PRIVATE SECTOR
PLATFORM FOR ACTION

A Synopsis of Private Sector Policy Concerns and Suggestions for Policy Reforms

May 2009

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LIST OF ACRONYMS AND ABBREVIATIONS

ACP	African, Caribbean and Pacific States
BoU	Bank of Uganda
BTVET	Business, Technical and Vocational Education and Training
CAA	Civil Aviation Authority
CET	Common External Tariff
CID	Criminal Investigations Department
COMESA	Common Market for Eastern and Southern African Countries
EAC	East African Community
EDF	European Development Fund
FEPA	Framework for Economic Partnership Agreement
EPA's	Economic Partnership Agreements
ERA	Electricity Regulatory Authority
FTA	Free Trade Area
FUE	Federation of Uganda Employers
FY	Financial Year
GAP	Generally Agreed Principles
GoU	Government of Uganda
ICT	Information and Communication Technology
ISO	International Standards Organisation
KRA	Kenya Revenue Authority
MEACA	Ministry of East African Community Affairs
MFI	Micro Finance Institution
MSMEs	Micro Small Medium Enterprises
MTTI	Ministry of Tourism, Trade and Industry
PAYE	Pay As You Earn
PEAP	Poverty Eradication Action Plan
PMA	Plan for the Modernization of Agriculture
PSFU	Private Sector Foundation Uganda
REC's	Regional Economic Communities
ROO	Rules Of Origin
R&D	Research and Development
SADC	Southern Africa Development Cooperation
SPS	Sanitary and Phyto-Sanitary
TANESCO	Tanzania Electric Supply Company
TBT	Technical Barriers to Trade
TRA	Tanzania Revenue Authority

UBOS	Uganda Bureau of Statistics
UCDA	Uganda Coffee Development Authority
UDB	Uganda Development Bank
UEPB	Uganda Export Promotion Board
UFEA	Uganda Flowers Exporters Association
UFFA	Uganda Freight Forwarders Association
UIA	Uganda Investment Authority
UNBS	Uganda National Bureau of Standards
URA	Uganda Revenue Authority
UTB	Uganda Tourism Board
WTO	World Trade Organization
PPP	Public Private Partnerships
VAT	Value Added Tax
NTBs	Non-Tariff Barriers
MICT	Ministry of Information & Communication
MOJCA	Ministry of Justice and Constitutional Affairs
NOGAMU	National Organic Movement of Uganda

EXECUTIVE SUMMARY

This year's Platform for Action' comes at a time of multiple shocks to the global economy. In Uganda, the private sector is experiencing a serious slow down and has become less competitive in the region and globally. The policy concerns raised by members obtained during the wide consultations were synthesized and summarized to focus on mitigating the impact of the global financial crisis on Uganda and in particular the private sector. There is need to ensure that the effects of the financial crisis are identified and addressed before the economic achievements attained over the last decade are eroded.

This report presents major cross-cutting issues as well as specific sub-sector issues as raised by members such as; poor infrastructure, high transport costs, lack of affordable business finance, regulatory barriers, poor implementation of agreed priorities for government resources. These issues have forced a number of enterprises in the private sector to decline in their business performance and others have wound up because of the high cost of doing business.

However, the private sector has been able to influence some of the key government policy processes such as the national budget process through the PPP dialogue process. Key highlights of the successful proposals include among others; increased resources to develop transport infrastructure, commitment of a 50% loan guarantee scheme for commercial banks lending to Agriculture and Agro-Processing projects, and approval of the Principals of the Pensions Regulatory Framework by cabinet. Despite these achievements, the major challenge is the implementation of agreed priorities. Therefore, issues highlighted in the subsequent sections should be given due consideration when government is planning its resources if the country's business and investment climate is to be enhanced.

A summary of the key recommendations for the cross-cutting issues and the sector specific issues is elaborated below.

SUMMARY OF RECOMMENDATIONS

CROSS-CUTTING RECOMMENDATIONS

Infrastructure Development

- Pursue revampment of the rail route from Dar es salaam - Mwanza-Portbell for purposes of providing alternative means of transit for Uganda's import/export cargo (at EAC level) and urgently develop Portbell and Jinja pier.

- Expedite the procurement process for the water vessel replacing MV Kabalega.
- Fast-track the implementation of identified roads for reconstruction and rehabilitation particularly those facilitating activities of the private sector. (See Annex I)
- Re-instate the diesel tax waiver (100 KVA) for businesses currently constrained by electricity shortage e.g. those located in rural areas and outside the grid.
- Implement the laying of the fibre optic cable to get connected to the world through the marine fibre optic cable at Mombasa so as to reduce the cost of data transmission;
- Expedite actions to decongest greater Kampala Metropolitan area to enhance productivity, which is lost in the time spent in traffic jams.
- Ensure Government's contribution to the Energy and Road funds is sustained.

Business Finance

- Fast-track the implementation of Pensions Sector Reforms to create finances to facilitate growth of businesses in Uganda
- Expedite the recapitalisation of UDB to facilitate the growth of businesses through affordable credit and establish an agribusiness desk; The proposed interest rate not be more than 10% per annum (long-term financing and agriculture)
- Provide incentives for current financers to lend to agriculture - guarantee scheme for agribusiness
- Reintroduce export guarantee scheme managed by Bank of Uganda

Business & Investment Regulatory Environment

- Promote growth of capital investments by reducing corporate tax for firms that list on the Uganda Stock Exchange from 30% to 25%. (Kenya and Tanzania have already implemented this incentive)
- Fast-track the completion and enactment of the counterfeits Goods Act to inhibit further trade malpractices and adulteration of products. Government should contract private lawyers to expedite the completion of the impending commercial laws.
  (Listed in Annex III)
- Fast-track the implementation of the regional industrial parks to promote investment in rural areas and include incubation centres therein (ICT platforms).
- Initiate policy to de-regulate un-competitive regulation, streamline and simplify relevant regulations and licences including decentralisation of issuance to ease start-up , operation and closure of business;
- Extend to existing firms especially those with new projects which add value to agricultural products and are located at least 30 Kilometres outside Kampala on the waiver of corporate

tax incentive announced during the 2008/9 budget and is being implemented. This will avoid existing firm forming new companies to benefit from the incentives.

- Waive the CAA charges on export cargo particularly, fuel levy; handling charges; landing fees and security sur-charge in order to reduce on air freight costs for Uganda's exporters and improve their competitiveness by about 0.35 to 0.40 USD Cents/ Kilogram.
- Expedite the process of implementing the 10-year tax holiday by approving the statutory instrument on Tax incentives for Exporters of finished consumer and capital goods.

Tax Policy and proposals to Widen the Tax Base in Uganda

- PAYE threshold be increased from 130,000/= to 250,000/= for a start and all other years the increase should be based on and determined by the increase in Economic Growth and Inflation rate
- VAT threshold be increased to 100 million
- VAT rate be reduced to 16% and ensure harmonised VAT policy with other EAC member states going forward
- Compute the Taxes at 1610 Uganda Shilling as rate used during budget to relieve importers and also sustain revenue collection;

Widening the Tax base

- Implement the national Identifier project to improve records for national and residents to support tax compliance among other reasons;
- Explore the possibility of URA working together with the private sector in assessment and collection of rental tax;
- Government should consider an alternative turnover(presumptive minimum) tax established in such a manner that provides incentive for compliance and firms to operate in a formal manner.
- Explore the possibility of raising revenue through taxes on real estate transactions. This should exclude developers' transactions since they add physical housing facility.

East African Community Integration issues

- Time bound measures should be implemented to help Ugandan firms not collapse. Government should implement the measures for which the private sector has no control (e.g. energy, NTB's) while the Private Sector will implement what it has control over (e.g. production efficiency systems)
- During the period of implementation of such measures appropriate asymmetrical administrative procedures by EAC, through Uganda Government, should be put in place

to ensure the firms do not collapse. Extension of exemption of implementation of some of the clauses especially on CET be implemented

- CET adjustments need to be carried out as elaborated for example: All paper inputs be reduced to zero, Plastics excise duty of 120 % be removed and replaced with environmental levy
- The NTB Monitoring Mechanism need to be implemented
- A Phased approach with clear schedules be adopted for implementation of the Common Market
- MEACA should establish their co-ordination role more firmly and establish a forum which acts as a “clearing house” for agreeing on positions which will be taken at the EAC level This forum (clearing house) must reflect a Private –Public Sector character. This forum need to create sub- committees which feed into it, like the Trade Negotiation Committee which is specialist, fiscal committee to handle budget related issues etc.

Global Financial Crisis Impact

The recommendations mentioned in part of this document also support the mitigation of the impact of the global slow down but others include;

- Establishment of a Public Private Sector think tank or forum to continuously dialogue and ensure that all policy proposals are agreed on by consensus and ensure that decisions are implemented and evaluated on a continuous basis;
- Use the budget as a stimulus package especially in food production by removing the supply side constraints and in the case of the road projects GoU must ensure that maximum employment is generated to improve the purchasing power;
- Reduce cost of business by reducing the real taxes on imports. Change the rate of computing taxes to 1610 shillings; pay domestic debts, etc
- Prudent Government expenditure.

Budget Discipline and Timely Implementation of Agreed Priorities

- Adhere to the planned budget expenditure and ensure that government’s limited resources go to productive sectors like Agriculture.
- Ensure timely implementation of agreed actions particularly for priority areas that inhibit Uganda’s competitiveness e.g. Infrastructure development.
- Government should establish a monitoring mechanism which is robust. This mechanism should not only ensure proper use of resources but also that implementation has been carried out.

SECTOR-SPECIFIC RECOMMENDATIONS

Agriculture/Agribusiness

- Set up an agricultural desk in the re-capitalised UDB to avail appropriate credit to agribusinesses preferably at an interest rate not more than 10% per annum.
- Ensure active participation of the private sector in the implementation of the national fertilizer project.
- Introduce policy to regulate licensed distributors of improved agricultural seeds.
- Government should include Uganda National Agro-dealers (UNADA) on the national standards committee for regulation of licensed agro-input and agro-chemical dealers.
- Introduce grain reserves to control price fluctuations.
- Conduct a massive campaign to increase food production to tap into the potential demand for food on the regional market in response to the effects of the global financial crisis.
- Provide incentives to the private sector to build hatcheries to support poultry businesses in Uganda especially MSME's.
- Domesticate the Global GAP (Generally Agreed Principles) for Agro-commodities.

Coffee Sub-Sector

- Commission and distribute the 8 lines of coffee wilt resistant varieties so that farmers get clean planting materials.
- Develop a national coffee policy in line with new international market requirements; social, economic and environmental dimensions for sustainability.

Tea Sub-Sector

- Formulate a national policy to guide growth and activities of the tea sector
- Provide incentives to promote establishment of tea-processing plants in potential tea growing areas.

Flower Sub-Sector

- Provide land, roads and adequate power to boost the sub-sector.
- Waive CAA charges - fuel levy, handling charges landing fees and security surcharge to reduce on high airfreight costs for the sub-sector. It would improve the competitiveness of our exports by about USD 0.40 cents/ K.g

Fish Sub-Sector

- Government should allocate resources to strengthen the initiative to control illegal fishing in Uganda.
- Expedite the enactment of the Fisheries law in order to enforce the fish levy, which is aimed at generating revenue for the sector.

Leather Industry

- A strategic intervention is required to improve quality of the hides and skins.
- Accessories for footwear should be considered as raw materials to promote production of shoes and other leather products

Services Sector

Tourism

- Position Uganda's Tourist Industry to compete on the global market through targeted market campaigns.
- Secure resources to purchase land close to the National Parks and Forest Reserves for tourism development.
- Rehabilitate the remaining seven aerodromes across Uganda to facilitate tourism services.
- Exempt Safari Tour Vehicles from VAT.
- Consider extension of tax exemption of building materials for hotels for 5 years to allow for completion of construction projects in the Tourism Sector.
- Urgent skills development is required in the Tourism and Hotels Industry (Support private investment in this area).

Telecommunications Industry

- Reduce excise duty on airtime from 12% to 7% in line with the East African Community member states.

Insurance Industry

- The government should expedite the amendment of the law on insurance to allow for a national re-insurance company.
- Ensure that ALL public assets are insured through local insurance companies.

MSME's

- Expedite the approval and implementation of the Draft National MSMEs Policy and Strategy currently with MFPED, MTTI, PSFU and other key stakeholders.
- A comprehensive Private Sector development strategy needs to be developed and implemented in a framework of Public Private Sector Partnership.

ICT and Business Processing Outsourcing

- Expedite the completion of linking Uganda to the world through the fibre optic cables as the backbone for Uganda and connect to the Marine fibre optic cable already at Mombasa with the view of lowering the cost of international transmission of data.
- Fast-track the enactment of the cyber laws (See Annex III) and amendment of the ICT policy.
- Fast track the implementation of the ICT policy.
- Establish a national call centre unit and establishment of an Incubation Centre for ICT skills training within the industrial parks development programme.
- Special funding to be targeted at supporting creative abilities in ICT including e.g. locally developed software.

Manufacturing Sector

- UMEME should ration power to industries on specified days to reduce on interruptions during production.
- Government should offer research & development tax credits to manufacturers.
- Harmonize VAT on inputs to Government projects e.g. water pipes

Sugar Industry

- There should not be any locally produced sugar traded between the Communities until one or more of the Partner States declare a net surplus of sugar.
- All "Gap Sugar" imports should be arranged by the individual partner states by joint local consultation between the revenue authority, millers and traders' association.
- Formulate a sugar policy.

Wheat Sub-Sector

- Import duty on wheat grain should be maintained at 0%.

Cement Industry

- The EAC market should be ring fenced against the threat of imports.
- The sensitive product status of cement should be immediately restored with a CET rate of 40%.
- EAC Partner States should invoke additional anti-dumping and countervailing duties in consultation with the cement industry.

Textiles Industry

- Textiles should be categorized as sensitive goods.
- Expedite enactment of the Textile Policy.
- VAT exemption on sale of textiles produced in Uganda for five years as well as inputs and spare parts required for textile production.

Pharmaceutical Industry

- A 10% duty should be placed on selected pharmaceutical products where the local production has the capacity to meet the local demand.
- Uphold procurement preference for local companies in public procurement. This should be done to offset effects of subsidies from countries which compete with Uganda in the phamaceutical products.

Beer Industry

- Maintain the status quo of the current excise duty rates on both malt beer and beer made from local raw materials at 60% and 20% respectively
- Change from the current excise duty based on an ad valorem system of taxation to a new system of specific rate excise duty based on volume of beer
- Introduce tax stamps on spirits in order to improve tax compliance and to curb tax evasion.

Plastics Industry

- The punitive 120% excise duty should be substituted with a plastic levy to support the waste management mechanism.

In conclusion, the private sector in Uganda highly appreciates government's response to the suggestions for prioritisation of national resources towards improvement of the overall business environment. The business community also recognises the challenges faced by the government in trying to implement its policy actions.

Therefore, these deliberate policy actions as recommended above to alleviate the identified competitiveness and growth challenges must be implemented if the private sector in Uganda is going to be the driving force of the economy. By so doing this will ensure that Uganda achieves a better and enabling business environment, an issue that cannot be over-emphasised especially in light of the regional and global developments that continue to render the economy less competitive on the World Market.

1 BACKGROUND

Every year, Private Sector Foundation Uganda (PSFU) collects issues affecting growth and competitiveness of the private sector through a wide consultative process with its members. As an apex organization of the private sector, PSFU is mandated to spearhead the advocacy process. The policy concerns raised by the members are then synthesized by the policy advocacy department at PSFU and then summarized into the 'Platform for Action' policy document. This year's document also focuses on identifying possible remedies to mitigate the impact of the global economic crisis on the private sector in Uganda while following up on the advocacy agenda[1].

The document is structured into two; that is, cross-cutting and sector specific policy concerns. The major cross-cutting issues raised by PSFU members in 2009 are; poor transport infrastructure; high transportation costs; lack of affordable business finance; an inadequate regulatory framework for government's trade-facilitating services and slow implementation of agreed priorities for government resources. The sector specific concerns are provided in summary in section 5.0 of this policy document. Most businesses interviewed this year also stressed the need for government to adequately prepare for the trickle-down effects of the global economic crisis on Uganda.

The effects of the ongoing global economic crisis on Uganda and the private sector in particular may still be indistinct but what is certain is that there is a general decline in performance by the business community today. A clear indication of this is reflected in the findings of the mini-survey conducted by PSFU in February, 2009 to establish the likely impact of the above-mentioned crisis on the private sector. The survey findings reveal that enterprises in Uganda are currently faced with very high operational costs, which have forced a number to cut-back on their overheads. This obviously impinges on the efforts to reduce the high cost of doing business in Uganda by the business community and government. The crisis is also expected to negatively impact on stock markets, interest rates, investment growth and trade; therefore, measures to mitigate these likely effects should be given priority in the allocation of resources by the government in the coming year.

