

0912 Donors say economy is recovering faster in Uganda

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Parliament

Uganda's economy seems to be recovering faster than other nations in the region, according to the International Monetary Fund.

"The Ugandan economy is weathering the impact of the global financial crisis better than expected," Ms Martine Guerguil, IMF mission chief for Uganda, said in a statement on Wednesday.

She added: "Despite a slowdown in growth, economic activity has remained strong by regional and international standards."

However, Mr Oduman Okello, the Shadow Cabinet Finance Minister, disagrees with the assessment, saying everyday Ugandans see no signs of recovery.

And according to the IMF review, there are still problems. The report said the economy has declined by 0.8 per cent, compared to last financial year. According to the IMF, after the country's real Gross Domestic Product growth reached 7.1 per cent last financial year, "growth is projected to taper off slightly to 6.3 per cent in the current financial year before rebounding to its potential of 7 per cent in the following years."

The Gross Domestic Product (GDP) is one of the primary indicators used to gauge the health of a country's economy. Nonetheless, the IMF said Uganda's growth rate is outpacing neighbouring countries, with signs of recovery appearing earlier than expected. "The regional drought while devastating for some of Uganda's neighbours, has boosted Ugandan exports of food, thus offsetting some weakness in external demand for traditional exports such as coffee," Ms Guerguil said.

No details

The IMF gave no details on other countries for the sake of comparison, but the impact of drought on other nations in the region – such as Kenya – has been well documented.

To spur recovery, the IMF has reiterated its backing to the government's 2009/10 budget priorities on infrastructure investment, saying, "This would promote future growth, while consolidating and expanding the gains of poverty reduction efforts of recent years."

Mr Okello, however, disagreed with the new IMF review, saying the recovery was anticipated as the global markets recovers from the economic shocks.

"I agree with IMF on one aspect, our economy was affected by the global financial crisis but as the global economy recovers, we also have to recover," Mr Okello said, adding: "Unfortunately, this recovery IMF is talking is nowhere to be seen in the pocket of local Ugandans who grapple with poverty in the countryside."

He added that when GDP declines, it means the production capacity has gone down and as a result consumption has to be affected negatively.

Mr Okello said: "Where the economy is growing and the growth is managed, such growth would

trickle down to the people. But in Uganda, where we still have corruption and leakages in the system, even if there is some recovery this is not seen in peoples' pockets."