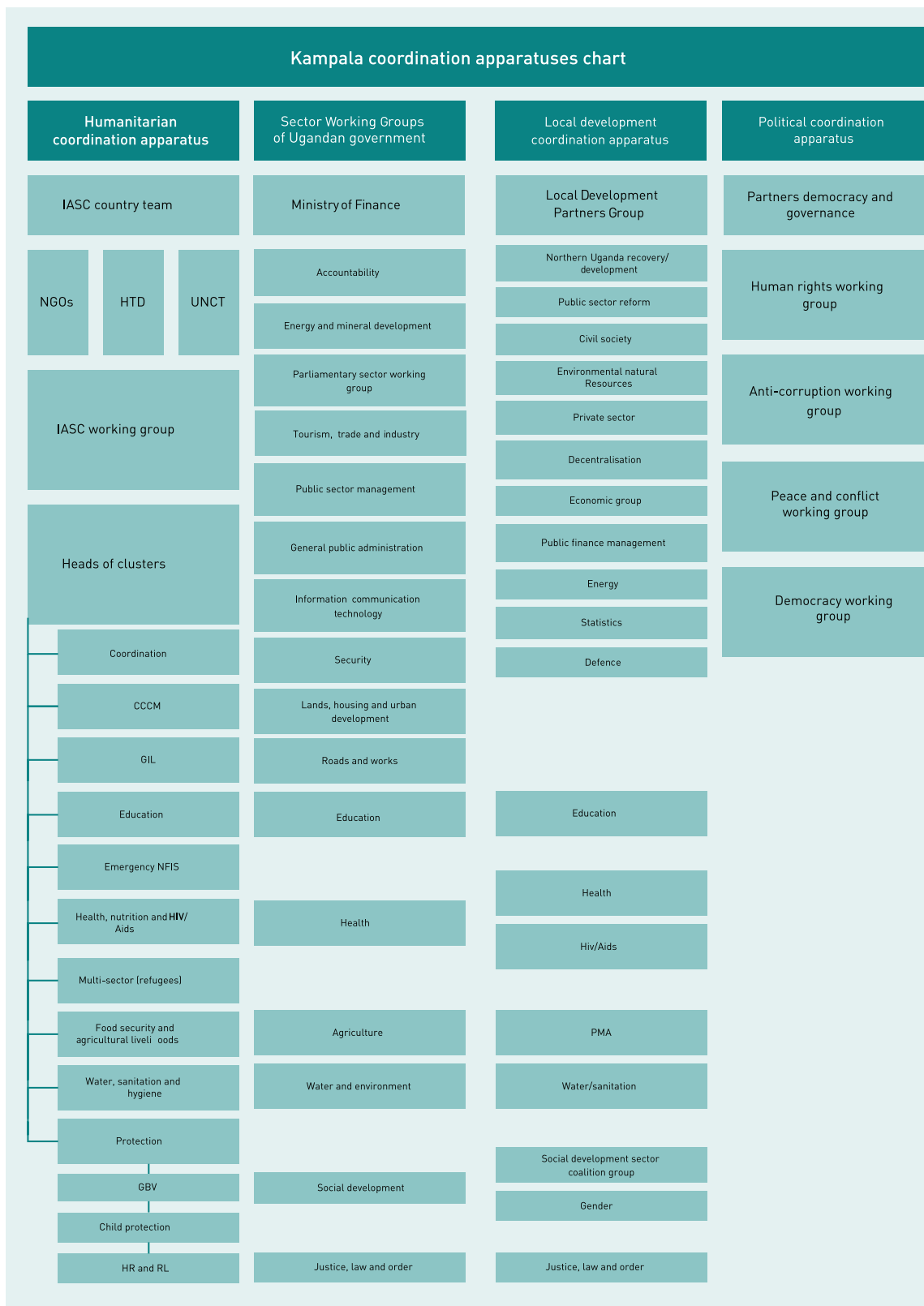
⁵⁴ This has included ongoing consultation with the OPM to work out the funding modalities of the proposal, as discussed above, as well as practical efforts to match up existing interventions with the new framework—led by the Northern Uganda Recovery and Development (NURD) LDCC.

⁵⁵ As a direct result of donor support to the Juba peace process and the renewed focus on the recovery of Northern Uganda that has emerged during the months of peace that have ensued, funding for humanitarian intervention across different areas has dried up. While in theory spending should at this point be picked up by the development desks of the various agencies, the intricate discussions regarding the PRDP, and the need to work through the implications of this new framework for existing spending has led to a significant delay in programme design and commitments, with new funding on hold until the PRDP official launch on 1 July 2008. (This could be one reason why such a large percentage of the International Alert survey respondents reported not receiving any assistance for economic recovery.)

⁵⁶ Such aspects include working even more explicitly than was the case during the emergency phase to build capacity of communities or local government representatives (for example a project digging bore holes may now add a component building the capacity of community members to maintain these in the longer term); or introducing a livelihood component to project activities (the Gender-Based Violence cluster is currently developing a programme together with FAO that includes a focus on agricultural livelihoods; the Camp Coordination and Management cluster has worked with ASV, Samaritan’s Purse and the Christian Children’s Fund to give out ox ploughs and toolkits to returnees and vulnerable families).

⁵⁷ There is a perception particularly among development practitioners that such agencies do not have the right skills-set to deal with the new challenges. In response, humanitarian actors feel that their long years of expertise and relationship-building in the region are being sidelined by a competitor who has to date failed to deliver.

Figure 4: OCHA Kampala coordination apparatuses chart



Source: www.ugandaclusters.ug

This suggests the importance of analysis, including strategic planning with all stakeholders, as well as mainstreaming conflict-sensitive approaches to programme design (including training, analysis, stakeholder consultations, and tools). However, based on the consultations undertaken for this report, it is apparent that with some exceptions a lack of strategy persists as to how any given intervention, be it humanitarian or development assistance-led, is going to contribute to the economic recovery and long-term peace of the region.⁵⁸ At the same time, the sheer volume of development partner activity, technicality of discourse, and plethora of different issue working groups and acronyms, makes the sector as a whole difficult for outsiders to understand, be they Ugandan citizens, the intended beneficiaries, or local government, the intended partners. Coordination also absorbs a fair amount of the government's own time. Improved external as well as internal communication channels would greatly enhance the 'predictability and accountability' for which development partners claim to strive.

3.3 Private sector—Agent of development?

The emphasis given in government policy to the centrality of the private sector as an agent for growth and development in the country resonates with other policy documents from governments and multilateral institutions globally.⁵⁹ A critical role for both foreign and domestic private sector investment as the engine of development and poverty reduction is widely promoted to developing country governments through an array of policy instruments and macro and micro-level interventions.⁶⁰ In conflict zones, a virtuous circle of economic growth leading to poverty reduction, which in turn will contribute to peace is assumed, with the private sector as critical driver.⁶¹

As has already been discussed, the relationship between the private sector and conflict/development is not always so virtuous. All kinds of business activities and motives can perpetuate war and insecurity. Nonetheless, if approached in the right way, private sector investment in Northern Uganda's economy is without doubt essential to raising the region's profile in terms of capital, skills, infrastructure and employment, in the interests of longer-term peace and development.

To this end, the UIA, and to a lesser extent the UMA and Ugandan National Chamber of Commerce secretariat, have launched initiatives to try to promote and facilitate investment in the region, by Ugandan and foreign enterprises. UIA has hosted several conferences within Uganda and abroad (including with diaspora associations in the UK and US) in which it has disseminated information about the sectors with potential for growth, and UMA plans its annual trade fair during 2008 to take place in Gulu. UIA has encouraged the different districts to establish focal point officers to help provide interested investors with information, though these are not yet fully operational. The government also has plans for industrial parks to be established across Uganda, including in Gulu, to help support business growth. Local government has played its part, with Gulu declaring Northern Uganda 'open for business'.⁶²

⁵⁸ In 2005, the development partners grouping known as the Utstein Partners published a report that found a remarkable 'strategic deficit' existing within the peacebuilding activities and programmes of key development partner agencies working internationally. See D. Smith (2004). *Towards a strategic framework for peacebuilding: Getting their act together*. Oslo, Norway: Norwegian Ministry for Foreign Affairs.

If this strategic deficit is apparent from the activities that are intended to be 'peacebuilding', it is still more serious from the perspective of economic interventions which are often designed without much reference to the specificities of a given political context. The majority of organisations interviewed are aware of the conflict-sensitivity concept but do not actually operationalise it for economic interventions—though many international humanitarian organisations do try to follow 'do no harm' principles. As a result, there are potential conflict risks in mainstream approaches, as will be highlighted further in Section 4 of this report.

⁵⁹ See CIDA (2004). *Sustainable development strategy 2004-06: Enabling change*. Ottawa, Canada: CIDA; DFID (2005). *Working with the private sector to eliminate poverty*. London, UK: DFID; NORAD (2004). *Peacebuilding—A development perspective*. Oslo, Norway: NORAD; Commission on Private Sector and Development (2004). *Unleashing entrepreneurship: Making business work for the poor*. New York: UNDP; SIDA (2003). *Making markets work for the poor: Challenging SIDA's support to private sector development*. Stockholm, Sweden: SIDA.

⁶⁰ L. Schulpen and P. Gibbon (2001). 'Private sector development: Policies, practices and problems'. *World Development Report*, Vol. 30 No. 1. Oxford, UK: Pergamon.

⁶¹ DFID (2005). *Fighting poverty to build a safer world*. London, UK: DFID; World Bank (2000). *Attacking poverty: Opportunity, empowerment and security*. Washington, US: World Bank; SIDA (2005). *Promoting peace and security through development cooperation*. Stockholm, SIDA: Edita.

⁶² Chairman Norbert Mao, remarks at UIA regional workshop, Gulu, February 2008.

As already discussed, the issues surrounding larger-scale investment in Northern Uganda have generated some controversy—none more so than the proposed sugar works in Amuru, by Madhvani Group (see box). Various agri-business firms are already operating in the region and contributing to economic revitalisation (see Section 4.7). In addition to the commercial banks and communications companies that have moved to Gulu since the Juba talks began, others are making inquiries. Anecdotal evidence exists of further investment plans, such as a Danish meat-processing firm interested in investing in Gulu once peace is secure; a Kenyan businessman interested in investing to the tune of Shs 500 million in maize in Apac; and a South African delegation of investors interested in goat-rearing and citrus fruit in Lira. UIA highlights the potential for new investors from India, China, Islamic states and elsewhere from Africa to find opportunities in the region.⁶³ As these and other opportunities to attract capital to the region progress, the capacity of local government to handle their queries and ensure that proposals meet the demands of peaceful recovery, becomes urgent. There is also a pressing need to strengthen fora for multi-stakeholder dialogue on investment and economic recovery in order to build consensus and air concerns. Investors need to be sensitised to some of the issues in order to ensure that their business in Northern Uganda is mutually beneficial and does not unwittingly exacerbate tensions and concerns. To this end, guidance on conflict-sensitive investment is included in Section 4.8.

In addition to ensuring that new investors to the region contribute to peace, opportunities for domestic business that is local to the north need to be maximised—for instance, through contracts for reconstruction projects and as part of the PRDP effort. Some analysts have highlighted how the lack of capital for investment among those who live through conflict gives external investors the advantage. Depending on who these investors are, this may attract resentment and tension.⁶⁴ Deliberately partnering with Northern businesses as part of economic recovery in Northern Uganda will have spin-off benefits economically and with regard to peace in the country as a whole, helping to reduce the dramatic economic divide between north and south.

This section has sketched the key contributions to economic recovery in Northern Uganda by each of government, development partners and the private sector, highlighting challenges from the conflict-sensitivity perspective. The next section will proceed to outline nine programming priorities for building a peace economy in the region.

⁶³ M. Kigozi 'Investment, trade and tourism opportunities in Northern Uganda'. Presentation at UIA conference on Northern Uganda, 6 June 2008.