The Government today acknowledges the need to enhance Competitiveness of the private sector as well as empowering Ugandans to be able to improve their incomes and the quality of life. Therefore, through PPP dialogue process the private sector in Uganda has been able to influence some of the key government policy processes such as, the national budget process. However, implementation of agreed priorities is still a major challenge stemming from capacity issues and procurement delays. Nonetheless, the need for Uganda to ensure a better and enabling business environment cannot be over-emphasised especially in light of the regional and global developments that continue to render the economy less competitive on the World Market. Therefore, the issues highlighted in

[1] The aim of this agenda is to reduce the high cost of doing business in Uganda so as to ensure that the business environment is favourable and, more competitive and attractive for investment.

the subsequent sections should be given due consideration in the planning of resources by the government if indeed Uganda's business and investment climates are to remain competitive.

Some of the key recommendations in this year's policy document focus on the following areas, infrastructure development and particularly, transport; improving the business/regulatory/investment climate; increasing access to affordable business finance especially for agribusinesses; re-focusing the national growth strategy on export of niche products; widening the tax base to reduce the burden on compliant tax payers; organization of the MSME sector to ensure that they actively participate in national development processes and; prudent management of public resources to ensure that planned actions are implemented.

1.1 RATIONALE OF THE PSFU POLICY DOCUMENT

The rationale behind the development of an annual 'Platform for Action' policy document is to;

- Highlight emerging binding constraints to private sector growth in Uganda for purposes of further dialogue with the major policy-making institutions,

- Propose short to medium term interventions to mitigate the above challenges and,

- Provide an update on the progress of the PSFU advocacy agenda and particularly, the status of impending issues from previous advocacy efforts.

The issues and facts raised in this policy document are largely drawn from PSFU members through a wide consultative process[2]. They are then analysed and categorised into short-term and medium/long term issues to ease the advocacy process.

Other functions of the document include; lobbying national policy decision-making bodies like the Parliamentary Committees, influencing resource allocation during the Budget Process and for advocacy at various forums. The success of PSFU's policy advocacy agenda is mainly attributed to the continued engagement with key policy institutions through dialogue.

1.2 FORMATION OF THE DOCUMENT

This policy document has been structured to suit the priority areas for policy consideration in the short-term as well as in the medium/long-term. This allows for better and organized policy dialogue with the relevant institutions. Important to note here is that the cross-cutting concerns of the private sector are highlighted to ensure that policy reforms benefit a wider range of businesses in Uganda. This, however, does not imply that the sector specific issues are not prioritized rather; dialogue for such issues is tackled on a case by case basis and through continued advocacy.

[2] For a more concrete analysis, this document has also used facts and figures from various sources mainly, the UBOS Statistical Abstract for 2008; Sector BFP's and Performance Reports for FY2007/8 and the current FY; PIRT Working Group Reports; Global Competitiveness Reports for 2007-8 and, Bank of Uganda Statistics and Economic Reports for 2007-8.

First, a general overview of the major policy concerns of Uganda's private sector is given in the introduction to set precedence of the focus of the document. This report also briefly highlights the following in section two; the state of the private sector in Uganda, its structure, competitiveness positioning and the current cost of investing and doing business. Then, the major advocacy achievements and challenges are highlighted to provide a more explicit understanding of PSFU's advocacy agenda to-date.

The bigger part of the document presents the key issues (cross-cutting and sector-specific) that continue to prohibit Private Sector Development in Uganda as well as suggested interventions to alleviate the said issues. At the end of the document, a table highlighting the pending issues and advocacy progress is provided for purposes of information particularly to those members that have keen interest in some of these issues.

The issues in this platform document have been summarized to include ALL member contributions however, when the lobbying and advocacy process starts, the issues are then presented in detail to the various advocacy forums mainly; government ministries, the parliament of Uganda, public service delivery support institutions like the Public Procurement and Disposal of Assets Authority (PPDA), Uganda Revenue Authority (URA) among others.

2 UGANDA'S PRIVATE SECTOR Condition and Current Developments

2.1 MACROECONOMIC CHANGES AFFECTING THE BUSINESS ENVIRONMENT

Since July 2008, the cost of doing business in Uganda has continued to rise steadily as the effects of the global financial crisis unfold in the economy. This has had negative effects on returns made by businesses forcing them to scale down their operations and causing a lot of uncertainty on the long-term cost implications of the crisis. More notably, Uganda's macroeconomic stability faces major challenges emanating from instabilities in the world market caused by the financial crisis. Below are some critical challenges for the private sector posed by the crisis;

Exchange Rate Depreciation

As markets in the major economies begun to collapse, panic gripped investors leading to increased demand for foreign currency from both corporate and off-shore investors in the last quarter of 2008. This led to withdrawal of foreign investments from the money markets in Uganda and depreciation of the Uganda Shilling against the United States dollar (and other major currencies). This foreign exchange rate has continued to depreciate with an average exchange rate of UG SHS 2,150 to 1 US$ recorded in the first week of April 2009 compared to UG SHS 1633 to 1 US$ in July 2008 (a 32% depreciation of the Shilling).

Double-Digit Inflation

Headline inflation has remained in the double digits at 14.0%[3] in March 2009 from 12.3% in July 2008. The Kampala average pump prices for a litre of petrol and diesel went down to UG SHS. 2,320 and UG SHS 1,630 respectively in March 2009 (with the significant reduction in the diesel price) but remain volatile and not in synchrony with movements in the global oil prices[4]. Food and commodity prices have remained high since supply has not significantly increased over the last three months.

High Interest Rates

Commercial banks raised their lending rates by between 1 and 3 percentage points during the first quarter of 2009 pushing the interest rates charged by commercial banks to between 23.5% and 28%

[3] As reported by the Uganda Bureau of Statistics
[4] From local survey of Kampala pump stations

per annum[5]. However, some banks have started re-adjusting their base lending rates downwards[6] following BOU's reduction in the Bank Rate from 15.88% to 10.85%. Despite this reduction in Bank Rate by BOU, many commercial banks have not responded and thus kept their lending rates up as they study the trends in the market. The instruments deployed by the Central Bank should be sustainable so as to enable commercial banks to be responsive through offering more affordable credit to the private sector in Uganda.

2.2 THE STRUCTURE AND GENERAL CONDITION OF THE PRIVATE SECTOR IN UGANDA

The private sector in Uganda largely comprises of Micro, Small and Medium Enterprises (MSME's) estimated at over 800,000 enterprises both in the urban and rural areas. These businesses cut across all sectors of the economy that is, from resource-based enterprises to manufacturing and to the services sector. The MSME sector currently employs over 1.5 million people of the total non-farm workforce and is said to contribute about 20% of the total national GDP (UBOS - PSFU, 2008)

In a study carried out by UBOS to ascertain the number of registered businesses in Uganda, over 25,000 ventures were recorded with the majority (11,003) located in the central region of the country. The findings recorded growth of over 60% between 2001 and 2007, which growth was distributed across three major sections of the business community i.e. Agriculture, Forestry and Fishing; Industry and Services. In the Industry section, the Manufacturing sector has the highest number of businesses (17.7%) mainly engaged in beverages, sugar, textiles, building materials, foot wear, packaging, and food processing. The major market sources for these products are; Uganda, Sudan, Rwanda, Burundi, and the DRC. The other 1.6 is in mining and quarrying; utilities and construction.

The Services sector is the fastest growing in Uganda with growth recorded at 13% per annum. Predominant in the sector are, the telecommunications, hospitality and trade sub-sectors. Ugandans own about 32% of these investments and they have mainly ventured into the Tourism and Hotels industries. Other segments in this sector include, Transport and Storage; Finance and Insurance; Business Services; Education Services; Health and Social Works and; Community, Social and Personal Services.

The general condition of businesses in Uganda varies from enterprise to another and from sector to sector depending on a number of factors mainly, the capital base; operational costs; productivity levels; location; access to public services and labour markets. Notably, many businesses in Uganda and especially MSME's do not conduct regular audits thus are not in position to establish the value, growth and operational risks of their businesses. As a result, the majority of such enterprises close down two to three years into operation. Given the size and potential for growth of the MSME sector, the government should fast-track the implementation of the national MSME policy to allow for constructive development of the sector.

[5] Refer to press releases and notices by commercial banks released between January and February 2009
[6] This is happening in the second quarter of 2009. A few banks e.g. DFCU Bank, moved fast in April 2009 to lower the base lending rate and borrowers are hopeful that other commercial banks will do the same.

In view of the above, there is a clear indication that information on the private sector in Uganda is limited to a few businesses particularly, the registered enterprises thus making it difficult to determine developments in the sector as a whole. To address this issue, PSFU has taken the lead to support the Uganda Bureau of Statistics (UBOS) to conduct business surveys every two years with the aim of monitoring growth in the private sector as well as, provide information on the types, sizes and locations of businesses in Uganda. It is anticipated that this information will also be instrumental in directing public resources to those areas where firms are operating.

2.3 THE COST OF INVESTING / DOING BUSINESS IN UGANDA

Among the East African countries, Uganda is still ranked to have the highest investment and business operational costs despite its incredible performance in ensuring a stable macroeconomic environment. In Table 1, below PSFU has drawn a comparative analysis of the cost of doing business in some EAC member states using selected cost indicators. The choice of indicators is based on what members of the private sector regard as major costs encountered in establishing or running businesses here in Uganda. An analysis of these indicators reveals that, Uganda's soaring business costs have been exacerbated by unstable fuel and transport charges in the past one year and this volatility obviously renders local businesses less competitive in the region and in the global market. Therefore, the need for an enabling business environment to boost investment growth cannot be over-emphasized especially in light of the growing competition for potential investments in the region. The government must give priority consideration to the competitiveness and growth barriers in its distribution of development resources if indeed Uganda is to remain a private sector-led economy.

Table 1: Comparative Analysis of the Cost of Doing Business in the EAC (As at September 2008)

COST INDICATORS		UGANDA	KENYA	TANZANIA
INDICATOR	DETAIL(S)			
Taxes (%)	Corporate Tax	30	30	25*
	Value Added Tax	18	16	20
	PAYE Threshold (USD) **	65	150	85
Cost of Energy (USD/Kwh)	Lifeline tariff	0.03	0.02	0.03
	Commercial tariff	0.22	0.12	0.08
	Medium Industry tariff	0.20	0.11	0.05
	Large Industry tariff	0.15	0.09	0.05
Cost of Transport***	(USD/20ft Container)			
Rail Transport	MSA PORT – NAIROBI		400	
	MSA PORT – KAMPALA	2324		
Road Transport	MSA PORT – NAIROBI		650	
	MSA PORT – KAMPALA	3500		
Regulatory Costs (USD)****				
	Business registration (Capital Cities)	319.13	245.24	311.51
	Property registration/transfer (Capital Cities)	966.88	1074.58	940.92
Labour costs (USD) Average Monthly Minimum Income	Unskilled worker	13.7	0.42	n/a
	Skilled worker	71	141	65
	Specialised worker	225	540	439
Mandatory Savings	NSSF (% of gross income)	15	20	20

Sources: - UBOS, URA, KRA, TRA, FUE, BOU, ERA, TANESCO & UFFA

* Companies listed on Tanzania's stock exchange with at least 35% of its shares owned by the public pay 25% Corporate Tax

** Respective Income Tax bands for East Africa - UG - 10%, 20 & 30%; KEN - 10%, 15%, 20%, 25% & 30% and TZ - 18.5%, 20%, 25% & 30%

*** Rail and Road transport ways are the most commonly used means by businesses especially in view of the capacities being transported.

**** These are the most cumbersome and costly procedures when investing in business in East Africa.

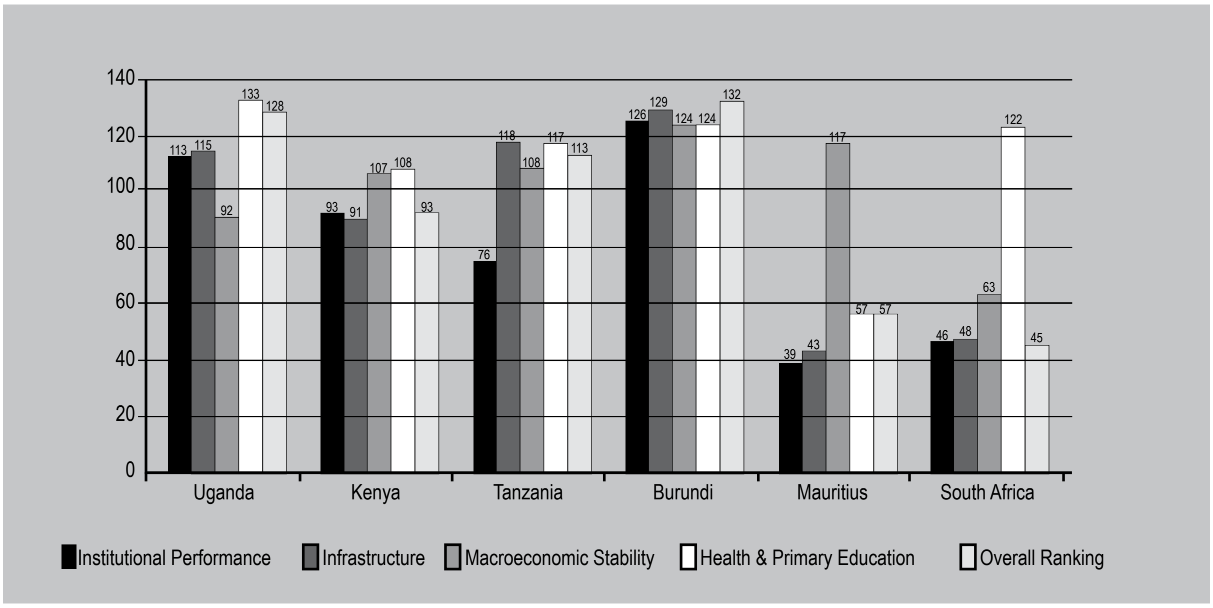
Notes:-

- The Transport cost above exclude the destination customs clearance costs and any other charges at receipt point
- The annual headline inflation rates for the respective countries at the time of the comparative analysis were; UG – 4.2%, KEN – 14.6% & TZ – 2.8%
- In the case of Kenya, the Fuel Adjustment Cost and the Foreign Exchange Rate Adjustment provided above are included on the final bill for payment
- A Generation Levy is charged by the Electricity Regulatory Bodies in the respective countries. For Uganda, the levy depends on the consumer category i.e. commercial consumers pay UGSHS/KWH 1.5 while Large Industries pay UGSHS/KWH 1.0

2.4 UGANDA'S COMPETITIVENESS POSITION IN THE EAC AND GLOBAL MARKET

EAC economies are still performing poorly in the Global Competitiveness Rankings (GCR). This is indicated in the positioning of these countries that is, out of the 134 countries assessed in 2008, Uganda ranked 128, Kenya - 93, Tanzania – 113 and Burundi – 132. These GCR rankings have taken into account the state of the economies under review to allow for better scrutiny that is, the EAC member states have been categorised as factor-driven economies. In this case, competitiveness is measured using the following basic indicators; institutional performance, infrastructure, macroeconomic stability, health and primary education.

Figure 1: Competitiveness Rankings for some EAC economies Vs Africa's most productive economies



Source: Global Competitiveness Report of the World Economic Forum, 2008/9

Note: The above figure represents rankings and the total number of countries assessed is 134.

Uganda's poor rankings are reflected in poor performing institutions, wasteful spending by government and the poor quality of education and health. While the economy has maintained stable macroeconomic performance, very little has been done to ensure that it combines its factor endowments, economic efficiency and comparative advantage to achieve high levels of competitiveness. Figure 1, above indicates that Mauritius and South Africa have invested substantially in infrastructure and ensured well-functioning institutions, which factors have boosted investments in the respective economies. Therefore, the Ugandan economy must combine its robust macroeconomic environment with economic and institutional efficiency if it is to compete favourably on the global market.

2.5 THE PRIVATE SECTOR IN LIGHT OF THE GLOBAL ECONOMIC CRISIS

Background to the global financial and economic crisis

The effects of what has been termed the worst global financial crisis since the 1930s started to show in the middle of 2007. This crisis started in the United States (US) and was attributed to the collapse of the housing market. Banks were exposed to mortgages issued in the US and when the housing boom reversed and the housing market collapsed, it affected several financial institutions including insurance companies. Around the world, stock markets started to fall, large financial institutions collapsed or were bought out, and governments in the wealthy nations started to come up with rescue packages to bail out their financial systems.

