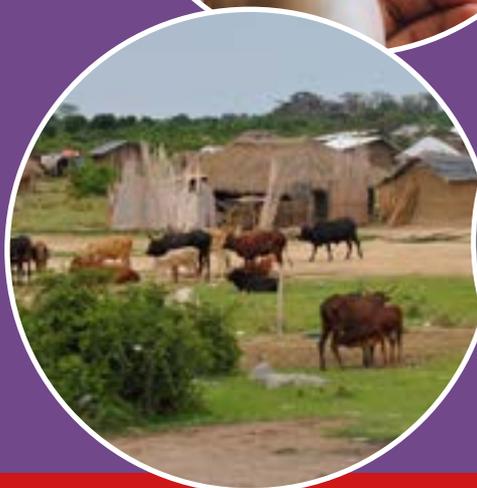


# Research on the Influence of International Financial Institutions on Uganda's COVID-19 Recovery Agenda



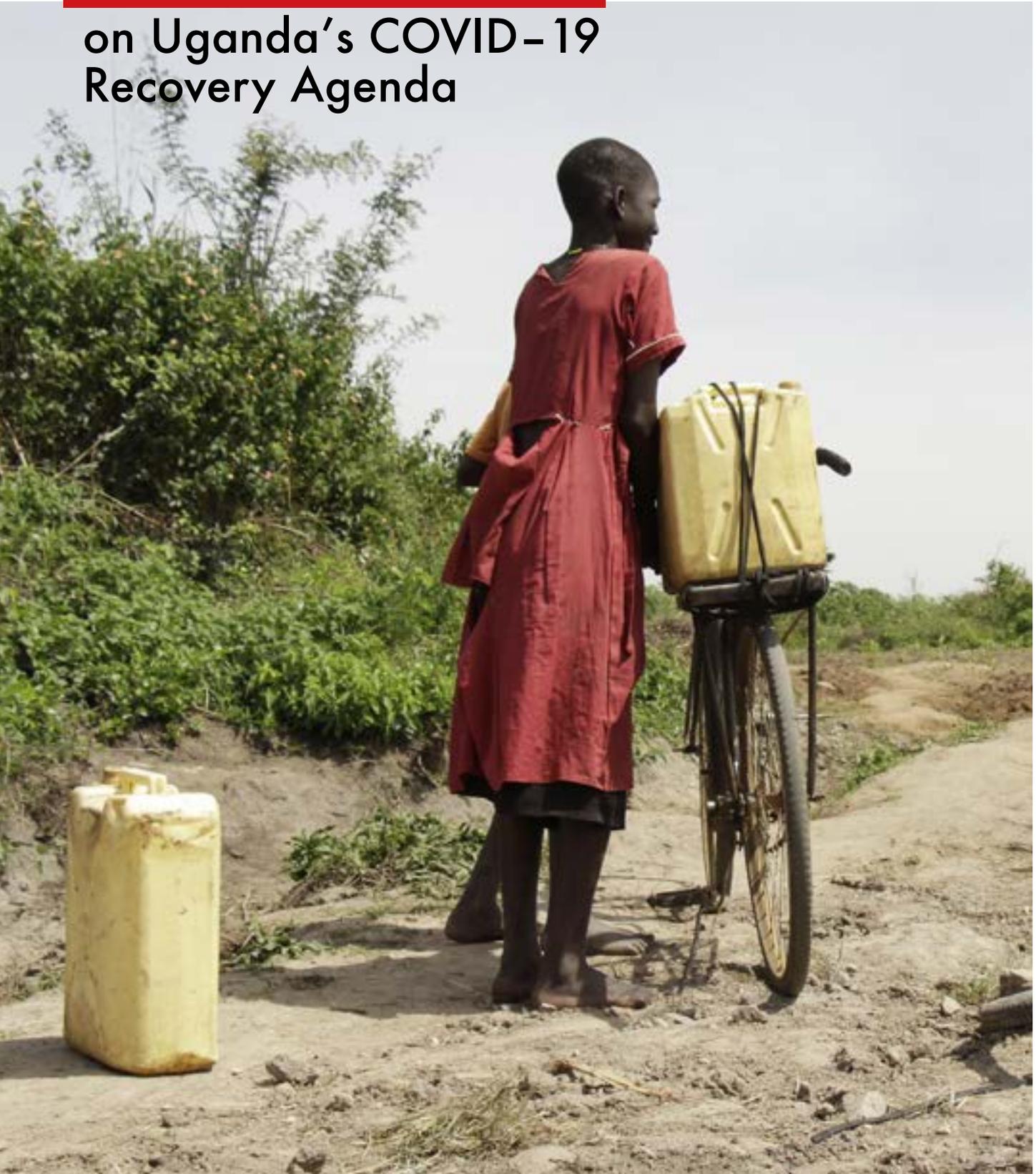
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Strengthening Africa in World Trade

