



PRIVATE SECTOR FOUNDATION UGANDA

Your Partner in Private Sector Led Development

Monthly e-newsletter Aug, Sept & Oct 2008

Mission: To promote the private sector influence for business growth and competitiveness through policy advocacy and capacity building in a sustainable manner.

PRIVATE SECTOR TO BENEFIT FROM THE UGANDA CAPACITY BUILDING COUNTRY PROGRAMME (UCCBP)

Private Sector Foundation Uganda (PSFU) is one of the beneficiaries for the Uganda Country Capacity Building Programme. The goal of the programme is to strengthen national capacities required to effectively undertake the expenditure management, planning and policy formulation functions required for poverty eradication and for effective public sector reform.

Objectives of the UCCBP Programme

- (i) Enhancement of institutional and human capacities.
- (ii) Strengthening the linkage between planning, policy analysis and formulation as well as public expenditure management.
- (iii) Strengthening of accountability in the public institutions.
- (iv) Strengthening the oversight capacity and capabilities of the legislature.
- (v) Facilitating and enhancing the capacity and ability of civil society and private sector to meaningfully participate in national planning and policy formulation processes.
- (vi) Undertaking a capacity profile as a basis for capacity planning in Uganda.
- (vii) Strengthening the performance of public sector managers in the areas of accountability and public expenditure management.

Programme Output and Expected Impact

A higher level of planning, public expenditure management and accountability awareness among government and/or public staff and beneficiaries will go beyond the ability to incorporate the thematic areas at conceptual and operational levels: it will contribute to directing of assistance according to the actual,

specific needs of poor rural women and men. This in turn is expected to have a noticeable impact on the poverty level of the local communities. In addition, this country programme is expected to facilitate re-orientation of public policy towards creation of an enabling environment to greatly enhance economic growth, poverty reduction and sustainable human development.

PSFU & CICS ORGANISE THIRD NATIONAL FORUM ON COMPETITIVENESS

PSFU and CICS organized a 3rd National Forum on Competitiveness, which took place on 25th September 2008. The forum took place at Sheraton Hotel Kampala. This forum was aimed to build on the achievement made last year and to rethink new strategies for Uganda's National Competitiveness.

The third National Competitiveness Forum with the theme "Sustaining Economic Growth through Accelerated Transformation" aims to underline the strong economic growth over the past year (8.9% of GDP) by refocusing attention onto key issues pertaining to the country's competitiveness agenda necessary to sustain high economic growth. The Forum highlighted both the lessons learnt in-country and experience elsewhere, as a platform from which Uganda can adopt/adapt best practices to push the country's Competitiveness to another level.

The second National Growth and Competitiveness Forum (NCF) whose theme was "From Strategy to Action" was carried out on September 12th, 2007. It discussed the need to translate Uganda's competitiveness Agenda (under CICS) into programs that can be implemented through the budget process. The Forum also discussed the challenges of Uganda's oil prospects for economic growth. The Forum generated recommendations to guide resource allocations and enhance competitiveness. Through the year, there have been some achievements

and budget allocations towards priorities outlined in the recommendations of the Forum. These achievements include;

- The fast tracking of commercial laws
- Increased funding in support of SME's
- The reduction in power deficits through the introduction of alternative power sources and the provision of an energy fund
- The introduction of a Credit Reference Bureau (CBR) and improvements in the land and company registries.

Objectives

The objective of this year's forum was to;

- Review Uganda's competitiveness agenda and redefinition of priorities for the next financial year
- Priorities for infrastructure investments in relation to Uganda's growth corridors
- Draw Policy, legal and institutional implications for effective Public-Private Partnerships (PPPs)
- Highlight regional investment challenges and opportunities

The Forum was organized by the Ministry of Finance, Planning and Economic Development (MoFPED) in conjunction with the Ministry of Trade, tourism and Industry (MTTI), private Sector foundation Uganda (PSFU), Uganda Manufacturers Association (UMA), Uganda Investment Authority (UIA) and the Private Sector Donor Group (PSDG).