⁶⁴ J. Hanlon (1996). *Peace without profit—How the IMF blocks rebuilding in Mozambique*. Oxford: James Curry. Hanlon cites the case of Mozambique where investments by South Africans and other foreign firms marginalised local people in the process of development.

Madhvani Amuru Sugar Works proposal

In 2006, news began to emerge of a planned sugar works to be built by the Madhvani Group, on 40,000 hectares of land in Amuru. The proposal envisages a joint venture between the Amuru Sugar Works (owned by the Madhvani Family) and the government, with a projected cost of \$80 million (Shs 128 billion) and includes construction of a factory, a power generation plant, a water treatment plant and reservoir, workshops, stores, fuel stations and administration blocks, staff housing and amenities including hospital and educational facilities, etc.¹ Amuru Sugar Works anticipates employing upto 7,200 people (25 foreign and the rest local) directly at the factory and about 5,000 on outgrower farms, providing a livelihood overall to about 70,000 people. Five villages to accommodate 200 farmers each will be built in the nucleus estate. In these villages, farmers will benefit from the education and health services, while extension and credit services, agricultural equipment for land clearing, ploughing and furrowing, and a development fund will be used to support outgrowers. According to the proposal, 200km of road network will be built on both the nucleus estate and surrounding areas.²

Despite the proposed benefits of the project, a political storm over the proposal quickly grew, with the Acholi Parliamentary Group (APG) under the leadership of MP Livingstone Okello-Okello stating that the investment should not proceed until all IDPs had safely returned (for the last 15–20 years the entire population of Amuru has lived in IDP camps), and that the required land of 40,000 hectares was too big to be given out for a single project since the population was growing fast.³ Madhvani Group representatives accompanied by President Museveni visited the north at end-2007 in a bid to gain support. Museveni asked the Acholi Paramount Chief to undertake a consultative process by setting up a committee to assess the land in question, researching the sugar industry, and gathering community views, and has subsequently reduced the proposal to 20,000 hectares for the nucleus estate and 10,000 for outgrowers. Most recently, newspapers reported that during a meeting organised by the APG in July 2008, residents resolved unanimously not to give their land to any investors.⁴ Museveni has reportedly summoned Acholi chiefs to a meeting at State House Entebbe in order to try to find a way forward.⁵

Among the Acholi people, Madhvani Group is mostly known for their Kakira Sugar Works near Jinja. In 1953, the late Prof. Okot p'Bitek wrote a book, *Lak-Tar* (White Teeth) in which the main character, one fictive Okeca Ladwong, narrated how he suffered when he was employed in Kakira Sugar Works as a sugarcane cutter. The book is widely known among Acholis, and in some respects has contributed to suspicions about the Amuru Sugar Works—which are also driven by long-standing anxiety about government grabbing Acholi land and the fact that the Madhvani proposal is seen to have come directly from State House. Rumours that there is oil beneath the land and that Acholis will be tricked out of profiting from this resource if the Madhvani proposal goes ahead are also rife in the region.

The Madhvani Group is seen to be rushing a process that local people feel should take more time, to ensure thorough consultation with stakeholders. In respect of their perceived impatience, the Madhvani group explains that the financiers' offers and demands for their investment in other sectors or countries in the Great Lakes is liable to change anytime, and Amuru would lose out if this chance is not taken.

The proposal has been politicised at various levels. Different people in authority want the project to take place in order to claim it as a success, hence the ongoing pull-and-push among leaders. Given a lack of clarity in appropriate decision-making structures, Madhvani's approach of appealing to different authorities to obtain approval for the proposal is seen to have pitted these against one another.⁶ A debate has been triggered as to who has the absolute authority to give land or reject the proposal, and political polarisations between the government and other political parties have been exacerbated. Others in different constituencies would very much like to see the project seated in their own place of jurisdiction, for the purposes of renewing their mandate in the forthcoming 2011 elections.

¹ 'Kakira Sugar to set up factory in Amuru', *New Vision*, 18 July 2007. The equity is planned to be \$30 million and the loan component to be sought from financial institutions \$50 million. Out of the equity, 60% (\$18 million) will be held by the Madhvani Group, while the balance 40% (\$12 million) will be held by the government. See revised Madhvani proposal as presented to the Ker Kwaro Acholi Committee.

² *Healing Wounds of War: Proposed Amuru Sugar Complex*. A film from The Madhvani Group, 2007.

³ The APG also proposed that a local partnership with investors could benefit the people of Acholi since that way their land would be used as equity. See letter written by the Chairman of the Acholi Parliamentary Group to the Madhvani Group, 28 September 2007.

⁴ 'Amuru residents reject Madhvani Sugar project', *Daily Monitor*, 21 July 2008.

⁵ 'Museveni to meet Acholi leaders over Amuru land', *Daily Monitor*, 9 July 2008.

⁶ Interviews in Amuru conducted May–June 2008.

4. Building a peace economy in Northern Uganda— A framework of programming priorities

This report cannot claim to have a simple ‘answer’ to economic recovery and sustainable peace in Northern Uganda. The processes, politics and actors involved are immensely complicated and in the words of one development agency representative interviewed for this report, perhaps the best that can be hoped for is a ‘series of approximations’. Recognising this complexity, this report nonetheless proposes a framework of programming priorities for the different stakeholders engaged in promoting economic growth in the region. While many of these areas are already prominent in existing initiatives such as the PRDP, the discussion follows on from the previous section’s assessment of each contributing sector’s strengths and weaknesses, and strives to begin answering the questions posed at the outset of this report: *How strategic are current plans for economic recovery of Northern Uganda, given the challenges that persist, and when seen from a peacebuilding perspective? Are the opportunities to address root causes, immediate consequences, and ongoing threats of war being seized? What are the unforeseen risks of a re-emergence of conflict posed by some approaches? And how can these best be mitigated?*

This section proposes a framework that can lay the foundations of a peace economy in Northern Uganda. It synthesises the findings of the research conducted for this report as a whole: the survey findings, additional research conducted by International Alert in different districts in the north, as well as research into the current activities of the three main stakeholder groups, from which it has tried to identify particularly positive initiatives as well as challenges.

The key areas identified are:

- Securing the peace
- Facilitating peaceful return
- Ensuring food security and promoting livelihoods
- Improving financial services for agricultural and other entrepreneurs
- Offering opportunities for youth
- Rebuilding infrastructure at all levels
- Enhancing agri-business growth
- Promoting conflict-sensitive investment
- Strengthening Northern Uganda as a hub for regional trade

By adopting the political economy/conflict-sensitive approach recommended above as conceptual guidance, and combining this with analysis of some of the more significant omissions and peacebuilding concerns raised during this research as a whole, this report is intended to offer a peacebuilders’ perspective on each of the areas, and how these relate to each other.

Across all areas of intervention, the basic processes of conflict-sensitive approaches outlined in Section 1 are highly recommended, including specific efforts to understand and mitigate against likely negative interactions between the intervention and conflict dynamics affecting the region, at whatever level—and related steps to maximise peacebuilding potential inherent in any initiative. Regular and transparent monitoring of conflict and peace impacts of all initiatives must be part of this given that conflict impacts even with the best analysis can be unpredictable and subject to change as contexts change. Initiatives should be undertaken within an overall peacebuilding and recovery strategy—requiring greater linkages across different agencies and departments dealing with peace and security, and economy/trade. Such

strategies should be elaborated to the greatest degree possible at the local level to allow for detailed appreciation of on-the-ground developments and inter-relationships. Lastly, the overall goal of inclusivity in terms of participation in economic recovery should be at the forefront of planning.

4.1 Securing the peace

‘...According to us the conflict has not yet ended. We hear on radio that Kony is lost. Without Kony coming out and saying when he will sign the Peace Agreement, the conflict has not yet ended despite the fact that there is some peace now which has enabled us to plant some crops...’ (Men FGD, Kitgum)

‘...They are chasing us from camps, they want us to go back to the villages and yet the Peace Agreement has never been signed and nobody even knows the whereabouts of Kony! This government is not bothered about us. They are telling us to go and meet our death. For me I will stay in the camp until the day Kony signs the Peace Agreement...’ (Men FGD, Amuru)

Hanging over all of the programme areas highlighted as critical for building a peace economy in Northern Uganda is of course the need for peace to be secured. As above, the biggest obstacle to economic recovery identified by survey respondents was the non-signing of the peace agreement. It should be noted that peace processes the world over take years and many setbacks and renewed initiatives, to reach eventual conclusion.⁶⁵ While it has been beyond the scope of this report to identify a way forward from Juba, its focus having been on broader economic dimensions of peace, it is clear from the research that ongoing commitment to a negotiated settlement, including through giving support to efforts to negotiate with Kony and exploiting any opening for securing a deal, must be a priority for all concerned.

As well as the psychological and material stress that the continued lack of resolution to the LRA conflict imposes on civilians living in Northern Uganda, the situation leaves policy-makers with a serious dilemma. There have already been delays in administering the shift from humanitarian relief to recovery, as discussed in Section 3, and a pragmatic decision has been taken by most agencies as well as the government to throw their weight behind the peace in the interests of not running into a total standstill. This is clearly welcome from the perspective of capitalising on the gains made during the hiatus in violence that has been enjoyed by the region thus far, and important groundwork in resettling returnees and turning to a new chapter of development assistance has been made. It does however create an environment that can be characterised to some extent as ‘suspended disbelief’, whereby the foundations for economic recovery in Northern Uganda are being laid without any certainty about the primary enabling factor, which is peace. While some agencies are dealing with this by planning for different possible outcomes, it is important that all stakeholders do not lose sight of this reality.

Recommendations

- As the search for a negotiated settlement goes on, government and development agencies should ensure effective joint planning and regular two-way briefings among desk officers and agencies involved respectively in political affairs, early warning, conflict analysis and peacebuilding, and their counterparts concerned with economic growth. Such two-way dialogue should take place more regularly both *within* individual agencies, and *among* thematic pillars of cooperation by enhancing the coordination between development partner coordination committees.

⁶⁵ J. Darby and R. MacGinty (2003). *Contemporary peacemaking: Conflict, violence and peace processes*. London, UK: Palgrave Macmillan.

4.2 Facilitating peaceful return of IDPs and former combatants

'...The problem with land is that there are people who went back before others. Going back depended on how strong a person's heart was, those who feared, waited for some time, and by the time we decided to go back, the land was already occupied, then the problems started.' (Youth FGD, Kitgum District)

'...Some people went back earlier than others and would dig on other peoples' land leading to quarrels...even what was originally communal grazing land has been occupied by people. Those who went back early took both land belonging to other people and the communal grazing land...' (Men FGD, Lira District)

As discussed in Section 1, the return process is well underway and should be encouraged to continue and deepen in step with people's growing confidence and readiness to do so.

Investment in addressing the causes of conflicts facing returnees is an important contribution to a sustainable peace economy. Of these, unclear land boundaries (32.5%) were ranked highest by respondents to the survey. In another recent study commissioned by the World Bank, which had a bigger respondent sample, 59% of respondents reported having experienced significant threats to tenure security since return began.⁶⁶ Conflicts concerning land that was left behind at the point of displacement have the highest dispute prevalence rated at 65%, mainly concerning inherited land—with some people reportedly tracing lineage back beyond the point of displacement, complicating matters further.⁶⁷ The International Alert and World Bank surveys, as well as various other sources, all testify that these land conflicts are on the increase as more people try to return home. Land conflicts are simmering at different levels and have the potential to degenerate into more widespread violence.⁶⁸

At the same time, statutory dispute resolution mechanisms under the Land Act are currently lacking, and years of displacement have substantially eroded the authority and outreach of traditional dispute resolution mechanisms.⁶⁹ Initiatives such as that by NRC showcased below to support government efforts to clarify land ownership systems, to promote harmony between statutory and traditional systems (90% of land in Acholiland is still held under customary tenure), and to diffuse tensions where they arise, are critical at this time, when returnees find themselves caught in an 'institutional and policy gap that has increased tenure insecurity'.⁷⁰

⁶⁶ M.A. Rugadya, E. Nsamba-Gayiyi, H. Kamusiime (2008). Op. cit.