# Research on the Influence of International Financial Institutions

on Uganda's COVID-19  
Recovery Agenda



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# 01

## Executive Summary

**The spread of the COVID-19 pandemic, coupled with the climate and worsening debt crises have had far reaching implications on the livelihoods of many Ugandans. As the pandemic claimed many lives across the country, the Ugandan Government instituted several lockdown measures to slow down its spread. This greatly affected economic activity, revenue generation and consequently the Government's capacity to fund an adequate response to the pandemic. The Government therefore opted for more funding from International Financial Institutions (IFIs) including the International Monetary Fund (IMF) and World Bank to beef up her fiscal and monetary response to the crisis. Government secured loans to a tune of \$300 million and \$491.5 million in 2020 from the World Bank and IMF respectively. Government further sought another \$1 billion loan from IMF in 2021. However, such funding came with conditions that government adopt new policy and institutional reforms recommended by these institutions.**

The purpose of this research paper was to explore and draw conclusions about the influencing role of International Financial Institutions (IFIs) on the COVID recovery agenda in Uganda. The research investigated the IFIs' support to COVID relief and reconstruction,

exploring in particular their focus, areas of investment, objectives, conditionalities and overall perspectives on the 'development agenda' from an ecofeminist perspective.

The research study relied on desk-based research to collect secondary data. Several documents and data sources were reviewed including the current and previous national budgets; various news reports and studies; the National Development Plan and Economic Program documents agreed on with World Bank and IMF. At the community level, the research team visited the Bunyoro region in western Uganda to interview key informants from three communities around oil exploration and extraction projects.

Findings from the research revealed that the COVID-19 pandemic posed serious challenges for the Uganda economy and the Ugandan people, pushing between 1.1 to 3.2 million Ugandan's into poverty with women suffering a larger share of poverty. To make matters worse, government's response remained inadequate, failing to address the needs of the informal sector and the most vulnerable.

The loan funds secured from the IMF and World Bank, came with greater conditions and increased the influence of these IFIs over government's

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development agenda. The conditions demanded that government take a hands-off approach to the country's development and place greater priority on the oil and gas sector which the IMF and World Bank identified as key to strengthening the country's revenue collections. This was in contrast to the development imaginations and aspirations of women interviewed during field visits for this study.

Women interviewed defined development as having not only economic but also social dimensions. These women aspired to a community with better housing, where there is equality between men and women in accessing essential services like education, health and justice, but also where both genders have equal rights before the law, and can own, control and access land and other productive resources equitably.

Our research revealed that the fast-tracked extractivist projects within the country's oil and gas sector have had major negative impacts on the livelihoods of surrounding local communities with women the most adversely affected. The East African Crude Oil Pipeline project intended to transport oil from Uganda's oil fields to the Port of Tanga, Tanzania, has led to massive physical and economic displacement of people. The project will also impact negatively

several wetlands and farmland across the region with oil spills from the pipeline posing worrying risks. Women have and will continue to suffer the worst of the resultant negative externalities both as care givers but also because of their dependence on the environment for their day to day living.

The research calls on government to pivot from its current extractivist development model to focus on a more sustainable development path that respects the environment and is in line with global climate goals. It also appeals to the IMF and World Bank to publicly commit not to participate in financing oil and gas projects including the East African Crude Oil pipeline and to support efforts to wean the Ugandan economy off its reliance on oil extraction as a revenue source. Lastly it demands that government increases meaningful consultation with women-led communities on their development aspirations which should then be translated into actionable policy.

**The purpose of this research paper is to explore and draw conclusions about the influencing role of International Financial Institutions (IFIs) on the COVID-19 recovery agenda in Uganda. The research investigates the IFIs' support to COVID-19 relief and reconstruction, exploring in particular their focus, areas of investment, objectives, conditionalities and overall perspectives on the 'development agenda' from an ecofeminist perspective. In terms of scope, the research focuses primarily on the IMF and World Bank, even though Uganda receives funding from other IFIs including the African Development Bank.**

The spread of the COVID-19 pandemic, coupled with the climate and worsening debt crises have had far reaching implications for the Ugandan economy. In early 2020, at a time when Ugandans were struggling with a locust invasion and flooding due to heavy rains, the COVID-19 pandemic struck and claimed the lives of many individuals.

To protect lives within the country, government instituted a number of restrictions aimed to curb the spread of the deadly pandemic. These included school closures, restrictions on public transport, closure of non-essential businesses among others. However, these measures had far reaching implications on poor people especially

those in rural and slum areas and those working within the informal sector. Many lost their sources of income and means of survival. Many households remained without access to basic services such as water and electricity, and many lacked access to basic needs of food and medication. Women were the most adversely affected as they represent the largest proportion of the poor within the country.

To relieve this dire situation, government sought loans from International Financial Institutions including the IMF and World Bank. Loans to a tune of \$300 million and \$491.5 million were acquired in 2020 from the World Bank and IMF respectively. The government further sought another \$1 billion loan from IMF in 2021. These loans aimed to support efforts to prevent, contain and manage the pandemic and lessen its impacts on people's livelihoods and incomes.

However, the IMF and World Bank provided these loans on condition that government put in place new policy and institutional reforms, and these reforms have the effect of limiting the government's ability to address poverty and drive out inequality.

The paper begins with a national analysis of the COVID impacts. It then analyses the overall direction of government's response and the COVID projects funded by the IFIs. Finally it

# 03

## Methodology

investigates the experiences of local communities in enduring the pandemic combined with other crises, and explores the development aspirations of local community members.

