



PRIVATE SECTOR FOUNDATION UGANDA

Your Partner in Private Sector Led Development

Monthly e-newsletter 1st -30th June 2008

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

PSFU Holds International Trade Facilitation Exhibition

PSFU and MTN organized the 3rd International Trade Facilitation Exhibition on 27th June 2008. The event took place at the Main Exhibition Hall UMA Show grounds Lugogo.

The International Trade Facilitation Exhibition is an annual event intended to provide information, networking and capacity building opportunities for Uganda's importers and exporters by bringing them together to interact with Ambassadors representing Uganda's major trade partners and with leading providers of trade-facilitating services.



Hon. Nelson Gagawala Wambuzi State Minister for Trade addressing the participants at the Trade Facilitation Exhibition

The guest of honour Hon. Nelson Gagawala Wambuzi State Minister for Trade said Uganda needs to ensure that it adds value to what it produces. "We should stop donating value to those who buy our products".

He added that as Ugandans, we need to always put into consideration the alternatives uses to which our products can be put. The Minister called upon Ugandans to ensure that our businesses and business practices comply with the international standards.

Addressing over 1000 participants, Mr. Gerald Sendaula Chairman PSFU said there are several challenges that increase the cost and time spent in international trade transactions. These barriers frustrate the private sector and pose serious challenges to His Excellency The President's vision of transforming the economy through increasing per capita export ratio from US 82\$ to at least US 200\$ in the next few years, as spelt out in the National Export Strategy document. Some of the challenges include;

- (i) Non-Tariff Barriers within the East African Community
- (ii) Lack of a one-stop center to disseminate information required to make it easier to trade locally and across borders.
- (iii) Fees and charges imposed by various agencies.
- (iv) Lack of sufficient facilitation for the public institutions that facilitate trade
- (v) Uganda lacks an adequate private sector trade information dissemination mechanism.
- (vi) Expensive and unreliable cross-borders communication, expensive and unreliable internet access, cost and availability of trade finance as well as insurance policies relevant to international trade.

Mr Sendaula emphasised that addressing the above challenges and improving trade facilitation is a key component of improved competitiveness of the private sector. He added that addressing the above challenges will improve Uganda's performance in the increasingly liberalized global markets by removing the complex official procedures that frustrate many Micro, Small & Medium enterprises in Uganda.

The event organised by PSFU and MTN also attracted sponsors like Barclays Bank, Standard Chartered Bank, The East African Business Week, Uganda Clearing and Forwarding Agents Association, NICE House of Plastics, URA, Stanbic Bank, African Trade Insurance Agency, DAKS Couriers, Skynet (Uganda), I Browse Ltd, KAIZEN Institute, UNBS Uganda Freight Forwarders Association, MTTI. The Embassies included; U.K, U.S, Kenya, Tanzania, Germany, France, and many more.

PSFU Holds Post-Budget Luncheon

Private Sector Foundation Uganda organised a post-budget luncheon on 13th June 2008 at Main Exhibition Hall UMA Show grounds Lugogo. The purpose of the luncheon was to review the 2008/09 National Budget and how it responds to the private sector budget proposals for the 2008/09 and the likely policy implications on the competitiveness of the sector.

Private sector through PSFU is invited annually to submit private sector policy proposals to Government through the Ministry of Finance Planning and Economic Development, for consideration and subsequent incorporation in the annual budget.

While addressing the participants, Mr Gerald Sendaula Chairman PSFU thanked Dr Ezra Suruma Minister of Finance Planning and Economic Development for the discussions his Ministry has held with the private sector for the betterment of Uganda as an economy.

Hon Sendaula informed the participants that the challenges for the business community are more enormous than in previous years especially the volatility of fuel prices, high food prices, the ailing infrastructure, the challenges under EAC customs union and the sustenance of foreign markets. He thanked the Minister for addressing these challenges in the current budget of 2008/09.

PRIVATE SECTOR PRIORITY AREAS FOR GOVERNMENT CONSIDERATION IN FY 2008/9

<u>Priority Areas:</u>	<u>Budget Response:</u>
Reducing the high cost of doing business	<ul style="list-style-type: none"> ✓ Increased resource allocation to develop basic infrastructure, ✓ Commercial Bank Credit Guarantee Schemes, ✓ Operationalise CRB, ✓ Further capitalisation of the UDB. ✓ Enactment of additional commercial laws, ✓ Regional Industrial Parks
Enhancing efficiency of productive sectors to create wealth through value addition. I.e. in the <i>Agriculture, Manufacturing, Tourism and Services sectors.</i>	<ul style="list-style-type: none"> ✓ Allocated USHS 2bil towards market research. ✓ 50% Loan Guarantee Scheme for Commercial Banks lending to Agric & Agro Processing Projects.
Increasing technological and human resource proficiency to support industrial growth	<ul style="list-style-type: none"> ✓ Support innovations in Science & Technology i.e. Banana & Fruit Juice Processing ✓ Industrialisation Bond

PSFU supports Ugandan Exporters to Brand Exports.

Uganda's export earnings are to grow to at least US\$ 5 billion per year by 2012. This was a target in the National Export Strategy (NES) launched by President Museveni in October 2007. A number of initiatives have been directed by the different organizations towards achieving this ambitious target. One of the ways of achieving this is through export volume growth but the other is the value addition to our exports.