⁶⁷ Ibid. See also Refugee Law Project (2007). *Rapid assessment of population movement in Gulu and Pader*. Kampala, Uganda: RLP.

⁶⁸ There have already been reports of deaths associated with land conflicts, see for example 'Five killed in Lira land dispute', *New Vision*, 23 July 2008.

⁶⁹ The World Bank study found that the statutory decentralised land administration structures 'would be sufficient to handle land services delivery in a post-conflict situation, but almost the entire infrastructure is not on the ground.' M.A. Rugadya, E. Nsamba-Gayiyi, H. Kamusiime (2008). Op. cit.

⁷⁰ Ibid.

Norwegian Refugee Council Information, Counselling and Legal Assistance Wang-oo programme

Focused in the districts of Gulu, Pader, Kitgum and Amuru, the NRC ICLA Wang-oo programme has four focus areas:

- To equip IDPs to make decisions on return through disseminating information regarding the return process and current affairs
- To enable IDPs and leaders to take positive actions to prevent disputes from arising
- To strengthen the legal system at the grassroots level to better deal with disputes arising from displacement or upon return
- To enable IDPs to have greater knowledge about their rights and to support them to demand their rights through legal counselling and support.

Working closely with the Ministry of Local Government to support local counsellors (including through training) and the Ministry of Lands to support land resolution mechanisms (including working with traditional and government leaders to examine how the traditional and statutory systems can work in harmony), the NRC programme has a team of 10 qualified legal staff with particular expertise on land and family matters as well as 21 centres throughout Acholiland where information and legal and other support services can be found. The programme also trains other stakeholders on the issues.

The NRC programme is funded by the ECHO, SIDA and Norway.

In addition to tensions over land, sensitivity to some of the other social conflicts arising in communities in the north is also required, and needs to be carefully understood and factored into the design of all interventions with affected populations. Some of these were identified in the survey as shown below. Food security as a cause of future conflict was also identified, as discussed in the next sub-section.

Table 10: Problems that can degenerate into conflict

Problems in the community with potential to result into conflict	Study district									
	Kitgum		Lira		Gulu		Amuru		Total	
	N	Col %	N	Col %	N	Col %	N	Col %	N	Col %
Land conflicts: grazing areas, early returnees	71	33.6	73	33.6	68	31.5	86	32.8	298	32.9
Livestock theft	58	27.5	48	22.1	72	33.3	62	23.7	240	26.5
Alcoholism and domestic quarrels	30	14.2	43	19.8	27	12.5	53	20.2	153	16.9
Unemployment/people are idle	36	17.1	43	19.8	27	12.5	41	15.6	147	16.2
Lack of water/ limited safe water sources	14	6.6	3	1.4	18	8.3	18	6.9	53	5.8
Bad local leaders	2	.9	7	3.2	4	1.9	2	.8	15	1.7
Total	211	100.0	217	100.0	216	100.0	262	100.0	906	100.0

Thirty-four percent of the survey respondents suggested training local people or leaders in conflict resolution mechanisms as an empowering option to help with sustainable peace and economic recovery. Improving people's knowledge of their property rights was confirmed as a means to reduce the occurrence and likelihood of conflict (14%). Speedy resolution of existing conflicts, particularly those concerning land, would also ensure improved peace and lessen conflict (11.6%).

Table 11: Conflicts and household economic progress

What should be done to ensure that conflicts do not limit households from economic progress	Study district									
	Kitgum		Lira		Gulu		Amuru		Total	
	N	Col%	N	Col%	N	Col%	N	Col%	N	Col%
Ensure peace prevails (end LRA conflict)	76	32.3	58	24.0	103	44.8	129	47.3	366	37.3
Train the local people/leaders in conflict resolution	86	36.6	91	37.6	65	28.3	56	20.5	298	30.4
Sensitise on property rights (land and cattle)	33	14.0	45	18.6	33	14.3	26	9.5	137	14.0
Speedily resolve conflicts (land conflicts)	30	12.8	34	14.0	12	5.2	38	13.9	114	11.6
Create employment	4	1.7	5	2.1	8	3.5	4	1.5	21	2.1
Avail loans for people to get started	0	.0	6	2.5	7	3.0	7	2.6	20	2.0
Assistance to households should be distributed equally	4	1.7	2	.8	2	.9	11	4.0	19	1.9
Help re-establish markets	2	.9	1	.4	0	.0	2	.7	5	.5
Total	235	100.0	242	100.0	230	100.0	273	100.0	980	100.0

Conflicts are also arising associated with the reintegration of former combatants. Under the Amnesty Act, former combatants who renounce conflict are entitled to a resettlement package—and the PRDP seeks ongoing funds to continue in this vein.⁷¹ One clear risk of such an approach is that provision of economic support to former combatants incurs resentment on the part of others who are not beneficiaries, though most people will understand the need to provide such benefits where this is explained transparently.⁷² A new perspective on other groups classified by the humanitarian agencies as ‘extremely vulnerable’ may also be required to assist their resettlement, as presently the services available in camps create incentives for them to opt out of the return process.⁷³ While the Parish Approach promoted by OCHA has helped facilitate such individuals to transition, efforts are needed among all agencies to assist the rebuilding of village life and services in home areas, as well as to help people make informed decisions through provision of information. The infinite nuances and power dynamics operating locally are a minefield from a conflict-sensitivity perspective. More strategic district-level coordination of local-level approaches to resettlement that look at the whole community rather than singling out special interest groups and/or sensitisation of communities to understand why certain groups require special treatment when they do get it are also required. As far as possible, achievement of peaceful return that has addressed underlying issues should be understood as a pre-condition for any more substantial moves towards economic recovery and longer-term development.

Recommendations

- All actors to place significant emphasis on ensuring peaceful return as an essential building block of longer-term growth, even where this may take some time.
- Agencies to coordinate initiatives at district level in order to ensure that resettlement is addressed strategically, at the same time avoiding conflict between different beneficiaries at the local level, including former combatants and vulnerable groups, and larger communities—and maximising potential to create peace.
- Sensitisation of communities as to why certain groups may need special treatment.
- Strengthen conflict resolution and peacebuilding capacity at local level, including among traditional leaders, women, civil society and local government.
- Make the clarification of land ownership a visible, central element of recovery and an important part of the public discourse around return. This will include providing support to boosting the capacity of statutory decentralised land administration structures under the Land Act to mediate land disputes that are not resolved at community level (e.g., LC2 and sub-county courts and District Land Tribunals).

⁷¹ OPM (2007), p.77.

⁷² Interview with civil society leader, February 2008, Gulu. Economic dimensions of DDR initiatives are coming under increasing scrutiny as lessons are learnt internationally, see E. Date-Bah (Ed.) (2003). *Jobs after war: A critical challenge in the peace and reconstruction puzzle*. Geneva, Switzerland: ILO.

⁷³ M.A. Rugadya, E. Nsamba-Gayiyya, H. Kamusiime (2008). Op. cit.

4.3 Supporting food security and promoting livelihoods

'...The other problem is before the war we had our ox-ploughs, when bullets started all we could do was run to save our lives. Our ox-ploughs and other things remained behind and they were taken. Look at my hands; they are spoilt because of digging with a hoe, with a hoe you get tired very quickly and the gardens are small, we are not used to digging with hoes, if government wants to help us let them give us ox-ploughs, the seeds we shall get...'(FGD Men, Amuru)

As the population moves from dependency on relief and free inputs towards independent living, challenges exist related to continued low levels of production that are directly linked to land conflict, as well as the lack of farming equipment and infrastructure to support production and marketing. Food scarcity as a result of decline in crop production was identified by 48.2% of respondents to the survey as a factor with significant potential to cause future local conflicts. Respondents attested that food scarcity often sparks off food thefts (58%) and destabilises household incomes (50.7%). This, coupled with high dependency on land which has competing interests (20.7%), is a major threat that could fuel re-occurrences of conflicts and/or heighten existing ones.

Table 12: Changes in economic activities with potential to cause conflict

Changes in economic activities with potential to cause conflict	Why these changes have potential to cause conflict			Total %
	Scarcity results into theft therefore conflict %	Everyone depends on land yet it is being grabbed %	Main source of income for the household %	
Decline in crop production/food shortage	58.1	20.7	50.7	48.2
Available land decreasing as population increases	25.8	79.3	13.3	29.3
Loss of livestock	11.3	.0	24.0	15.2
Unemployment	4.8	.0	12.0	7.3
Total	100.0	100.0	100.0	100.0

Part of the problem, according to survey respondents, is that production implements have changed due to the conflict. The survey highlighted the fact that before conflict, the acreage for cultivation was higher due to use of ox-ploughs, yet in the aftermath of conflict, support for resumption of crop production is focusing on providing hand hoes, axes and other agricultural implements that are less familiar to the users, but are also not effective for extensive acreage cultivation in low-lying lands such as Northern Uganda. At the same time, loss of livestock has the potential to fuel further conflict through shrinking household income options (24%) and by triggering theft (11.3%). Increased trade across the Sudan border is also seen to be having a negative impact in this respect as food is exported away from the region to more lucrative markets.

Survey respondents felt that promoting the livestock sector as an alternative to crop production and diversifying the livelihood options for returning IDPs will contribute positively to economic recovery, partly because such assets convert easily into cash to finance other household needs and create demands within the local economy. (Although for the districts bordering the Karamoja region, restocking animals is seen to create a major risk of increased raids by the Karimojong). Requests for support to subsistence production centre around farm inputs (especially seeds), followed by funds to invest in the production process for higher acreage, and lastly ox-ploughs as the key implement for crop cultivation.

Table 13: Support needed for market production

Support needed to adequately produce for sale	Central government		Local government		Development partners	
	N	%	N	%	N	%
Provision of farm inputs like seeds, fertilisers	472	35.8	416	49.5	430	40.2
Loans/grants to invest	282	21.4	136	16.2	265	24.8
Provision of ox-ploughs	421	31.9	92	10.9	127	11.9
Rejuvenate markets	106	8.0	99	11.8	89	8.3
Improve roads	39	3	64	7.6	42	3.9
Provide training in good farming practices	0	0	34	4.1	117	11
Total	1320	100	841	100	1070	100

These recommendations largely confirm the direction in which many government and development interventions are already moving. Major initiatives underway include: provision of in-kind grants for seeds, inputs and implements, increasing seed availability through seed multiplication and seed fair programmes; vouchers-for-work programmes, where people are given opportunities to work on community projects and paid with vouchers which they exchange for agricultural inputs and implements, in-kind grants for oxen to support agricultural land use (opening of land), and farmer training. At the same time, efforts are underway to re-stock livestock, also through in-kind grants of animals, vouchers-for-work programmes, animal fairs, animal traction, and training of community animal health workers. Some agencies are also promoting small-scale businesses by supporting informal financial mechanisms such as Voluntary Savings and Loan Associations (VSLAs), providing microcredit (financial services are discussed in further detail below), and training in income-generating activities, as well as cash grants for extremely vulnerable groups.⁷⁴ Less prominent and more political, but also perhaps among the most significant of possible interventions in terms of building a peace economy, is the issue of government compensation for the livestock lost and stole during the conflict (see box).

Packing groundnuts for sale: Improved access to markets, help with farming inputs, loans and training are all priorities according to survey respondents

⁷⁴ Key stakeholders are the District Farmers Association, Concerned Parents' Association, Church of Uganda; among international NGOs, the Norwegian Refugee Council (NRC), International Rescue Commission (IRC), Oxfam, CARE, World Vision, Food for the Hungry, ICRC, CRS, AVSI, AWF, CARITAS, IIRR, ACRED, ACF, and PREMIERE URGENGE; among UN Agencies, FAO, WFP, and UNHCR; among government and donor-supported programmes, NUSAF (World Bank), District Livelihood Support Program (IFAD); NAADs. Other planned interventions include NUSAF II, which will start in July 2009. It has a livelihoods component that will include acquisition of productive assets, organising communities for value addition, youth skills training and income-generating opportunities. See PRDP, p. 55–59.