**The research study relied on desk-based research to collect secondary data. Several documents and data sources were reviewed including the current and previous national budgets; various news reports and studies; the National Development Plan; and Economic Program documents agreed on with World Bank and IMF.**

At the community level, the research team visited three communities around the oil exploration and extraction Bunyoro region of western Uganda. The communities and women's groups visited were: Kakindo Women Integrated Development Agency (KAWIDA) in Buliisa district; Butimba Women's Group in Kikuube district and Kaiso Women Development Group in Hoima district. Given their distinct economic activities, each of these communities had unique challenges resulting from oil extraction and related investments, and unique challenges and experiences with COVID. Buliisa district is mainly a pastoralist community; Butimba is a farming community while Kaiso is a fishing community.

### Impact on the economy

**Following the announcement of the first COVID-19 cases in March 2020, the government of Uganda instituted a number of strict measures to curb the spread of the pandemic. These included closures of schools and non-essential businesses, coupled with restrictions on public and private transport. These measures were lifted gradually over the course of the year as community infections slowed down. However, following the re-emergence of the 2nd wave of the pandemic in May 2021, government reinstated another total lockdown within the country. This was despite the fact that many citizens and businesses were still recovering from the earlier restriction measures. Schools were again shut down; curfew hours reinstated; non-cargo cross border movements were suspended; key business centers across the country were closed; public and private transport were suspended among several other measures.**

However, for an economy that was already shattered, such measures came with greater consequences. Prior to the 2nd lockdown, the country had already registered a shortfall of over US\$ 2.4 trillion in domestic revenue collections within FY 2020/21, thus weakening government's capacity to provide public services including health at a time when

they were most needed. This was a result of the declining economic activity as many businesses had experienced a major blow on their cash flows because of the disruption of supply chains and a further decline in domestic and external demand.

In the same vein, the financial sector witnessed huge capital flow reversals and an increased proportion of non-performing loans. A non-performing loan is a bank loan subject to late repayment or which is unlikely to be repaid by the borrower in full. Owing to the decline in cash flows brought about by COVID-19, many businesses are unlikely to meet their loan repayments to commercial banks. Bank of Uganda indicated that the largest culprits are in the electricity and water sectors, followed by trade and commerce, mining and quarrying and lastly the agricultural sectors. Such loan defaults created major financial implications for the lender banks scrapping them of the liquidity they needed to maintain their operations. This in essence meant that some banks had to freeze credit to the private sector at a time when it was most needed.

## Impact on households

**The imposed restrictions led to significant job losses for many citizens employed both within the formal and informal sectors of the economy. According to the 2019/20 national household survey the number of household operating enterprises dropped from 51 percent before Covid-19 to 37 percent after Covid-19, with those in urban areas being the most affected. A business survey conducted by Uganda's Economic Policy Research Centre (EPRC) revealed that the economy had been severely affected by Covid-19, with 75 percent of businesses forced to lay off their employees as a result of the imposed containment measures.**

According to World Bank estimates between 1.1 to 3.2 million people were

pushed into poverty, adding to the already existing 8.7 million poor people in Uganda. The closure of all workspaces including shopping malls, small shops, hair salons and other small businesses with the exception of food selling stores and markets removed the means of survival from daily wage earners and had significant negative effects on women's economic welfare since women predominate in these small businesses. A report by the World Bank revealed that across the Sub-Saharan region, 43% of women-owned businesses were closed in the early months of the pandemic, compared to 34% of those owned by men.

As many women lost their sources of income in both the formal and informal sectors, they were left with an increased burden of unpaid domestic care work.

*Figure 1:  
Ugandan  
women  
fetching  
water for  
home use.*



A report by Akina Mama Wa Afrika revealed that within Uganda, there is a large disparity in women's and men's contribution to household labor. Gender-based disparities influence the unequal gendered distribution of labor, with women carrying the burden of housework. Before the pandemic, women already spent about 3.5 times more hours than men each week on domestic labor. With school closures and new confinement measures, these care burdens became heavier, further reducing the time women could devote to income earning activities.

Furthermore, as women lost their incomes, many became vulnerable to domestic violence. Prior to the pandemic, at least 46% of women experienced physical violence and reported living in fear of their current or most recent partners. Domestic violence increased during the lockdown and beyond as women were trapped in their homes with abusive partners and were unable to access support networks or even access essential legal protection, and health services. According to reports by the Ugandan Police a wide range of sexual violence, including marital rape, sexual harassment, and abuse, defilement, denial of the right to use contraception, forced abortions, forced sex work, among others increased during lockdowns.

## Impact on the health sector

**The second wave of the COVID pandemic was far more severe as many lives were lost within a very short time. Health facilities were placed under pressure as the growing number of COVID - 19 patients needed hospitalization and oxygen supplies. The President of Uganda, addressing the nation in June 2021, noted the dire situation with scientists projecting a nine-fold increase in the overall national oxygen requirement from 3000 cylinders per day to over 25,800; and a doubling of the number of people needing care, outstripping the country's current bed capacity of 3,793 hospital beds in less than a month.**

Limited protective equipment within hospitals coupled with government's inability to secure adequate vaccines for health workers placed the lives of health workers at risk, and resulted in the pandemic claiming the lives of many health workers.

