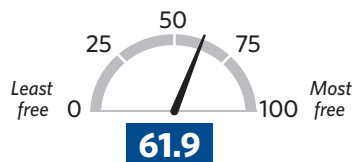


UGANDA

Economic Freedom Score



World Rank: **78**

Regional Rank: **8**

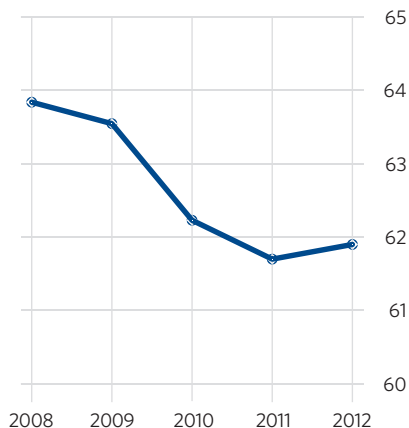
Uganda's economic freedom score is 61.9, making it the 78th freest economy in the 2012 *Index*. Its score is 0.2 point higher than last year due to improvements in monetary freedom and the control of government spending. Uganda is ranked 8th out of 46 countries in the Sub-Saharan Africa region, and its overall score is above the world average.

The Uganda economy has weathered the impact of the global economic turmoil relatively well, achieving an average growth rate above 8 percent over the past five years. Continued economic expansion has been facilitated by open-market policies related to global commerce. The financial sector is relatively well developed for the region.

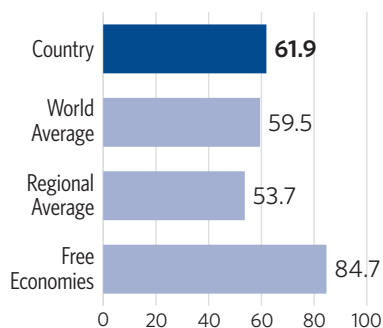
Despite some progress, institutional shortcomings continue to undermine prospects for dynamic long-term economic expansion. Uganda has attempted to update various commercial laws to reduce administrative delays and the cost of conducting business, but the overall regulatory framework remains poor. An inefficient judicial system and pervasive corruption are even more serious problems, eroding the effectiveness of government.

BACKGROUND: Milton Obote led Uganda to independence in 1962, suspended the constitution in 1966, and was ousted in 1971 by Idi Amin Dada. When Tanzanian forces ousted Amin in 1979, Obote returned to power until he was deposed by a military coup. Insurgent leader Yoweri Museveni took power in 1986, and a multi-party government was established in 2005. After parliament abolished presidential term limits, Museveni won a third term in 2006 and a fourth in 2011. The paramilitary Lord's Resistance Army, forced out of Uganda, remains active in the Central African Republic, Sudan, and the Democratic Republic of Congo, brutally attacking civilians. Despite market reforms, more than a decade of relatively strong economic growth, and substantial natural resources, Uganda remains poor. Agriculture and fishing employ about 80 percent of the workforce. Oil experts estimate that Uganda has 2 billion to 6 billion barrels of recoverable oil.

Freedom Trend



Country Comparisons



Quick Facts

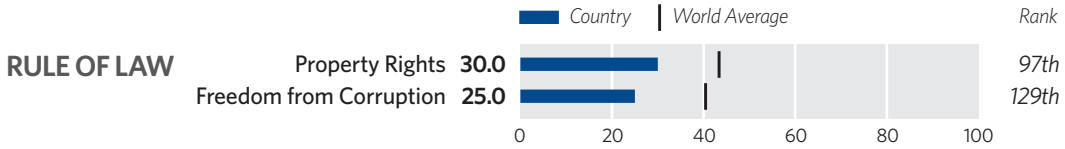
Population: 34.0 million
GDP (PPP): \$42.2 billion
 5.2% growth in 2010
 5-year compound annual growth 8.1%
 \$1,241 per capita
Unemployment: n/a
Inflation (CPI): 9.4%
FDI Inflow: \$847.6 million
Public Debt: 23.6% of GDP

How Do We Measure Economic Freedom?

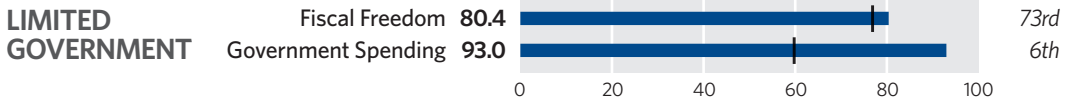
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

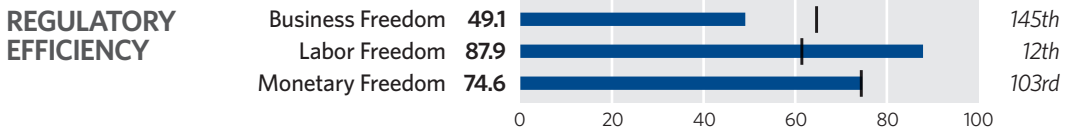
THE TEN ECONOMIC FREEDOMS



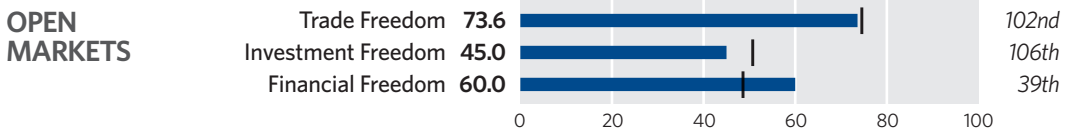
The rule of law remains weak, and the legal system is too inefficient to provide strong protection of property rights. The issue of land rights and titles is complicated by the existence of four different land tenure systems. The judiciary continues to be subjected to political interference, and the court system is prone to delays. Widespread corruption undermines the government’s capacity to provide basic public services efficiently.



The top income and corporate tax rates are 30 percent. Other taxes include a value-added tax (VAT) and a property tax, with the overall tax burden amounting to 12.5 percent of total domestic income. Government spending has reached a level equivalent to 15.3 percent of GDP. The budget balance has recorded deficits in recent years, and public debt amounts to 23.6 percent of total domestic output.



The overall regulatory framework remains poor. Although there is no minimum capital requirement, establishing a business takes more than the world average of 30 days and seven procedures. Completing licensing requirements costs over nine times the level of average annual income. Labor regulations are relatively flexible, but a well-functioning labor market is not fully developed. Inflation has been high.



The trade weighted average tariff rate is quite high at 8.2 percent, and non-tariff barriers further constrain freedom to trade. The investment regime is complex and non-transparent, although foreign investment is allowed in most sectors of the economy. The financial system is dominated by banking, which is increasingly open to competition. Access to financial services has expanded gradually across the country.

Score Changes

RULE OF LAW	LIMITED GOVERNMENT	REGULATORY EFFICIENCY	OPEN MARKETS
Property Rights	Fiscal Freedom	Business Freedom	Trade Freedom
0	-0.2	-1.2	-1.2
Freedom from Corruption	Government Spending	Labor Freedom	Investment Freedom
0	+2.5	+0.1	0
		Monetary Freedom	Financial Freedom
		+1.4	0