Reparations for lost livestock campaign

In 2006, the Acholi War Debt Claimant Association (AWDCA—a group representing 1,500 people) sued the Attorney General under Gulu civil suit No.38.¹ According to the court case, the AWDCA (led by Engineer Noah Opwonya, chairman of the Gulu chamber of commerce) claims that the NRA/UPDF took advantage of the insecurity in the north during the course of their deployment, and embezzled, confiscated, looted and consumed the claimants' livestock. In some places, the Karamojong cattle rustlers were also rampant leading to further losses. In both instances, AWDCA sought compensation from the government (in the case of the NRA/UPDF misconduct, AWDCA argued the government was directly responsible; with regard to the Karamojong thefts, the government is seen as responsible for failing to protect citizens' property).

According to the civil suit, the claims were categorised into three groups:

- Claimants whose livestock was taken and who had received both written acknowledgement and part payment of the liability—and who have papers providing proof of their situation. Of such cases, 20% of the payment due had been received back in 1994, leaving an unpaid balance of claims.
- Claimants whose cases were verified and approved for payment by the Ministry of Defence, who then forwarded them to the Ministry of Justice and Constitutional Affairs, at which point the matter stalled. This category of claimants also have all relevant documentation, i.e., lists of approved claims, lists of claims sent to the Ministry of Justice for settlement, documents supporting the approval and forwarding letters to the Ministry of Justice.
- Claimants whose cases have not been verified by the government, but who have supporting documents recording losses from relevant local council authorities and veterinary officers.

In March 2008, the government accepted its liability, requesting to settle out of court within four months over the course of not more than two financial years (2008–09, and 2009–0).² Agreement to out-of-court settlement is seen by observers to be very much in the interests of the government, helping to avoid ongoing political and press scrutiny and ill feeling both of Northerners and international observers. In addition, the government would have most likely lost the case, and had to pay more compensation overall.

The AWDCA claim that the total figure sought amounts to Shs 1.4 trillion based on the value of the lost animals and revenue from milk and meat. These figures relate to the livestock that are part of verified claims, and therefore could rise as further verifications come up.³ Recognising the seriousness of the matter, and the potentially ever-rising costs accompanying the case, President Museveni wrote a letter on 18th June 2008 to the Attorney General and Minister of Justice, directing him to ensure that an out-of-court settlement of the case be finalised in six months.

Given the large sum and number of local farmers affected, the compensation would see a significant re-capitalisation of the Northern Uganda economy and greatly assist economic recovery as a result. Politically, a serious commitment to honouring this agreement would go a long way towards re-building confidence between the people of Northern Uganda and the government—and hence also be a major contribution to peacebuilding.

¹ See Brief on Gulu civil suit No.38 of 2006 by the Acholi war debt claimants to HE the President of Uganda.

² 'Government in talks with war debt claimants' *New Vision*, 4 March 2008.

³ Norbert Adyera, chairman of AWDCA and Eng. Noah Opwonya, vice-chairman of AWDCA, quoted in *New Vision*, 4 March 2008.

Meanwhile, farmers are facing challenges of storage and market access due to poor road infrastructure and lack of experience in marketing. Some organisations have adjusted their programmes to include market linkages and market access components. Higher levels of practical support are now required to link producers with access to markets. Efficient marketing channels have the effect of creating demand that instantly drives production and incomes. Such longer-term livelihoods interventions are just beginning to emerge, according to agencies interviewed for this report, with organisations such as CRS, Oxfam and CARE all adding an emphasis on access to markets into their programmes.

Livelihood initiatives are also required to try to meet the challenges facing urban IDPs living in the region, who have moved to district towns and who struggle with high prices that are fuelled in part by the large presence of international organisations.⁷⁵ As with other areas of intervention, careful identification of beneficiary groups and sensitisation in the wider community is required to mitigate against local-level conflict impacts across all types of livelihood and food security programmes.

Recommendations

- Agencies and government programmes should continue prioritising the need for farming inputs and livestock, as well as support to urban dwellers' livelihoods.
- Design, implement and coordinate at district level in order to foster increasing independence and vibrant markets; at the same time as ensuring that truly vulnerable sections of the population are not overlooked.
- Take steps to ensure that access to advice, means of production and markets are allocated fairly. This means tailoring interventions to the practical needs and opportunities faced by different population segments differentiated geographically, by ethnicity or clan, by gender, etc., as well as according to other factors such as specific war-time experiences.
- Ensure conflict-sensitivity of programming and maximise peacebuilding opportunities.
- Assist with market access, including through agricultural information on FM radio and other infrastructure, and by linking producers with buyers.
- Government to fulfil its commitment to out-of court settlement on livestock reparations and development partners to explore relevant options for supporting this.

4.4 Improving financial services for agricultural and other entrepreneurs

'Microfinance requires that you borrow little money, between Shs 400,000 to Shs 600,000 but not one million and above, then you pay every week, within a few months, they have collected from you all the money that they loaned you, but because the interest is high, the loan still remains outstanding, so they are stealing our money! Why don't I take a lot of money like one million which makes me trade in more animals or crops at one time and have more profit, so that I pay back very quickly, why insist that I have to borrow not more Shs 600,000 which is not helping me?' (Men FGD, Lira District)

'...Saving your own money if you want to start a business is our main source of capital. Here microfinance asks for a lot of interest, they also ask for security, what security can some in Kitgum have? We were left with nothing! (Women FGD, Kitgum District)

⁷⁵ RLP [2007] 'What about us? The exclusion of urban IDPs from Uganda's IDP related policies and interventions. Kampala, Uganda: RLP; 'War ravaged Gulu, Kitgum towns most expensive in Uganda', *Daily Monitor*, 24 June 2008.

The survey explored the existence and access to various forms of capital in the region. These range from personal savings (27.3%), savings groups promoted by NGOs under the Savings and Credit Co-operatives (SACCOs) model (20.2%) and formal microfinance institutions (21.2%). A significant number (27.5%) of respondents had no source of capital whatsoever, as shown in Table 14. Discussion with traders revealed that formal savings and credit services have grown tremendously to become a competitive and vibrant market, but one that does not necessarily respond to local needs.⁷⁶

Table 14: Sources of capital by district

Sources of capital available in the community	Study district									
	Kitgum		Lira		Gulu		Amuru		Total	
	N	%	N	%	N	%	N	%	N	%
Personal savings through sale of animals and crops	61	26.3	96	36.8	55	21.0	75	27.0	287	27.8
No sources of capital	74	31.9	58	22.2	73	27.9	79	28.4	284	27.5
Borrowing from microfinance institutions	25	10.8	63	24.1	64	24.4	67	24.1	219	21.2
Operating in groups: Giving each other /SACCOS	62	26.7	36	13.8	67	25.6	44	15.8	209	20.2
I do not know where to borrow from	7	3.0	2	.8	3	1.1	3	1.1	15	1.5
Getting items from NAADS: bees, seeds, seedlings	3	1.3	5	1.9	0	.0	3	1.1	11	1.1
Crop exchanges	0	.0	1	.4	0	.0	7	2.5	8	.8
Total	232	100.0	261	100.0	262	100.0	278	100.0	1033	100.0

Despite the successes of microfinance, it is well understood that microfinance institutions (MFIs) do not have the right instruments or capacity to meet certain important market segments, especially agricultural and small to medium-sized enterprise (SME) financing, as well as income-generation for vulnerable groups including rural women, smallholder farmers, resettled persons, and the very poor that lack skills and assets. Informal services such as VSLAs are growing in number to fill these gaps, helped by the efforts of international NGOs and donors.⁷⁷ The government has meanwhile developed a Rural Finance Strategy, which is part of the Prosperity for All Programme, at the heart of which is the promotion of SACCOs, which are seen to have more potential to serve rural markets than other MFIs. The strategy aims to ensure that there is at least one SACCO at every sub-county, however development partners criticise the approach for creating market distortions, arguing that it leads government close to direct microfinance provision, instead of focusing on providing an enabling environment.⁷⁸ Cases of fraud and corruption associated with SACCOs, which are frequently formed along party political lines, are already rife.

Partly as a result of controversy surrounding SACCOs, some development partners have reduced their attention to access to financial services, with several key programmes coming to an end. Ongoing initiatives do exist, such as the GTZ and SIDA Financial System Development Programme run together with the Bank of Uganda which has a particular focus on Northern Uganda through trying to bridge the gap between the agricultural sector and available

⁷⁶ Capital constraints are not unique to Northern Uganda. Only 38% of Ugandans country-wide have access to financial service, and of these 18% (2.4 million people) are served by formal regulated institutions, 3% (400,000 people) by the semi-formal institutions like SACCOs and NGO MFIs, and 17% (2.2 million) by informal groups such as ASCAs, ROSCAs, Village Savings Loans Associations (VSLAs) [see *National survey on access to financial services in Uganda, 2007*]. The government recognises microfinance as an important strategy for increasing access to financial services for low-income households and micro and small enterprises. Microfinance is included in major policy frameworks like PEAP and the Plan for Modernisation of Agriculture. A separate department has been set up under the Ministry of Finance, Planning and Economic Development to oversee microfinance, and there is a Minister of State for Microfinance.

⁷⁷ VSLAs are self-selected groups, usually of 15–30 members, who voluntarily come together to save and lend money to members. They have by-laws to govern their operations, and they keep their own records. Members meet on a weekly basis to collect savings, loan repayments, and advance new loans. They normally lend all the money collected, and the records (together with any balance) are kept in a cash box, often with three padlocks and the keys kept by three different people as a security check. At the end of the agreed-on period (usually 6–12 months) the savings plus the interest from loans are shared among members. Members are mostly women, but men are beginning to get involved.

⁷⁸ Interviews with various development agencies conducted for this report highlighted concerns that the strategy brings back memories of failed government programmes in the past that ended up becoming a burden to the taxpayer while distorting the market—especially the Rural Farmers Scheme 1989–90, Entandikwa (start-up scheme) 1996–98, Poverty Alleviation Project 1998, Rural Farmers Scheme 1998–90, and the Youth Enterprise Scheme 2000–01.

financial services—including through development of new loan and leasing products with Centenary bank and UML; and the broader agri-business support programmes of the EC, Danida and SIDA which include financial services components.

However, overall the sector requires far greater attention especially in the north, where the urgency of kick-starting economic recovery, and the challenges of providing useful financial services for agricultural and other entrepreneurs at different levels require greater emphasis. The survey revealed that the proportion of respondents who felt that the current sources of capital were helping with economic recovery needs was small overall (21.7%). Of the formal institutions, Centenary Bank, the only commercial bank offering microfinance, maintained branches in Lira and Gulu during the conflict, and has recently opened branches in Kitgum and Pader. Only two out of 91 branches of MDIs in Uganda are present in Northern Uganda, FINCA and PRIDE, in Lira, with a FINCA branch soon to be opened in Gulu.⁷⁹ Of the semi-formal institutions, there are relatively few SACCOs in the region, though they are beginning to emerge. The strongest of these that survived even during the conflict are Agaru SACCO in Pader district, Kitgum SACCO in Kitgum district, Alut Kot in Oyam district, and Orib Ching in Lira district with a branch in Apac district. The two SACCOs with outstanding performance (Kitgum and Agaru) operated in the areas with limited commercial bank services during the insurgency—mainly serving the business community. Businesspeople still form the core of its clientele. A few Kampala-based NGO MFIs and private companies also have branches, mostly in Lira town and a few in Gulu town.⁸⁰

MSC Ltd. is one of the principle government agencies set up to promote countrywide access to affordable microfinance services by all economically active poor across the country. It has a regional office in Gulu. Its products and services were designed in accordance with industry principles of commercial viability and sustainability, and hence have strict eligibility criteria. As a result, only a few of the SACCOs from Northern Uganda can qualify for its services (20 out of the 203 that are registered in the region).⁸¹ Some interpret their failure to get services as being politically motivated given the perception that the entire SACCOs industry is being run along party political lines. As one staff from the Gulu office commented, ‘Our products have annoyed people’.