During 'normal' circumstances, access to health services for most women and other vulnerable groups was already limited, and during the pandemic these barriers worsened. The cost of medical care shot up within the country, and was worsened within those districts with only a limited number of public health facilities. The weak public health system

forced many citizens to resort to home self-medication and local remedies from herbs. This exerted a greater burden on women given their role as the primary care givers within households. Many women were pushed to forego their daily income generating activities as they now had to attend to the sick at home.

The initial bans on public and private transport resulted in movement restrictions and people with urgent health needs were not able to access health services. This increased the risk of preventable deaths and suffering. Transport bans also hindered women's and girls' access to sexual and reproductive health services, maternal health care, menstrual hygiene products, contraceptives; and hindered access to emergency healthcare and support when they suffered gender-based violence. Failure of women and other vulnerable groups to access timely transport services did in some cases result in preventable deaths.

### Gendered impact on girls.

National consultative dialogues, surveys and other reports reveal an increase in teenage pregnancies and sexual reproductive rights-related challenges for adolescent girls as a result of the COVID-19 pandemic in Uganda. With schools on lock down, girls were exposed to 'predators' and sex offenders. According to police reports, 4,442 cases of defilement were reported between January and April 2020. Likewise, the Sauti, an online platform by the Uganda Adolescent Health Forum reported 800 cases of sexual abuse between January and May 2020.

# 05

## How the State Responded to the COVID – 19 Induced Crisis

### The Government stimulus and recovery package

**Government borrowed funds from the IMF, World Bank and other funding institutions to provide immediate fiscal and monetary response measures in what it referred to as a “stimulus package.” These aimed to support business recovery and enable citizens to weather the effects of the pandemic.**

Government instituted a number of tax relief measures to help businesses address their short- term liquidity needs. These included a deferment on payment of Corporate Income Tax or Presumptive tax and PAYE for Corporations and Small, Medium Enterprises (SMEs) in the tourism, manufacturing, horticulture or floriculture sectors. Government also waived all interest and penalties on tax arrears accumulated before 1st July 2020 to lessen the tax liability for businesses that voluntarily complied with their tax obligations. Payments of VAT refunds to businesses were also expedited by the Uganda Revenue Authority. However, it must be noted that the largest section of the private sector did not benefit from these tax measures as the process for their implementation was delayed and opaque in nature.

On the fiscal spending side, government allocated funds to a number of programmes aimed at providing economic relief to businesses impacted by the pandemic. These included:

- funding for agriculture inputs and entities that support the sector;
- seed capital funding to organized special interest groups under the Youth Fund, Women Entrepreneurship Fund and the ‘Emyooga’ Talent Support scheme;
- funding to the Uganda Development Bank to offer low interest credit to manufacturing, agribusiness and other private sector firms;
- funding to the Uganda Development Corporation for public-private partnership investments to facilitate import substitution and export promotion;
- expediting the payment of arrears owed by Government to private sector firms;
- provision for Ugandan businesses to reschedule their contributions to the National Social Security Fund for 3 months without accumulating penalty.

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Social support measures undertaken by government included support to households, including food distribution to 1.5 million vulnerable people in urban areas; direct cash transfers to over 501,107 households; the expansion of labor-intensive urban cash for work programs; provision of social assistance grants to the elderly aged above 65 years.

On the monetary front, in 2020, the Bank of Uganda (BOU) provided credit relief to all borrowers (corporate entities, individuals, businesses and households) negatively affected by the COVID-19

- The Bank of Uganda allowed the restructuring of any loan affected by the COVID-19 pandemic within a one-year period, from April 1 2020. This was further extended for another 6 months
- Within this period, borrowers were eligible to have their loans restructured up to two times. The objective was to enable borrowers to deal with the unfavorable impact of the COVID-19 pandemic on their ability to repay loans, and reduce the risks faced by lenders affected by the COVID-19 pandemic.

### *Analysis of the provided stimulus measures*

Our analysis revealed that while welcome, the above stimulus programmes were inadequate in restoring livelihoods and promoting economic recovery. Three (3) key issues stand out.

First the largest proportion of support was tailored to benefit large formal corporations with little to no fiscal assistance for small businesses and those in the informal sector. The tax measures could only benefit businesses in the formal sector. Funding to the Uganda Development Bank and the Uganda Development corporation also went to the formal sector. Micro enterprises, 38 percent of which are women owned did not benefit from these measures and remained seriously exposed to bankruptcy, threatening the livelihoods of large numbers of women.

Second, the social support food distribution program remained inadequate. An IMF report revealed that only 1.5 percent of social support programs were reaching intended beneficiaries. This threatens to exacerbate already existing inequalities within the country with women standing to be the most affected.

Third, some business loans were restructured by financial institutions

following directives from the Central Bank. However, many small businesses were unable to have their loans restructured by their creditors, and this left many small businesses on the brink of collapse. This points to the fact that, government's intervention is still premised on the assumption that financial support to large commercial banks would trickle down into the smaller sections of the economy. This assumption is not correct and is a clear entrenchment of the neo-liberal agenda.