As the global economy suffered the adverse effects of the financial crisis, many markets around the world went into recession leading to the current economic crisis. In Uganda, a general slump is being experienced in areas such as foreign investments, stock market activities, remittances, exports, aid in-flows and in the services sector particularly tourism. In addition, Uganda continues to experience depreciation of the Uganda shilling against the US$ (and other major currencies), imported inflation and volatile commodity prices, all resulting from the ongoing crisis.

Implications for the business community in Uganda

The resultant effects of the global financial crisis have led to increased cost of doing business in Uganda. This has affected many business enterprises forcing them to scale down their operations. Some businesses have closed down and others have relocated to other countries. Demonstrably, the private sector in Uganda is experiencing a critical slow down and has become less competitive in the region and globally, following the collapsing markets worldwide. Intervention is required to safeguard the successes attained over the last decade.

While safeguarding the vulnerable through initiatives that maintain their consumer demand and provide meaningful employment, our business community needs to be supported to survive the challenges posed by the crisis. Some of these challenges are discussed below.

Exchange rate depreciation

As markets in the major economies begun to collapse, panic gripped investors leading to increased demand for foreign currency from both corporate and offshore players in the last quarter of 2008, which in turn led to withdrawal of their investments from the money markets in Uganda. The Uganda Shilling started to depreciate against the United States dollar (and other major currencies) and has since kept depreciating with an average exchange rate of Shs. 2,150 to 1 US$ recorded in the first week of April 2009 compared to Shs. 1633 to 1 US$ in July 2008 (a 34% depreciation of the Shilling). The applicable exchange rate by the Uganda Revenue Authority (URA) in April 2009 is set at Shs 2023.71 to 1US$ compared to Shs 1610 to 1 US$ in July 2008.

The depreciation of the Shilling has had multiple effects on the cost of doing business such as increased cost of imported raw materials, merchandise and capital equipment. The movement in URA's exchange rate from Shs 1610 per US$ in July 2008 to Shs 2023.71[7] per US$ in April 2009 implies a 26% increase in real taxes charged on imports. Many traders have abandoned consignments in Mombasa, Inland Container Depots (ICDs) and bonded warehouses following failure to raise the required taxes at the current rate charged by URA.

High inflation

Headline inflation has remained in the double digits at 14.0% in March 2009 from 12.3% in July 2008. Agro-processors reported that, in as much as they opted to source raw materials locally due to the depreciating shilling, they suffer high prices and supply shortages in most cases. In summary, imported inflation has been on the rise and contributed to the persistently high inflation rate within the country. The high inflation has particularly eroded disposable income, which translates into reduction of the purchasing power of Ugandans by at least 14% implying a loss of 14% of the market by the business community.

High Interest rates

Commercial banks raised their lending rates by between 1 and 3 percentage points during the first quarter of 2009 pushing the interest rates charged by commercial banks to between 23.5% and 28% per annum[8] citing increased costs of doing business. However, in the second quarter of 2009, some banks have started re-adjusting their base lending rates downwards[9] following BoU's reduction in the Bank Rate from 15.88% to 10.85%.

The implication of this is that the finance costs for firms have increased and so has their indebtedness. Secondly, because of the uncertainty in the movements of interest rates, planning becomes difficult for the business community.

[7]Refer to the URA website

[8]Refer to press releases and notices by commercial banks released between January and February 2009

[9]This is happening in the second quarter of 2009. A few banks e.g. DFCU Bank, moved fast in April 2009 to lower the base lending rate and borrowers are hopeful that other commercial banks will do the same.

Declining Exports (merchandise and services)

It has been noted that Uganda's export earnings have continued to fall due to receding demand for commodities in the United States (US), European Union (EU) and Uganda's other major export destinations. Uganda's total (merchandise) export earnings dropped from US$ 244.39 million in January 2008 to US$ 193.29million[10] in January 2009 registering a 21% decline.

The price of coffee for instance has fallen from US$ 2,600 per metric ton to US$ 1,600 (i.e. a 40% decline) over the last few months and that of leather is reported to have dropped by over 70%.
In addition to the declining fall in merchandise trade, the Tourism and Hotels sector reported that there was an estimated decline of between 30 and 40 percent[11]. Despite Uganda's ranking among the top 10 countries in the world in biodiversity, our tourism sector has not had any significant boost in the past.

Declining remittances from the Diaspora

Remittances by Ugandans living overseas are estimated to have dropped by between 20 and 30 percent over the last one year.[12]

Recommendations to address challenges relating to the effects of the financial crisis:

These need to address the following:

- Reduce the cost of doing business or at least reduce the rate at which the cost of doing business is increasing
- Increase the demand of the market or at least reduce the rate at which the purchasing power is reducing
- Establish a coordinated approach in managing the crisis.

1. The applicable exchange rate for import duty should urgently be lowered from the current 2,023.71 to about Shs 1610 to 1 $, as in July 2008 (or as budgeted for the Financial Year 2009/10). This will increase tax revenue generated through import duty.
2. Government should pay-off its domestic debt to release money back into the economy raising the purchasing power of the people and thus stimulating production.
3. Tax relief targeted at the low-income workers, the poor and companies in distressed sectors should be advanced. e.g. move fast to raise the PAYE threshold from Shs 130,000 to Shs 250,000.
4. Boost the Agricultural sector through, increased food production and, building strategic grain reserves to ensure price stabilization and support seed multiplication
5. Stimulating the Exports sector through, restoration of the Export Guarantee Scheme and leave BoU to manage it.
6. Waive Civil Aviation Authority (CAA) charges on export cargo

[10]Refer to BOU Economic and Financial Indicators report, February 2009.
[11]An accurate figure is yet to be established
[12]BOU is conducting a survey to establish a more accurate figure regarding the reduced remittances.

7. Stimulate the economy using the available budget funds e.g. The I.I Trillion shilling be used in a labour intensive manner so as to create externalities which will increase the purchasing power.
8. Urgently develop cheap ways to get remittances from the diaspora into Uganda
9. Ensure prudent Government Expenditure
10. Allocate a special budget to market Uganda as a tourist destination
11. Establish a Public Private Sector think tank to provide support in managing the challenges presented by the crisis

3 PSFU'S MAJOR ADVOCACY MILESTONES FOR 2008

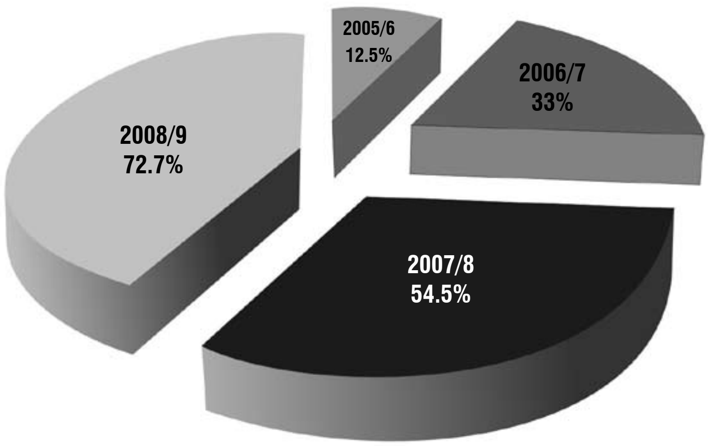
In the past year, PSFU's advocacy role has been to lobby and advocate for reduced costs of doing business to allow for better and favourable competition of the private sector both in the region and the world. PSFU has made use of relevant advocacy forums and processes to inform key policy institutions of the major growth challenges faced by Uganda's private sector today. Some of these include; the annual national budget forums (planning and performance review), annual review meetings for government sectors, the Presidential Investor's Round Table (PIRT) and, the regular meetings between the President and the private sector. There has also been constant engagement of key policy making bodies directly involved in influencing and in the implementation of policies and programmes aimed at improving the business environment in Uganda.

The major advocacy achievements are briefly outlined below,

- Government of Uganda finally increased resources to develop transport infrastructure,
- Operationalisation of the Credit Reference Bureau (CRB)
- The government also committed to a 50% Loan Guarantee Scheme for Commercial Banks lending to Agriculture & Agro-Processing Projects.
- Government has also identified a special fund to support innovations in Science & Technology i.e. Banana & Fruit Juice Processing. The private sector has been advocating for assistance in implementing the value-chain process to enhance productivity and exports.
- The Principles for the Pensions Regulatory Framework has finally been approved by Cabinet. This framework is expected to guide the transition to a liberalised pension sector that the private sector has been advocating for in the last ten years.
- The Anti-Money Laundering bill was finally enacted in 2008. This law is expected to enhance Uganda's credibility abroad and boost investor's confidence.
- Exemption of duty & tax payments on construction materials for hotels, hospitals & educational institutions was extended for a year i.e. June 2008 – June 2009. This was an issue forwarded by the Tourism industry ahead of the CHOGM.
- The government has also agreed to amend the Income Tax Act to allow the Local Service Tax be deducted from tax payer's taxable income.
- VAT on Plant & Machinery can now be deferred at importation.
- The definition Plant & Machinery has been extended to include essential industrial spare parts to facilitate growth of the industrial sector as had been requested by PSFU members.
- VAT on Trucks of Loading Capacity of 3.5 Tons and above will be VAT exempt. This was requested for by Uganda's Transporters.
- Excise duty on beer produced from local raw materials was reduced from 30% to 20% to boost local farmer's produce that is used as raw material by the beer making industry.

In terms of government's response to the private sector, PSFU has noted a steady increase in the response rate of policy proposals made by the sector to the national budget development process. This improvement is mainly attributed to the continuous dialogue process currently existing between the private sector and government through the Public – Private Partnership. The challenge however remains with implementing the agreed actions within the specified timelines to ensure a more enabling business environment. Figure 2 below is an illustration of the progress achieved in-terms of government's response to private sector proposals in the last three years. Further below, is a summary of the resource allocations that respond to the private sector Proposals for FY 2008/09.

Figure 2: Government's response rate to private sector proposals for resource allocation



However, the major challenge remains on the Implementation of set priorities. In the last financial year, satisfactory implementation was registered in the Energy Sector.

Box 1: Summary of Government's Responses to the Budget Proposals for FY 2008/9

- USHS 1.1trillion allocated to develop & maintain roads. This is inclusive of USHS 347 billion from Development Partner Project Assistance.
- USD 200 million & another USD 600million to be released over the next 3yrs; has been allocated to transform the Northern Transport Corridor into a Dual Carriage Way.
- USHS 275 billion has been allocated to clear back-log Road maintenance projects.
- USHS 14 billion has been allocated to purchase a new ferry to replace Mv Kabalega that sank in 2005.
- The Energy Fund has been increased by another USHS 316 billion
- USHS 16 billion earmarked for the development of industrial parks with the relevant facilities in ALL four regions of the country.
- Proposed Exempt Income arising out of new agro-processing investments. ONLY limited to ventures located 30KM outside Kampala district & for processing Uganda grown produce.

- USHS 2billion for Market Research & Implementation of Co-operatives.
- USHS 2.8 billion for national mechanisation of agriculture.
- 50% Loan Guarantee Scheme for Commercial Banks lending to Agricultural & Agro Processing Projects.
- USHS 20 billion has been allocated to Uganda Development Bank to facilitate Industrialisation Bonds for MSME's.
- USHS 22 billion has been allocated to build Micro Finance Infrastructure.
- USHS 300 billion Pension Arrears of which USHS 122 billion will cover the backlog pension arrears.
- A Policy Paper to convert the present system of government pensions into a contributory scheme has completed. The government will implement this in FY 2009/10.
- Enactment of Anti-Money Laundering Law.
- Local Service Tax to be Income Tax deductible.

Source: PSFU Post-Budget Analysis for FY 2008/09

4 CROSS–CUTTING ISSUES AFFECTING GROWTH AND COMPETITIVENESS OF THE PRIVATE SECTOR IN UGANDA

This section highlights the major cross-cutting issues collected from the PSFU members during the 2009 consultations. Emphasis is on the drivers of the high cost of doing business in Uganda, which is the most prohibitive factor of business growth and competitiveness in the country today. The major issues collected from the PSFU consultative process are;

4.1 Transport Infrastructure

Transport continues to constitute a large percentage of the production and operational costs for many of the business owners interviewed by PSFU this year.[13] This issue was mainly raised by businesses that import inputs for production and, traders of imported commodities and below is a summary of the concerns on transport infrastructure;

- The rail network from Mombasa, which is the most viable transit route (in-terms of cost) for goods to Kampala is said to be unreliable and still very inefficient.
- Absence of a cost effective alternative transit transport route in light of the numerous problems encountered along the Mombasa – Kampala route.
- The implementation of the major trunk/feeder roads linking the production sectors in Uganda to better markets is still very slow.
- Regional imbalances in transport sector services that render Uganda's transporters less competitive in the EAC common market.
- There is increased traffic of commercial and personal vehicles into the city centre, which has created congestion and reduced productivity.

4.2 Uncompetitive Business & Investment Regulatory Environment

Growth of businesses in Uganda today is mainly affected by high regulatory costs especially in the areas outside Kampala. Many of the business managers interviewed indicated that the highest costs are incurred at inception mainly, registering businesses, transferring property, obtaining tax clearance and an operating license. However, the small enterprises also indicated that they encounter various fees administered by local authorities that vary from time to time and between individual businesses.

[13]Most businesses indicated that transport constitutes about 40 %of their total costs. This cost is reflected in the final price of both locally manufactured goods and imports rendering domestic prices less competitive in the region.

In addition, the process of improving regulation of the business environment through enforcement of appropriate commercial laws is very slow. This has resulted into an increase in trade malpractices and a general slow down in performance by businesses in Uganda. Annex II at the end of this document provides a detailed status of the impending commercial laws required to enhance competitiveness of Uganda's private sector.

Uganda's investment incentives package is not comprehensive and as many businesses reported, the incentives mainly benefit foreign ventures. An all-inclusive and appropriate incentives envelope is required to boost both domestic and overseas investors particularly to the rural areas where incomes still need to be enhanced to alleviate poverty. In addition, missing regulatory frameworks in the trade-in-services need to be developed. The absence of a transport policy and construction policy for example has led to catastrophes within the city in the recent past.

4.3 Lack of Affordable Business Finance

The slow growth of private investments in Uganda is mainly attributed to the lack of access to affordable and appropriate finance. Over 80% of local firms are MSME's many of which lack collateral and capacity to secure credit from the existing commercial banks. The introduction of Micro Finance Institutions (MFI's) to bridge the financial gap in the rural areas has not provided the much-desired benefits mainly because rural investments are still very low despite the existence of these financial services. The majority of borrowers from MFI's have realised more costs than gains due to the high lending rates (38%) (DFID – FSDPU). While MFI's continue to attribute these high rates to the cost of operating licences and the risk of lending, the financial gap in the rural areas remains unresolved.

The cost of regulating and organising group saving schemes such as the Savings and Credit Cooperative Schemes (SACCO's) in Uganda has resulted into prohibitive lending rates from such schemes that were designed to target small entrepreneurs.

Liberalising the pension sector in Uganda is one of the potential avenues for generating business finance and developing capital markets in Uganda however, there is still no national regulatory framework to guide the process of liberalisation.

Many businesses interviewed pointed out that the economy still lacks support institutions to boost growth of enterprises especially MSME's and Agribusinesses. Commercial banks offer high interest loans and many do not lend to businesses without acceptable collateral or credit history. This mainly affects business start-ups that are mostly constrained by finances in the course of operationalising their businesses.

Finances are not the only problems to the MSME's. The lack of business skills could be the main undoing of the sector. If any business firm lacks finances the solution of providing finances will only be effective if the problem is only finances. But if the problem is finances and management then support in finances may not achieve the desired results. It is therefore important that business development services are provided in a structured manner.

4.4 Non-Tariff Barriers (NTB's)

The EAC member states agreed in article 13 of the EAC Customs Union Protocol to eliminate ALL forms of NTB's and not to impose the new ones. To date when the Partner States are finalising the Common Market protocol expected to commence in 2010, what was agreed under the Customs Union has not been implemented. Uganda's business community continues to experience non-tariff barriers to trade from its neighbours particularly, Kenya. The major sectors affected are, poultry and local manufacturers that export finished products to the EAC region and businesses which have to access the sea for both imports and exports.

Another example is demonstrated by the disparities in Transit Fees; Kenya's transit trucks into Uganda pay only USD 43 as transit fees while Ugandan trucks pay USD 200. This obviously escalates Uganda's transportation cost further.

Kenya's Transit Law (Clause Two) restricts Uganda's licensed transit trucks from transporting exports into Kenya for fear of dumping. However, Kenyan Registered transit trucks are permitted to transport goods back into Kenya after delivering cargo into Uganda. This definitely encourages unfair competition in the East African transport sub-sector.

