

# MUSEVENOMICS

## An African Economic Management Philosophy

*Understanding President Yoweri Museveni's economic management policies and philosophy that transformed Uganda from a failed state to a stable economy*

# Defining MUSEVENOMICS

Coined by economists at Operation Wealth Creation, the term **Musevenomics** comes from two words:

## 1. Museveni

The name of the philosopher behind the Musevenomics philosophy, President Yoweri Museveni of Uganda

## 2. Nomics

Management as applied to economics, derived from ancient Greek word "nomos" that signifies law, custom or convention - representing principles of economic management and governance

*Musevenomics, therefore, refers to the economic management policies and philosophy implemented by President Yoweri Museveni of Uganda that transformed Uganda from a failed state in 1986 to a stable economy today.*

It is an African-developed economic management framework strategically designed to address the unique challenges of a nation that was previously devastated by prolonged civil wars and economic collapse.

Musevenomics seeks to transform Uganda into an independent, integrated, self-sustaining upper middle-income economy by **creating conditions for robust private sector growth, increased domestic production, fostering inclusive growth and enhanced international competitiveness.**

# Musevenomics in Global Context

## Reaganomics (USA)

Similar to Musevenomics in its entrepreneurial focus, but differs in approach to public services and social welfare. Where Reaganomics emphasized tax cuts and deregulation, Musevenomics balances free market principles with strategic state intervention.

### **Context** matters

The contexts in which economic philosophies operate are fundamentally different. For instance, Reagan governed an advanced industrial economy suffering from stagflation and seeking to reassert global economic dominance. Museveni led a post-colonialism/ post-conflict Least Developed Country (LDC) with fundamental structural challenges, including limited industrial capacity, land tenure complexities, poor infrastructure, and heavy reliance on subsistence agriculture.

While both economic approaches have achieved notable successes, they also demonstrate how economic policies must be tailored to specific national contexts. Reaganomics, Abenomics and Musevenomics reflected the distinct challenges, resources, and political realities of their respective nations. Their legacies continue to shape economic thinking in both developed and developing economies. The comparative study of these economic approaches offers valuable insights into the adaptability of economic principles across different stages of development and historical circumstances.

## Abenomics (Japan)

Shares with Musevenomics an emphasis on monetary policy flexibility and structural reforms. However, Musevenomics places stronger emphasis on agricultural transformation and basic infrastructure development suited to Uganda's development stage.

# What Makes Musevenomics **Unique**?

"We are neither fully capitalist, fully socialist, nor anti-socialist. We are a movement that is trying to move our society out of backwardness."

— President Yoweri Museveni

*"Economics is not an abstract science but a practical pursuit to improve people's lives. We have learned that we cannot simply import models, but must craft solutions that match our specific conditions, resources, and aspirations. Our approach remains flexible but our goal of socio-economic transformation remains fixed."*

— President Museveni, 2019

Musevenomics uniquely integrates market-driven principles with strategic state investment, blending elements from Western capitalism, Asian development state models, and African communalism. This creates a bespoke economic philosophy tailored to Uganda's context.

## **Western Capitalism**

Emphasizes private sector growth, free markets, and secure property rights through privatization, deregulation, and legal frameworks.

## **Asian Development Models**

Incorporates strategic state intervention, long-term planning, and export-oriented industrialisation via government-led infrastructure and targeted policies.

## **African Communalism**

Prioritizes collective welfare, local ownership, community-based development, and indigenous knowledge integration

# Western Capitalism Integration

- Privatization of State-Owned Entities
- Strategic divestiture from non-essential government enterprises aims to improve efficiency and reduce public sector burden.

- Market Deregulation
- Removal of unnecessary bureaucratic barriers and price controls promotes competitive markets and efficient resource allocation.

- Robust Legal Frameworks
- Comprehensive legal protections for business interests and private land ownership build investor confidence and enable long-term planning.

Musevenomics integrates Western capitalist principles by **prioritizing private sector growth, free markets, and secure property rights**. This approach fosters an environment conducive to innovation and economic expansion through foreign direct investment and deregulation.

# Asian Development State Models



## Infrastructure Investment

Government-led projects in roads, electricity dams, and telecommunications provide essential foundations for economic growth.



## Industrial Policy

Targeted support and incentives are provided for strategic sectors such as agriculture and manufacturing.

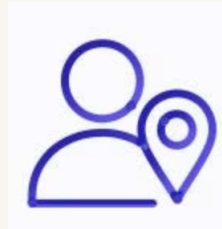


## Human Capital Development

Significant investments are made in education and skills training to cultivate a capable workforce for economic transformation.

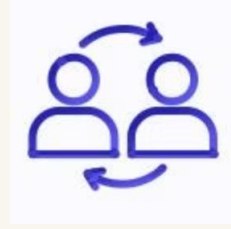
Musevenomics integrates lessons from East Asian economies, **emphasizing strategic state intervention, longterm planning, and export-oriented industrialization**. This framework positions the state as a guiding force, directing resources towards national development priorities while leveraging market mechanisms for efficiency and innovation.

# African Communalism Foundation



## Collective Welfare

Development programs are designed to benefit entire communities, ensuring shared prosperity and reducing inequality.



## Local Ownership

Emphasis is placed on land-sharing arrangements and community-controlled resources, maintaining traditional ownership patterns while enabling economic development.

Musevenomics is fundamentally rooted in African communalism, **prioritizing collective welfare, local ownership, and inclusive development**. This is demonstrated through initiatives like "Operation Wealth Creation," which directly empowered communities with agricultural inputs to foster grassroots economic participation.