Informal arrangements such as VSLAs are the most common providers, particularly among displaced communities. This model is used with some variations by many relief organisations as part of their interventions especially in the districts of Gulu, Pader and Kitgum. Their popularity is based on the extremely low levels of income among displaced communities.⁸² Another source of credit comes from international organisations focusing on food security and livelihood that in some cases offer microcredit as a component of their programmes. Others are using grants but structuring them in a way that beneficiaries develop the discipline of savings and repayment.

All in all, the region is seriously underserved by formal and semi-formal microfinance apart from Lira town. Existing institutions are located in major towns, leaving rural areas (where people are returning) drastically neglected at a time of renewed demand.

All the formal and semi-formal MFIs that are in Northern Uganda are facing the challenge of high default rates. One SACCO reported that outstanding loans with resettled people form the biggest part of their loan portfolio. MFIs are resorting to forced recovery by selling off assets whenever possible—a tactic which is clearly problematic from the perspective of economic recovery in the region.

⁷⁹ Micro Deposit-taking Institutions (MDI) are distinct from the generic MFIs in that they are specifically those which have been licensed by the central government bank. The Acholi Private Sector Promotion Centre provides capacity-building services to microfinance institutions but given the low outreach of microfinance in the region, tend to focus more on provision of business development services to other development agencies. It has recently been contracted by CARE to form VSLAs in Kitgum and Pader. Its sister organisation, Mid-North Private Sector Promotion Centre, offers similar services to Lango areas (as well as Masindi and Buliisa).

⁸⁰ Med-Net (NGO MFI) and SUCCESS Microfinance (Private Company) operate branches in Lira town, while GATSBY Trust has branches in both Lira and Gulu towns.

⁸¹ Interview with MSC Ltd. staff in Gulu, May 2008.

⁸² Members can save as little as Shs 500 (about \$0.30), and borrow as little as Shs 3000 (\$1.75), which is much below the threshold for SACCOs.

The resettlement process has also led to increased operational costs. When clients were living in camps loan disbursement and monitoring were generally easier and cheaper, and MFIs are now facing higher costs of loan monitoring and recovery as loan officers have to travel long distances to find clients. Meanwhile, the most common economic activity when people were living in the camps was trading, and MFI products were designed to support this. With resettlement, people are engaging in other economic activities especially farming which requires longer-term loans and steady cash flow requirements to meet the frequent loan obligations. In addition, as the economy recovers, businesses will grow and their financing needs will change to bigger and longer-term loans. While some MFIs have begun to change their products and/or delivery methodologies to cope with this (one SACCO has piloted a savings and agricultural loan product, while another has reduced the frequency of repayments from weekly to monthly), most are not prepared for the changing circumstances of the region.⁸³

Lastly, working alongside relief-oriented organisations sometimes targeting the same people makes it harder for MFIs with commercial objectives to enforce client repayment discipline. Some organisations are giving grants to the same communities being targeted by microfinance institutions. Oxfam in Kitgum has tried to minimise this distortion by giving the operations of their microcredit component to a Kitgum SACCO and concentrating on its areas of competence like group formation. Both organisations benefit as the SACCO expands its client base, while Oxfam achieves its social objectives.⁸⁴

Government and donor policies for supporting microfinance are often ‘conflict-blind’ and follow principles and practices that favour more established MFIs that mostly originate from the south, while excluding those weaker ones (from the north). All agencies interviewed by International Alert for this report reported that they did not carry out conflict analysis before designing programmes.

Client targeting is also a potential conflict risk factor as it may lead to some social groups being excluded, hence breeding resentment and jealousy.⁸⁵ For example, almost all the microfinance programmes in the region target women so as to enhance their economic empowerment. All MFI and VSLA supporting organisations reported that targeting women has contributed to the economic well-being of families and sometimes family stability as women begin to contribute to household needs and take on decision-making roles. However they also reported cases of women’s empowerment leading to family disputes and violence.⁸⁶ Programmes that target women need mitigating measures and associated sensitisation for the whole community.

Absence of growth strategies for VSLAs is another risk factor that may result in further vulnerability and conflict. The VSLA model is well suited for the economic circumstances of displaced people with extremely low incomes. A group can lend out all the collected savings in one meeting, hence there are no risks related to holding cash. However, as the economy recovers and more economic opportunities become available, peoples’ incomes will hopefully improve and so will savings. There is a possibility that in one meeting the collected savings could exceed the demand for loans. All the organisations supporting VSLAs reported having experienced this scenario.

Managing these risks in order to ensure that microfinance fulfils its potential to contribute to peaceful economic recovery and assist entrepreneurial individuals and groups in agricultural

⁸³ Alut Kot SACCO with funding from MSC Limited and capacity building support from Mid North Private Sector Development Centre has piloted this product. Currently they have about \$60,000 in their agricultural loan portfolio.

⁸⁴ Interview with Oxfam Kitgum staff.

⁸⁵ Even self-selecting processes can lead to resentment between groups where strategies are not in place to counter negative impacts.

⁸⁶ There is a substantial body of literature exploring gender and power dynamics in microfinance programmes around the world, see A. M. Goetz and R. Sen Gupta (1995). *Who takes the credit? Gender, power and control over loan use in rural credit programmes in Bangladesh*. World Development, Vol. 24(1). Oxford, UK: Pergamon Press; S. Longwe (1997). ‘The evaporation of gender policies in the patriarchal cooking pot’, *Development in Practice*; S. Feiner and D. Barker (2004) *Liberating economics: Feminist perspectives on families, work, and globalization*. Michigan, US: University of Michigan Press.

and other sectors to expand their level of economic activity is a critical programming area for economic recovery in the region as a whole. MFIs and organisations supporting VSLA furthermore have the opportunity to aim to include eligible members of all social groups in their programmes in order to use the microfinance intervention as a vehicle for interaction among social groups, hence facilitating the process of peaceful reintegration. In addition, peacebuilding and conflict transformation training can be mainstreamed in client training and community sensitisation so as to build up people's coping strategies and ability to effectively manage conflict. Conflict-sensitive approaches to programme design can help ensure such benefits.

Recommendations

- Microfinance stakeholders to expand their programmes and policies to become more supportive of economic recovery in Northern Uganda, adapting products and delivery mechanisms to suit the context and harmonising practice on e.g. loan recovery with their wider social mission.
- Implementation of Rural Finance Strategy to address perceptions that beneficiaries are identified on party political lines, which especially in the context of recovery of Northern Uganda can deepen grievances.
- To achieve conflict-sensitive programming, microfinance stakeholders to adopt greater levels of stakeholder collaboration, coordination and consensus-building, and work together to develop guidelines for conflict-sensitive microfinance programming.
- Aim for and monitor broad-based targeting social inclusion in programmes in order to maximise potential of groups for peacebuilding.
- Work together with relief-based NGOs supporting informal microfinance to come up with sustainable growth strategies for VSLAs.

4.5 Offering opportunities for youth

The 2002 census indicates that the population of Northern Uganda is youthful and becoming even younger over time. Children (less than 18 years) constituted 55% of the population, those less than 15 years constituted 49%, while the elderly (more than 60+) made up 4%.⁸⁷

It is known that youth have been both the primary victims and in some senses the primary actors during the LRA conflict—and yet, according to the findings of a recent study by the Survey of War Affected Youth (SWAY), very little information on the effects of this dynamic is available, including the different effects on young men and women.⁸⁸ This lack of information directly hampers programming efforts by government and development partners alike. The SWAY study points to the need for significant expansion of programmes that are targeted to youth, which in most cases are 'grossly inadequate'.⁸⁹

Levels of abduction were high: the total number of abducted youth is placed at anywhere between 24,000—66,000.⁹⁰ The psychological impacts of the experiences undergone by both abducted and non-abducted youth are found in the SWAY study to be profound, with high levels of youth witnessing, experiencing and perpetrating acts of violence. Unsurprisingly, these experiences are correlated with high reported levels of family problems and emotional distress. Just under half of abducted males and under a quarter of abducted females had traditional cleansing ceremonies performed for them on their return—with forced mothers typically excluded.⁹¹

⁸⁷ Gulu and Amuru District Development Plans 2007–10

⁸⁸ SWAY (2008). *Special report on women and girls for the Juba peace process*. Kampala, Uganda: SWAY.

⁸⁹ *Ibid.*, p.5

⁹⁰ Phuong Pham et al. (2007). *When the war ends: A population-based survey of attitudes about peace, justice and social reconstruction in Northern Uganda*. December 2007. University of California, Tufts University and International Center for Transitional Justice. The SWAY study puts the figure even higher at more than one-third of male and one-fifth of female youth reporting abduction.

⁹¹ *Ibid.*

Northern Uganda hosts a generation of young people many of whom are not accustomed to agriculture (either crop production or animal rearing), and who face significant under-employment. While many as a result seek employment instead by driving boda-boda or in petty trade (especially brewing among women who are also increasingly marrying young for financial reasons), a trend which itself moves a large amount of labour force from the village, the SWAY study found that both female and male youth reported significant economic challenges hindering their attempts to sustain themselves, including shortage of skills, working capital, and productive assets such as oxen, farm or business equipment.

A small number of institutions are providing training in technical and vocational skills, but according to the SWAY survey, only 8% of females and 16% of males surveyed had undergone any vocational training, so the reach of such programmes is apparently severely limited.⁹² Tailoring was found to be the most common form of training for female youth in the SWAY survey, but few trainees went on to find employment. The perception of one key interviewee for the International Alert survey was that most youth who do undergo such vocational training will be employed by national or international NGOs rather than in more productive capacities. Even access to primary education has been limited and higher education virtually non-existent for those who grew up in camps—with only 20% of Northern Ugandans completing primary school and 5% completing secondary school as of 2006.⁹³ Sponsoring children from poor households emerged as ‘the best way to deliver economic assistance’ for 13% of respondents to the International Alert survey (see Table 9).

Taken as a whole, the circumstances of Northern Ugandan youth—the scars of war, never having known a time of peace, and the ongoing economic challenges faced—represents a significant source of future insecurity in the region. There is vast evidence of a correlation between youth unemployment in post-conflict societies and the recurrence of violence.⁹⁴ This report is not alone in advocating that providing educational and vocational opportunities for the youth to earn what one report calls ‘a safe and dignified income’, is a central priority.⁹⁵ Linking vocational training (VT) to market opportunities such as those identified in Table 3 helps ensure that interventions are as effective as possible in the current economic context.

⁹² Ibid., p. 3.

⁹³ Women’s Commission for Refugee Women and Children (2007). *Listening to youth: The experiences of young people in Northern Uganda*.

⁹⁴ P. Collier (2003). Op. cit.

⁹⁵ Women’s Commission (2007).

Linking vocational training programmes to market opportunities in Northern Uganda

Published in July 2008, *Youth and sustainable livelihoods: Linking vocational training to market opportunities*, prepared by Columbia University's School of International and Public Affairs for the Women's Commission for Refugee Women and Children, provides practical recommendations on ways to strengthen vocational training (VT) opportunities for young people in Northern Uganda that better respond to and anticipate market opportunities, in order to ensure that investments lead to greater levels of employment among young people and avoid compounding frustrations. The study:

- Presents an analysis of VT programming and the actors involved in Northern Uganda
- Offers VT providers concrete recommendations for programming at each stage in the VT cycle, including best practices and lessons learned; and
- Guides VT programmes and youth participants through a market-assessment and self-assessment to integrate market information into programme design and create links between VT and the private sector.

The review of VT programming found that although the PRDP envisages a significant portion of educational spending to go to VT, there is some tension between government and development partners as to who should lead this effort. There is also a need to ensure that VT programming adapts to meet the changing circumstances and needs of returnees, rather than continuing to focus on beneficiaries in camps. At the same time, the report argues that VT can help upgrade the labour force of Northern Uganda in anticipation of more substantial opportunities arising from agri-business growth as the region moves towards a peace economy. However, to achieve these objectives, interventions need to move beyond the 'quick impact' VT programmes that are commonly offered by NGOs targeting returnees, towards programmes that are well grounded in an understanding of market opportunities and a longer-term development approach. The report offers a step-by-step toolkit for integrating market realities into programme planning.