### Broader responses by the State to drive post-Covid-19 recovery

From a macro – perspective government's economic recovery agenda hinged on sustainable industrialization anchored in the country's 3rd National Development Plan as a means to foster inclusive growth, employment and wealth creation. To support recovery from the pandemic, government intensified investment in the oil and gas sector. This intervention was detailed within the budget speech for financial year 2021/22. The Finance Minister indicated in the budget speech, that government had signed an agreement with Tanzania and the International Oil Companies for the establishment of the East African Crude Oil Pipeline that would now pave the way for commercialization of the

sector, and further added that enabling legislation for the oil pipeline would soon be presented to Parliament for consideration. Government highlighted that the country expects to have her first commercial oil exportation in 2025.

Government allocated Shs. 49 billion within the national budget to support mineral development interventions. This allocation would go towards the construction of oil roads; finalization of the National Content Policy that prioritises Ugandans as suppliers to the oil and gas industry; construction of facilities for production and transportation of the crude oil; and further licensing of exploration areas to enable discovery of additional petroleum reserves.

# 06

## IFI COVID Relief and Reconstruction Support for Uganda

**With government registering a huge decline in domestic revenue collections because of the economic disruptions caused by the pandemic, it sought loans and grants from International Financial Institutions (IFIs) to fill up its deficit in financing. The country borrowed to a tune of \$889 million USD in 2020. This included a \$492 million from the IMF and a \$300 million loan from the World Bank. The country also acquired another huge loan worth \$1 billion USD in 2021 from the IMF and further sought \$200 million from World Bank to expand access to high speed and affordable internet within the same year.**

The following section provides an analysis of the three (3) loans secured from the IMF and World Bank to fight the pandemic and fund economic recovery.

### Government secures a \$300 million budget support loan from World Bank

In June 2020, Uganda secured a \$300 million budget support loan from World Bank. The loan aimed to boost government's capacity to prevent, detect and treat the coronavirus, protect the poor and vulnerable population, and support economic recovery. This loan came with a grace period of 6 years, a repayment duration (maturity) of 38

years, and no interest. The World Bank highlighted that the loan funds were non-earmarked general budget support that remained subject to government's own implementation processes and systems. The Bank also stated that the funding program was aligned to the country's long-term development aspirations as stipulated within the National Development Plan (II and III).

In respect of the funding, government agreed on a number of policy and institutional reforms within a reform program that the World Bank refers to as a "development policy operation." According to the World Bank, reforms were focused on improving the business environment to support productivity improvements, growth and job creation on a more sustainable basis. Government was to pay stronger attention to better management of state-owned enterprises and payment of domestic arrears to suppliers. It was also agreed within the lending operation that deeper reforms were needed to improve effectiveness in the utilization of state resources, by managing public investments more efficiently, mobilizing domestic revenues more efficiently, curbing corruption, and empowering the private sector to become more competitive to generate better and higher productivity jobs for Ugandans. Furthermore, better debt management remained a key aspect of

the program to avoid distress.

As part of its safeguard measures, the World Bank provided both technical and financial support for high quality analytical work to inform these policy reforms and give the program a solid evidence-base on which to anchor implementation. Through its other projects, the World Bank would maintain regular implementation support by providing policy advice and technical assistance to the institutions involved in the implementation of the reform program.

According to the World Bank, the funding program supported the Government to expand and improve the targeting of social safety nets to the poor and vulnerable. These included providing cash-for-work to informal sector workers directly impacted by the pandemic in the main urban areas and the flood-affected districts; increasing the number of beneficiaries under the current senior citizen grant by rolling it out to 71 districts; establishing a national single registry for beneficiaries of safety net programs in the near future; the use of an e-Voucher scheme to enable better targeting of smallholder farmers, the majority being women, to access high quality inputs, seeds and fertilizers to boost agriculture productivity and incomes.

### **Government secures loan funding from IMF to fight the pandemic and drive recovery.**

On June 28, 2021, the International Monetary Fund approved a 36-month loan arrangement under the Extended Credit Facility (ECF) for Uganda in an amount equivalent to US\$1 billion to support post-COVID-19 recovery efforts and the Government's plan to increase households' incomes and inclusive growth by fostering private sector development. This was a budget support loan that carried zero-interest, with a grace period of 5½ years, and a final maturity of 10 years. This followed the Fund's earlier emergency support loan to Uganda under the Rapid Credit Facility (RCF) in 2020 of which US\$491.5 million was disbursed to meet urgent balance-of-payments needs (70 percent) with the remainder meeting fiscal needs arising from the COVID-19 outbreak through the Uganda Development Bank.

To ensure that the funds were used for their intended purposes, government committed to report on the COVID-19 expenditures; publish on its websites large procurement contracts related to COVID-19 spending; and undertake an independent audit of COVID-19 expenditures. The IMF noted that the authorities had made significant progress in publishing information on audits and the use of COVID-19 funds,

but that further work was necessary to strengthen the accountability of high-level officials.