# Musevenomics: **Why** now

## Vision 2040 Midpoint

Uganda has approached the halfway mark of its Vision 2040 implementation timeline. We are not where we are supposed to be

## 10-Fold Growth Strategy: Ambitious Growth Targets

Between 2024 & 2040 Uganda seeks to grow its economy **ten times** from US\$50 billion to US\$500 billion by 2040.

## NPD4 Launch

The recently launched 4<sup>th</sup> National Development Plan is the 1<sup>st</sup> plan to power this unprecedented growth

## Navigating Uncertainties

However, Uganda must navigate unprecedented local, regional, and global uncertainties including:-

- Lower aid flows from the West mainly due to the rise of Trump and America First (cuts in Budget support over \$2bn), supply disruptions caused by Ukraine war, economic scars of Covid 19, etc
- Lower credit flow from China- China is drying
- Technological disruptions e.g Ai
- Negative total factor productivity (our labour+ capital+ land+ entrepreneurship is becoming less productive in economy),
- Global responses to climate change.

- **We need a shared commitment to growth and development among all the elites, those with power and influence**

*We have been here before and we have overcome courtesy of Musevenomics*

# Origins of Musevenomics

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## 1966: Grassroots Beginnings

Museveni and his friend Mwesigwa Black transformed nomadic pastoralist families in his home area from subsistence practices to commercial mixed farming, establishing the foundation for his future economic philosophy

2

## 1980s: the 10-Point Programme Creation

Even before taking power, Museveni articulated clear economic development principles through the NRM's 10-Point Programme, providing a roadmap for Uganda's future development

3

## Early Economic Vision

Points 5, 7, and 8 specifically addressed economic development through building an independent, integrated, and self-sustaining national economy, eliminating corruption, and encouraging cooperative economics.

The 10-Point Programme's emphasis on democracy, security, national unity, and independence from foreign control created the necessary preconditions for economic transformation.

# The **Ten Point Programme** in Detail

1

## Democracy

Establishment of popular democracy through elected councils from village to district levels, ensuring citizen participation in governance.

2

## Security

Restoration of security of person and property through disciplined defence forces accountable to civilian authority.

3

## National Unity

Consolidation of national unity and elimination of all forms of sectarianism through inclusive policies.

4

## Independence

Defending and consolidating national independence through non-aligned foreign policy and economic self-reliance.

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## Economic Development

Building an independent, integrated, and self-sustaining national economy through strategic investments.

6

## Human Capital

Improving social services and rehabilitation of war-ravaged areas to restore human dignity.

7

## Anti-Corruption

Elimination of corruption and misuse of power through transparent governance structures.

8

## Marginalized Groups

Addressing problems of historically disadvantaged groups including women, youth and disabled persons.

9

## Cooperation

Cooperation with other African countries and defending human and democratic rights of oppressed communities.

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## Mixed Economy

Pursuit of a mixed economy strategy combining private enterprise with strategic state intervention.

# Understanding Musevenomics: The Economic Evolution of Uganda

To understand Musevenomics, we must examine Uganda's economic journey from pre-colonial times to the present day, addressing six fundamental questions that reveal the transformation, challenges, and aspirations of the Ugandan economy.

This analysis of the economy should provide insights into how Musevenomics has attempted to address Uganda's historical economic challenges and position the country for future prosperity, examining both successes and shortcomings of these policies against the backdrop of Uganda's complex economic history.

There are ongoing further studies on the factors of production in respect to each of these questions.

## *The **Six** Musevenomics Questions*

1. What was the state of Uganda's/Africa's economy at the dawn of colonialism in 1900?
2. What was the Ugandan/African economy like at the sunset of colonialism in 1962?
3. What was the magnitude of the collapse of the economy between 1971- 1986?
4. What, therefore, was the economy like in 1986?
5. What is the Ugandan economy like today and why?
6. What should the Ugandan economy be like when our country is a fully modern economy?

# Uganda Before 1986

## Pre-Colonial Economy (Before 1900)

Before colonization, Uganda had a sophisticated economic system with established trade networks across East Africa.

Communities engaged in agriculture, iron smelting, salt mining, and textile production. The Buganda Kingdom had developed taxation systems, market economies, and specialised crafts. Long-distance trade routes connected Uganda to the Swahili coast and beyond, exchanging ivory, animal skins, and agricultural produce for imported goods.

## Post-Independence (1962-1971)

Attempts to increase African ownership of production processes, but many decisions were politically motivated rather than economically sound.

## Obote II & Civil War (1980-1986)

Attempts at economic recovery undermined by growing political and civil insecurity, leading to economic collapse following the 1985 military coup.

## Colonial Era (1900-1962)

Economy structured primarily to benefit British interests. By independence, Uganda's economy had been restructured to serve colonial interests. The British had introduced cash crops (cotton, coffee, tea, tobacco) and extractive industries, creating an export-oriented economy dependent on raw material production. While infrastructure (railways, roads) improved, it primarily served colonial extraction. A dual economy emerged: a modern sector controlled by European interests alongside traditional subsistence agriculture. Manufacturing remained underdeveloped, with limited industrialisation and indigenous entrepreneurship.

## Amin Era (1971-1979)

Economic collapse following expulsion of Ugandan Asians and nationalization of businesses devastated commercial sectors, and establishment of inefficient State-Owned Enterprises. The economy was further damaged by civil war, human rights abuses, and international isolation. GDP declined by nearly 20%.

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# The Crisis Point: Uganda's Economy in 1986

## Socio-Political crisis had created a failed state

- Intense civil wars and political instability from 1971-1986
- Average annual growth of 1.5%
- Five changes of government within seven years (1979-1986) decimated institutions
- 1.2 million internally displaced persons
- 3.2 million Ugandans facing starvation
- Infant mortality reached 120 per 1,000 live births
- 400,000 Ugandans living as refugees
- **Life expectancy was just 41.4 years for Males and 49 for females**

## Manufacturing Breakdown

Manufacturing capacity utilization plummeted to just 4.8% of installed capacity, with 76 of 83 major factories either closed or operating at minimal levels.