A copy of the full report is available at: http://womenscommission.org/pdf/ug_ysl_rep.pdf

Recommendations

- Recognise the need for all recovery policies, programmes and sectors to consider the needs and inclusion of young people, including young women as well as young men.
- Improve harmonisation among government agencies, development partners and private sector investors interested in contributing to supporting VT programmes, clarifying which agencies are leading.
- Expand spending on VT programming, ensuring that programmes are conflict-sensitive and factor in needs of all youth at a local level by district.
- Identify specific areas of market growth where VT investment would be well spent
- Allow for short-term weakness of market to absorb youth and target with labour-intensive public works schemes.

4.6 Rebuilding infrastructure at all levels

Roads are critical in enabling mobility of people and goods and access to basic social services and markets. In the context of Northern Uganda, investment in roads has been particularly important to facilitate the return and resettlement process; and repair of roads to Sudan has boosted business opportunities. Choosing labour-intensive public works schemes also, as above, offers the potential to provide employment in the short term, and thereby inject cash into local economies.

The bulk of road infrastructure rebuilding has been focused on the rehabilitation and maintenance of feeder roads and re-opening of community road networks. The district local governments with funding from central government and other donors have focused on feeder roads, while NGOs and some UN agencies have focused on re-opening and maintenance of community roads. Trunk roads and inter-district feeder roads are a responsibility of the central government. Road rehabilitation projects planned to start in 2009 as part of NUSAF 2 are the Gulu-Nimule (Sudan), Lira-Soroti, Kitgum-Lira, and Kitgum-Gulu roads. Financial feasibility studies will be carried out for the Kitgum-Adjumani and Kitgum-Moyo roads.⁹⁶ Conflict has also destroyed social infrastructure (water points, latrines, health centres, schools, village markets) and there has been an urgent need to rehabilitate or establish such infrastructure to support return and resettlement. Again, local government with funding from central government and other donors and international NGOs have been involved in these projects. The survey established average distances to most of these forms of infrastructure. There is a general increase in the average distances people have to travel as compared to before the conflict. This increase is an indicator of breakdown in the social and development amenities that are important to economic recovery.

Table 15: The impact of current distances on access to services

Whether current distance to service affects access: only affirmative (Yes) responses are presented in this table	Study district									
	Kitgum		Lira		Gulu		Amuru		Total	
	N	Col %	N	Col %	N	Col %	N	Col %	N	Col %
Formal financial institutions	121	54.5	133	58.1	80	34.9	151	62.7	485	52.7
Secondary school	96	43.0	58	25.7	21	9.1	143	58.4	318	34.4
Paralegal services	64	28.7	94	41.6	30	13.0	72	29.6	260	28.2
Sub-county offices	20	9.0	94	42.0	34	14.8	69	28.3	217	23.6
Government health centre	84	38.0	83	36.1	39	16.9	11	4.5	217	23.4
Primary school	37	16.7	35	15.3	10	4.3	4	1.7	86	9.3
Market	32	14.3	35	15.4	5	2.2	7	2.9	79	8.5
Public telephone	13	5.9	18	8.0	6	2.6	7	2.9	44	4.8

Respondents to the survey recommended that weekly markets, as well as agricultural production infrastructure like granaries and cribs that were all extensively damaged during the conflict, should be promoted and encouraged. These are important sources of income generation and market access both for farmers and traders; they are also a source of revenue for local governments through market dues. The current infrastructure for marketing is inadequate for economic recovery efforts.

Infrastructure investment is by its nature capital intensive, offering important opportunities for employment, profit from contracts and benefits from services, but at the same time huge

⁹⁶ At the national level, the government agencies involved in road rebuilding are the Ministry of Works and Transport, Ministry of Local Government, OPM, Ministry of Finance Planning and Economic Development, and the recently formed Uganda National Road Authority. Education, health, and water and sanitation infrastructure is overseen through the respective ministries and SWGs. Key development partners are the World Bank, AfDB, DANIDA and EU. There is a coordination unit in the Ministry of Finance, and a Road Sector Working Group, which is chaired by the MoFPED PS. At district level there are regular meetings chaired by the CAO on specific areas. Other initiatives include the Community Agriculture and Infrastructure Implementation Programme by the Ministry of Local Government with funding from AfDB (starting in 2009 in Acholi and Teso sub-regions as well as Lira district, with a focus on roads, bridges and markets); and the USAID Linkages Programme in Kitgum, Pader, Amoratar, Arua and Katakwi.

opportunities for corruption. Most of the work rebuilding larger infrastructure in Northern Uganda has been sub-contracted to private companies. Due to government and development partner procurement guidelines and eligibility criteria, big contracts such as those for rehabilitation of trunk roads tend to go to international firms. (When the EC opened bidding for NUREP projects in early 2008 for example, few Ugandan and no Northern businesses were able to meet stringent European procurement criteria).⁹⁷ Rehabilitation of some feeder roads tends to go to Kampala-based companies that have sufficient technical capacity and capital base. Local, district-based contractors can only compete for the smaller contracts such as construction of classroom blocks, road maintenance, borehole drilling, etc. Even with these contracts, many businesspeople express a lack of confidence in local government procurement processes. Including private-sector representatives on contract committees, and improving transparency and dialogue between local government and business could help reduce this tension.

As far as possible, procurement for infrastructure projects at all levels needs to include Northern businesses. It is imperative that there is a good information flow about projects, in order to generate confidence among local people in the various stakeholders. Reconstruction presents enormous opportunities for building a shared sense of purpose and ownership over the future peace economy if handled appropriately. Infrastructure rebuilding also has potential to provide jobs (though temporary) and income to large numbers of people if this is prioritised. Even where this might mean that projects take longer, the peace dividend implied by adopting labour-intensive approaches ought to be factored in.

Danida RALNUC voucher-for-work programme

Part of Danida's wider ASPS programme, which includes district-level agricultural training, national research, engagement in agricultural policy-making and support to NAADS, the RALNUC programme focuses on Northern Uganda, and is designed to support returnees from IDP camps. Its model centres around a voucher-for-work scheme.

The focus of the programme is to help returnees rehabilitate village infrastructure, in such a way as to generate some income while at the same time stimulating demand for agricultural inputs and hence the delivery market. Community-led, the RALNUC approach trains leaders that are appointed through community election processes, also supporting input dealers, and training groups to use inputs effectively. The focus of activities with regard to the infrastructure components has generally been feeder roads, woodlots, market structures, water points and bridges. Those involved in working are paid in vouchers which they can exchange for farming inputs (such as seeds, tools, chemicals). Designed to run over a three-season cycle, the programme has expanded from three sub-counties in one district to 18 sub-counties in three districts. Since the beginning of the programme in 2006, RALNUC has reached 81,756 beneficiary households, and through their employment seen a total of 2,150km of road successfully constructed, 560 acres established in 357 woodlots, 128 water points protected, 36 cattle crushes constructed, and 32 market structures rehabilitated. Other public work projects undertaken included three tree nurseries, three cattle dip tanks, and three water dams.

In addition to the physical rebuilding of infrastructure the RALNUC programme design creates significant psychological and social benefits as communities identify their own priorities for reconstruction, and work together in achieving goals.

The programme is now moving into a second expanded phase in 10 different sub-counties and the model has also been replicated by the EC ALREP programme in Gulu and Pader.

Further information is available at www.asps.or.ug

⁹⁷ Interview with EC official, February 2008.

Recommendations

- Government to ensure accountability where cases of corruption in procurement or spending of infrastructure programme funds arise.
- All agencies to ensure consultation with local communities and stakeholders to identify infrastructure priorities and help shape existing projects, and provide clear feedback to stakeholders on the results of consultation processes, as well as ongoing transparency and information flow regarding projects.
- Deliberate attempts to give Northern businesses a chance to compete or partner with bigger firms where possible, in order to maximise spin-off benefits for local economy.
- Deliberate attempts to maximise employment opportunities for local people e.g. through adopting labour-intensive approaches to public works schemes, as well as voucher- and cash-for-work models, even where this may mean projects take longer to deliver—ensuring that employee selection is conflict-sensitive.
- Strategically linking VT and business development support to the opportunities implied by infrastructure rebuilding programmes.

4.7 Enhancing agri-business growth

Enhancing agri-business growth both at micro and larger levels of economic activity is seen by most stakeholders as the key to socio-economic transformation of the region.⁹⁸ As indicated in Table 3, there are several crops that promise potential for increased levels of commercialised production.

Among development partners, the EC is the lead agency on economic recovery for rural development in the north—and between the EC, DANIDA, DFID and SIDA a basket fund of up to \$70 million has been put aside (these figures were still under discussion during the research period for this report). The USAID LEAD programme, which is a successor to APEP, launched in August 2008 promising a further \$30 million directed to the north. LEAD seeks to increase rural productivity and competitiveness by providing support to selected value chains and public-private partnerships between USAID and investors such as Mukwano.

Large-scale processing of agricultural products like sugar requires big chunks of land. The potential for commercial agriculture to disenfranchise local people by preventing them from returning to their own lands, exacerbating the already complex and conflict-ridden land tenure issues, is very real and needs to be addressed in all agri-business promotion schemes. Better analysis is also required of whether the numbers employed and income gained per capita per hectare on commercial farms exceeds the numbers employed by small-scale agriculture on the same land area.

Interestingly, the smaller USAID SPRING programme (see box) is alone among agri-business support programmes in explicitly factoring in a conflict-sensitive and peacebuilding lens to its programme design.⁹⁹ How this effort will play out in practice remains to be seen as at time of writing the programme has yet to launch, but given the potential conflict risks associated with agri-business, it is to be hoped that the lessons learnt during its implementation may be taken up by other interventions as a combined effort to ensure that agri-business fulfils its role as a key element of the Northern Ugandan peace economy.

⁹⁸ UNDP (2007). *Rediscovering agriculture for human development*, p. 108.

⁹⁹ See also USAID (2008). *Value chains: Towards integrating conflict-sensitive approaches*.

Stability, Peace and Reconciliation in Northern Uganda (SPRING) Programme, USAID

SPRING is a three-year stabilisation project funded by the United States Agency for International Development (USAID) that began in February 2008. The goal of the SPRING programme is to mitigate the causes and consequences of the conflict in Northern Uganda by programming activities in three core component areas:

- Peacebuilding and reconciliation
- Economic security and social inclusion
- Access to justice

SPRING is working closely with local authorities and actors from across civil society and the private sector to support the stabilisation of those areas most affected by the LRA conflict. It supports the transition from the present dominance of relief operations to longer-term development. The piloting of integrated interventions among the three SPRING components is being used to demonstrate best practice in stabilisation programming. Activities aim to promote stability and consolidate peace by contributing to improved and inclusive economic security in the region. SPRING will work with stakeholders to promote the replication of successful model activities in other conflict-affected communities in Northern Uganda. SPRING activities will be implemented through existing civil society organisations and private-sector companies, in consultation with district authorities, and is supportive of the PRDP.

The primary mechanism for SPRING is the \$3.6 million STABILITY grant fund. This fund will support activities such as facilitating stabilisation-driven value chain interventions in key sub-sectors, promoting cultural and sporting exchanges, and carrying out multimedia information activities on peace and justice. The programme will create tailored assistance packages for each community in which it works, selecting locations which will demonstrate the effect of integrated approaches to stabilisation for adoption by other communities.

Private sector investors also have their eyes on agro-processing, with two of the commercial operators who were present even during the worse years of conflict now laying plans for expansion, as described in the following two boxes.

The Mukwano sunflower programme

Mukwano Industries Ltd. commenced operations in Uganda in 1986 with a single laundry soap production line and has since expanded to become the pre-eminent supplier of consumable goods such as cooking oil, soap and plastics in the country.