To safeguard the management of new disbursements under the Extended Credit Facility, specific commitments were made to enhance transparency and accountability in the use of public resources. Measures included stronger cash management; publication of tax expenditures; stronger reporting requirements for politically exposed persons; greater transparency in public accounts, and a stronger anti-corruption framework. Thus, disbursements were to be made in semi-annual tranches. These were to be conditioned on reviews, which were scheduled, at most, six months apart. The reviews would aim to assess the Government's progress in implementing the agreed economic reforms.

As part of the agreed reform agenda under the loan programme, government agreed to focus on keeping public debt on a sustainable path while improving the composition of spending to create space to finance private investment, foster growth and reduce poverty. Therefore, as part of its policy prescriptions, IMF urged government to undertake "fiscal consolidation" based on both revenue and expenditure measures during the first year of the programme. Further reforms included strengthening of

public financial management, fortifying the banking system, and advancing structural reforms, including in governance.

The IMF further highlighted that the reform program was in-line with the country's third National Development Plan (NDP III) and had been built around the principles of private sector-led inclusive growth. Furthermore, it stated that the program would prepare the ground for sound management of oil revenues.

*Key Observations surrounding the funding support received from both the World Bank and IMF.*

Much of the loan funding from both institutions was in the form of non-earmarked general budget support that remained subject to government's own economic priorities in the country's 3<sup>rd</sup> National Development Plan built around the principles of private sector-led inclusive growth and places oil and gas extraction at the core of mobilizing significant revenues for development.

Thus, it is very likely that a great proportion of the funding was being allocated to the oil and gas sector on the assumption that this would drive up revenue generation and further attract more foreign direct investment into the sector as mentioned within the national

budget for the financial year 2021/22.

In order to fast-track oil and gas extraction, government has embarked on a number of projects such as the construction of an oil pipeline as mentioned earlier. The IMF also noted that growth over the medium term would be driven by investments in the oil sector and the start of its production in FY 2024/25. It highlighted further that the country's public debt sustainability was hinged on oil exports and proper management of oil revenues.

The reform conditionalities imposed on government within these loan programs which range from fiscal consolidation to deregulation and privatization have limited governments' ability to drive out inequality and leaves women as the most negatively impacted.

Placing oil and gas extraction at the centre of economic development gives little consideration to the impacts of these capitalist and extractivist projects on the livelihoods of communities residing in areas close to these projects. Many of the communities inhabiting the regions where these projects are implemented have lost their agricultural land to the state and multinational corporations engaged in the extraction. This has been accompanied by other after-effects such as the pollution of water sources in these areas among others. What is worse is that women

stand to be the most affected by these outcomes given the gender roles assigned to them as the primary providers of food and other vital resources such as water for domestic use.

Furthermore, self-reporting and self-policing by private sector clients, has not proved to protect people and their rights and has further increased neglect of environmental risks.

The East African Crude Oil Pipeline (EACOP) that is intended to transport crude oil from Uganda's oil fields to the Port of Tanga, Tanzania on the Indian Ocean will need more than 5,300 hectares of land. An estimated 14,000 households across Uganda and Tanzania have lost or will lose land as a result of the pipeline; hundreds of families will need to be resettled. Thousands more will be affected by the associated oil development projects. Women will be the most negatively impacted, and yet they currently own the smallest proportion of all agricultural land and remain deprived of their rights to land. An open letter signed by 263 organizations from 49 countries called on banks to refuse to finance the oil pipeline.

Between 2018 and 2019, multinational oil company Total placed cut-off dates for compensation on the properties of over 5,000 households in Uganda whose land is being acquired to establish the

pipeline. Total stopped these households from growing income-generating (cash) and perennial food crops, and from setting up new developments. To date, these households are yet to be compensated, and these restrictions on planting and developing their land, left many people impoverished.

The pipeline project will put major national parks, wetlands, rivers and lakes, and the livelihoods of millions at risk. It puts at risk several Ramsar Wetlands, including the Murchison Falls-Albert Delta Wetland System and a number of Ramsar sites lying just west of Lake Victoria, including the Lake Nabugabo System, the Nabajjuzi System, and the Sango Bay-Musambwa Island. Oil spills from the EACOP pose the worrying risk of devastating human impacts. About one-third of the pipeline will be built in the Lake Victoria basin, a source of water and livelihoods for up to 40 million people.

The construction of the pipeline will unlock commercial exploitation of multiple oil fields in Uganda. Expansion of the fossil fuel industry, and the construction of new oil pipelines is incompatible with the goals of the Paris Climate Agreement and manifestly irresponsible at a time of catastrophic impacts of global warming. According to the project's website, the pipeline will carry 216,000 barrels of crude oil per day at 'plateau production.' The emissions

from burning that oil would release an estimated 34.3 million metric tons of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) per year, an amount roughly equivalent to the carbon footprint of nearly nine coal-fired power plants.

It should be noted that women make up 77 percent of farmers in Uganda and that they will be more severely affected by climate change than male farmers, particularly since women currently have less access to resources which may mitigate the effects of climate change, as compared with men - resources such as education, income, land, livestock, and technology. Furthermore, women are often in charge of collecting water, firewood, and other resources for their families, but these resources are directly impacted by climate change, meaning women must travel further and work longer hours to access them during such crises.