*The formal economy had largely collapsed, replaced by black market activities and subsistence farming. Government institutions were dysfunctional, and poverty rates exceeded 85% of the population. This dire situation necessitated the radical economic interventions that would become known as Musevenomics.*

## Economic Devastation

- Per capita income fell from US\$286 (1970) to below US\$101 (1986)
- Inflation rates exceeding 200%
- Expulsion of 80,000 Asian entrepreneurs controlling 90% of commerce
- 30% unemployment rate in urban areas
- 83% of businesses shut down
- Collapsed public services- monthly wage couldn't buy a bunch of matooke or 5kgs of maize flour
- Empty foreign exchange reserves
- Massive brain drain of skilled professionals

## Infrastructure Destruction

95% of major roads were riddled with potholes. Electricity generation had dropped to 30% of capacity, with only 2% of rural areas connected.

# Uganda's economy **today**

Today, Uganda's economy reflects the impact of Musevenomics policies:

- Economy is US\$61.3 billion, was US\$3.9 billion in 1986. Economy has expanded 17times since 1986.
- GDP growth averaging 6-7% annually for over two decades
- UGX is the most stable currency in Africa in the past decade
- Inflation controlled below 5% in most years- currently stands at 3.8% (Africa's second lowest rate in a decade).
- Poverty reduced from 56% in 1992 to approximately 16.1% today
- Diversification beyond traditional agricultural exports
- Emerging service and telecommunications sectors
- **Life expectancy of 68years** (largely due to factors like healthcare infrastructure with more health facilities available, mass immunization, improved living standards, peace and security, a dedicated national response to the HIV/AIDS & other epidemics, Improved literacy rates, Falling poverty levels etc)

**These gains must be protected using the Musevenomics Pillars and Principles**

## ***The Future (Vision 2040):***

The Musevenomics vision (Vision 2040) for a fully modern Ugandan economy includes:

- All families join the money or formal economy
- A high middle-income status with per capita income exceeding \$3,000
- Industrialisation with value-added manufacturing
- Technology adoption and digital economy growth
- Modern infrastructure including energy, transport, and ICT
- Human capital development through education and healthcare
- Regional economic integration within East Africa

The vision emphasises structural transformation from agriculture to industry and services, inclusive growth to reduce inequality, and sustainable resource management, particularly of oil revenues.

# Museveni's Economic Understanding

## Ideological Evolution

Museveni's economic thinking underwent a significant transformation:

- Early days: Marxist-influenced revolutionary in the 1970s with anti-colonial economic perspectives
- After taking power: Calculated pivot towards pragmatic, market-oriented reforms
- Skilfully secured \$800 million in international support while maintaining policy autonomy
- The government rejected 24% of World Bank recommendations deemed unsuitable for local conditions

"We take from every system what is best for us and we reject what is bad for us. We do not judge the economic programmes of other nations because we believe that each nation knows best how to address the needs of its people. The NRM is neither pro-West nor pro-East – it is pro-Uganda."

— President Yoweri Museveni

# Consistent Economic Themes

Despite Museveni's ideological evolution, several consistent themes have characterized his economic understanding:

## **Production-Centered Approach**

Consistent emphasis on production of tangible goods and services, criticizing what he calls "parasitic economic activities" that don't create real value

## **Strategic State Role**

Strong belief in the strategic role of the state in guiding economic development, distinguishing between areas appropriate for private enterprise and "strategic sectors" requiring state involvement

## **Regional Integration**

Views limited market size as a fundamental constraint on Uganda's economic development, consistently advocating for regional economic integration

# The Three Phases of Musevenomics Evolution

One of the strengths of Musevenomics is that it is not a fixed ideology but a living, breathing doctrine that evolves with evidence, circumstances and changing national priorities.



## Phase 1: Fundamental Economic Recovery (1986-1996)

Focused on establishing security and macroeconomic stability, addressing hyperinflation, rebuilding international relationships, and restoring basic government functions



## Phase 2: Poverty Eradication Action Plan (1997-2009)

Expanded exports and regional integration, including revival of the East African Community and development of non-traditional exports



## Phase 3: Socio-Economic Transformation (2010 to-date)

Aims to ensure economic benefits reach all Ugandans across different regions and income groups. There is a focus on transforming Uganda from primarily a raw material producer to a manufacturer of finished products

# The Seven Philosophical Pillars of Musevenomics

These pillars form the foundation of President Museveni's economic thinking and provide crucial insight into the logic behind his economic policies.

These pillars translate into an economic approach that is pragmatic, explaining why government policies shift or adapt in response to evidence and changing circumstances.



# Why These Pillars **Matter**

These foundational principles help us appreciate why Museveni approaches economic policy as he does. Rather than viewing his decisions through a foreign lens, understanding these core philosophical underpinnings reveals the internal logic of Uganda's economic strategy. Each pillar represents decades of practical post-colonial and post conflict reflection on development models, explaining why traditional foreign prescriptions often meet resistance in Kampala.

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## **Policy Integration**

Each pillar reinforces the others, creating synergistic effects where rational analysis informs adaptable strategies that promote innovative, inclusive solutions.

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## **Contextual Application**

The framework adapts to different sectors and challenges while maintaining core principles, ensuring consistent yet flexible approaches across diverse policy areas.

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## **Continuous Evolution**

Regular assessment and refinement of the framework ensures it remains relevant to changing circumstances while preserving foundational principles that guide long-term development.

This holistic approach has enabled Uganda to maintain political stability, achieve consistent economic growth, and make significant progress in poverty reduction while preserving national sovereignty and cultural identity.