The EAC Non Tariff Barriers Monitoring mechanism established by the EAC Partner States is yet to be fully operationalised. The Ministry of EAC Affairs in Uganda has not yet sent a single report on the NTBs affecting Uganda's private sector to the EAC Council of Ministers. This means that NTB's may not be solved easily and continue to increase the cost of doing business.

4.5 Un-tapped Resources and Income from MSME's

Uganda's private sector is facing several constraints that are reducing Uganda's competitiveness in the East African region. Many of the constraints are enterprise-level issues namely; informality, undercapitalisation, skill gaps, obsolete technology and inefficient operations. The poor performance of the MSMEs negatively affects the competitiveness of the larger formal, registered, more skilled and efficient companies in three ways;

- By increasing cost of inputs sold to/outsourced by the larger firms from the MSMEs, hence increasing the cost of doing business for the larger firms and hence, reducing competitiveness and profitability of the larger firms.

- By decreasing the domestic market size for the larger firms because of low profitability for the MSMEs and low income for both the employees and the proprietors of the MSMEs.

- Reducing the tax base because of operating informally and hence increasing the tax burden on the large firms.

4.6 Tax Policy Concerns

4.6.1 Lack of Tax Parity

In a competitive regional environment, there is need for a levelled play field for businesses. Tax parity need to be removed. A good tax should among others ensure that the impact is equitable to ALL tax payers with the view of enabling a competitive environment for the Ugandan firms both within the Country and regionally. A good business tax should also be affordable and ensure that the business continues to operate. The following highlights are of concern;

- PAYE threshold in Uganda is the highest in the region making the cost of labour for Uganda to be high. Uganda threshold is USD 65. Kenya is USD150 and Tanzania is USD85. This threshold need to change to reflect the growth of economy and the REAL VALUE of the thresh hold;

- VAT threshold has remained at 50Million for a long time and not reflecting the growth on the economy. The introduction of domestic VAT complicates this further.

- The exchange rate[14] used for computing taxes has increased real costs of imports of raw material and merchandize by over 23% leading to high cost of production against a depressed market;

- Corporate Taxes for listed companies in both Tanzania and Kenya are at 25% while for USE it is at 30%;

- Withholding Taxes on dividends for listed companies in Uganda is 10% while Kenya and Tanzania stands at 5%.

- And lastly taxation in Uganda tends to be focused only on formal business without making attempts to widen the tax to include informal business[15]. This is a disincentive for formal business.

4.6.2 Narrow tax base

The tax net in Uganda is still very narrow and as a result, many compliant taxpayers are constrained by the increasing tax policies. A deliberate attempt to explore taxable sources has been made by the private sector through its study to ascertain ways of broadening the tax base in Uganda. The findings of this study[16] have informed the tax proposals made in the recommendations at the end of this section.

[14]The report of Private Sector on the impact of global financial crisis elaborates further
[15]PSFU has carried out a study which proposes measures to widen the tax base in Uganda
[16]Copies of the detailed report are available at the PSFU resource centre

4.6.3 PAYE is a disincentive to Effective Demand for Commodities in the local market

The PAYE threshold of UGS SHS 130,000 is still too low to boost the purchasing power of Uganda's formal income earners especially in view of the increasing cost of living in Uganda. Many low income earners view consumption of many commodities as a luxury and thus have resorted to using their incomes to meet the very basic social costs like health care and education. This not only limits growth of demand for local goods and services but also constrains enterprise development.

4.7 Inadequate Commitment from the Government of Uganda

4.7.1 Poor Implementation of Committed Policy Decisions

In the current financial year, Government of Uganda (GoU) increased allocations towards development expenditure by about 19% in absolute terms. This is a clear indication of its commitment to position the economy for better competition while ensuring the removal of binding constraints to economic growth. However, the non-wage budget execution is very poor leading to failure of sectors to absorb allocated funds. A case in example, is the Ministry of Works and Transport, which was allocated UG SHS 1.1 trillion for infrastructure development and is expected to use only about 56% of the allocated resources owing to lack of capacity to absorb the funds.

4.7.2 Weak Institutional Performance and Poor Governance

Major implementing agencies of government that are instrumental in boosting private sector growth such as; Uganda Investment Authority (UIA), Uganda Export Promotions Board (UEPB), Uganda Uganda National Bureau of Standards (UNBS) among others are constrained by limited budget allocations. This significantly hinders the quality of Public Service Delivery.

Also, Uganda loses resources each year to procurement related corruption and fraud and there is a lot of misappropriation of allocated funds to public institutions charged with ensuring Public Service delivery. The government has made an attempt to punish some of the public offenders but the issue of good governance is not owned by many public officials thus Uganda's public institutions require more punitive and prohibitive action against corruption in order to deter further malpractices.

4.7.3 Lack of budget discipline

This is demonstrated by the increasing supplementary annual budgets particularly towards unproductive sectors like Public Administration. Also, the overall budget is indicative of major loopholes that encourage indiscipline in the implementation process of allocated public funds. A review of the current budget indicates that some public offices have surpassed their allocated budgets before the end of the financial year 2008/9. E.g. Ministry of Foreign affairs has exceeded its appropriated budget by 139% (Half Year Budget Performance Review)

RECOMMENDATIONS FOR THE CROSS-CUTTING ISSUES HIGHLIGHTED ABOVE

Transport

- Revamp the rail route from Dar es salaam to Mwanza Port for purposes of providing alternative means of transit for Uganda's import/export cargo.
- Expedite the procurement process for the water vessel replacing MV Kabalega to service the identified transit route from Mwanza Port to Port Bell.
- Fast-track the implementation of reconstruction and rehabilitation of the major highways and market access routes identified in FY 2008/09. (See Annex I)
- Expedite actions to decongest greater Kampala Metropolitan area to enhance productivity, which is lost in the time spent in traffic jams.
- Ensure Government's contribution to the Energy and Road funds is sustained.

Business &Investment Regulatory Climate

- Fast-track the implementation of the regional Industrial Parks and include incubation centres therein (ICT platforms).
- Decentralise the Registration of businesses to ease business start-up costs incurred by rural investors in Uganda.
- Provide attractive incentive packages such as; a good and regulatory environment with explicit start-up procedures, tax holidays and low cost investment capital to local and foreign investors establishing industries in the rural areas. Ensure that these incentives are clearly listed and are equitable in the allocation criteria for all investors.
- Expedite the process of implementing the 10-year tax holiday by approving the statutory instrument on Tax incentives for Exporters of finished consumer and capital goods.

Business Finance

- Fast-track the implementation of Pensions Sector Reforms to create finances to facilitate growth of businesses in Uganda.
- Increase allocations to UDB to avail affordable business finance to other major segments of the private sector such as, the MSME's.
- Government support to companies to leverage the costs incurred in meeting the requirements for listing on the stock exchange for example reducing corporate tax to 25% for listed firms.

- A clear Private Sector development strategy which includes MSME's need to be put in place to cater for not only competitive issues for which firms have control over but also those for which firms have no control over . Business Development Services need to be carried out. The Draft national Policy strategy already details itself on issues related to MSME's.

Budget Discipline and Effective Implementation

- Ensure stringent budget discipline to enable better implementation of the limited resources available to provide efficient public services.

Tax Proposals (See Table 2 below for details on potential tax increase)

- Reduce Withholding tax on dividends from 10% to 5% to match Kenya and Tanzania (5%) for purposes of harmonisation and better competition.
- Privatisation of assessment and collection of rental tax
- Government should institute an alternative turnover (presumptive minimum) tax for loss declarations to discourage fictitious company losses by evasive businesses.
- Raise the VAT threshold to UG SHS 100 million while ensuring more stringent penalty provisions for non-compliance and fraudulent claims.
- A 6% withholding tax should be imposed on real estate transactions within 3 years from the date of the last transaction.

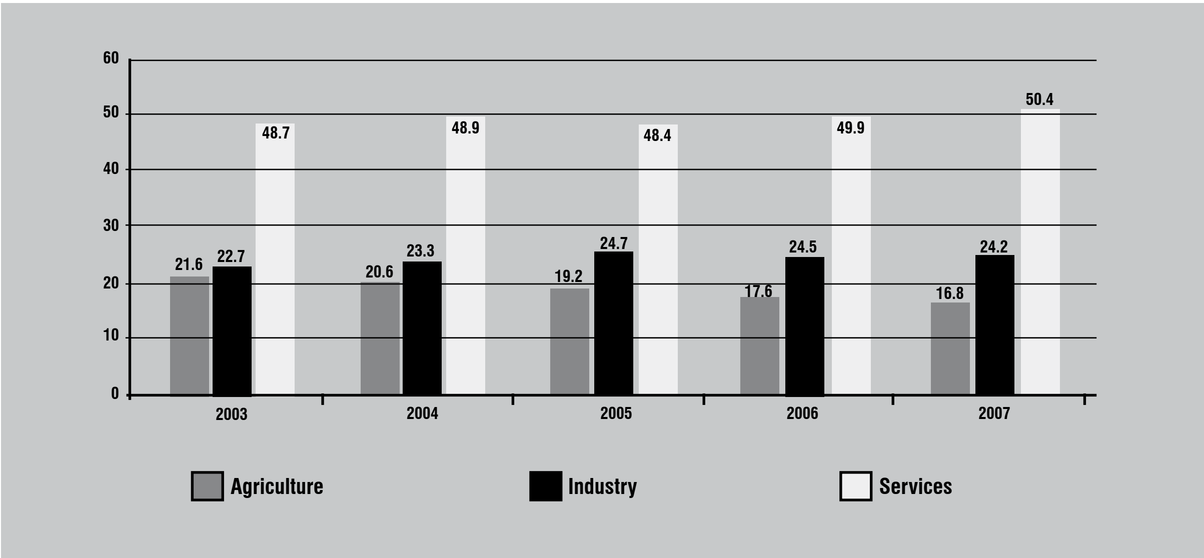
Table 2: Summary of Expected Revenues from the proposed initiatives

NO.	Recommendation	Implementation	Expected Revenue	Equivalent Tax Ratio
1	Rental Income Tax administration	Short term	126Bn	0.52%
2	Withholding/tax on Real Estate transactions. 1st sale developers be exempted.	Short term	90Bn	0.37%
3	Alternative Presumptive turnover Tax to encourage compliance	Short term	216Bn	0.90%
4	Income Tax from undeclared income	Short term	120Bn	0.50%
5	Informal sector initiatives	Medium Term	181Bn	0.75%
	Total Estimate		**733Bn**	**3.04%**

5 SECTOR SPECIFIC GROWTH CONCERNS AND PROPOSALS

This section highlights the major issues affecting growth in specific sectors of Uganda and suggests possible remedies to address the issues at the end of each sub-section. All the issues discussed subsequently were raised by PSFU member associations during the consultations for 2009. However, some of their issues have been presented as cross-cutting concerns in section 4.0 above. Figure 3 below is a representation of Uganda's performance drawing from three major sectors that significantly contribute to the economy's domestic revenue i.e. agriculture, industry and services.

Figure 3: Uganda's Economic Performance % (2003-2007)



Source: UBOS, Statistical Abstract, 2008
Note: The above analysis compares GDP figures at constant prices for 2003

5.1 The Agricultural Sector

From the above analysis, it can be deduced that economic activity in the agricultural sector is steadily declining despite the fact that over 73% of Ugandans and mainly the rural poor depend on the sector for a living. Therefore, Uganda's growth strategy must have specific interventions aimed at enhancing productivity of the agricultural sector if indeed rural poverty is to be eliminated. Some of these include among others;

- Enhancing Competitiveness through promotion of Agri-businesses and Increased Food Production

- MSME Financing for Agriculture
- Introduce soil improvement mechanisms to enhance agricultural outputs
- Quality Assurance, Standardisation and Certification
- Policy to guide growth of the Organic Products sub-sector
- Specific agricultural sub-sector interventions required

5.1.1 Increasing Competitiveness through promotion of Agri-business

Increasing productivity in the agricultural sector requires interventions that will target ALL farmers through the whole value chain i.e. from subsistence to commercial farmers and mainly promoting value addition in agriculture to the market. This not only enhances export competitiveness but also improves incomes for the farmers. The majority of the existing small-scale agro-processing firms in Uganda however, do not meet the international quality, standards and certification regulations thus are struggling to penetrate export and local markets with lots of imported items.

The private sector recognises government's efforts to zone the country into viable agricultural production areas. The challenge remains with ensuring implementation of existing strategies aimed at enhancing competitiveness of the agricultural sector for example, the Marketing and Agro Processing Strategy (MAPS). The need to align resources within the sector to strengthen commodity value chains is also crucial for growth of the agricultural sector.

Uganda's ability to access better markets is constrained by lack of market facilities, inadequate market information and poor infrastructure (including storage). Farmers also lack access to relevant, reliable and timely market information to enable them compete better both in the regional and international markets.

The recent global food crisis has created potential for Uganda to benefit in-terms of exporting food to other countries. Clear evidence of this is deducted from the increased demand for Uganda's food products by its neighbours (Southern Sudan and DRC). However, this demand has not been met by increased supply thus has created shortages on the local market and a need to enhance food production to meet the growing demand.

5.1.2 MSME Financing for Agriculture

Many small business owners and farmers lack collateral to enable growth of their ventures and farms. A clear example is the Kamuli Community Development Foundation of Uganda that is currently engaged in the provision of improved seeds and basic farm inputs to farmers in Kamuli. This organization is interested in setting up mills and safe storage facilities for maize and rice but is constrained by limited funds. Also, the majority of agro-processing firms in Uganda are MSME's, however, many of these lack the capital base to engage in large scale processing of the highly demanded organic products on the export markets like solar dried fruits, fruit pulp etc.

5.1.3 Introduce soil improvement mechanisms to enhance agricultural outputs

The government in last year's budget speech announced that a pilot fertilizer plant has been procured to start manufacturing fertilizers for Ugandans by September, 2008. However, previous experience has shown that implementation of government support is rather too slow thereby limiting the process of growth. Through Public – Private Partnerships, the private sector in Uganda anticipates that this project would be successfully implemented.

Reliance on rain water harvesting has created a lot of uncertainty in food production owing to the drastic climatic changes that have distorted the pattern of rains. Uganda would make at least three harvests with improved soil and reliable water management techniques and irrigation technologies, which should improve production and productivity.

5.1.4 Quality Assurance, Standardisation and Certification

Uganda is a leading exporter of organic produce and has a comparative advantage in this area. The market for organic products in 2005 increased by 67% and is said to be steadily growing. However, Uganda's producers must comply with the international standards set by both ISO and consumers if their products are to significantly penetrate the global market. The existing accredited quality check and certification mechanisms are costly to the small scale farmers. The importance of standardization of export products is yet to be clearly perceived by the farmers and exporters in Uganda. The warehouse receipt system has improved quality and standards at the farm level and for this reason; the government is commended for this initiative.

5.1.5 Establish a policy to guide the growth of the Organic sub-sector

Uganda has the largest acreage of organic land in Africa i.e. 150,000 acres of the total 250,000 covering the continent according to NOGAMU. In addition, the current value of certified organic exports to Europe is USD 10.3 million and there are 50,000 certified exporters, a clear indication of the contribution to employment in this sector.

RECOMMENDATIONS FOR THE AGRICULTURAL SECTOR

- Speedy implementation of the above-mentioned credit lines to avail the much desired long-term and appropriate finance to the agricultural sector

- A special fund to support MSMEs engaged in agro-processing is instituted to enable them acquire processing equipments and machinery to raise production capacity, meet and exploit the high and increasing demand of Uganda's organic processed products.

- Assist producers/exporters to initially accredit their products. Subsequent procedures will then be financed by the respective producers. However this will require a well equipped and internationally recognised accreditation process at UNBS.

- Assist Uganda's farmers to improve on their soils and water saving techniques in order to boost production and productivity.

- Support farmers to improve post harvest handling.
- Expedite the completion of the National Standards Policy currently being developed.
- Establish an organic policy to guide the rapid growth of the sub-sector.
- Support groups of farmers to acquire organic certification and be able to sell their produce as organic to the international markets.
- Commitment to engage in organic research. Organic being the trend currently, no effort has been taken to do research as a strategy to develop the sector further. Some funds need to be committed in this area and research into organic constraining areas should be given priority in all agric-related programs.

5.1.6 Proposals for Specific Agricultural Sub-Sectors

a) Coffee

Over 5 million people in Uganda depend directly or indirectly on coffee for their survival and profit gain of which about 3million are small-scale coffee farmers. The sector's performance has significantly grown through improved agricultural practices and access to better markets. However, issues of quality, food safety and traceability of coffee from the farm to the cup continue to inhibit growth of the coffee sub-sector yet it has the potential to significantly enhance Uganda's domestic earnings and the quality of life of many Ugandans. Some of the policy constraints of the coffee sector in Uganda include among others;

- Absence of a national coffee standard and law to best regulate the entire coffee sector
- UCDA is not adequately structured and empowered to provide funding for biological research and production
- The Coffee Research Centre (COREC), a body responsible for coffee research is not legally aligned within the coffee sector and this makes its funding not sustainable and adequate in responding to coffee sector challenges including, among others, pest and disease outbreaks such as the Coffee Wilt Disease (CWD).