# 07

## Local communities enduring the pandemic and other related crises

**Field visits and interviews for this study, were conducted in three communities around the oil exploration and extraction in the Bunyoro sub-region of western Uganda. The communities and women's groups visited were: Kakindo Women Integrated Development Agency (KAWIDA) in Buliisa district; Butimba Women's Group in Kikuube district and Kaiso Women Development Group in Hoima district. These communities engaged in different economic activities: Buliisa district is mainly a pastoralist community; Butimba is a farming community while Kaiso is a fishing community. Each of these communities had unique challenges resulting from oil extraction and related investments but also unique challenges and experiences with COVID and post COVID recovery.**

### Field findings

Field findings revealed that oil exploration presented more challenges than opportunities to the women living in the Bunyoro region. Women and their communities faced a multi-layered crisis prior to the emergence of COVID-19. Partly, this has been driven by the ongoing extractivist projects across the region. In many circumstances, women suffered both as care givers but also because of their dependence on the environment. Their challenges were further exacerbated by the COVID-19 pandemic. Experiences of people interviewed are discussed below.

### *Impact of oil exploration and extraction*

Oil exploration, extraction and related activities presented challenges and shaped community lifestyles in the Bunyoro region also known as the "Albertine Graben region" of Uganda. Community members have been adversely affected by loss of land through land grabbing by speculators who take advantage of community members lack of knowledge on land transactions and land rights. Women were even more disadvantaged by these dubious transactions as compared to their male counterparts since women were not consulted, nor did women get an equal share of the proceeds from these transactions.

*“During land compensations for establishment of oil projects, women were always invited to sign on the compensation agreements as witnesses on family land while men signed as owners. Men were opening bank accounts in their names without putting women. This resulted into men misusing money from land compensations with some of it being used to marry other wives” Sarah Nabiryo, KAWDA, Buliisa.*

*“At the time oil investors came, men were opening accounts for compensation alone in their names. But women have also been sensitized to understand rights and are cooperating with their spouses in opening joint account to receive compensation on their land.”*

While construction of infrastructure projects promised opportunities to the communities, these promises were not met and jobs were given to people from outside the local communities.

*“The oil related projects including the roads were supposed to rely on local labor and therefore provide employment to the community. However, jobs are allocated from Kampala and given to foreigners. Our children have not benefited.”*

During the field study, women indicated that the upgrading of road networks in the region brought some benefits. The two roads i.e. Hoima – Buliisa and Hoima Kaiso-tonya greatly improved transport and communication for people in the region. Women in Buliisa and Kaiso reported that the construction of these roads has eased their movements to Hoima town and has improved their business operations.

Oil extraction and infrastructure construction has had negative impacts on the environment. The oil refinery on the shores of Lake Albert excretes waste directly into the lake which has threatened the ecosystem especially the growth of fish species in the lake.

**Figure 3:**  
Part of  
Hoima-  
Kaiso road  
- One of the  
infrastructure  
projects of oil  
extraction



The community revealed that due to the discovery of oil in their area people who bought the land have destroyed cultural sites where they used to collect herbs and engage in cultural practices.

#### *Impact of growing climate change*

It was established during the field visit that some communities in Buliisa had been affected by severe flooding during the COVID pandemic. This was part of the general flooding and increase in water levels across the region during the first lockdown (March to June 2020). Women reported that this flooding resulted in increased hunger and poverty, along with an increase in community crimes and theft.

#### *The COVID-19 impact*

As the pandemic spread across the community its impacts were experienced in various ways. People suspected of being Covid positive were ostracized. Lockdowns prevented people from accessing health facilities and this led to deaths which could have been prevented. People faced loss of incomes as businesses and workplaces closed. Many men abandoned their homes due to lack of daily incomes with cases of domestic violence on the rise.

Below are some of the stories that were captured from the community women:

*“I had false Corona 19 (suspected Coronavirus). From suspicion, everybody abandoned me including the medical workers.”* Said Alice, 62 years of age. “I

**Figure 4:**  
Oil refinery in  
Kigorooby, Hoima district



*went for the test but all the time, people never wanted to associate with me. I was stigmatized. I thought I would die. When results came, I tested negative. And that's when people started coming to me."*

Atukunda Marion aged 73, mentioned that women lost their lives during the pandemic. She gave two examples: *"We also had a number of deaths. One of the women from Wanseko who was tested COVID-19 positive and also had diabetes succumbed to COVID-19 because of lack of care. There was also another case of a woman who delivered from hospital and was denied to come back home because she was suspected to have COVID-19."*

Women shared that there was increased economic hardship and an increase in violence against women *"Businesses were closed down so many family members were not earning an income. Movement*

*was restricted and therefore we could not sell our agricultural products. We used up all of the capital for the small family business we had of selling fish. There was a high level of domestic violence during the lockdown as we had to spend the day home with our husbands, a situation we weren't used to prior to the pandemic."*

### **Community responses to the Emyooga Fund**

One of the government programs initiated to support those affected by loss of incomes and increased economic challenges resulting from COVID-19 lockdowns was the "Emyooga fund". This included food distribution and support to struggling businesses and individuals.

**Figure 5:** Part of the Cultural troupe that was formed by Kaiso women as an income generating initiative for the group but also a way of sensitizing community about youth, women and environmental rights. Photo taken on 1st October 2021.