# Pillar 1: Rationality & Logic

## Evidence-Based Decision Making

Musevenomics fundamentally rejects rigid ideological frameworks, instead favoring practical, evidence-based solutions tailored to Uganda's unique context. This pillar emphasizes that sound policy decisions must be rooted in verifiable facts, thorough analysis, and clear understanding of real-world conditions rather than abstract theories.

The commitment to rationality translates into governance that prioritizes empirical data collection, careful assessment of options, and willingness to adapt strategies based on observed outcomes. This creates a continuous feedback loop ensuring policies remain relevant and effective.

### **Data-Driven Policy**

Decisions systematically informed by empirical evidence and comprehensive research, ensuring policies are grounded in reality rather than theoretical models.

### **Systematic Analysis**

Complex issues broken down into manageable components, allowing logical progression of problem-solving and identification of root causes.

### **Continuous Learning**

Institutionalized commitment to ongoing assessment and adjustment, refining policies based on measurable outcomes and implementation lessons.

# Examples of Rationality- Evidence-Based Decisions

Rationality emphasizes evidence-based decision-making over ideological dogma, explaining why government policies sometimes contradict political rhetoric—they are based on evidence of what works.

## Examples in Action:

- **Pragmatic shift:** Museveni's transition from Marxist sympathies toward market-oriented reforms based on evidence
- **Rational security planning:** Allocating 22% of earlier budgets to defense, then reducing to 8.9% as conditions improved
- **Data-driven education reform:** Launching Universal Primary Education after data showed high fees kept children out of school

"The NRM has been like a political doctor trying to solve the problems of Uganda. In order to treat a disease, however, you must, first of all, diagnose the illness."

— President Museveni, October 8, 1995

# Examples of **Logic** in Economic Development

Logic refers to systematic problem-solving approaches that address development challenges in a coherent, step-by-step manner, creating a framework for consistent decision-making. Museveni has followed the logic below to ensure success in economic management in Uganda.

## **Security First**

Establishing peace and security as the foundation for economic activity

## **Macroeconomic Stability**

Controlling inflation and establishing fiscal discipline

## **Infrastructure Development**

Building roads, power generation, and communication networks

## **Human Capital Development**

Investing in education, health, and skills training

## **Industrial Development**

Promoting value addition and manufacturing

This logical progression addressed constraints in order of their fundamental importance to economic growth, maximizing the impact of limited resources.

# Pillar 2: Reasonability & Adaptability

## Context-Specific Solutions

Building upon rationality, this pillar emphasizes that economic policies must be inherently reasonable and highly adaptable. Successful development strategies cannot be rigid or universally applied; they must be meticulously tailored to Uganda's unique socio-economic landscape, historical context, and evolving conditions.

### Contextual Understanding

Deep recognition of Uganda's specific socio-economic landscape, including diverse cultural nuances, resource distribution, demographic trends, and institutional capacities. Moving beyond generic development templates to craft solutions that genuinely resonate with Ugandan realities.

### Policy Flexibility

Swift strategic adjustment to evolving local and global conditions, including macroeconomic shifts, regional trade dynamics, technological advancements, and unforeseen crises. Encouraging agile policymaking that bends without breaking under pressure.

### Pragmatic Goals

Setting realistic, achievable objectives that acknowledge existing constraints rather than pursuing idealistic but unattainable targets. Prioritizing incremental yet sustainable progress grounded in practical implementation steps.

# Examples of Reasonableness - Practical Solutions

Reasonableness refers to the contextual application of economic policies—recognizing that what works in one situation or country may not be appropriate for Uganda's specific circumstances.

## Selective Implementation of Reforms

Uganda implemented only 76% of World Bank recommendations between 1987-2000, rejecting those deemed unsuitable for local conditions. This selective approach preserved essential services while still allowing for economic growth.

## Land Reform Approaches

Land policy balanced formal titling systems with recognition of customary land rights, particularly in northern and eastern regions, preventing the land dispossession that occurred in some countries where formal titling was imposed without consideration of traditional systems.

## Financial Sector Development

Uganda maintained state-owned banks like Postbank Uganda, Housing Finance Bank and Uganda Development Bank to provide financial services for strategic sectors, later setting up Pride Microfinance and the Microfinance Support Centre Limited.

# Pillar 3: Realism - Seeing What Actually Exists

Realism acknowledges constraints and limitations while working within them to achieve the best possible outcomes. Focus on what is implementable, not just desirable. It explains why some desirable government programs might be implemented gradually or in phases rather than all at once.

## Examples in Action:

- **Realistic fiscal management:** Maintaining budget deficits at sustainable levels (averaging 4.2% of GDP since 2000)
- **Phased infrastructure development:** Prioritizing key projects with highest economic returns
- **Educational expansion:** Implementing Universal Primary Education (1997) before Universal Secondary Education (2007)

For farmers and small business owners, realism means focusing on achievable improvements rather than dramatic transformations. Programs emphasize practical steps that can make a meaningful difference within existing constraints.

# Pillar 4: Adaptability in Economic Strategy

Adaptability refers to the flexible implementation of economic policies in response to changing circumstances, explaining why Uganda's economic approach has evolved significantly since 1986.

## 1987-1992: Adaptability in Crisis Response

When initial stabilization efforts proved insufficient, Uganda adapted by implementing a comprehensive Economic Recovery Program with IMF support, despite Museveni's previous criticisms of international financial institutions.

## 2000-2010: Adapting to Regional Opportunities

As stability improved in South Sudan, Uganda quickly adopted trade policies to take advantage of new export opportunities, making South Sudan Uganda's largest regional trading partner.