Recommendations

- Commission the 8 lines of CWD resistant varieties in the labs and distribute to farmers.
- Review of UCDA statute and NARO Act with the aim of empowering UCDA as a facilitating agency aimed at addressing constraints in biological research, production

and also applying best regulatory practices with clear funding mechanisms of the links in the supply chain.

- Develop a national coffee policy in line with new international market requirements; social, economic and environmental dimensions for sustainability.
- Promote farmer-ownership to enable farmers assume more roles in the coffee value chain.
- Re-align the Coffee Research body within the legal and statutory framework of the Uganda Coffee Development Authority with clear funding mechanism from the cess and/or central government.
- Empower coffee farmer organizations to instil farmer ownership within the value chain so that they upgrade to add value to enhance coffee quality and food safety for better competitiveness in the entire Uganda coffee sector.
- The coffee levy by UCDA should be able to do more than it is doing now. UCDA function as a stimulant for the industry should be realigned with both production and marketing requirements of the coffee industry.

b) Tea

The tea industry is the third largest foreign exchange earner in the Agricultural Sector. In 2008, the sector earned about USD 76 million from export sales and it currently employs over 58,000 people (average of 2.5 people per hectare). More notably, these people are based in the rural areas where poverty levels are highest thus involvement in tea activities has minimized the growing rural-urban migration.

However, Uganda has only utilized about 13% of its tea production potential and very little has been done to promote research for further development of the sector. For example, government has transformed Uganda's major tea research centre (Rwebitaba) into a public agricultural zone for crop research, which action compromises the efforts to enhance growth of the tea industry through specialized research.

Recommendations

- Formulate a national policy to guide growth and activities of the tea sector
- Re-instate Rwebitaba research station as a specialised tea research station with its management on a Public Private Sector Partnership.
- Establish tea-processing plants in potential tea growing areas. This can be easily achieved through partnership with the private sector

c) Flowers

High airfreight charges continue to dominate the cost structure of the flower sector in Uganda rendering this industry less competitive in the EAC region. Government's attempt to address this problem through corporate tax exemption of International aircraft carriers does not address the issue of airfreight charges incurred by flower exporters. The sector also lacks a more appropriate investment incentives package that would attract additional investors into the industry to boost rural investment where temperatures are cooler and where the labour market is more affordable. The flower sector has become uncompetitive in the market given the depressed demand and the increased cost of production and marketing.

Recommendations

Waive Civil Aviation Authority (CAA) charges on export cargo; To increase the competitiveness of our exporting firms by about 0.40 USD Cents, it is vital to waive CAA levies particularly the following:

- Fuel levy (currently 5 cents per litre of Jet A1 Fuel). It is proposed that Government meets 4 cents of this charge for all Cargo Carrying airlines.
- Handling Charges (CAA currently receives 10% of this charge). It is proposed that the 10% charge be waived for export cargo.
- Landing fees. It is proposed that landing fees be waived for Cargo Planes. Landing fees are charged based on the weight of the Air Craft.
- Security Surcharge (Currently 14 cents per kg). It is proposed that this surcharge is borne fully by the Government for Export Cargo only.

Expedite the completion of the fuel pipeline from Mombasa to Uganda to ease the cost of fuel that is driven high by increased transportation costs.

Ensure sufficient Infrastructure Support - i.e. Avail Un-encumbered land on leasehold as well as other utilities such as, good road and adequate electricity supply.

d) Apiculture

Bee keeping among rural communities across the country is being encouraged for sustainable growth and poverty reduction. However, the absence of an enabling policy environment for the development of the apiculture sub-sector has negatively hampered its progress. This is especially in view of the growing global market trends that require an industry to uniquely position itself for competition on the international market.

Inadequate extension service delivery to beekeepers in rural areas is another constraint given that the existing Local Government structure does not provide for the deployment of Entomologists at Sub-County level where the bee farmer's interests are best addressed.

Information flow between support mechanisms in the apiculture industry is also very poor thus encouraging duplication of efforts and poor capacity building mechanisms and access to appropriate beekeeping equipment, which all lead to poor farmer response.

The Uganda National Apiculture Development Organisation (TUNADO) has already embarked on a plan to ensure formation and strengthening of beekeepers associations; development of honey standards as a tool for quality assurance and trade promotion and, the development of research, marketing and policy advocacy skills.

Recommendation

- Fast-track the enactment of the National Apiculture Policy to guide the development process of the apiculture industry as a viable and sustainable income source for the rural poor.

e) The Leather Industry

Growth potential through value addition exists in the Leather Industry. This is portrayed in the annual national production statistics of hides and skins estimated at 1 million bovine hides and 2 million goat and sheep skins. Nearly 60% of this production of raw hides and skins is exported yielding up to $9 million per annum. If the entire production is processed into finished leather however, the industry could earn up to $35 million a year.

Government of Uganda in 2006 announced a levy of 20% on exports of raw hides and skins to promote value addition. So far, there are four tanneries located in Jinja, Busia and Masaka. By 2011, it is projected that there will be 11 tanneries across the country.

The value addition industry is constrained by the fact that inputs are charged duty increasing the cost of production and making it uncompetitive to produce leather products in the country. It is no wonder that even BATA has relocated its value addition segment to Kenya and only brings finished products.

Recommendations

- A strategic intervention is required to improve quality of the hides and skins.
- Accessories for footwear should be considered as raw materials to promote local production of shoes and other leather products. CET should be zero for a period of 5-7 years.

f) Fish

The major challenge facing the fish in Uganda is unregulated and illegal fishing currently taking place on Lake Victoria and other major lakes which has resulted in reduction in fish stock and consequently in the underutilisation of the processing capacities of fish processing companies. There is an increasing number of undersized illegal fishing gears which include gillnets of less than 5 inches, beach seines and cast nets which capture immature fish that ends up either being buried or sold on the local markets and across borders to neighbouring countries. Currently, there is no capacity to control illegal fishing and trade in undersized fish despite the fact that it is regularly reported to relevant authorities and in the media. The private sector through their umbrella association UFPEA has tried to do self policing using an independent team of inspectors who ensure that no fish less than the legal size of 20 inches in processed for export. Since much of the immature fish is no longer received by the processing plants, it finds ready market in local markets and in neighbouring countries especially DRC.

Recommendations

- UFPEA's efforts need to be supported by the government's enactment of the law to limit the fishing capacity and apprehend those who engage in illegal trade.
- Fund the Monitoring and Control the illegal fishing, processing, placement and Marketing of immature fish both nationally, regionally and internationally.
- Support the fisher folk in acquiring legal fishing nets through credit facilities.
- Sensitise the fishing communities on the dangers of illegal fishing and encourage them to undertake alternative activities for their livelihoods.
- Curb the rampant corruption among local fisheries officers and Beach Management Units which supports illegal fishing and illegal trade.
- Provide adequate funding to the Department of Fisheries Resources to enable it carry out its mandate of inspection and regulating fishing activities.
- Fast-track the Fisheries law to enforce the fish levy.

5.2 Services Sector

a) Telecommunications

Despite the significant increase in the number of mobile phone subscribers, Uganda charges the highest excise duty on mobile phones in East Africa, which explains the high tariff rates on airtime.[17] The current tax is 12% compared to Kenya's 10% and Tanzania's 7%, which implies that Ugandans pay over 25% taxes compared to the average rate of 17% in Africa. The Telecommunications sector contributed about 4.6% to last year's national GDP and has eased business cost pressures through the wide network coverage especially for the small entrepreneurs.

Recommendation

- Harmonise excise duty on airtime (reduce from 12% to 7%) as per EAC partner states

[17]A recent study by Deloitte and Touche revealed that a reduction in excise duty on airtime in Uganda from 12% to 8% would boost government revenue by UGX 117 billion by 2017. This study was done for the GSM Association, a global trade association of 700 mobile operators in 218 countries.

b) Insurance

The insurance industry in Uganda is still under-developed and is currently trying to sensitise the masses on the importance of securing insurance policies. The sector is however faced with a number of challenges that impede its growth and which require the following government interventions;

i) Prohibitive Tax on Insurance Reserves

A reserve is an amount set apart to meet insurance claims under unexpired policies and/or outstanding claims incurred in the previous years and pending claims. Normally the gross premium earned annually is taxed, as well as the profits at 30%. Since the reserves are from annual premiums, which are already taxed, taxing of reserves amounts to tertially taxation, which is grossly unfair.

ii) Lack of a Reinsurance Company

Uganda is the only East African country that does not yet have an operational reinsurance company to among others provide extra underwriting capacity. As a result the country loses Shs 60 billion every year to foreign re-insurance companies. The main objective of establishing the Uganda Reinsurance Company is to;

- Preserve foreign exchange through reduction of outflows by way of Reinsurance Premium. In 2007 reinsurance premiums stood at nearly USh 123 billion
- Mobilise investable funds for the economy by taking on bigger insurance risks and therefore retaining as much premium as possible here in Uganda. This saves on the much-needed foreign exchange.
- Bring reinsurance services closer to the Uganda insurance market
- Build local insurance and reinsurance capacity.

iii) Establishment of compulsory cessions

Many countries have legislated compulsory cessions to support the starting Reinsurance Companies to grow their business, stabilise and be able to compete favourably in the international Market.

iv) Other binding constraints for the Insurance Industry

The General Receipt Fee charged by Police to obtain accident reports as general insurance requirement for proof of accident/loss is very high and not affordable for many claimants or parties to the insurance contracts. This impedes equitable and prompt settlement of claims as it denies/delays justice to the poor.

- In 2006, government introduced a 6% service charge on commission of insurance brokers and agents. However, the administration of the policy was given to a few licensed insurers and collecting agents and this had created unfair competition for unlisted insurers. The threshold of UGX 1,000,000/= from which the tax applies cannot be easily determined thus encourages non-compliance.

Recommendations

- Fast-track the amendment of the law on insurance to allow for the establishment of a national re-insurance company.
- Reduce the General Receipt Fees charged by the Uganda Police in cases proof required for accidents or loss from UG SHS 50,000 to UG SHS 10,000
- Introduce a deliberate policy to educate the public on the importance of taking up relevant insurance policies.
- Strengthen supervision capacity in the industry to ensure that all insurable risks are covered within Uganda by registered insurance companies in Uganda.
- Review tax on insurance reserves with a view to enhancing growth of the insurance industry in Uganda.

c) Tourism Sector Issues

i) Slow Implementation of the Tourism Policy

The Tourism Industry in Uganda has the potential to contribute about 40% to the national GDP if the recommendations related to funding of the sector are adequately implemented by Government. However, since the enactment of the Tourism law, resources to the sector required to enforce institutional and capacity reforms are still insufficient. A board of directors has still not been appointed and the proposals to generate revenue within the sector such as the tourism levy have not been implemented. Therefore, the sector continues to be less competitive in the EAC region and the world.

ii) Competitiveness Issues

Some of the factors rendering Uganda's Tourism Industry less competitive are; High costs of passenger flights owing to limited service providers coming to Entebbe and there are no charter flights; Poor Infrastructure to ease inland movement of tourists; High Maintenance costs for Safari vehicles; Uncompetitive hotel charges derived from high construction and operational costs; Encroachment on the national parks i.e. Basongora, Bagisu on Mt. Elgon, the Hema in Semliki and invaders from neighbouring countries; Exclusion of designated tourism zones, which impede further investment; and an additional 18% VAT that is levied on Safaris to Uganda among others.

iii) Tourism as an invisible export

Most countries treat Tourism as an export and a direct export foreign exchange earner, but despite repeated attempts Uganda does not. An individual tourist visit to Uganda would fetch up to USD 2,610. Other benefits include, Pay As You Earn (PAYE) tax on the employees of the tour operator, lodges and air transport providers; Trade licenses for every business involved in carrying the tourist. Import and excise duties for vehicles and equipment used to carry the tourist. Revenue from all the businesses that depend on and interact with the tourism industry – hotel and catering, entertainment, breweries and soft drinks manufacturers, small scale industries. This last item illustrates what is known as the 'multiplier effect' of tourism.

iv) Community Based Tourism (CBT)

The World Travel and Tourism Council (WTTC) estimates show that Community Based Tourism (CBT) has grown by 45% from 1997 to 2007. CBT enables the rural, poor and marginalized to participate in tourism development to raise their incomes. Small indigenous communities share their homes with tourists and let them know about their ancestral ways of living, their cultures and to experience a daily adventure sharing their knowledge. Community Based Tourism increases rural incomes and is therefore in line with government's overall goal of alleviating poverty. The estimate of total employment that includes informal employment provided above would rise to 420,000 in Uganda if more local communities were involved in tourism. To fully exploit the potential in tourism, it is necessary to involve more of the local communities that reside en-route or near to the game parks, the majority of whom represent some of Uganda's poorest citizens and communities.

Recommendations

- Position Uganda's Tourist Industry to compete on the global market through targeted market campaigns.
- Secure resources to purchase land close to the National Parks and Forest reserves for Tourism development.
- Rehabilitate the remaining seven aerodromes across Uganda to facilitate Tourism services.
- Exempt Safari Tour Vehicles from VAT.
- Consider extension of tax exemption of building materials for hotels for 5 years to allow for completion of construction projects in the Tourism sector.
- Urgent skills development is required in the Tourism and Hotels industry (Support private investment in this area).
- Expedite the restructuring of UTB and implementation of funding mechanism
- Law be reviewed to allow for competition, better prices and encourage more local tourists to the parks.
- Put in place a community tourism policy with clear interventions funded by the district allocations and aimed at increasing local participation in tourism.

d) ICT and Business Processing Outsourcing

The recent developments in the field of ICT directly impact on the livelihood of people across the world. Countries with developed ICT platforms are able to keep pace with technological advances. In order to realize proportional returns on investment in ICT while supporting enterprises, special emphasis should be placed on, among others, the development of the business processing capacity of our labour force. Given the slow down in the world economy, firms around the world and region will likely act towards reducing costs as much as possible. Outsourcing of services will take a centre stage and this will be done across countries, regions and continents. Better alignment of labour force ICT skills for business processing is urgently required to take advantage of opportunities internationally as we head to the full implementation of the EAC Customs Union in 2010 and implementation of the Common Market thereafter. Training institutions should therefore tailor their existing ICT-infrastructure and software development related courses to match the growing needs of business enterprises, which are increasingly undertaking automated processes and providing a base for service outsourcing. This would eventually attract more firms to Uganda and ensure that Uganda-based firms are not overly reliant on foreign firms for Business Process Outsourcing (BPO). Uganda is strategically positioned to provide BPO services to other countries (such as USA, UK and Canada) and this immense (export) potential could be tapped into.

Recommendations

- Expedite the completion of linking Uganda to the world through the fibre optic cables as the backbone for Uganda and connect to the Marine fibre optic cable already at Mombasa with the view of lowering the cost of international transmission of data.
- Fast-track the enactment of the cyber laws (See Annex III) and amendment of the ICT policy.
- Establish a national call centre unit and establishment of an Incubation centre for ICT skills training within the industrial parks development programme.
- Fast-track laying of the fibre optic and complete the Nakaseke Multipurpose Community Telecenter wireless IP infrastructure to reduce Internet costs.
- Consolidate the existing tax waiver on imported computer accessories and extend it to gadgets and devices to encourage ICT diffusion to rural areas.
- Integrate the Clusters Initiatives concept in the Government strategy to enhance private sector competitiveness.
- Fast track the implementation of the ICT policy.
- Special funding to be targeted at supporting creative abilities in ICT including e.g. locally developed software.

e) 1% levy on the gross annual revenue of Courier Companies

The convergence of communication services into multi-media services i.e. text, voice, data and pictures, mail services requiring a post box will increasingly become redundant and the possession of a handset to access these services will be the norm. Therefore, further capital investments in postal services would be misplaced and a waste of resources if government desires to continue to provide a Universal Postal Service throughout Uganda, this should be entirely from Public funds, taxes and stamps. The private sector should be left to meet the changes in consumer preferences by the provision of quality demand driven services funded by profits. For example, Deutsche Post, a demand driven service provider owned by the German Government owns a large private sector express courier player, DHL Worldwide Express.

Effects of the levy are;

- Higher prices given that the levy is passed on to consumers and since there is an additional VAT charge, this levy decreases demand for courier services.

- The higher cost is prohibitive to rural clients.

Recommendations

- Amend the Third schedule and remove the requirement by the Courier Companies to pay the 1% Levy.
- Categorise postal & telecommunications sectors separately in the Act.