Private Sector Foundation Uganda (PSFU) with its recently launched Business Branding Linkages Program, a component under the Second Private Competitiveness Plan (PSCP II), presents one unique opportunity for exporters to grow and develop their export brands.

As Uganda targets at attaining more value from her exports, with plans of increasing export of processed products, the role of a brand in this competitive world today can not be ignored. Today, if a global brand survey is done, Uganda would NOT have any prominent brand among the first hundred brands in the world. About 90% of our export values are derived from none processed and none branded products which fetch lower values than potentially could be. To achieve the NES target, the trend has to be reversed placing more emphasis on value addition.

A brand is a company's face to the world. It's the perception, promise and any communication that the customer perceives of the company. Fortunately or unfortunately, there is value attached to branding and having a strong brand. Coca-cola is not just a beverage; it's a brand so the payment made for each Coke bottle is not only for the content but largely for the brand.

Business Branding Linkages program is a grant scheme that is geared towards supporting Export branding for the Ugandan export products. We believe this unique initiative will see the development of a number of prominent Ugandan brands on the international market. Over time our exporters have faced production challenges and thus have their operational budgets directed towards sustainable production supplies leaving slim allocations for brand development. This grant support complements this slim allocation to ensure that valuable end point of the value chain is not neglected. This is one of the initiatives that is expected to reduce volume exports for value exports and thus more easily attaining the NES target.

With no doubt, it takes time to develop a strong brand and that is why support given to a single firm may run for a lengthy period say up to a year.

This support is intended only for privately owned companies or firms in compliance with tax and registration requirements. A single firm can access up to US\$ 100,000 on a cost share basis split over a number of brand activities. These activities have to be well presented within the funding proposal prepared by the applicant firm. The target priority sectors are coffee, tea, fish, dried fruits and handicrafts though any other viable can be supported.

With today's competition, running a business can be very daunting. To have and maintain a competitive edge, a lot of emphasis must be placed on the quality standards of the product or service. This in addition to good branding should drive good value from our exports.

PSFU organises Trade meeting

PSFU together with the Uganda Service Exporters Association (USEA) organized a meeting to consult the Ugandan Service providers on the free movement of services and the right to establish. The meeting took place on 27th May 2008 at Imperial Royale Hotel, Kampala. Over 40 service providers of the private sector attended the meeting.

Mr. Gabriel Hatega Executive Director, PSFU expressed concern that Uganda being substantially liberalized in trade services within the EAC, required to push for measures for the unequal distribution of gains from intra-EAC trade. He urged the HTLF to invoke the principles of asymmetry and variable geometry to allow especially the poorer countries in the EAC to implement EAC decisions at a pace that wouldn't injure their economies.

He urged members of the private sector to critically review the articles 22 to 45 of the draft EAC Common Market protocol. He reminded the participants that this was an opportunity to provide their inputs to the negotiating team (HLTF).

Mr. George Walusimbi Mpanga Secretary General USEA, informed members that once concluded, the Common Market protocol was to apply on the basis of the WTO's Principle of National Treatment which as stated in the Draft Common Market protocol accorded that same treatment to service

providers and their services from any of the partner states was to be given as that given to its own nationals; Part III Chapter 4, Art.40 (2).

He also noted to the participants that EAC treaty recognized that partner states of the EAC were at varying levels of development and that therefore all the progressive negotiations establishing the community were to apply the principle of variable geometry with due regard to the variations in capacities of the partner states with a view to achieve equitable benefit and minimize the risk of loss to the partner states.

He highlighted areas of special interest as; land-lockedness, trucking, clearing, freight and forwarding, inland marine transport and lake& railway transport, banking and insurance.

The issues forwarded by the Private Sector to the HLTF included;

- i. Before Uganda gets a re-insurance it should not harmonise
- ii. Delayed inclusion of the building and construction sector till the construction policy is in place.
- iii. Ensure a structured and coordinated development of a common transport policy.
- iv. Debate who the actual owner of L. Victoria is.
- v. Put in place peer control mechanisms to ensure that the Uganda railway line could effectively be connected to the sea.
- vi. Regulate Internal standards before harmonization

The Actionable Points for PSFU included:

- i. PSFU to put up a forum in which clearing and forwarding matters are clearly addressed; in which private sector should clearly express their reservations.
- ii. To carry out studies and analysis in the building& construction sector, banking & insurance before considering the time frame of making a decision for inclusion into the protocol..
- iii. PSFU in conjunction with USEA to draft a position to be considered by PSFU committees on EAC matters as well as the respective Boards.
- iv. Trade in services being a sensitive sector, some players to take an initiative to back up the negotiators with support by attending the coming sessions in Nairobi

PICTORIAL OF THE TRADE FACILITATION EXHIBITION 2008



Hon. Nelson Gagawala Wambuzi Minister of State for Trade (middle) with Mr Gabriel Hatega Executive Director PSFU at the PSFU stall



Hon. Nelson Gagawala Wambuzi at the Netherlands Embassy/SNV Stall



A Representative from MTN addressing participants at the event



Hon. Nelson Gagawala Wambuzi at the UAP Insurance Stall



Hon. Nelson Gagawala Wambuzi and Mr Gabriel Hatega at the Standard Chartered Bank Stall

Upcoming Events;

1. 17th July 2008 Launch of the Enterprise Skills and Linkages (ESL) Programme at Sheraton Hotel Kampala 7:00am
2. July 25th 2008: Chairman's Forum Sheraton Hotel Kampala 8:30am

For more information Contact

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