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## 1993-2000: Adapting Privatization Approach

After seeing mixed results from early privatizations, Uganda adapted its approach to retain strategic control in 23 key entities while proceeding with privatization in other sectors.

## 2010-Present: Adapting to Inclusion Challenges

Recognizing that growth was not benefiting all regions equally, Uganda adapted with more inclusive approaches, including the PEAP, Youth Livelihood Program and most recently the Parish Development Model.

# Pillar 5: Creativity & Innovation

## Homegrown Solutions

Rather than importing foreign models wholesale, Musevenomics emphasizes developing unique, context-specific approaches to Uganda's challenges. This pillar promotes an environment where ingenuity and original thinking lead to solutions deeply rooted in local realities and capabilities.

It's a deliberate move away from 'one-size-fits-all' mentality toward empowering internal capacity for problem-solving and value creation, leveraging Uganda's rich heritage and practical experience.



### Indigenous Knowledge Integration

Strategic blending of traditional wisdom, local practices, and community-based solutions with contemporary scientific approaches, creating culturally relevant and economically viable Ugandan solutions.



### Pioneering Methods

Implementation of novel approaches to overcome persistent development challenges, experimenting with new economic policies, technological applications, and administrative reforms unique to Uganda's path.



### Continuous Improvement

Fostering dynamic culture of experimentation, learning, and refinement across sectors, ensuring policies evolve toward greater effectiveness based on performance feedback and lessons learned.

# Examples of creative innovation in Economic Solutions

Creativity emphasizes developing indigenous solutions to Uganda's unique economic challenges, rather than simply imitating foreign models.



## Mobile Money Innovation

Uganda embraced mobile money services when traditional banking expansion proved too slow and costly. This creative approach enabled mobile money to flourish, processing transactions worth \$20 billion annually by 2019 and providing financial services to millions previously excluded.



## Operation Wealth Creation

This creative initiative leveraged military structures and capabilities to support relevant ministries in addressing agricultural value chain challenges, distributing inputs and knowledge to 4.3 million farmers in remote areas.



## Boda Boda Economy

Rather than restricting motorcycle taxis, Uganda creatively embraced and formalized this sector, which now provides employment for over 1.2 million people nationwide and essential transportation services in both urban and rural areas.

# Pillar 6: Resilience

## Building Economic Fortitude

This pillar emphasizes strategic development of Uganda's economy to withstand and recover swiftly from adverse shocks, whether internal or external. It's about fostering robustness and adaptability within the economic system, ensuring sustained growth even amidst unforeseen challenges like global financial crises or natural disasters.

### Shock Resistance

Developing economic structures capable of withstanding disruptions through prudent fiscal policies, stable macroeconomic management, and robust financial systems that absorb shocks without collapsing.



### Diversification

Reducing dependency on single sectors by expanding beyond traditional agriculture into manufacturing, services, tourism, and technology, creating multiple revenue streams and employment sources.

### Strategic Reserves

Maintaining contingency resources including foreign exchange reserves, food security through grain reserves, and emergency funds to support critical sectors during crises.

**Real-World Example:** Uganda's economic resilience was demonstrated during the 2008 global financial crisis, when the country maintained positive growth while many advanced economies contracted, largely due to its diversified agricultural base and prudent fiscal management.

# Pillar 7: Sovereignty

## Self-Determined Development

This pillar emphasizes Uganda's inherent right and strategic imperative to chart its own economic course, defining priorities and development trajectory while engaging constructively with global partners. It underscores commitment to prioritizing unique context and long-term vision over external pressures.

### Independent Decision-Making

Prioritizing national interests when formulating economic policies, free from undue external influence. Crafting fiscal, monetary, and sectoral policies that address Uganda's specific challenges rather than adopting imposed solutions.

### Resource Sovereignty

Ensuring Ugandans benefit primarily from national natural resources through robust regulatory frameworks, local content requirements, and policies facilitating domestic value addition rather than raw material exports.

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### Strategic Partnerships

Engaging with international actors on terms respecting Uganda's development priorities. Careful negotiation of aid, loans, and investments to ensure they support national goals without creating dependency or compromising autonomy.

This commitment to sovereignty allows Uganda to maintain control over its destiny, ensuring economic growth translates into meaningful improvements in citizens' lives while strengthening national stability and independence.



# Strategic Interventions of Musevenomics: Core Principles

The seven philosophical pillars of Musevenomics are implemented through a set of strategic interventions or core principles that have guided Uganda's economic development since 1986.

For ordinary Ugandans, these core principles explain the government's priorities and approaches to different economic sectors and challenges, connecting abstract philosophical pillars to concrete policies that affect daily life.

# The 12 Core Principles of Musevenomics

These twelve core principles outline a comprehensive framework of concrete policies.

**1. Security and Stability First (people, property, macro-economy, food & income security)**  
Foundation of economic development

**2. Privatization and Strategic State Role**  
Creating economic space

**3. Economic Integration and Market Expansion**  
Market expansion strategy

**4. Diversification of the Production Base**  
Reducing economic vulnerability

**5. Infrastructure Development**  
Economic growth foundation

**6. Monetizing the subsistence economy**  
Awakening the sleeping giant

**7. Boosting Investor Confidence**  
Attracting private capital

**8. Digital Transformation**  
Technology-driven innovation

**9. Human Capital Development**  
Investing in people

**10. Value Addition and Industrialisation**

**11. Fighting Corruption**  
Good governance imperative

**12. Lowering the cost of doing business**  
The “six highs”

# Core Principle 1: Security and Stability First

The foundation of Musevenomics recognizes that without peace and security, sustainable economic activities cannot thrive. This takes two forms (i) Security of people and their property, (ii) macro-economic stability and (iii) food and income security.

## Challenge in & after 1986

56 active rebel groups operated across Uganda, devastating economic infrastructure and preventing normal activities.