5.3 MANUFACTURING SECTOR

ISSUE	DETAIL	IMPACT ON SECTOR MEMBERS	RECOMMENDATIONS
ENERGY	Majority of industries in Uganda rely on the national grid to obtain electricity for industrial production. However, many factories are faced with; • Intermittent power supplies; • High energy costs resulting from high tariffs and, • Poor supply of power emanating from over loads and insufficient transmission equipment.	• Loss of materials due to power cuts along the production process • Stagnation of the manufacturing sector • Uncompetitive manufacturing sector. • High production costs for MSMEs. • Hinders FDI growth	• Extension of the diesel tax waiver for industrial generators. • MSMEs should access high KVA power for lower tariffs. • UMEME should ration power to industries on specified days so as not to interrupt the production process through unexpected outage. • Expedite the completion of the ongoing power projects particularly Bujagali and Karuma. • Encourage more Public Private Partnerships in the construction of Mini Hydro Generation Dams.
TRANSPORT	The cost of transporting raw materials and finished goods especially by road is very high. The alternative means (rail) are not easily accessible and in some instances are not functioning anymore.	This leads to an increase in the cost of production thus making Uganda manufactured goods uncompetitive compared to the imported goods.	• Revamp rail transport in Uganda given that it is the most cost effective means of transport for both raw materials and finished goods. • Develop a Public Private Partnership in the acquisition of trucks so as to reduce on the dependence on regional trucks.
LABOUR PRODUCTIVITY AND SKILLS	Most MSMEs lack the necessary technical skills to run their businesses effectively.	This disrupts business because it leads to loss of time and money. Also, low levels of education and specialization cannot allow technology transfer and growth in production levels.	• Government should dedicate 0.5% of GDP to R&D • Government should offer R&D tax credits to manufacturers • Operationalisation of the BTVET Act

ISSUE	DETAIL	IMPACT ON SECTOR MEMBERS	RECOMMENDATIONS
TAXATION	• The 90/120 days limit on customs warehousing period pose unnecessary costs on the sector. • The 1% premium rate on security bonds for warehoused raw materials is too high. • Infant industries and especially MSME's are struggling to stay afloat owing to high operational costs thus tax such ventures constrains their business further.	High tax rates Low investment in people and plant Low efficiency and uncompetitive ness for manufacturers Erosion of the purchasing power of the domestic market	• Clarification on inconsistent and unclear tax laws and regulations to promote consistent enforcement by URA. • The "Disability Act" should be accented to for implementation. • Local MSMEs should be allowed a tax holiday of 5 years • Harmonization of export incentives within East Africa under a common commercial policy should be expedited. • Harmonious application of VAT on inputs to Government projects is required on both locally produced goods and those imported. E.g water pipes • VAT should be lowered to 12% in order to uplift the purchasing power for consumers. • Companies that may be not older than 4 or 5 years old should be included in the bracket of the companies to benefit from agro processing incentive scheme. • A company's turn over, tax compliance should be used to secure taxes on raw materials.
EAC Customs Union	Many manufacturing companies in Uganda are constantly faced with Non-Tariff barriers regardless of article 13 of the EAC Customs Union. In addition, the asymmetrical duty on goods from Kenya to Uganda has decreased to 2%.	An increase in the trade deficit for Uganda.	• The Government should assess the impact of the EAC Customs Union on the manufacturing sector to assist in the review of the protocol in 2010. • A situational analysis should be conducted within the manufacturing sector before the concluding of the EPAs.
Sugar Industry	Import duty on raw materials for sugar production increased from 0% to 10%	The Kenyan sugar manufacturers are likely to flood the Ugandan market after the Kenyan market being flooded by duty free sugar from COMESA	• There should not be any locally produced sugar traded between the Communities until one or more of the Partner States declare a net surplus of sugar. • All "Gap Sugar" imports should be arranged by the individual partner states by joint local consultation between the revenue authority, millers and traders' association.

ISSUE	DETAIL	IMPACT ON SECTOR MEMBERS	RECOMMENDATIONS
Wheat Sub Sector	99% of wheat consumed is imported thus importers of this product are faced with high transport and administrative costs.	High production costs thus uncompetitive ness	• Import duty on Wheat grain should be maintained at 0%.
Cement Industry	Cement has been removed from the EAC sensitive list thus attracting a low CET of 25%.	It is estimated that 75% of the EAC market can be taken over by imported cement.	• The EAC market should be ring fenced against the threat of imports. • The sensitive product status of cement should be immediately restored with a CET rate of 40%. • EAC Partner States should invoke additional anti-dumping and countervailing duties in consultation with the cement industry.
Textile Industry	The Textile sector is faced with a shortage of long term credit, high interest rates, costly energy, low export incentives, low availability of trained technical skills, counterfeits, high transport costs and lack of a textile policy.	Operation under excess capacity and closure of business	• Textiles should be categorized as sensitive goods • Passing of the textile policy should be expedited. • VAT exemption on sale of textiles produced wholly in Uganda for five years as well as inputs and spare parts required for textile production.
Pharmaceutical Industry	There 5 large and 6 small-scale pharmaceutical manufacturing companies in Uganda. However, most companies are operating their facilities between 50 – 60% of the installed capacity. The medicines market in Uganda is worth around $ 267 million. It is estimated that over 90% of the products are imported from countries like India and China	Leakage of donated medicines to the market Unfair competition from highly subsidized and duty free imported medicines	• A 10% duty should be placed on selected pharmaceutical products where the local production has the capacity to meet the local demand. • Government should apply a 15% price differential to local companies in public procurement. • The anti-dumping laws as stipulated in the EAC Customs Union should be put into practice. • All pharmaceutical equipment and utility equipment should be import duty exempted • URA should work closely with NDA for proper interpretation of pharmaceutical inputs and equipments that qualify for tax exemption. • Government should review the proposed amendment of the patents act so as to incorporate the exemptions and flexibilities in the TRIPS agreement.

ISSUE	DETAIL	IMPACT ON SECTOR MEMBERS	RECOMMENDATIONS
Beer Industry	This industry is taxed basing on advalorem regime, which is difficult to administer thus in many cases will be unfair taxation. The tax regime in Uganda for beer is not harmonized compared to other EAC members.	There is no tax stamps on spirits thus potential consumers of beer may opt for the liquor instead.	• Maintain current excise duty rates of 60% for malt beer and 20% for non-malt beer (beer made from local raw materials) • Switch from Advalorem to specific Taxes regime for beer, spirits, wines and Ready To Drinks (RTDs) e.g. Smirnoff Ice • Tax stamps to be considered for spirits as is the case in Tanzania and Kenya • The current CET rates of 10% and 25% be reduced to 0% • Maintain 0% import duty
Wood, Paper,& Packaging Industry	Paper and printing consumables not manufactured in EAC e.g. Silver Metallised paper 68gsm which is used to manufacture beer labels	• An order of 200mts can only be supplied over three weeks on instalments of 50mts owing to restrictions on transportation of paper raw materials • Escalating production costs • This leads to the taxation of metal coated paper	• Permit use of open trucks and designate special container stripping terminal. • The code should be split to create a new code (HS 4810.19.10) to attract a 0% CET. • The CET should be set at 0%
Plastics Industry	120% excise duty on plastics PVC drainage and water pipes and HDPE pipes when imported to be supplied to government projects VAT is not charged but those that are locally produced the supplier has to charge VAT Milk processors import VAT exempted packaging films but local manufacturers have to charge the VAT	This increases the cost of doing business and discourages purchase of locally produced products against imported products Government revenue and employment opportunities loss	• The punitive of 120% levy should be substituted with a plastic levy to support the waste management mechanism. • A countervailing tax should be placed on imported goods to avail a well-levelled playing ground. • Public procurement should give preference to local industries.

6 INTEGRATION PROCESS

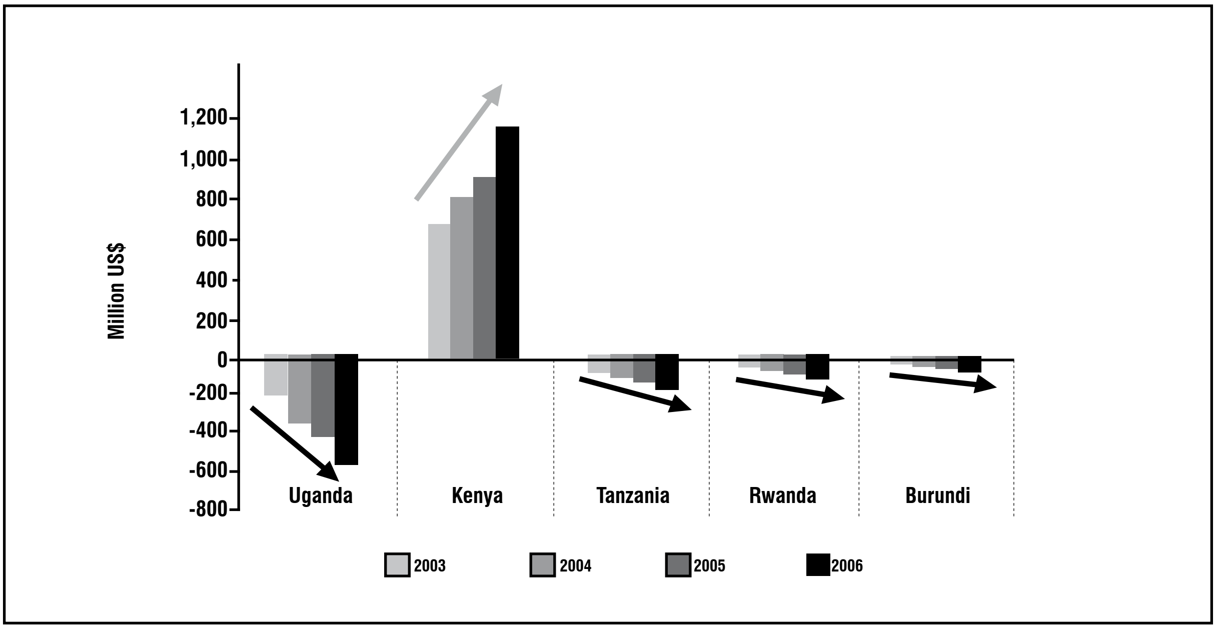
In the era of globalisation where survival under the World Trade Regime is closely linked to the most competitive economies, Regional Integration/ Economic Partnerships like EAC, COMESA, EPA becomes a "protection" for weaker and less competitive economies like ours. With integration, economic interdependence is possible and leads to expansion of domestic markets and encourages investment to exploit the larger markets and also increases consumer welfare. If properly managed, Regional Integration/Economic Partnerships can act as a "training ground" to face the threat of globalisation. Integration and Economic Partnerships should therefore facilitate the parties to it to achieve a sustainable growth on a win-win basis.

6.1 The EAC Integration Process

The EAC Partner States through the EAC Treaty and the EAC Customs Union Protocol have collectively agreed and committed themselves to an EAC Integration process which is aimed at achieving a market led and private sector driven harmonious and mutual development on a win –win basis for the peoples of the Partner States of EAC. The private sector must therefore be supported to make meaningful contribution to this process. The Partner States should create a conducive environment which includes among others: predictability of policy; infrastructure; a level business operating environment while keeping in mind the principles of asymmetry; support for improvement of internal operations of private sector business firms etc.

The EAC Integration is in the 4th Year of implementing the Customs Union and the negotiations of the Common Market are at advance stages with the target date of implementation being 1st January 2010. The private sector in Uganda, however, is concerned that the objective, principles, and the spirit of EAC Integration of deriving gains on a win- win basis may not be achieved as illustrated by figure 4 below. Uganda continues to witness a growing trade deficit in the region and this trade deficit has worsened since the customs union inspite of the phased-down tariffs on goods from Kenya into Uganda. This means that the cost of doing business in Uganda is so high that the reducing tariffs from 10% to 0% as much less than what would be the **Effective Rate of Protection**. Uganda has noted with concern the relocation of value adding elements of some industries to Kenya leaving only the sale / distribution part of the value chain in Uganda.

Figure 4: **Intra EAC Balance of Trade; 2003-2006**



Source; Trade Statistics; IMF, EAC Annual Report, July 2006-June 2007; Trade deficits of the Least Developed Countries unlike Kenya's

EAC – Customs Union: The Customs Union is in the forth year but Uganda's private sector has the following concerns:

Transition period: The EAC Customs Union recognised the different levels of development and competitiveness ability and included a transition period so as to help the disadvantaged Partners Uganda and Tanzania by then to be able to improve their levels of competitiveness before implementing a full Customs Union.

In the Transition period, the EAC and Partner States were expected to not only implement a phase down of internal Tariffs (fiscal measures) but also implement non fiscal measures which would help the private sector in the disadvantaged position improve their competitiveness. The non fiscal measures were to be implemented by both the Partner States and the private sector. In the case of Uganda's private sector, clause 19-2 of the EAC Customs Union protocol was invoked to allow selected Ugandan Industrial Inputs and raw materials[18] at the CET rate of zero percent (fiscal measure).

The concern of the private sector in Uganda is that beginning 2010, the fiscal measures of protection will cease to exist. EAC Internal Community taxes and asymmetric action accorded to the selected Industrial Inputs and raw materials which has acted as a cushion to the uncompetitive environment of selected sectors in Uganda will cease. This situation may worsen Uganda's position as seen already by the relocation of some companies from Uganda to Kenya because of the uncompetitive environment in Uganda. If appropriate action is not taken at the EAC level, there is fear from Uganda's private sector that the gains of the EAC Integration may not be on a win-win basis. Private Sector Foundation Uganda will carry out a detailed study to establish possible injury to the Ugandan Industry as EAC Implements the full EAC – CET and removes the internal tariff.

[18]These inputs and raw materials are common referred to as the Uganda List of industrial inputs and raw materials

Recommendations:

- Uganda Government, through EAC and with support from private sector should help establish the extent of injury the implementation of the CET and removal of internal tariffs will have on Industry

- Time bond measures should be implemented to help Ugandan firms not collapse. Government should implement the measures for which the private sector has no control (e.g. energy, NTB's) while the Private Sector will implement what it has control over (e.g. production efficiency systems)

- During the period of implementation of such measures appropriate asymmetrical administrative procedures by EAC, through Uganda Government, should be put in place to ensure the firms do not collapse.

EAC Common Market: The Common Market seeks to deepen and widen the EAC integration process beyond the Customs Union by allowing free movement of services, labour and capital and granting EAC citizens the freedom of labour movement and right of establishment anywhere in the EAC. The target of implementation of the Common Market protocol is January 2010 after protracted negotiations among the Partner States.

The concerns of Uganda's private sector in terms of preparedness for the common market is the lack of adequate policy frameworks, regulation and national strategies in key services areas namely services auxiliary to transport such as (clearing, forwarding and warehousing, etc), re-insurance, information and computer-related services, tourism and construction.

Recommendations

- Securing the principle of progressive liberalisations on some of the sectors is required and must be explicit to leave no doubt on what is expected to be done.

- Given the experience of the Customs Union and transition period already alluded to, securing a period to help Partner States should be followed with agreed work plan supported by EAC to ensure that the objectives of such progressive liberalisation is achieved. Time line of the progressive liberalisation should be determined by the work plan.

Negotiation and Implementation Process: Government of Uganda remains the lead negotiator and coordinator of implementation of what has been agreed upon by Partner States. However it ought to be recognised that the private sector has a role to play as indicated in the treaty. To this end therefore the private sector must be involved in the consultation process in making the decisions and its implementation. The Government also needs to be adequately prepared to carry out both the coordination and implementation support roles.

The private sector in Uganda is concerned that the consultations' being carried out during the negotiations and also implementation of the integration process is not adequate enough.

The principle of Private Public Partnership is not fully entrenched. There is also an element of government not taking advantage of their specialised strength hence creating duplication and breeding inefficiency. For example, the MEACA seem to be doing more than co-ordination role and specialised negotiations forums like the Inter Institutional Committee with competence of negotiating Trade related issues under MTTI is not being utilised adequately.

Recommendation:

- MEACA should establish their co-ordination role more firmly and establish a forum which acts as a "clearing house" for agreeing on positions which will be taken at the EAC level. This forum (clearing house) must reflect a Private –Public Sector character. This forum need to create sub- committees which feed into it, like the Trade negotiation committee which is specialist, fiscal committee to handle budget related issues etc.

6.2 The SADC/EAC/COMESA Free Trade Area

The private sector is continuously getting concerned with the multiple memberships of EAC Partner States in various blocks like the SADC/COMESA/EAC; Abuse is prone to happen especially on products which are similar with those produced in EAC like sugar.