With the return of business and investment into Northern Uganda after decades of conflict, Mukwano saw the opportunity to develop a market locally for an alternative to imported vegetable oil. It launched its sunflower programme in Lango in 2004. Mukwano now promotes sunflower growing in the four districts of Dokolo, Apac, Oyam and Lira and has a \$20 million processing plant in Lira, with plans to install a second unit in the near future. The Lira plant is expected to boost sunflower growing and provide direct and indirect employment to the people of Lango. The plant crushes sunflower seed to extract edible oil and the by-products (sunflower cake) are used to manufacture animal and poultry feeds. The plant will also cater for markets in Southern Sudan and the DRC.¹ The programme is run in partnership with USAID and Danida.

Mukwano imports sunflower hybrid seed from South Africa for sale to the contracted farmers in its outgrower scheme. The output of the hybrid sunflower per acre is more than double that of other varieties, at the same time the oil content of the hybrid sunflower is also high. In recent years the company has developed an extension system which disseminates improved technologies to registered farmers. The system is comprised of extension coordinators who are directly employed by the company, as well as site coordinators and lead farmers. The lead farmers receive demonstration kits with inputs such as seeds, herbicides, fertilizer etc. , at no cost on the understanding that they will provide all the labour requirements for managing demonstration sites. Lead farmers also mobilise and provide training to collaborating farmers in the vicinity during the season. Farmers are encouraged to grow other crops in rotation with sunflower to preserve the soil.

The company claims to have over 35,000 farmers currently registered in its outgrower scheme. During 2007 hybrid sunflower grain procured by Mukwano generated over Shs 11 billion to the farmers in the scheme. Nonetheless this fell short of a projected Shs 16 billion, due to poaching by other millers in the region. Mukwano is meeting this challenge both by offering a better price, and by flooding the market with seed. The company also has plans to expand the programme to other crops such as soybean and maize.

While many welcome the contribution to the region's economy Mukwano has made, its perceived monopoly of the entire sunflower value chain (including processing and associated transport and extension services) meets with some local opposition, especially among other processors. The likelihood of Mukwano as the sole supplier and buyer of seed in the region also causes concern that at some future point the pricing set by the company may be disadvantageous to farmers.

¹ 'Mukwano builds \$20m oil plant in Lira', *Daily Monitor*, 19 May, 2008.

Dunavant Uganda Ltd.

Dunavant is a subsidiary of a US multinational corporation, Dunavant Enterprises Inc. Dunavant Uganda Ltd. has been in Northern Uganda for over four years, and anticipates significant potential for future growth in a post-conflict environment.¹

Originally Dunavant aimed simply to buy cotton from farmers in order to gin and export, however the company quickly learnt that unless additional support was given in the war-affected areas, local farmers would not be able to produce adequate amounts of cotton. Taking a long-term perspective on its future profits, Dunavant developed a mode of working in Northern Uganda in which farmers are actively supported to become productive cotton growers. This includes inviting farmers to register with the company with at least two acres of land, which they clear themselves with support from Dunavant in the form of the use of tractors that speed the work up considerably. Farmers grow food crops on one half of the ploughed land mass, and cotton on the other—this helps both with food security and land fertility. Farmers are often recruited directly from the camps or the satellite camps. Dunavant claims to have 40,000 registered farmers growing cotton for purchase in Kitgum and Pader, and 43,000 in Lira and Apac. The company partners with USAID in Kitgum and DED in Pader, cost-sharing at a ratio of \$2 from the company to \$1 from the development partners on the overheads of clearance of land (over 50,000 acres across the two districts), and roll-out of relevant farmer training programmes.

Dunavant does not seek to purchase the land, and relies on clan leaders to identify appropriate farmers that can come forward offering their acreage and seeking registration—this strategy has helped allay initial concerns among local people that, to the contrary, the company wanted to take land on a permanent basis.

Dunavant recently announced it had supplied four mobile health units to the people of Northern Uganda, providing basic health services in areas where there are none. In appreciation of its contribution to sustainable economic growth in Uganda, Dunavant was recognised with the President's Export Platinum Award in 2006.

While its presence has clearly made a significant contribution to providing livelihood opportunities for farmers in Northern Uganda during the conflict, and to speeding up the process of recovery and return since the relative peace, Dunavant does face some criticism at a local level. This stems from dissatisfaction with the low prices offered to farmers.

Dunavant faces another hurdle from the Cotton Development Organisation (CDO). The CDO is a parastatal body that regulates the cotton industry, yet which is heavily criticised by other stakeholders. Recently the CDO required Dunavant to leave some sub-counties in Lango in favour of competitor Beowevil, provoking Dunavant to take the government to court.² Dunavant's desire to expand operations in Northern Uganda may be hindered by this regulatory environment.

¹ Interview with Executive Director, Dunavant Uganda Ltd., May 2008

² 'Dunavant partnership supplement', *Daily Monitor*, 26 May 2008

In addition to conflict issues, gender sensitivity in scaling up agricultural production in the region is also required. According to a recent report published by the International Development Research Centre, across Africa rural women produce 80% of the food and do most of the work storing, processing, transporting and marketing food, yet African women own one percent of the land, receive seven percent of the agricultural extension services and less than ten percent of the credit given to small-scale farmers.¹⁰⁰ Lack of control over agricultural productive resources by women in Uganda is seen meanwhile in the 2007 UNDP *Human Development Report* for Uganda as inhibiting women's participation in commercial agriculture, and in turn exacerbating food insecurity and rural poverty. Addressing these issues as the scale of agricultural activity in Northern Uganda expands is therefore an important element of recovery strategies.

Recommendations

- Stakeholders to work together to identify opportunities for agri-business growth in the region which have the greatest possible potential in terms of creating peace dividends, including by providing employment and market opportunities for a large number of producers and local people.
- Prioritise initiatives that allow for value-creation at the local level.
- Ensure that projects and investments are conflict and gender sensitive right from the inception stage, allowing for due consultation with relevant local authorities, cultural leaders and communities; appropriate handling of land issues; and protection of the interests of growers in the long-term.

4.8 Promoting conflict-sensitive investment

Investors themselves can take steps to handle the challenges of operating in conflict-affected environments such as Northern Uganda. They have a business interest in doing so, given the costs that conflict can impose on companies should it erupt near their place of operation.

Table 16: Costs of conflict to companies

Direct costs	Example
Security	Higher payments to security firms; staff time spent on security management
Risk management	Insurance, training for staff, reduced mobility and higher transport costs
Material	Destruction of assets
Opportunity	Destruction of production, delays
Capital	Increased cost of raising capital
Personnel	Kidnapping, killing and injury, stress, recruitment difficulties, higher wages, management time
Reputation	Political or consumer campaigns, reduced risk-rating and share price, competitive losses
Litigation	Expensive and damaging law suits
Indirect costs	Example
Human	Loss of life, health, capacity
Social	Reduced social capital in operating environment/ disruption of local suppliers
Economic	Damage to local infrastructure, loss of markets
Environment	Pollution, degradation, resource depletion
Political	Weakening of institutions, rule of law, governance.

Source: International Alert (2005). *Conflict-sensitive business practice: Guidance for extractive industries*. London, UK: IA.

¹⁰⁰ For more information see www.new-ag.info/08/04/focuson/focuson6.php

Conflict-sensitive investments require company managers to consider and understand the context in which they operate, in order to anticipate the interaction between their investments and conflict, and act upon such understanding in order to avoid negative impacts and/or maximise the positive impacts. Large-scale investors should be even more interested in conflict sensitivity since they are likely to be present in a region for a long time. Any recurrence of conflict is likely to negatively impact on their operations.¹⁰¹

Handbook of do's and don'ts for investors

At a meeting of businesspeople both from Northern Uganda and the rest of the country, organised by International Alert in Kampala in May 2008, an idea emerged that the group develop a *Handbook of Do's and Don'ts* to guide investors interested in doing business in the region.

The genesis of the idea came from a representative of the UMA who, having listened to the address of the representative of the Chairman of the Local Government Association for the North, commented on the difficulties faced by investors who are under-informed—both about the activities of potential regional business partners from the various districts, and about the correct approach to doing business given the cultural and socio-political context.

The idea was discussed at a further meeting of representatives of Northern business and a steering group made up of one businessperson from each district is now working with International Alert on drafting the document, which will be finalised in consultation with investors, civil society, government and development partners through the remainder of 2008, and disseminated widely thereafter.

The overall goals of the *Handbook* are to reinvigorate the Northern Uganda economy and stabilise society, and to promote balancing of the interests of local people, investors and local business community—identifying win-win opportunities. Some of the ideas already under development as to what 'good business practice' could mean in the context are: (i) understand historical, cultural and political context, learn local business culture; (ii) be transparent: keep people informed about proposals, in their languages; (iii) consult with the people; find ways of talking to them directly, identify truly representative structures. The *Handbook* will also include information for investors on the roles and functions of different relevant political, cultural and social structures in the region and how/when these should be approached.

It was felt by the group that speaking directly to people helps reduce the high levels of mistrust of private sector investors that exist in the region. Involving all stakeholders also creates a platform on which common interests can be identified; spreads the benefits of investment; and ensures widespread buy-in to development. Attracting the right kind of investment also enables linkages between Northern Uganda and the rest of the economy.

Facilitating dialogue among businesspeople about their contribution to peace is a key activity within International Alert's work in Uganda, funded by SIDA.

Recommendations

- Investors should take care to follow best practice and develop a good analysis of how their investments may interact with conflict issues in the region.
- All stakeholders, including UIA, UMA and the Chamber of Commerce, should work together to identify what best practice for investments in the north should look like.
- Government and development partners should support multi-stakeholder dialogue processes at district level, leading to greater levels of consensus and trust about investment.
- District Investment Committees should be supported, including with a view to disseminating information that will help investors to be conflict-sensitive, and that will proactively keep citizens informed about potential investments in their areas.

¹⁰¹ International Alert has developed several guides for foreign investors on conflict-sensitivity, see International Alert (2005) and www.international-alert.org

4.9 Strengthening Northern Uganda as a hub for regional trade

The economic benefits of Northern Uganda's geography, situated as it is near three important neighbours and potential markets, are already apparent in the period of relative security that has been enjoyed since the Juba talks. Ugandan traders both from the region and from the south have been travelling across the border bringing all kinds of consumable goods, mechanical equipment and vehicles, as well as local produce on different scales. As discussed in Table 3, the risks associated with this trade have been significant for individuals, as some Ugandans have been affected by lawlessness in South Sudan and fallen victim to attacks and theft. To date, the trade is also controlled by various senior army and government personnel in South Sudan and runs the risk over time of developing aggravated competition if not better regulated. The trade has also had the unfortunate effect of driving up food prices in Northern Uganda.

Nonetheless, its potential to grow represents exciting opportunities from the peace economy perspective, providing not only increased markets for Ugandan goods and trade, but also opportunities for ties across the whole region to be strengthened. Over time, the emergence of Northern Uganda as a hub for regional trade could create a shared interest in sustaining a peaceful Northern Uganda on the part of neighbouring country governments. The business-to-business contacts themselves provide potential fora for healing the legacies of mistrust and suspicion that exist across borders as a result of the cross-border patterns of armed conflict that have been a shared experience.

Recommendations

- Government and development partners to invest in relevant roads and rail networks, and explore the possibility of building an airport in Gulu.
- Governments of both Uganda and South Sudan to work together to regulate and improve transparency and access to cross-border trade opportunities.
- Agencies to explore possible sources of credit and support to businesspeople seeking to harness cross-border opportunities.
- Support initiatives facilitating both inter-state and inter-community level diplomatic and dialogue processes to help create a shared vision of a regional peace economy—with Northern Uganda at its centre.

5. Conclusions

By adopting a political economy lens on conflict in Northern Uganda, this report has provided a rationale for different policy-makers and implementers from each of government, development partners and the private sector to adopt more conflict-sensitive approaches to their efforts in contributing to the economic recovery of the region. It has drawn substantially on a survey commissioned by International Alert of people's perceptions about their current economic circumstances and prospects for recovery, through KIIs and FGDs conducted in the districts of Amuru, Gulu, Kitgum and Lira. Analysis of findings from this survey, and wider policy developments with regard to Northern Uganda, has enabled identification of what the basic elements and current priorities of laying the foundations of a peace economy in the region might be.

