



Monthly e-newsletter for August and September 2007

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

### PSFU & CICS ORGANISE SECOND NATIONAL FORUM ON COMPETITIVENESS

PSFU and CICS organized a 2<sup>nd</sup> national forum on competitiveness which took place on 12<sup>th</sup> September 2007. 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 Forum was preceded the day before by the launch of the Country Economic Memorandum by the World Bank – "Uganda: Moving Beyond Recovery". The launch was presided over by the Rt. Hon Prime Minister Professor Apollo Nsubambi.

The theme for this year was "From strategy to action". The idea being that we need to move from the 'what' to the 'how'. The aim was to put action to the commitments made at the forum in terms of planning, prioritising, budgeting and indeed mobilizing support from both the public and private sector institutions to ensure the national competitiveness.

➡ *Mr. James Mulwana Chairman PSFU with participants at the 2006 Post Budget Luncheon at Main Exhibition Hall Lugogo*



The first National Competitiveness Workshop under the theme "Realising Uganda's Competitive Potential" was carried out on August 29-30, 2006. The workshop was sponsored by the Ministry of Finance through MTCS, Private Sector Foundation Uganda, USAID-SCOPE project, DfID, the Royal Netherlands Embassy, the World Bank and the European Union. The objective of the workshop was to define the steps that Uganda needed to take to develop and implement a competitiveness agenda that would leverage private sector innovation and investment to create jobs and generate wealth for the country.

The workshop developed a common understanding of the need to build stronger private-public partnerships that would

enable Ugandan firms to become more competitive in local, regional and international markets. Specific sessions were allocated to identify opportunities and address the challenges in key productive sectors (agriculture, manufacturing, tourism and services). The need to link private sector-driven investment plans to government budget processes was also examined.

PSFU was satisfied with the outcomes of this workshop and in the way forward, both the public and private sector representatives committed themselves to setting up a National Competitiveness Agenda that would bind both parties to carrying out a series of actions needed for rapid and sustained economic growth. Participants also agreed to the establishment of a joint private/public Transition Council under the Chairmanship of the President that would develop a National Competitiveness Agenda within six months and appoint a "tsar" to oversee its implementation. The Council would be supported by a strongly led Secretariat.

#### Objectives

The objective of this year's forum was to;

- Draw policy actions from recent studies and trends relating to economic growth and competitiveness at both the domestic and global level;
- Expose stakeholders to case studies of international best practices in competitiveness; and
- Generate recommendations for the 2008/2009 National Budget and the Poverty Eradication Action Plan (PEAP) revision process.

Over 200 delegates who took part over the 2 day period, including the Rt. Hon Prime Minister, Cabinet Ministers, Members of Parliament, Ambassadors and Heads of Mission, Representatives of Development Partners, International

Experts in the area of Competitiveness and Economic Growth, local and international business leaders as well as distinguished players from both the public and private sector in Uganda and the region. The forum exposed these participants to case studies of international best practices in implementing competitiveness agendas. These cases drew lessons for Uganda to build national competitiveness through a strengthened public-private partnership.

The programme was blended with a local content wherein experiences were drawn on coping strategies by Ugandan firms. This is in view of the fact that Ugandan private sector firms have continued to be faced with daunting challenges including energy, high transport/transaction costs, markets and market development, standards and quality, skills and technology, which deter their ability to face global competition. The workshop also addressed challenges faced by the public sector including institutional organization and capacity development to support and strengthen private sector firms to compete both locally and in international markets.

#### Key Recommendations

- Create a National Competitive Council.
- Strengthen Public-Private-Partnerships to support competitiveness.
- Set concrete, ambitious competitiveness index targets.
- Create an environment that allows for exploitation of innovations for improved value of services, employment and industrial growth.
- Reform Public sector institutions and equip them to support the private sector in for enhanced competitiveness. Through their improved services, they should make it easy and cheaper for firms to open new business, make profits and to stay in business;
- Develop a cluster approach – where firms in the same locality or sector come together and jointly work with University, government and business associations to champion reform and to share best practices.
- Strategies to transform and support agriculture should be put in place – finance, standards, storage, and access to markets.
- Build consensus around the prioritization of the above outstanding and emerging issues and make a formal input to the budget process by mid October 2007
- Monitor utilization of approved allocations and report on quarterly basis.
- Allocate resources to activities and productive sectors identified as priority for job creation, export growth and with high returns;
- Undertake efficiency reviews, accountability and oversight, to ensure that public servants actually work, to justify the expenditure on them and also to support the private sector to become competitive;

#### Next 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 HOLDS MEETING ON INLAND PORT

A stakeholder meeting was held on 30<sup>th</sup> August 2007 under the chairmanship of Hon Fred Omach, with high level participation of the Hon Ministers of State for; Finance (Microfinance), Works and Trade as well as the Permanent Secretary Secretary to the Treasury (PSST). The meeting was called to discuss the draft report. The report was written and provided a strong basis for fruitful deliberations culminating into a consensus by the end of the meeting. The key points included.