Key Recommendations

- Make a consensus on how best the country can design and implement road infrastructure projects that meet the national resource demands- food shortage, decline exports, urbanization and economic growth
- Strengthen the key elements for the legal and institutional framework of PPPs in Uganda's economic development process
- Policy direction on regional integration and value addition for economic growth

Follow-up Steps

As a follow-up to the recommendations of this year's forum various institutions shall be committed to specific actions and a timed work programme for specific assignments shall be drawn. PSFU together with the CICS secretariat at the Ministry of Finance are now organising meetings to follow-up on these and other recommendations

PSFU TRAINS ITS MEMBERS IN ETHICS AND CODES OF CONDUCT

PSFU organised a 2-day training program on ethics and codes of conduct for Business Associations. The training for Directors

and Senior Mangers for PSFU Member Associations took place at Hotel African between 16th &17th Oct 2008. 35 Participants from 14 Business Associations participated in the training. 8 were from upcountry (i.e. Northern Uganda Manufacturers Association & Uganda Crane Creameries in Mbarara.



The Executive Director PSFU Mr Gabriel Hatega (2nd right) handing over a certificate to one of the participants after the training

This training program is part of PSFU initiative to involve various private sector stakeholders to analyze the various causes of the deteriorating ethical standards and find solutions to reactivate their observance as part of the efforts in the fight against corruption. The skills acquired would help the associations be strengthened and positioned better for policy dialogue at any given forum.

This programme is supported by USAID under the Anti Corruption Threshold Programme (ACT).

PSFU PARTICIPATES IN THE 16TH UMA TRADE FAIR

Private Sector Foundation Uganda (PSFU) participated in the 16th International Trade fair between 6th -13th October 2008. The trade fair was organised by Uganda Manufacturer's Association (UMA). The purpose for PSFU participation was to exhibit, sensitize and educate the participants about PSFU and its projects.



Ms Sarah Nakibuuka .B, Communications Officer PSFU talks to potential PSFU members and clients during the recent UMA Trade fair.

Over 600 people visited the PSFU stall including traders, manufactures, investors, foreigners, citizens, students, the media and the general public. PSFU disseminated Information materials educated and sensitized the public about the services available at PSFU and how one can benefit or join PSFU and its membership.

Some of the recommendations from the participants of the trade fair include;

- The need for more sanitization of the public about PSFU and its projects targeting people from the upcountry
- The need to translate the information materials in other languages for various audiences
- The need for PSFU to produce more information materials on specific topics like entrepreneurship, managing business, developing business plans, carrying out feasibility studies, the cost of doing business in Uganda, business opportunities in Uganda etc aimed for the for the business people to buy.

BUSINESS DAYS:

In addition, UMA in conjunction with the PSFU also organised 3 Business Days during the Trade fair. The Business Days which took place between 6th -8th October 2008 were held at the UMA Conference Hall.

A number of international, regional and local speakers were present The business meetings exposed the exhibitors, show goers and the general public to new business ideas, technology improvement, product design and development, Business partnerships and Joint ventures, Marketing of Industrial products and market development. This is expected to be an annual event parallel to the UMA Trade fair.

START YOUR BUSINESS COMPETITION ENTERS FINAL PHASE

The Start Your Business Competition aims at supporting entrepreneurship development and the establishment of new enterprises by Ugandans. The long search for the winners in the Start Your Business Competition 2008 is drawing closer and will soon become a reality to some consistent and persistent finalists, one of whom will be awarded the US\$50,000 Grand Prize.

The Start your Business Competition, organized by PSFU is currently in Phase IV-the last Phase in the competition that began in February 2008. With fifty three (53) participants, the program has become even more competitive. To help refine their business plans, finalists were taken through an intensive four-day residential training in Financial Analysis and Pitching that was held in Mukono between 18th -21st September 2008.

All these efforts will be acknowledged during the Award Gala scheduled for 14th November 2008. Several activities including a Business conference, presentation of business concepts by the finalists and an Award Gala will be part of the climax of this competition.

The Start Your Business Competition which started in February 2008 received an overwhelming number of entries with over four thousand (4,000) entries in the first phase. The competition has progressed through four phases and reduced the entries to fifty three (53). Of these fifty three (53), the winners will win prizes. This competition is not only about winning the prize money but also about improving entrepreneurial skills in business plan preparation financial analysis and pitching. Participants were exposed to new technology, training in market analysis and planning, writing a comprehensive business plan and analyzing business finances.

As stated earlier, the Start Your Business Competition aims at supporting entrepreneurship development and the establishment of new enterprises by Ugandans. Enterprise development and growth especially for SME's is critical to our economic development, creation of jobs and improvement of incomes. We believe this initiative will contribute and act as a catalyst towards attainment of this objective.