Recommendations:

- EAC should expedite the negotiations of Trade arrangements of EAC as a block all other REC's to avoid confusion which arise from multiple memberships.
- Government should do more to promote the faster implementation of a free trade area in the SADC/COMESA/EAC region

6.3 The Economic Partnership Agreements:

Together with the other Partner States of the EAC, Uganda has initialled the Framework for Economic Partnership Agreement (FEPA) and a full and comprehensive EPA with the European Union is being negotiated. This agreement will be building on previous trade and development partnership with the EU under the previous Lome Conventions and Cotonou agreement. The difference is that this time the agreement must be WTO Compatible and therefore will include the principle of reciprocity.

The private sector in Uganda does support the agreement with the EU under the EPA so as to continue accessing EU market, it is however the reciprocity which will allow EU products full and free entry to our markets which creates concern and therefore calls for careful negotiations which will facilitate the private sector's preparedness when we eventually open up.

The concerns of the private sector in Uganda include:

Market Entry Challenges: Negotiations for Market Access do not translate in automatic market entry in the EU Market. Challenges of the supply side constraints do not allow Ugandan Products to be produced competitively for the EU Market requirements. The supply side constraints faced involve the inability of provisions of suitable infrastructure and government related services and also to the private sector to adjust their production in a competitive manner.

On the demand side, NTB's disguised under the SPS and TBT measures restrict entry into the EU Market.

Adjustment costs: It is envisaged that costs of adjustment will be high in the bid to ensure that Uganda is able to compete effectively with EU Products both in the EU Market and also in our local and regional market. The cost will involve the provision of adequate infrastructure and government services on one hand and the private sector to be able to produce acceptable products in an efficient and competitive manner. Further to this concern the private sector is worried that Government tend to articulate only support to Government to provide relevant public good and leave out the private sector adjustment costs in the negotiation process.

Rules of Origin: Uganda like most ACP Countries failed to fully utilize the preferences provided by the EU because of the restrictive Rules of Origin (ROO) which define the criteria for goods to be traded in. It would therefore be important for the ROO to be simple and enable the Ugandan private sector to easily enter the EU Market.

The private sector urges Government and EAC to do the following;

Recommendations:

- Remove the supply constraints: This process should begin by Governments with support from Partners well aware that we need to improve our competitiveness over and above the equivalent of the import / duty which we could have been paying, had the preferences not been in place.

- Remove the demand side constraints: Further more Government and EAC need to negotiate and secure the removal of Current barriers to entry and put in place a mechanism to ensure that new Barriers to entry into the EU market do not take place.

- Secure Adjustment Costs: Government should negotiate for the adjustment costs by clearly articulating the actual adjustment costs required by both Government and the Private Sector. This time round details of adjustment costs of private sector need to be articulated. Further more government need to articulate why more money is required over and above the normal EDF SUPPORT. The mechanism for disbursement of such development support should be simpler as compared to the current EDF funds.

- Simplification of Rules of Origin: Partner States of EAC should negotiate for simpler ROO within an asymmetric approach to enable EAC access the EU market using mainly "Wholly Obtained" or "Change in Tariff Heading" in case of value addition. The private sector also urges Government to advocate for increased cumulation from non-ACP countries where Uganda usually sources its raw materials.

7 CONCLUSION

The private sector in Uganda highly appreciates government's response to the suggestions for prioritisation of national resources towards improvement of the overall business environment. The business community also recognises the challenges faced by the government in trying to implement its policy actions. However, the need for Uganda to ensure a better and enabling business environment cannot be over-emphasised especially in light of the regional and global developments that continue to render the economy less competitive on the World Market.

Poor transport infrastructure; high transportation costs; lack of affordable business finance; regulatory barriers originating from weak public institutions that support the private sector and; poor implementation of resources on agreed priorities are the major binding constraints to development of the business sector in Uganda. As highlighted in the preceding sections, the absence of an enabling business environment and attractive investment climate limit an economy's ability to grow and to compete favourably on the global market. A clear indication of such limitations is portrayed in the sector specific concerns discussed in section 5.0 of this policy document. Therefore, deliberate policy actions to alleviate the identified competitiveness and growth challenges must be implemented if the private sector in Uganda is going to be the driving force of the economy. A number of recommendations have been suggested in this year's policy document and the major proposals focus on the following areas, infrastructure development particularly, transport; improving the business/regulatory/investment climate; increasing access to affordable business finance especially for agribusinesses; re-focusing the national growth strategy on export of niche products; widening the tax base to reduce the burden on compliant tax payers; organization of the MSME sector to ensure that they actively participate in national development processes and; prudent management of public resources to ensure that planned actions are implemented.

The effects of the global financial crisis as seen in section 2.5 of this document have led to increase in the cost of doing business in Uganda rendering the economy less competitive in the region and globally. Therefore, interventions to safeguard Uganda's commendable macroeconomic stability and to ease business cost pressures are required to enable the economy 'cushion' the effects of the crisis.

ANNEXES

Annex I: GOVERNMENT'S RELEASES FOR TRANSPORT INFRASTRUCTURE DEVELOPMENT FY 2008/9 ("000)

VOTE	PROJECT	PROJECT NAME	GOU	July	Aug	Sep	Oct	Nov	Dec-special release	Total release July- Dec	Release as percentage of total budget
113	0265	ATIAK-MOYO ROAD	1,200,000	100,000	200,000	-	-	-	300,000	600,000	50
113	0266	BUSEGA-MITYANA	2,000,000	166,667	324,918	-	-	508,415	-	1,000,000	50
113	0267	CONST. & IMPROVEMENT FERRY SERVICES	6,000,000	500,000	974,754	-	-	-	1,525,246	3,000,000	50
113	0268	CONSTRUCTION OF KAMPALA BY-PASS	1,000,000	83,333	162,459	-	-	254,208		500,000	50
113	0278	KABALE KISORO ROAD	10,500,000	875,000	1,065,912	-	-	2,647,088	662,000	5,250,000	50
113	0279	KAMPALA-URBAN-INTERFACE OF TRUNK	1,600,000	133,167	260,101	-	-	141,000	265,732	800,000	50
113	0280	KATUNGURU-KASESE-FORT PORTAL ROAD	3,000,000	250,000	487,377	-	-	2,262,623	1,021,793	4,021,793	134
113	0285	MATUGA-SEMUTO-KAPEKA ROAD	9,920,000	826,667	1,611,594	-	-	-		2,438,261	25
113	0292	RDP - BUSUNJU-KIBOGA-HOIMA ROAD	1,000,000	83,333	162,459	-	-	-	2,646,428	2,892,220	289
113	0293	RDP - CONSTRUCTION OF RD AGENCY HQS	100,000	8,333	16,667	-	-	25,000		50,000	50
113	0294	RDP - EXTERNAL AUDIT SERVICES	-	-	-	-	-	-		-	-
113	0295	RDP - K'LA-GAYAZA-ZIROBWE-WOBULENZI	1,500,000	125,000	243,689	-	-	-	381,311	750,000	50
113	0298	RDP ACCIDENT BLACK SPOT IMPROVEMENT	1,000,000	83,333	162,459	-	-	254,208	254,208	754,208	75
113	0299	RDP -SOROTI-LIRA	1,000,000	83,333	162,459	-	-	254,208	-	500,000	50
113	0300	RDP-UPGRADING OF DISTRICT RDS - IDA	105,680	8,806	17,169	-	-	-		25,975	25
113	0302	RECONSTRUCTION JINJA-BUGIRI ROAD	100,000	8,333	16,246	-	-	25,421		50,000	50
113	0315	STRENGTHENING THE NORTHERN CORRIDOR	1,600,000	133,333	259,935	-	-	406,732		800,000	50
113	0321	UPGRADING OF F.PORTAL-BUNDIBUGYO RD	5,904,000	491,998	959,159	-	-	1,492,095		2,943,252	50
113	0952	UPGRADING MASAKA-BUKAKATA ROAD	100,000	8,333	16,667	-	-	25,000		50,000	50
113	0953	REHABILITATION OF KAWEMPE-KAFU ROAD	9,410,500	784,166	1,528,864	-	-	-		2,313,030	25
113	0955	UPGRADING NYAKAHITA-IBANDA-F/PORTAL	100,000	8,333	16,667	-	-	25,000		50,000	50
113	0956	PAVED NATIONAL RD B/LOG MAINTANANCE	-	-	-	-	-	-		-	-
113	0957	CONSTRUCTION OF 2ND NILE BRIDGE	5,500,000	458,334	893,524	-	-	1,398,142		2,750,000	50
113	0958	REHAB. OF DISTRICT RDS IN 12 DISTRICTS	100,000	8,333	16,667	-	-	25,000		50,000	50
113	1031	GULU-ATIAK-NIMULE ROAD	85,500	7,125	14,250	-	-	-		21,375	25
113	1032	ARUA-KOBOKO-ORABA-VURA ROAD	100,000	8,333	16,667	-	-	21,375		46,375	46
113	1033	HOIMA-KAISO-TONYA ROAD	20,000,000	1,666,667	3,249,180	-	-	5,084,099		9,999,946	50
113	1034	MUKONO-KATOSI ROAD	960,000	80,000	160,000	-	-	240,000		480,000	50
113	1035	MPIGI-KABULASOKE-MADDU ROAD	960,000	80,000	160,000	-	-	240,000		480,000	50
113	1036	MBALE-MAGALE-BUMBO ROAD	1,000,000	83,333	162,459	-	-	-		245,792	25
113	1037	MBARARA-KIKAGATI ROAD	1,500,000	125,000	250,000	-	-	375,000		750,000	50
113	1038	NTUNGAMO-KITUMBA/MIRAMA HILL ROAD	100,000	8,333	16,667	-	-	25,000		50,000	50
113	1039	IMPROVEMENT OF KAMPALA-ENTEBBE ROAD	1,440,000	120,000	240,000	-	-	360,000		720,000	50
113	1040	KAPCHORWA-SUAM ROAD	100,000	8,333	16,667	-	-	25,000		50,000	50
113	1041	KYENJOJO-HOIMA-MASINDI-KIGUMBA ROAD	960,000	80,000	160,000	-	-	240,000		480,000	50

VOTE	PROJECT	PROJECT NAME	GOU	July	Aug	Sep	Oct	Nov	Dec-special release	Total release July- Dec	Release as percentage of total budget
113	1040	KAPCHORWA-SUAM ROAD	100,000	8,333	16,667	-	-	25,000		50,000	50
113	1041	KYENJOJO-HOIMA-MASINDI-KIGUMBA RD.	960,000	80,000	160,000	-	-	240,000		480,000	50
113	1042	NYENDO-SEMBABULE ROAD	960,000	80,000	160,000	-	-	240,000		480,000	50
113	1044	ISHAKA-KAGAMBA ROAD	100,000	8,333	16,667	-	-	25,000		50,000	50
113	1056	TRANSPORT CORRIDOR PROJECT	320,260,000	-	15,054,107	-	-	-	46,782,000	61,836,107	19
		TOTAL	**411,265,680**	**7,583,592**	**29,236,411**	-	-	**16,619,614**	**53,838,718**	**107,278,335**	**26**

Source: Budget Monitoring and Analysis Unit of the Ministry of Finance, Planning and Economic Development of Uganda

Annex II: PSFU PENDING ADVOCACY ISSUES FOR 2008

ISSUES	SHORT-TERM INTERVENTIONS	MEDIUM – LONG TERM INTERVENTIONS
	CROSS CUTTING PROPOSALS	
Physical Infrastructure & Utilities • Transport	• Expedite the implementation of the actions agreed upon in the Joint Communiqué signed between the governments of Kenya and Uganda in December,2006[1]	• Expedite the completion of the Jinja – Bugiri highway. • Consider the concessioning of the Tororo – Pakwach sections of the railway network.
• Energy	• Fast-track the implementation of the Oil pipeline construction project in order to reduce the high transportation costs of fuel that have a price effect on the final pump price. • Ensure sufficient fuel reserves across the country	• Continue to prioritise & support private investment in renewable energy such as biomass and bio diesel generation through provision of incentives.
Financial Sector	• Encourage the use of credit guarantee schemes to underwrite commercial bank risks and improve the collateral position of firms seeking credit. • Fast-track the operationalisation of the Credit Reference Bureau and re-capitalisation of Uganda Development Bank as stated in the 2007/8 budget. • Harmonise withholding tax on dividends of companies already listed on the USE from 10% to 5% with the neighbouring countries i.e. Kenya and Tanzania.	• Support the improvement of collateral management such as the issuance of insurance bonds in order to encourage more bank lending to the agricultural sector. • Establish clear fiscal incentives such as provision of necessary infrastructure to commercial banks to encourage them to extend their services to the rural areas. • Develop more long-term financing instruments through capital markets by supporting companies to leverage the costs they incur in listing on the stock exchange.
Technology & Skills • Technology	• Fast track the completion of the Industrial Policy that will provide clear guidelines on acquisition and transfer of appropriate technology.	Establish a technological information centre that provides regular updates on new technologies that could boost Uganda's industrial growth process.
• Skills	• Ensure Uganda's education system is realigned towards the existing labour market requirements. • Increase the support towards Business Training, Vocational and Technical Education (BTVET) institutions across the country to ensure better skills development.	a. Establish exchange training programmes with similar and more technologically advanced economies to better enhance the skills of domestic industries.

[1]Following an assessment tour of the Northern Corridor transport route (Road and Rail) by delegates from the two countries, a number of interventions were reached as part of the effort to reduce the high transportation costs incurred by Uganda's business community. The details of the Communiqué can be viewed on www.psfuganda.org

Public Integrity – Corruption	• Fast-track the enactment of the anti-corruption law • Fast-track allocation of resources identified in the 2007/8 budget for strengthening the CID, Auditor General's Office, the DPP's office, IGG's office and the Police force; to ensure enforcement of the anti-corruption law.	
Taxes	• Reduce withholding tax on dividends from 15% to 5% to match other EAC members. • Reduce excise duty on airtime from 12% to 8% • Reduce excise duty on carbonated soft drinks from 13% to 10%.	
Counterfeits & Smuggling	• Expedite the amendment and enactment of the Counterfeits law • Conduct country-wide awareness campaigns to sensitise Ugandans on the danger of consuming/ selling counterfeit goods.	
Budget Discipline	• Ensure stringent adherence to planned allocations of public resources. Target the supplementary budget funds towards wealth creation. • Make a firm commitment to efficiently implement policy decisions.	• Ensure effective and efficient planned public expenditures in order to minimize the fiscal deficit realized every financial year. • Ensure implementation of effective M&E frameworks to monitor progress of resource allocation and implementation.
Legal and regulatory framework	Ensure that All Ministries (and private members) be required to prepare cost benefit analyses for any new laws introduced.	• Increase consultation with the private sector as one of the key tenets to regulatory best practice. • Ensure that the law making process has the confidence of the public, is highly professional, timely and cost effective.
Regional & International Trade Issues	• Fast-track the implementation of the trade policy	• Build strong capacity for private and public sectors for effective participation in MTAs

Technical Barriers to Trade in Export Markets/ Standards & Quality Management	• Ensure dissemination of quality information to the small scale out-grower farmers for purposes of ensuring best practice. • Expedite the completion of the National Standards Policy to ensure accreditation, certification, testing, inspection and quality management services in line with international best practice requirements.	
Investment Climate	• Fast track the enactment of the Industrial Policy • Expedite the enactment of the Investment Code	
Institutional capacity development	• Review budget support to key institutions such as, UIA, UNBS, UEPB to ensure better service provision	

II SECTOR SPECIFIC PROPOSALS

AGRICULTURE

Agro-Processing and Marketing	• Ensure full participation of farmers in the formulation and implementation of agro-processing policies. • Establish small scale agro-processing centres across the country to provide farmers with up-to-date information on post handling skills, developing technologies and market trends.	• Establish agronomy laws to check counterfeiting in this sub-sector. For example, there is no policy for planting seeds and many farmers have been victims of counterfeit seeds that are on the market.
Comprehensive Land Policy	• Allocate more resources to this sector to fund the formulation of the national Land Policy.	
Extension Services	• Support the formation of farm-level organizations and groups with related sub-sector enterprises to provide increased extension services to rural farmers.	
Organic Policy	• Expedite the enactment of the Organic Policy to guide growth of this sub-sector.	