## Security Achievements

Absorbed 14,000 guerrilla fighters into UPDF, pacified 35 districts by 1992, reduced security spending from 38% to 17% of budget. Returned Asian and other property to their owners

## Economic Impact

Agricultural production resumed, attracted millions in FDI, enabled transportation networks restoration.



# Maintaining economic stability

The principle of Security and stability extends to "Maintaining Fiscal and Monetary Stability". It represents a fundamental commitment of Musevenomics to macroeconomic stability as the foundation for sustainable economic growth. This discipline means stable prices, a relatively stable Ugandan shilling, consistent government spending, and maintained purchasing power of savings and incomes to create predictability for investors and businesses.

## Inflation Management

Through prudent monetary policy and fiscal restraint, Uganda achieved remarkable inflation reduction from 240% in 1987 to 3.4% by 2025. The Bank of Uganda's adoption of an inflation-targeting framework in 2011 institutionalized this commitment to price stability.

## Fiscal Responsibility

Uganda has generally maintained responsible government spending practices, with fiscal deficits averaging 4.2% since 2000. Debt levels were maintained below 50% of GDP until 2019, ensuring resources weren't excessively diverted to debt service.

## Tax Revenue Improvement

Tax collection was systematically improved from as low as 3.5% of GDP in 1986/87 to 8.2% in 1987/88, through addressing non-compliance and increased revenue from export and import duties. The policy seeks to broaden the tax base whilst offering targeted incentives for priority sectors such as agriculture, manufacturing, and tourism

## Macroeconomic Stability

Uganda's commitment to fiscal and monetary discipline enabled it to maintain stability during external shocks like the 2008 global financial crisis and the 2020 COVID-19 pandemic, when Uganda was one of only eight African economies to avoid recession.

# Core Principle 2: Privatization and Strategic State Role

A cornerstone of Musevenomics has been the liberalization of markets and privatization of state-owned enterprises, transforming Uganda's economic landscape from a centrally-controlled system to a more market-oriented economy.

## Balanced Privatization

Implemented selective privatization under the Public Enterprises Reform and Divestiture Act of 1990, divesting 80 state-owned enterprises. For instance, the sale of UCB to Stanbic Bank expanded financial access points nationwide from 84 to 432.

## Strategic State Interventions

Maintained state control in 23 key entities, including critical sectors like electricity generation, water utilities, and the Uganda Development Bank.

## Market Liberalization

Between 1991 and 1997, 563 price controls were eliminated, foreign exchange markets liberalized, and trade barriers removed. This ended chronic shortages previously experienced under the Mayumba Kumi system

For ordinary Ugandans, market liberalization transformed daily life. The chronic shortages of the 1980s gave way to well-stocked shops and markets. The number of factories increased from just 80 in 1988 to over 7,000 today, creating new employment opportunities.

# Core Principle 3: Economic Integration and Market Expansion

This principle recognizes that Uganda's relatively small domestic market limits economic growth potential, making regional and international market access essential for development. Having achieved increased production, Uganda needed expanded markets for its produce. President Museveni played a central role in the following areas. This strategic market expansion enabled Ugandan products to reach new markets.

## Regional Integration

- Revived East African Community in 1999
- Common Market Protocol established 2010
- Expanded market from 25 million to 1.3 billion consumers
- 26% of exports go to East African neighbors

## International Access

- AGOA and EU Everything But Arms agreements
- Exports grew from \$196 million to \$4.1 billion
- Manufactured exports increased from 4.2% to 35.7%
- Cross-border trade transformed northern Uganda



# Musevenomics and Pan-African Integration

## Philosophical Foundations

Museveni's Pan-African ideals were shaped during his university days at Dar es Salaam in the 1960s, where he encountered influential thinkers like Walter Rodney, Julius Nyerere, and Kwame Nkrumah. For Museveni, colonial borders represent obstacles to Africa's prosperity rather than legitimate national boundaries.

## Strategic Patience

Museveni demonstrates extraordinary patience in dealing with challenging regional relationships. Even when neighbouring EAC member states implement policies that disadvantage Uganda, he consistently advocates for dialogue rather than retaliatory measures, stemming from a strategic long-term vision rooted in "African brotherhood."

## Long-Term Vision

Museveni views the EAC not merely as a trading bloc but as a stepping stone toward continental unity. He argues that Africa's position in the global economy will remain peripheral unless it can create larger economic units with substantial internal markets.

"The future belongs to the united; the isolated will perish."

— President Yoweri Museveni



## Core Principle 4: Diversification of Production Base

When Museveni came to power in 1986, Uganda's foreign exchange earnings were dangerously dependent on a single commodity—coffee—which accounted for approximately 90% of export revenues.

He developed new export sectors like fish, flowers, beans, maize, horticulture, dairy, and beef

### Fish Exports

Grew from \$0 to \$176 million annually, creating 38,000 jobs around Lake Victoria between 1986-2020.

### Cut Flowers

Expanded from \$0 to \$34 million, supporting 6,700 jobs primarily for women in new export sector.

### Enhanced Coffee

Increased from 2.1 million to over 8 million bags, generating \$1.4 billion while reducing export dependence to 12%.

# Core Principle 5: Infrastructure Development

This principle recognizes that investments in roads, railways, electricity, water and ICT infrastructure create the foundation for private sector development and improved quality of life for the citizens. This created the foundation necessary for sustainable economic transformation and reduced cost of doing business, enabling all other economic sectors.

## Transportation Networks

5,500 kilometers of roads constructed and rehabilitated, including North-South and East-West corridors. Plans are underway for a standard gauge railway and rehabilitation of 1,266 km of existing railway.