These are:

- Securing the peace
- Facilitating peaceful return
- Ensuring food security and promoting livelihoods
- Improving financial services for agricultural and other entrepreneurs
- Offering opportunities for youth
- Rebuilding infrastructure at all levels
- Enhancing agri-business growth
- Promoting conflict-sensitive investment
- Strengthening Northern Uganda as a hub for regional trade

The report has found that while there is a great deal of activity in many of these areas, significant institutional and political challenges confront effective implementation both of the PRDP and various donor initiatives. In addition to addressing these, a great deal more needs to be done to prioritise, scale-up and improve coordination of interventions across this framework. Areas where more investment is required include the need to clarify and strengthen both traditional and statutory land dispute resolution mechanisms at the local level; to provide appropriate sources of finance for agricultural and other entrepreneurs in the region in order to support entrepreneurial energy and harness this for wider economic recovery; to scale up efforts to support the extremely youthful population of the region, with a view to rehabilitating this generation as far as possible to guard against future social decay; and to push forward a coordinated effort to maximise the opportunities presented by Northern Uganda's geography, as a potential hub for regional trade. At the same time, the report has highlighted how risks are present in each area and throughout the entire recovery venture. These risks include the danger that patterns of exclusion are perpetuated as Southern or politically connected individuals in the north maintain a monopoly of opportunities, for example in agri-business growth and rebuilding of infrastructure; that suspicion and mistrust of the government are compounded through non-delivery of a peace dividend via the PRDP; or that at more micro levels, beneficiary selection for the various interventions continues to be conflict-blind and feed into the local tensions that are the inevitable result of years of displacement and rupture.

Conversely, a conflict-sensitive approach to programming would enable different actors to identify and maximise peacebuilding potential at all levels—whether through prioritising labour-intensive public works projects; using microfinance group formation as a mechanism for bringing different social groups together and incorporating conflict resolution skills training and awareness; or envisaging the wider region around Northern Uganda as a peaceful trading zone and working to facilitate appropriate diplomatic and local level dialogue and exchange to promote this. While some agencies are aware of conflict-sensitivity and 'do no harm' principles, research for this report found that few were applying these to programmes

related to economic recovery which were instead found to be lacking in peacebuilding strategic content. Overall, far greater attention is required to the impacts of all interventions on conflict dynamics both in the region, and between the region and the rest of Uganda and wider geographic context. Such conflict-sensitive approaches to the economic recovery of Northern Uganda are essential to ensure that the present moment of opportunity for contributing to sustainable peace is seized, and interventions do not instead serve to perpetuate division, exclusion, economic decline, and a possible re-emergence of violence. While the report has taken a broad focus across many different programme areas, it is intended to act as a stimulus to further investigation of how to achieve more peace-oriented initiatives during 2009 and beyond in the interests of building a peace economy in Northern Uganda.

Annex

Survey methodology

In order to be cognisant of local people's views and perspectives on economic recovery (their hopes, fears and assessment of challenges) an empirical survey was commissioned to Associates Research by International Alert, focusing on the districts of Amuru, Gulu, Kitgum and Lira.

Objectives

The survey had the twin objectives of:

- (i) Enriching data already gathered by International Alert regarding the current economic situation of each district, current or planned investments by sector, and current conflict issues pertaining to economic recovery
- (ii) Gathering data on local people's hopes and fears regarding economic recovery.

Study sites

The specific sub-counties covered in the survey are summarised in the table below.

Table A: Study sites

DISTRICT	FGD AND SURVEY SITE	AREA DESCRIPTION
Amuru	URBAN: Olwal	<ul style="list-style-type: none"> Located 96km from Gulu Town along the Gulu-Amuru Highway Respondent population in main camps (less than 10% returns) Sub-county with largest camp in Amuru District
	PERI-URBAN: Aweri	<ul style="list-style-type: none"> Located 80 km from Gulu along the Sudan Highway Respondent population in main camps (less than 20% returns) Trade and small enterprise/business is starting to take root.
Gulu	PERI-URBAN: Paicho and Unyama	<ul style="list-style-type: none"> Located 25 km from Gulu Town, at the periphery of Gulu Municipality Population relocated from the main camp to decongestion sites
	URBAN: Kanyagoga	<ul style="list-style-type: none"> Located within Gulu Municipality (5 km) adjacent to large market Respondent population sampled is in return sites (over 80%)
Kitgum	URBAN: Paibwor North Oyur Ward	<ul style="list-style-type: none"> Both sites located between 10–20 km of Kitgum Town Locations of Weekly Markets Farmer groups and women's groups engaged in savings and credit (SACCOs)
	PERI -URBAN: Man-Woro	<ul style="list-style-type: none"> Located 60 km from Kitgum Town All respondent population relocated from the main camp to decongestion sites.
Lira	URBAN: Starch Factory	<ul style="list-style-type: none"> Located 10 Km along the Lira-Kitgum Highway covering Ginnery B and Starch Factory Local Councils. Most persons are involved in enterprise involvement and self-sustaining activities
	PERI -URBAN: Corner Amachi	<ul style="list-style-type: none"> Located 86 Km from Lira Town, along the Lira-Soroti Highway Population is still fearful of the re-emergence of conflict. Agricultural production activities are resuming and weekly trade markets are evident in the area

Methods

The survey consisted of a participatory rapid appraisal exercise approached at two levels: the community, and the districts (mainly leadership and stakeholders) in the districts of Amuru, Gulu, Kitgum and Lira. Data was primarily collected in the following manner:

- (a) Highly structured questionnaires administered to sampled household heads in a survey
- (b) KIIs with institutions/organisations and stakeholders undertaking interventions that directly touch on peacebuilding/conflict resolution and economic recovery; e.g., district chairs, local leaders, MPs, heads of chambers of commerce and district farmers' associations
- (c) FGDs aimed at bringing together community members and leaders to discuss peacebuilding/conflict resolution and management and economic recovery including the categories of petty and market traders; youth; and women.

Reliability of results

Key steps taken to ensure that reliable results were obtained are as follows:

- (a) The survey used a replicable systematic multi-level sampling technique which can be used to run validation tests on the results obtained
- (b) For this survey a 95% confidence interval was used in determining the sample. This implies a 5% error margin which is permissible for socio-economic surveys. This was against the consideration of a probability ratio (chance or likelihood) of finding parameters under investigation of 0.5.
- (c) This was augmented by training of the data collection team and pre-testing of the data collection instruments
- (d) The data collection team was locally recruited to ensure familiarity with the local language
- (e) At the level of analysis there were deliberate common themes in the different tools used to collect data from various respondents' strata. This ensured that consistency of concepts and commonality of understanding the subject of investigation prevails.

Study limitations

It is important to note that the study was affected by the following issues:

- (a) The distinction between rural, peri-urban and urban settlement is fluid by virtue of characterisation and services availability. The aspects of urbanisation that distinctly inform this distinction are not strictly applied in the designation of these areas in Uganda. Other factors such as population and political sensitivity influence these distinctions.
- (b) It should be noted that in Acholi region, the rural-urban distinction can also be misleading since large population numbers are still in IDP camps, or make a rotational swing between the transit camps and their homes. To the extent possible, the study followed the standard UBOS definitions used in the 2002 housing and population census.
- (c) The conceptual structure of the study differed from the understanding and classification of issues by the respondent population. For example generic classification such as cash crops or traders could not be applied universally. Instances occurred where an individual combined livelihood strategies, for example; undertaking farming (morning hours of the day) in addition to sale of goods (in the afternoon hours of the day): defining the main income source of such an individual is problematic. In such cases, the respondents were asked to define the greater contributor to their livelihoods, without ignoring the second option.

- (d) To some extent, the study also required respondents to recall events since it was investigating transitional issues. The chances of respondents not being able to correctly recall such issues correctly do exist. These were minimised by raising the same question in different modules.

Profile of study respondents

In this study the linkages between conflicts and economic recovery were explored through a survey of 961 household heads of whom 526 (54.7%) were female and 435 (45.3%) were male. In the household survey, 534 (55.6%) were from rural households while 427 (44.4%) were from urban households.

Distribution according to location shows 377 (39.2%) of the respondents were from rural main camps, 215 (22.4%) had resettled in urban settings, 183 (19%) were in their original homes, while 9.3% had resettled in a rural setting and 10.1% were located in urban main camps as shown in Table B by district.

Table B: Distribution of survey respondents by household location

Household location	Study District									
	Kitgum		Lira		Gulu		Amuru		Total	
	n	%	n	%	n	%	n	%	n	%
Rural Main Camp/Return Site	95	41.5	0	.0	69	28.9	213	82.6	377	39.2
Resettled (Urban Setting)	11	4.8	77	32.8	125	52.3	2	.8	215	22.4
Original Home (Returned)	23	10.0	133	56.6	22	9.2	5	1.9	183	19.0
Urban Main Camp	80	34.9	0	0	17	7.1	0	0	97	10.1
Resettled (Rural Setting)	20	8.7	25	10.6	6	2.5	38	14.7	89	9.3
Total	229	100.0	235	100.0	239	100.0	258	100.0	961	100.0

Out of the 961 respondents, 326 (33.9%) were from female-headed households while 635 (66.1%) were from male-headed households. Distribution by marital profile shows that 53.1% were married while 12.4% were cohabiting; 14.5% were single and 12.8% were widows. On average (median), respondents were 32 years old, subsisting in households of 6 persons and had stayed where the survey team found them for an average of 8 years.

The location of respondents manifests two issues: the height of insurgency which was characterised by repeated changes of location, and the approach of creating decongestion camps commonly termed as return sites. Therefore, although people have been in displacement for close to 20 years, most were not displaced to particular locations for all of that period.

For respondents who had not returned to their original homes (n=778; 80.9%), the most cited reasons for not returning was fear of rebels rated at 46.1%, lack of housing to return to (35.9%) and the fact that the peace agreement was yet to be signed which fueled security fears (11.9%). Most respondents (46.3%) indicated that they were brought by government or local authorities to the places where their households were currently located, while 21.6% were renting land or houses where they were staying. Attributing current location of households to government and local authorities points to the return site concept. People were brought nearer to their homes so that they could start reconstruction. In Lira, complete return has taken place, but in the districts of Acholi, this was not the case.

KIIs and FGDs were held in each district as summarised in Tables C and D below. FGDs had a total of 407 persons, while KIIs covered 102 persons spread over the four study districts.

Table C: Focus Group Discussions

Summary of data collection: Number of FGD respondents category:	Lira	Gulu	Amuru	Kitgum	Total
1. Local traders and market traders	16	18	16	12	62
2. Petty traders and vendors	20	22	25	18	85
3. Women's saving and income-generation groups	26	34	14	30	104
4. Youth partnership groups	12	10	14	16	52
5. General mixed groups	27	33	16	28	104
Total	101	117	85	104	407

Table D: Key Informant Interviews

Summary of data collection key informant respondents category:	Lira	Gulu	Amuru	Kitgum	Total
1. Local government (political)* ¹	5	6	6	7	24
2. Local government (administrative) * ²	5	4	3	4	16
3. Civil society (national NGO / CBO)	7	8	4	5	24
4. Civil society (INGOs and development Partners)	3	4	2	2	11
5. Private sector organisations* ³	3	3	1	2	9
6. Traditional leaders (Rwot)	4	6	5	3	18
Total	27	31	21	23	102

*¹ – Either LCV Chairman, LCV Vice Chairman, Mayor, LC3 Chairperson in S/County, LC1 Chairperson

*² – District Commercial Officer, District Statistics/Population Officer, District Agricultural Officer, Chairperson DDMC (ACAO)

*³ – District Chamber of Commerce, Regional Private Sector Companies, District Farmers Associations, etc.