SPECIFIC AGRICULTURAL SUB-SECTOR INTERVENTIONS

Coffee	• Support farm organizations to formulate and operate as businesses, add value to their produce and position them for better price negotiations. • Strengthen small holder coffee farmers with skills to control risk especially disease and bad weather.	• Re-focus export financing to salvage ailing coffee companies.
Flowers	• Reduce airport-landing fees to lower freight costs. • Grant an EPZ status to the industry to attract its fair share of foreign investors.	• Develop an incentives package similar to the Ethiopia Flouriculture Incentives Package in order to attract more investors into this sub-sector.
Livestock	• Allocate funds to make a strategic investment in export abattoirs • Re-vitalise the breeding program to increase farm livestock productivity.	• Establish a long-term credit facility to finance beef ranching projects • Support farmers in multiplying and exporting hybrid goats to the Middle-East countries.
Leather	• Review the Hides and Skins Act of 1964 to ensure more punitive measures against quality adulteration.	
Fish	• Expedite the enactment of the Fisheries Bill. • Introduce surveillance and monitoring of fish activities on water bodies to curb fish smuggling.	• Invest in research and technology to ensure fish products development. • Ensure prioritisation of Eco-Labelling of Lake Victoria in resource allocation.
Poultry	• Establish a clear policy and strategy to protect the industry from major threats like the H5 Avian Flu and counterfeit chicken feeds. • Improve regulation for the sector to ensure feed mill hygiene.	
MANUFACTURING	• Ensure power tariff predictions for at least a year • Expedite the resolutions agreed upon in the Joint Communiqué signed between Kenya and Uganda on reducing transport to the sea.	• Ensure a comprehensive Investment Incentives Package

SERVICES		
Financial Services	• Support the removal of structural constraints in the financial sector in order to improve financial intermediation.	
Insurance	• Fast track the operationalisation of the UgandaRe in order to mobilize investible funds for the economy. • Waive tax on insurance reserves since reserves are part of the annual premiums already taxed. • The annual (compulsory) contributions to the Insurance Commission (UIC) should be given a tax allowance given that the annual gross premium is already taxed.	• Establish a deliberate policy to educate the population about insurance polices and existing classes. • Strengthen supervision capacity in the industry to ensure that all insurable risks are covered within Uganda by registered insurance companies of Uganda.

Annex III:
UPDATE ON THE STATUS OF THE COMMERCIAL LAWS AIMED AT IMPROVING THE BUSINESS ENVIRONMENT IN UGANDA

PROPOSED LEGISLATION	STATUS
Hire Purchase Bill, 2007(MOJCA)	Bill published in Gazette on 27/04/2007. Received First reading in Parliament on 22/05/2007. Currently with Legal and Parliamentary Affairs Committee.
Mortgage Amendment Bill, 2007 (MLHUD)	Sent to Parliament in April 2007 Bill to be tabled to Parliamentary Committee on physical infrastructure.
Audit Bill, 2007 (MoFPED)	Bill submitted to Parliament for second reading.
Trade Secrets Protection Bill (MTTI)	Bill already published in Gazette, first reading made. Currently before Parliamentary Committee
Contracts Bill (MOJCA)	This was approved by Cabinet and is due for publication.
Geographical Indications Bill, 2007 (MoFPED)	Bill already approved by Cabinet for publication in the Gazette and introduction to Parliament.
Partnership Bill, 2007 (MOJCA)	Bill already approved by Cabinet.
Trade Marks Bill, 2006 (MOJCA)	Principles of the Bill cleared by Cabinet in 2006. Bill cleared by Cabinet on 16/01/2008.
Sale of Goods and Supply of Services Bill, June 2006 (MTTI)	Principles sent to Cabinet
Accountants (Amendment) Bill, 2007(MoFPED)	The Amendment Bill to be presented to Cabinet
Industrial Property Bill, 2007 (MOJCA)	The Bill has been drafted by Law Reform and is to be presented to First Parliamentary Council.
Investment Code (Amendment) (MoFPED)	The draft completed. Bill to be presented to Cabinet.
Capital Markets Authority (Amendment) Bill (MoFPED)	Bill sent to MoFPED by First Parliamentary Council in 2006.
Insolvency Bill (MOJCA)	Principles of the Bill already cleared by Cabinet. Certificate of financial implication not secured yet. Drafting has been finalized, what is left is proof reading by Law Reform Commission.
Free Zones Bill, 2007 (MoFPED)	Principles of the Bill were approved in 2007. Bill being drafted by First Parliamentary Council (FPC)
Companies Bill, 2007 (MOJCA)	Principles of the Bill already cleared by Cabinet. Certificate of financial implication not secured.

Counterfeit Goods Bill, 2007 (MTTI)	The Bill is with MTTI under the Commissioner of TradePSFU has sent the bills to UMA and other stakeholders for comments. PSFU and UMA to expedite the responses to the Minister. PSFU is concerned about the ownership and implementation of the portfolio.
Uganda National Bureau of Standards Act (Amendment), Bill (MTTI)	According to Law Reform, the Bill was sent back to UNBS for more consultation. Was sent to the Minister MTTI by Law Reform Commission on 24th November 2006.
Information Communication Technology Cyber Laws Draft Computer misuse Bill, 2005 Electronic (Digital) Signature Bill Electronic Transactions Bill (MICT)	A decision was made by MoFPED that MOJCA and MICT to harmonize the bills. They are commonly referred to as Cyber Laws. Principles of the three Bills were approved by Cabinet under one memo on 16/01/2008.
The Intellectual Property Bill (MOJCA)	Has been split to Industrial Property Bill and Geographical Indications Bill.
Copy Rights and Neighbouring Rights Act No.19, 2006 (MOJCA)	This was passed, enacted and now a law.
Pension Reform (MoFPED)	Cabinet agreed to first put in place a regulator. MoFPED has prepared a draft Regulations Bill for submission.

Annex IV: LIST OF PSFU MEMBERS' CONSULTED

Name	Status	Association
Bagumira Edmund	Vice Chairman	Uganda Importers, Exporters and Traders Association
Bampigga Emmanuel	Chairman	Uganda Association of Private Vocational Institutions
Gideon Badagawa	Executive Director	Uganda Manufacturers Association
Cavalho John	Executive Director	Uganda Forest Industries Association
Hon. Frank Tumwebaze	President	Uganda National Farmers' Federation
Musoke Juliet	Chief Executive	Uganda Flower Exporters Association
Jenkinson Nick	Managing Director	Nile Breweries Ltd
Ben Manyindo	Director	Uganda National Bureau of Standards
Dr Kamukama David	Vice Chairman	Uganda Beef Producers Association
Kamya Fredrick	Chief Executive	Uganda Printers Association
Merian Sebunya	General Secretary	Uganda Freight Forwarders Association
Kasanya-Mbalire	Executive Secretary	Institute of Certified Public Accountants of Uganda
Kigooye Dan	Vice Chairman	Beauty Operators Association &Training Network
Solomon Rubondo	Chairman	Uganda Insurers Association
Kiirya Patrick	Director	Literacy, Adult and Basic Education
Kikoni Emmanuel	Executive Secretary	Uganda Bankers Association
Harriet Ssali	Chairperson	Uganda Floricultural Association
Kiwanuka Achilles	Chairman	Uganda Renewable Energy Association
Rutega Simon	Chief Executive	Uganda Securities Exchange
Namwagala Betty	Chief Executive	Uganda Coffee Trade Federation
Kigozi Maggie	Executive Director	Uganda Investment Authority
Matovu Ovia	Executive Director	Uganda Fish Processors and Exporters' Association
David Baguma	Executive Director	Association of Microfinance Institutions of Uganda
Msemakweli Leonard	Secretary General	Uganda Cooperative Alliance
Ismail Sekandi	Executive Director	Uganda Hotel Owner's Association
Muwanga K. Moses	Coordinator	National Organic Agricultural Movement of Uganda
Katongole Chris	Member	Uganda National Marketer's Association
Dr. Abed Bwanika	Chairman	Uganda Veterinary Association
Mpendo Anne	Research Manager	Capital Markets Authority
Wanyama Naomi	Deputy Executive Director	Uganda National Bureau of Standards
Sentiba Gordon	Director	Astor Finance Limited
Musisi Mpiima Dick	Chairman	Uganda Importers, Exporters & Traders Association
Musitwa Daniel	Chairman	Uganda Small Scale Industries Association
Nankya Proscovia	Executive Secretary	National Organic Agricultural Movement of Uganda
Joyce Mpanga	Chairperson	National Arts & Crafts Association of Uganda
Mwijukye Jennifer	Member	Uganda Freight Forwarders Association
Hon. Gerald Sendaula	Chairman	National Union of Coffee Agribusinesses
Nkandu Joseph	Executive Director	National Union of Coffee Agribusinesses
Ntanda E.F.	Vice Chairman	Uganda Commercial Farmers Association
Ocici Charles	Executive Director	Enterprise Uganda
Inholo George	Managing Director	UNILEVER Uganda
Sagala Paul	Chairman	Uganda Association of Consulting Engineers
PIRT Working Groups	Chairpersons	
Sekalala Aga Sr.	Chairman	Poultry Development Association
Irene Kego Oloya	Chairperson	Association of Uganda Insurance Brokers
Ssenabulya Rosemary	Executive Director	Federation of Uganda Employers
Walusimbi M. George	Executive Secretary	Uganda Service Exporters Association
Mrs Irene Muloni	Chairperson	Uganda Finance Trust Ltd
Watasa Sam	Executive Director	Uganda Consumer Protection association

Charles Basajja	Vice Chairman	ICT Association
Lule David	Chairman	Horticultural Exporter's Association of Uganda
Kibirango Leo	President	Institute of Corporate Governance
Ziwa Livingstone	Chairman	Kampala City Trader's Association (KACITA)
Lubowa Yusuf	Chairman	The Carpenters and Joiner's Association
Thembo Wilfred	General Secretary	Uganda National Agro-Input Dealer's Association
Matovu Robinah	Member	Uganda Private Midwives Association
Ssekitoleko G.W.	Executive Secretary	Uganda Tea Association
Muyodi Milton	Executive Secretary	Kamuli Community Development Foundation
Lamin Manjang	Managing Director	Standard Chartered Bank (U) Ltd
Owiny Martin	Chairman	Investment Management Association of Uganda
Kabeho Jim	Member	Uganda Manufacturer's Association
Resty Lwanga	General Secretary	National Arts and Crafts Association of Uganda
Ndyabarema Robert	Policy & Advocacy	The Uganda National Apiculture Development Organisation
Bitature Patrick	Chairman	Simba Group of Companies
Clayton Arinanye	Executive Director	Uganda Diary Processor's Association
Mubiru Richard	Corporation Affairs Director	Southern Range Nyanza Ltd
Mr Mungyereza F	Chairman	Institute of Certified Public Accountants of Uganda
Mubuuke F.X	Chairman	Uganda National Association of Building Constructors and Engineering Consultants.

PSFU MEMBERS

CORPORATE MEMBERS

1. Agricultural Council of Uganda (ACU)
2. Astor Finance Plc Ltd
3. Bank of Africa -Uganda
4. Barclays Bank of Uganda Ltd
5. Bank of Baroda
6. British American Tobacco Uganda (B.A.T.U)
7. Bujagali Energy Ltd
8. Celtel Uganda Limited
9. DFCU Bank
10. East African Development Bank
11. Enterprise Uganda (EU)
12. Metrocomia East Africa
13. National Agricultural Advisory Services (NAADS)
14. Nile Breweries Ltd.
15. Roofings Ltd
16. Shoprite Checkers (U) Ltd
17. Simba Group of Companies
18. Southern Range Nyanza Ltd
19. Standard Chartered Bank (SCB)
20. Uganda Breweries Ltd
21. Unilever Uganda Limited
22. Shumuk Group of Companies
23. Icemark Africa Ltd
24. Kakira Sugar Works Ltd
25. Century Bottling Company Ltd
26. Kaizen Institute Africa
27. National Housing & Construction Company Ltd
28. Stanbic Bank Uganda Limited
29. Quality Chemicals
30. Grofin Uganda
31. Citi Bank
32. Alpha Oil
33. Multiple Industries Limited
34. Green Computers

ORDINARY MEMBERS

35. Association of Microfinance Institutions of Uganda (AMFIU)
36. Eastern Africa Association (EAA)
37. Investment Management Association of Uganda (IMAU)
38. National Arts and Crafts Association of Uganda (NACAU)
39. National Council of Uganda Small Business Organization (NCUSBO)
40. Teso Private Sector Promotion Centers (TESOPS)

41. Uganda Association of Insurance Brokers
42. Uganda Bankers' Association (UBA)
43. Uganda Clearing & Forwarding Agents' Association (UCIFA)
44. Uganda Coffee Trade Federation (UCTF)
45. Uganda Co-Operative Alliance (UCA)
46. Uganda Crane Creameries Cooperative Union
47. Uganda Finance Trust (UFT)
48. Uganda Fish Processors & Exporters' Association (UFPEA)
49. Uganda Grain Traders Ltd.
50. Uganda Insurers Association
51. Uganda Leasing Association
52. Uganda Manufacturers' Association (UMA)
53. Uganda Motor Industry Association (UMIA)
54. Uganda National Farmers' Federation (UNFF)
55. Uganda National Vanilla Association (UNVA)
56. Uganda Organic Certification Ltd
57. Uganda Securities Exchange Limited (Use)
58. Uganda Tourism Association (UTA)
59. Federation of Uganda Employers (FUE)
60. Institute of Corporate Governance Of Uganda (ICGU)
61. Association of Ugandan Tour Operators
62. National Outdoor Contractors Advertising Association
63. The Uganda Association of Private Vocational Institutions
64. Association of Chartered Certified Accountants (ACCA)

ASSOCIATE MEMBERS

65. Agro-Genetic Technologies Ltd. (AGT)
66. Association of Courier Companies of Uganda
67. Association of Management Consultants In Uganda
68. Association of Uganda Professional Women in Agriculture & Environment (AUPWAE)
69. Beauty Operators Association and Training Network (BOATNET)
70. Buganda Youth Resource and Job Centre
71. Capital Market Authority (CMA)
72. Chartered Institute of Purchasing And Supply (CIPS)
73. Chempihar (U) Ltd
74. Federation of Uganda Employers (FUE)
75. Uganda Gatsby Trust
76. Horticultural Exporters' Association Of Uganda (HOTEXA)
77. Information and Communication Technology Association
78. Institute of Corporate Governance of Uganda (ICGU)
79. Kampala City Traders Association (KACITA)
80. Kamuli Community Development Foundation
81. Kibaale District Private Sector Development Organisation
82. Literacy and Adult Basic Education (LABE)
83. MUBS Entrepreneurship Centre
84. National Organic Agricultural Movement of Uganda (NOGAMU)
85. National Association of Women Organisations in Uganda (NAWOU)

86. National Small Holder Business Center (NSBC)
87. National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE)
88. Northern Uganda Manufacturers Association
89. Poultry Development Association of Uganda
90. Procurement & Logistic Management Association (PALMA)
91. Public Relations Association of Uganda
92. The Association of Uganda Securities Brokers Dealers
93. The Carpenters and Joinery Association Ltd
94. The Institute of Certified Public Accountants of Uganda (ICPAU)
95. Uganda Association of Consulting Engineers (UACE)
96. Uganda Association of Private Vocational Institutions (UGAPRIVI)
97. Uganda Beef Producers Association (UBPA)
98. Uganda Cocoa Association
99. Uganda Commercial Farmers' Association Ltd (UCFA)
100. Uganda Consumers' Protection Association (UCPA)
101. Uganda Dairy Processors Association (UDPA)
102. Uganda Export Promotion Board (UEPB)
103. Uganda Floricultural Association (UFA)
104. Uganda Flower Exporters' Association (UFEA)
105. Uganda Forest Industries Development Association
106. Uganda Freight Forwarders' Association (UFFA)
107. Uganda Hotel Owners Association (UHOA)
108. Uganda ICT Outsourcing Services Association
109. Uganda Importers, Exporters & Traders Association (UGIETA)
110. Uganda Investment Authority (UIA)
111. Uganda Law Society (ULS)
112. Uganda Leather and Allied Industries Association Ltd.
113. Uganda Micro-Entrepreneurs' Association (UMEA)
114. Uganda National Agro-Input Dealers' Association (UNADA)
115. Uganda National Association of Building and Civil Engineering Contractors (UNABCEC)
116. Uganda National Bureau of Standards (UNBS)
117. Uganda National Marketers Forum
118. Uganda Oil Seed Producers and Processors Association (UOSPA)
119. Uganda Printers' Association (UPA)
120. Uganda Private Midwives Association
121. Uganda Quarries Operators' Association (UQOA)
122. Uganda Renewable Energy Association (UREA)
123. Uganda Service Exporters Association (USEA)
124. Uganda Small Scale Industries Association (USSIA)
125. Uganda Tea Association
126. Uganda Theatrical Artiest Association
127. Uganda Veterinary Association
128. Uganda Women Entrepreneurs Association Ltd (UWEAL)
129. United Engineers And Traders Association
130. Uganda Co-Operative Transport Union Ltd (UCTU)
131. The Uganda National Apiculture Development Organisation
132. Management Training & Advisory Center
133. Institute of Chartered Secretaries and Administrators (ICSA Uganda)