## Power Generation

Massive investment in electricity generation, including Bujagali (250MW), Karuma (600MW), and Isimba (183MW), significantly boosting national grid capacity and reducing power costs.

## Water Infrastructure

Strategic investments expanded clean water access. The NWSC achieved 85% water coverage in large towns and 70% in small towns, serving over 15 million people across 260 towns.

## ICT Connectivity

4,000km fiber optic cable connects 53 districts. Internet costs fell from \$1,200 to \$70 per Mbps, mobile penetration reached 67%.

*Impacts: more reliable power for homes and businesses, better study conditions for students, access to mobile banking, and better communication with family and business partners.*



## Core Principle 6: Monetizing the Subsistence Economy

The principle of "Monetizing the Subsistence Economy" focuses on integrating subsistence households into the monetary economy. When President Museveni took power in 1986, many households had retreated into subsistence agriculture with little or no market participation, limiting their income potential and constraining overall economic growth.

# Monetizing the Subsistence Economy

This phase focuses on integrating Uganda's subsistence households into the formal money economy. Through targeted programs, the goal is to significantly reduce the proportion of Ugandans outside the money economy, transforming their participation from subsistence to commercial activities with regular income streams. This transformation demonstrates the effectiveness of Musevenomics principles in bringing previously marginalized populations into productive economic participation, creating pathways from subsistence to prosperity at the household level.

## Operation Wealth Creation (OWC)

Launched in 2013, this program reached 4.3 million farmers, distributing improved seeds, livestock, and other agricultural inputs to boost production beyond subsistence levels. By focusing on commercially viable agricultural enterprise, OWC helped many farmers transition from subsistence to small-scale commercial production.

## National Agricultural Advisory Services (NAADS)

This program has distributed agricultural inputs worth \$317 million since 2001, providing technical advice and market linkages to help farmers produce for markets rather than just for household consumption. NAADS has been particularly effective in introducing new high-value crops explicitly grown for sale.

## Parish Development Model (PDM)

Launched in 2022, with over 1 trillion annual funding, this initiative provides financial resources directly to parish-level savings groups, supporting small enterprises that can monetize previously subsistence activities. The model works in all parishes across the country to address specific constraints to market participation.

*The impact of these initiatives is reflected in the gradual reduction of subsistence households from 68% in 2014 to 33.1% by 2024 according to the National Population and Housing Census.*

# Core Principle 7: Boosting Investor Confidence



The principle of "Restoring Investor Confidence" has been fundamental to Musevenomics since its inception, recognizing that private investment—both domestic and foreign—is essential for economic growth and job creation.

## Confidence-Building Measures

- Expropriated Properties Act 1990 returned 4,065 properties
- Uganda Investment Authority established 1991
- Introduced 10-year tax holidays for strategic investments
- Created special economic zones with reduced bureaucratic requirements
- Restored traditional kingdoms and returned some property

## Results for Citizens

- Created 200,000+ jobs across 4,300 projects
- Factories increased from 80 to 7,000 by 2024
- FDI grew from zero to \$1.3 billion by 2019 and \$3.7Bn



# Core Principle 8: Digital Transformation and Innovation

Digital transformation represents one of the most dynamic aspects of Musevenomics, particularly in its later phases. By embracing information and communication technologies, Uganda has been able to leapfrog traditional development constraints.

## Mobile Money

Mobile money services (such as Wendi, MTN Momo & Airtel money) have revolutionized financial inclusion, allowing Ugandans without bank accounts to store money safely, make payments, and transfer funds. This has particularly benefited rural residents and those with lower incomes previously excluded from formal financial services.

## E-Commerce

Digital platforms have enabled small businesses to reach larger markets, allowing entrepreneurs to sell products nationally or even internationally without the need for physical stores in multiple locations.

## Information Access

Internet access has democratized information, giving ordinary Ugandans access to educational resources, market prices, health information, and news that was previously difficult to obtain, especially in rural areas.

## Government Service Digitization

The digitization of government and private institutions improves efficiency, reduces transaction costs, and minimizes opportunities for corruption. Online registration, licensing, and permit systems streamline business formation and operations.

## Digital Jobs

The digital economy has created new employment opportunities in areas like software development, digital marketing, content creation, and online freelancing, particularly benefiting educated youth.

# Core Principle 9: Human Capital Development

A fundamental principle of Musevenomics is that sustainable economic development requires investing in people. Human capital development aimed to create a productive, healthy, knowledgeable, and skilled workforce to drive socioeconomic transformation. This foundational investment began in the 1990s and continues to yield dividends today. Addressing human capital challenges has been a consistent priority since 1986.

## Education Transformation:

- Universal Primary Education (UPE) launched in 1997
- Universal Secondary Education (USE) introduced in 2007 including SEED Schools
- Liberalization of university education, allowing private institutions
- Free tertiary education at National Teachers Colleges and other public tertiary institutions
- Free university education through district quota system and National Merit

## Results:

- Primary school enrollment grew from 2.8 million to 8.4 million students
- By 2020/21, over 75% of universities were privately owned
- Total university enrollment exceeded 260,000 students
- Literacy rates increased from an estimated 56% in 1986 to 74% by 2024

## Healthcare Improvements:

43

189

### Child Mortality Rate

Under-five deaths per 1,000 live births in 2022, down from 187 in 1990

93%

### Immunization Coverage

National coverage in 2022, up from 36% in 1986

### Maternal Mortality

Deaths per 100,000 live births in 2022, down from 684 in 1995

5.1%

### HIV Prevalence

Rate in 2022, down from 18.5% in the early 1990s



# Healthcare Infrastructure Development

The Uganda National Expanded Program on Immunization (UNEPI) provided free immunization, significantly reducing child mortality from immunizable diseases. This contributed to an increased average lifespan.