- That there is clearly a need for a Dry Port or a mega ICD infrastructure to handle Ugandan bound cargo. The Uganda Government could work with DRC, Rwanda and Southern Sudan on the establishment of this Port
- 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.
- The location at Tororo was supported as it would be a transit point for the Northern Corridor. Tororo however may not be a viable option for cargo coming in through Portbell, Mwanza and other points of cargo entry from the Central Corridor. The possibility to opt out of Tororo should therefore be considered so that options of bringing cargo directly to inland towns remain open. This will further reduce delays & costs due to competition.
- 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 and from the sea.

#### PRIVATE SECTOR MEETS MINISTRY OF HEALTH ON THE NATIONAL HEALTH INSURANCE SCHEME (NHIS)

On 31<sup>st</sup> August 2007, Hon Richard Nduhura Minister of State for Health convened a meeting with the private sector to discuss the issue of NHIS. The private sector team was led by the Chairman of Federation of Uganda Employers (FUE), with representation from the Board and staff of FUE, the PSFU secretariat, Insurers and Health service providers. The Trade Unions were also represented. Mr Ssemmanda, the Immediate past Chairman FUE also attended the meeting.

During the meeting it was clearly put that both FUE and PSFU supported the principle of NSHI. The point of divergence however was on HOW and WHEN the scheme would be started given the high cost of doing business in the country among other concerns. The fundamental issues that were brought forward for discussion by FUE and PSFU included;

1. The nature and role of the institution(s) that would be responsible for the scheme.

2. The implications on the cost of doing business and on the competitiveness of our enterprises in the region.
3. The level of contributions and how they should be equitably and justifiably arrived at, hence the need for an actuarial study.
4. The involvement of all stakeholders at every stage of the process of developing the scheme, hence the need for a representative Task Force with agreed terms of reference.
5. The roadmap to introducing the NSHI Scheme.
6. Education of the general public about the scheme.
7. Addressing Social Security concerns in the country in totality as established by the STG report rather than pull out individual aspects such Health

In their presentation, the MoH indicated the rationale for the scheme which was appreciated by all. The meeting resolved as follows;

#### Resolutions of the meeting of 31<sup>st</sup> August 2007

1. Have two actuarial Studies undertaken
  - a. One on the establishment of the level (rate) of health contribution
  - b. The other on the consolidated level of contribution (to have key inputs from among others the NSSF)
2. Set up a 5-man team with representation from FUE, Ministry of Health, Private providers and PSFU to focus more on the taskforce composition and the Terms of Reference (TORs).
3. The taskforce will oversee the preparation of the TORs for the study to establish the health contribution.
4. Stakeholders to issue a joint press statement at an appropriate time.
5. Thereafter a meeting with HE the President would be organized to brief him on the developments.

#### Subsequent meeting of Monday 3<sup>rd</sup> September 2007

The meeting which comprised the Ministry of Health, FUE, PSFU, Trade Unions and service providers resolved as follows;

1. The draft bill that had been prepared by the Ministry of Health and submitted to the Solicitor General was not representative enough since it did not carry the views of most stakeholders
2. That the Ministry writes to the Solicitor General to pend action on the draft NHIS bill to allow for more consultations. It was agreed that the stakeholder and newly reconstituted taskforce comments about the draft bill would be ready by Mid December 2007. It would be after this that the revised version of the draft bill be availed to the Solicitor General. The Solicitor General would in the meantime familiarize himself with other materials on the NHIS practices in other countries.
3. The taskforce to oversee the preparation of the draft bill and ensure all stakeholder concerns are represented and articulated was reconstituted with more private sector representation and less government officials. The meeting

also reviewed the TORs for the newly reconstituted taskforce

4. That the TOR for the actuarial studies that would scientifically establish the levels of contribution be finalized and agreed.

#### Way forward

1. PSFU and FUE to communicate to members to invite their inputs into the draft bill
2. Ministry of Health to invite the new taskforce, share with them the TORs and the roadmap, and get them to start work.

## PSFU Campaign: Buy Ugandan, Buy Quality

Private Sector Foundation Uganda (PSFU) is organizing the Uganda Products of the year event with a theme "Linking Ugandan Products to Ugandan Minds". It is scheduled for 6th & 7th November 2007 at the Main Exhibition Hall, UMA Show grounds Lugogo from 9am -5pm each day.

This is part of the PSFU deliberate effort to recognize and create awareness about Uganda's leading products. This event is expected to attract an attendance of around 1000 participants from PSFU's wide membership and the business community as a whole. The promotion of Uganda's leading products will not only raise capacity utilization in productive industries but will also increase employment, increase incomes, increase purchasing power which in turn will expand the available market for productive industries.

As the Umbrella organization of the private sector in Uganda, Private Sector Foundation Uganda (PSFU) appeals to all Ugandans who are concerned about increasing jobs and employment in Uganda, as well as solving the poverty problem, to seriously consider buying products made in

Uganda. You are all invited; **Buy Ugandan, Buy Quality.**  
For more information visit [www.psfuganda.org](http://www.psfuganda.org)

### Upcoming events

1. Opening the PSFU Resource centre 22<sup>nd</sup> October 2007
2. Brands day 6<sup>th</sup> -7<sup>th</sup> November 2007

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