Food rations were offered to vulnerable families in urban areas during the first lockdown . Rural communities were not targeted as they were not faced with food shortages. However, fishing communities, who needed food support as they had lost access to their source of livelihoods did not receive food rations.

Community members reported that they have not benefited from the Emyooga fund due to complexities in administration, and since their communities were not effectively mobilized and sensitized to embrace the program.

*“The Emyooga money needed savings, but because we didn’t have businesses, we could not save and therefore could not access the funds. Some of the women have endeavored to make the savings but have not accessed the funds. “We were*

*mixed with so many groups of women we don’t know which makes savings difficult because we do not know the businesses these women operate. This will also make repayments difficult”.*

### Community perceptions of development

Community discussions revealed that women understand development as having both social and economic dimensions. Women pointed out that development can happen at individual, family, or community levels. Women perceived individual development as a movement from one level to another in terms of education and economic status. At family level, development is perceived in terms of living conditions in the family in terms of housing, food and access to essential commodities like soap, sugar, etc. Kemigisa Juliet

**Figure 6:**  
Atukunda Marion shares a story of community behaviors and practices both in the past and present - Butimba Women - Kikuube district.



from Kaiso community noted that development at family level is *“where a family formerly living in a grass thatched house is now living in an iron sheet roofed house and where all school going children are able to go to school.”*

At community level, the women understand that development is defined in terms of access to essential services like education, health and justice. It also implies growth of businesses whereby in a community, businesses are growing from retail to wholesale. A community can be said to be developed when there is equality between men and women in accessing essential services including

education, health, justice. It is also a community where both women and men have equal rights before the law, and can own, control and access land and other productive resources equally.

*“Economic development means growth of businesses. It is also where the community transitions from marram to tarmac road. A community where both men and women are able to own land.”* Katusabe Jovent – KAWDA.

**Figure 7:** Children listen attentively during a field visit to Kaiso women group in Kaiso community. ] These children no longer go to school following closure of schools due to the COVID-19 pandemic. In the background is Kaiso market which is currently not working due to poverty in the community following the COVID-19 outbreak.



In terms of the kind of development that these women would love to see within their community, they indicated that access to safe water sources was key with each village having at least a bore hole or piped water. Women indicated that piped water was currently only available within the town council.

*“We should have electricity both for home and for business. Currently we depend on solar power.”*

*“We need to have banks giving different services to the people. Currently there is only one bank (Stanbic) and a number of SACCOs.”*

*“We should have health centers and hospitals with all facilities like medicines, nurses, doctors but which are also affordable and accessible.”*

*“We should have good roads (tarmac) with road signs.”*

*“Every family should have a permanent house. Likewise, schools should have good structures.”*

*“We need to see Buliisa having a factory where we the local people can get employment.”*

*“Our children should be able to get jobs in the oil and gas projects being established in our area.”*

**Figure 8:**

Grass thatched houses homesteads at Kaiso fishing community. This according to the women’s group, is a sign of poverty and underdevelopment.



**Figure 9:**  
Women in  
Butimba  
community  
discuss their  
understanding  
of development.



**Figure 10:**  
An expression  
of the kind  
of developed  
community  
for women  
in Butimba  
community -  
Kikuube district



**Findings from this research indicate a large difference between the imagination and aspirations of development of the women interviewed, as compared with the model of development imposed by the government of Uganda and the IFIs.**

As noted in this paper, both government and IFI's measure development in terms of economic growth levels indicated by GDP, the size of domestic revenue collections, and the amount of foreign direct investment among others. From this viewpoint, increased investments in oil, mining and other infrastructure such as dams remain essential. IFIs are also of the view that reduced spending by government (fiscal consolidation) and leaving the economy in the hands of the market and a few private actors is key to driving further growth and development. What this viewpoint ignores is that growth does not guarantee a fair distribution of the growing resources, and that a neoliberal market based economy in fact creates and deepens poverty and inequality.

In contrast, women interviewed viewed development from both the social and economic dimensions. They defined development as better livelihoods at both the individual, family and community levels. This implies among others better housing, more health centers and hospitals within their localities, adequately staffed with nurses and doctors, with adequate provisions of medicines and medical equipment, and

which are also affordable and accessible. It also means greater education access for their children and the ability to earn decent incomes from employment. Women further underscored that a community can only be said to be developed when there is equality between men and women in accessing essential services such as education, health and justice and where both genders have equal rights before the law, and can own, control and access land and other productive resources equitably.

In order to benefit people and the environment, and in order to address poverty, inequality and destruction to the earth and environment, government, the IMF and World Bank need to reconsider the development model they are currently promoting. What is needed is a bottom-up approach to development that supports women-led communities to imagine their development aspirations which are then translated into actionable policy.

Government needs to move away from its current extractivist development model hinged on oil extraction as a driver for future growth and rather pivot to a more sustainable development path that respects the environment and is in line with global climate goals. The IMF and World Bank should support efforts to wean the Ugandan economy off its reliance on oil extraction as a revenue source, and cease to participate in financing oil and gas projects including the East African Crude Oil pipeline.

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### Target communities in the Bunyoro oil extraction region



**Butimba community**

**Kaiso community**



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