## Health Centre IIIs

Constructed per subcounty, bringing primary healthcare closer to communities.



## Health Centre IVs

Established in some constituencies to provide enhanced medical services at a lower referral level.



## District & Regional Hospitals

Improved secondary healthcare access and quality, with regional referral hospitals handling complex cases. Also increased pay for health workers

# Core Principle 10: Fighting Corruption

Recognizing corruption as undermining economic development by diverting resources, distorting markets, and eroding public trust in institutions.

## Institutional Reforms

- Anti-Corruption Court established 2009
- State House Anti-Corruption Unit created
- State House Investor Protection Unit created
- Inspector General of Government, and PPDA.

## Digital Solutions

78 government services digitized by 2021, reducing face-to-face interactions and bribe opportunities. E-tax filing, online business registration, and digital land records streamlined processes.

**i** **Impact on Citizens:** When corruption is reduced, essential services like healthcare, education, and infrastructure reach communities as intended, creating fairer access to opportunities.



# Core Principle 11: Value Addition and Industrialization

A key strategic focus of Musevenomics, especially in its current phase, is the shift from exporting raw materials to promoting value addition and industrialization.

This addresses a fundamental development challenge: historically, Uganda has been trapped in a colonial economic pattern where it produces raw materials but processes and finishes products elsewhere, capturing only about 10% of the potential value.

Uganda is the 7th largest producer of coffee in the world, but ranks 17th in terms of revenues. Interestingly, none of the top 6 global coffee earners is a coffee producing country—they make their money from value addition and re-exporting processed coffee!

## Key Industrialization Initiatives:

- **Energy Infrastructure:** Investments in power generation like Karuma (600MW) and Isimba (183MW) hydropower projects have doubled national generation capacity
- **Industrial Parks Development:** 22 specialized industrial parks across the country provide infrastructure and services for manufacturing businesses
- **Skills Development:** Focus on technical and vocational education to develop workforce skills needed for industrial jobs
- **Development Finance:** Recapitalization of Uganda Development Bank and Uganda Development Corporation focused on priority sectors for industrialization

# Core Principle 12 : Lowering the Cost of doing Business

Musevenomics focuses on systematically addressing six major cost factors that undermine business competitiveness.

## High Financing Costs

Despite 3.7% inflation, interest rates remain at 17-20%

**Solution:** Recapitalise Government Owned Banks, introduction of UDC

## High Electricity Costs

System losses at 22%, 45 hours monthly outages

**Solution:** investment in power generation and distribution

## High Transport Costs

35% of product value vs 15% global average

**Solution:** Rehabilitate 1,266km railway, develop Lake Victoria shipping, expand road network

## High ICT Costs

Only 24% smartphone penetration, 46% rural broadband

**Solution:** Reduce device taxes

## High Regulatory Costs

SMEs spend 209 hours annually on compliance

**Solution:** Eliminate overlapping regulations, digitise processes to reduce registration

## High Factor Costs

Insecure tenure (78% of agricultural land), skills mismatches (63% of employers)

**Solution:** Accelerate land titling,

A coordinated, whole-of-government approach to these six cost factors is essential to improve Uganda's competitiveness and achieve middle-income status by 2030. By systematically reducing these barriers, Musevenomics aims to catalyse private sector growth and create sustainable economic opportunities.

# Musevenomics: Lessons for local leaders at all levels



## Security First

Establishing basic security is a prerequisite for sustainable economic development. Countries emerging from conflict might prioritize security stabilization before attempting ambitious economic reforms.



## Pragmatism Over Ideology

The willingness to adopt policies based on their practical effectiveness rather than ideological purity has been a hallmark of Musevenomics. Other countries might benefit from similar flexibility in economic policy formulation.



## Selective Engagement

Uganda's approach of accepting external advice when it aligned with national priorities while rejecting unsuitable recommendations demonstrates the importance of maintaining policy autonomy while benefiting from international support.

Perhaps the most important lesson from Musevenomics is that context matters tremendously in economic development. Other countries should adapt rather than simply replicate Uganda's approaches, considering their historical legacy, resource endowments, geographic position, and cultural context.

## Conclusion: Musevenomics and Daily Life

Throughout this presentation, we've explored the complex framework of Musevenomics and its impact on Uganda's economic development since 1986.

### For Farmers

Principles like Agricultural Diversification, Monetizing the Subsistence Economy, and Infrastructure Development have transformed rural livelihoods. The ability to grow new high-value crops, access markets through improved roads, and receive agricultural inputs through programs like Operation Wealth Creation directly impacts income potential and food security.

### For Small Business Owners

Market Liberalization, Restoring Investor Confidence, and Embracing Information Technologies have created an environment where entrepreneurship can flourish. The expansion of mobile money services, reduction in licensing requirements, and improvements in electricity supply have made it easier to start and grow businesses.

### For Workers and Job Seekers

Human Capital Development, Economic Integration, and Value-Addition Industrialization have created new employment opportunities while improving the skills needed to access them. The expansion of education at all levels, combined with growing industrial and service sectors, has diversified career paths beyond traditional agriculture.

By understanding these principles, ordinary Ugandans can become more effective participants in and beneficiaries of the country's ongoing economic transformation.

## Next Steps:

# Implementing Musevenomics at the Grassroots



### Parish Economic Profiles

Creation of parish-level economic profiles using the State of the Parish Economy & Asset Register (SPEAR) tool to identify local economic potential



### PDM Implementation Action Plans

Development of comprehensive parish development plans that promote Musevenomics principles and pillars at the grassroots to ensure inclusive prosperity

- ❑ The success of Musevenomics will ultimately be measured by its ability to transform lives at the most local level, creating sustainable prosperity that reaches all Ugandans.