EAC COMMON MARKET NEGOTIATIONS

PSFU spearheads the involvement of the Ugandan private sector in domestic, regional, bilateral and multinational trade negotiations. PSFU is a member of the National High Level Task Force (HLTF) negotiating the East African Community (EAC) Common Market. PSFU has held consultative meetings with Uganda Manufacturers Association and with PSFU members in the service sector. In August 2008, the National High Level Task Forces representing the five partner states of the EAC met at the controversial Grand Regency Hotel to negotiate issues relating to rights of establishment and residence as well as movement of services and capital.

The positive outcomes from the meeting include;

- a. The agreement to address imbalances within the EAC, which give further advantage to Kenya
- b. The omnibus safeguard clause to protect economies injured because of the common market
- c. EAC secretariat to evaluate the impact and the progress of the customs union
- d. Expansion of the high level task force by including four other persons
- e. Harmonisation of taxes
- f. Delayed harmonisation of education
- g. Inclusion of an article on agriculture
- h. Harmonisation of SPS and TBTs (relevant for agriculture)
- i. The call for a regional industrial policy
- j. partner states agreed to grant companies from the EAC region, the unrestricted rights of establishment, except on grounds of security, health or some other public policy e.g. morality.

The areas where more work is required include;

- i) The probability of completing the negotiations by December 2008
- ii) Reference to article 77 of the treaty. Article 77 calls for measures to address imbalances
- iii) Basing the common market on the principle of the private sector led growth
- iv) A non-reducing 10% import duty be imposed on "sensitive" goods from the non-LDCs to the LDCs within the EAC for a period of ten years
- v) That the EAC NTB mechanism is satisfactorily implemented before the Common Market comes into force
- vi) Whether persons, not employed should have the right to stay in any partner state
- vii) How citizens of the EAC partner states will be identified; whereas Rwanda, Kenya and Burundi have national identity cards, Uganda and Tanzania do not have yet! It has been reported that Uganda would require 50 Million US \$ to have national identity cards.

PSFU HOLDS MEETING ON INLAND PORT

A stakeholder meeting was held on the 7th October 2008 under the chairpersonship of Hon Dr. Beatrice Wabudeya-Minister in charge for Presidency, with high-level participation of the Hon Ministers of State for; Finance, Tourism & Trade as well as Hon Kagimu Kiwanuka. The meeting was called to discuss the way forward to the disputed agreement between MS Great Lakes CFS LTD and GoU to develop an inland Port in Tororo. A Final report by Great Lakes Ports Ltd was attached as a working document. These and other rounds of meetings are expected to bring this issue to a conclusion.

The Key Points Included;

- The meeting supported the establishment of this facility as long as it is not done on an **exclusivity** basis. The meeting by consensus called for the removal of the *exclusivity clause* from the agreement. This is basically to reduce the monopolistic tendency of the port if put in place.
- The meeting was aimed at bringing the Private Sector and Government together to cater for all interests such as reducing transport and other costs of doing business
- For the Private Sector position to be respected, the legal position already initiated should be a major option
- The Government of Uganda was requested to fast track the initiatives being already undertaken to improve the efficiency of road infrastructure and rail operations to reduce costs

PSFU HOLDS MEETING ON THE PENSIONS FUND

PSFU has advocated for and supported the GoU's broad strategy on pension reform. To this end PSFU through its consultative forum prepared and presented to GoU in October 2006 a position on reforming the pension sector and improving the social security in Uganda. Further to this, in preparations for the 2008/9 budget PSFU urged GoU to liberalize the pension sector, something if achieved would; provide the required long-term funds to develop capital markets in Uganda; further encourage a domestic savings culture thus enhance local investments.

In October 2008, PSFU with her stakeholders were invited for a consultative meeting to discuss the Pensions Regulatory Bill, by the Ministry of Finance Planning and economic Development at Hotel Africana. It was noted that by December 2008, there would be an established Pension Regulatory Authority; to assure Policy consistency a cross all Pensions and retirement benefits providers. Many ideas were in place however; other consultations were to take place before GoU takes the final decision that would be circulated to the stakeholders.

The Key Points to note;

- The GoU has in principle committed herself to the reform of the Pension sector & Other Retirement benefits. This is consistent with the wishes of PSFU. Practical actions have now begun towards actualizing these reforms.
- PSFU appreciates the steps GoU is taking towards the reforming and improving the Pension Sector
- The Pensions Board and management ought to be independent and transparent in order to build confidence among the citizens
- It is important for the relevant membership of PSFU to continue in the process, which will see the implementation of the reforms and improvements envisaged and already articulated by PSFU on behalf of the Private Sector.

Upcoming Events;

- (i) Award Gala for the Business Plan Competition 14th Nov 2008
- (ii) Association of the Year Award – December 2008

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