

SECOND PRIVATE SECTOR COMPETITIVENESS PROJECT (PSCPII)

The overall Project Development Objective (PDO) of the Private Sector Competitiveness Project II is to support Government's efforts for the creation of sustainable conditions conducive to enterprise development and growth, encouraging investment, facilitating private sector development, increasing micro, small and medium enterprises, increasing competitiveness in local and export markets, and employment opportunities through: (a) reduction of the cost of doing business; and (b) improvement of the business environment and the public-private dialogue.

Major Achievements

- 1. Completion of the Earthworks and substantial completion of the UIA KIBP Office Block, Engineers Office and Laboratory at Namanve:** During the year, the contract for earthworks involving opening up 6.5km of roads to sub grade level has been completed. Construction of the KIBP Office, engineer's office and setting up the laboratory commenced. Due to harsh weather conditions and a number of cost variations, these works will be fully completed in February 2010. This will be followed by the detailed infrastructure investments of sealing the roads, construction of an electricity substation as well building the sewerage systems. The Procurement process for the major contractor is expected to commence in February 2010 with May 2010 as the target date for commencement of the civil works.
- 2. The Pricing Policy and Land Allocation:** The pricing policy was approved with the following criteria; (a) total investment/acre must exceed US\$1M per acre; (b) local employment/acre for semi skilled workers would be a minimum of 30, while skilled workers would be a minimum of 15; and (c) the percentage of export of value-added products would be equal to a minimum of 80% of the total product value to ensure consistency with other partner states in the EAC. The first offer of land to approximately 230 prospective investors was publicly advertised. UIA has a total planned investment of USD\$2.9B and total planned jobs of 71,312. The following 4 sectors were also identified for possible access to free land in order to promote GoU's initiatives to promote strategic sectors (i) agri-business (ii) information and communication technology (iii) mineral transformation; and (d) hotels
- 3. SME Promotion**

UIA has been tasked with SME Promotion and a separate division within the Agency has been created for that purpose. The division will provide SME with investment information, entrepreneurship training, spear-head development of a SME Policy and develop linkages with larger firms and the diaspora.
- 4. Improvement of financial infrastructure:** Installation of Biometric kits and other equipment for the Credit Reference Bureau (CRB) has been completed by most of the financial institutions. By 31st October 2009, a total of 462 outlets were live on the Financial Card System and 456 outlets were connected to the CRB. A total of 19 banks and 8 financial institutions were provided with grants to implement the establishment of the Credit Reference Bureau (CRB). The PSCP11 financing of the implementation of the Financial Market Development Plan by

Bank of Uganda, has contributed to further deepening of the financial sector mainly through increased training of members of staff of various financial institutions and related institutions on one hand and the development of new products in leasing and mortgage finance, on the other.

- 5. Technology Acquisition Fund** was designed to provide grants focusing on new technologies. Funds have been committed in the cotton and horticultural sectors, partly to increase the production of absorbent cotton largely used in the Health Sector and cut back on imports of the product from 95% to 60%. Interventions have also been made in the strategic sectors of floriculture and handicrafts. Once completed, this will involve the acquiring of hard technology to improve quality and introduce new products at the specific firm level, which will in turn lead to the introduction of new products in order to boost export competitiveness.
- 6. The Enterprise Skills Linkage (ESL) Program:** ESL intervention has been through the four training pillars i.e Apprenticeship, Skills Up-grading, internship and Enterprise to Enterprise training. Out of a total 270 trainees who reported for the pilot phase of training in the North and Eastern Region, only 268 managed to complete the training by September 30th 2009 with a follow on industrial training phase for a “hands – on” experience to last up to February 2010.
- 7. The Business Plan Competition (BPC).** Following a successful first competition, the second edition of the Start Your Business Plan Competition was launched on September 30, 2009. This BPC will last for 42 weeks, with four phases of online business plan submissions, 3 training sessions and 4 Business Plan Reviews. It will culminate with an awards gala in September 2010. An Alumni network to keep track of the progress made by all the trainees (304) of the first phase of the BPC has also been established.
- 8. Business Brand Linkages Program (BBL):** The objective of BBLP is to capturing more value from profit margins associated with existing branding and marketing initiatives especially in export markets. BBL is targeting more value associated with branding and marketing. Under this component, firms are being supported to create branded export products that enable a premium to be paid to their suppliers. It is expected that the project objective of supporting the branding of four products, will be met. Interventions have been made in the Coffee, Tourism horticultural (Dried fruits) supporting six firms In addition, there are some projects in the pipeline in the sectors of floriculture, horticulture (cocoa and vanilla). Concepts are being developed.
- 9. Rehabilitation of Lands Records:** The mailo records have been rehabilitation scanned and computerized. The rehabilitation of the mailo records has resulted into reduction in the days required to carry out a lands transaction. For instance; time taken to complete a title search has been reduced from 12 days to 30 minutes. Land transfers and mortgages have been reduced from 3 months to 1 day and from 2-3 months to 1-3 days, respectively.

- 10. Design and installation of the Land Information System (LIS).** The contract for LIS, which will be piloted in 5-6 district land offices, is about to be finalized in readiness for implementation. The target date for commencement of implementation is February 2010 to be completed around July 2011.
- 11. Construction of District Land Offices and Improvement of Customer Service.** Project implementation has picked up with the construction or renovation of 13 first phase district land offices eight of which are expected to be completed and commissioned within the next 2 months with the exception of the contracts for the Jinja and Mbale district land offices which faced problems that have led to re-bidding. There has been steady and timely construction of the Records Center in Entebbe and the Academic Resource Center at the School of Surveying, all due for completion in February 2010.
- 12. Review of land related laws:** The consulting team hired to draft new land-related laws and review existing ones has almost completed the preparation of all the issues papers and has actually drafted some bills for further critical examination and consultation in the various areas related to land management i.e. real estate, surveyors registration, land acquisition and registration of titles to mention but a few.
- 13. Legal Framework for Business:** Satisfactory progress has been made so far in identifying key business legislations and a lot of progress has been made in passing these laws through Parliament. While some of the bills are pending in the Ministry of Finance for drawing up the certificates indicating the financial implications, others require regulations in order for them to be fully utilized.
- 14. Uganda National Bureau of Standards;** Following the completion of the Standards Strategy, the procurement of a local consultant to assist the Bureau implement the strategy for a period of approximately 18 months will be completed in February 2010

CHALLENGES

- ✎ More financial resources required to execute the project especially in the KIBP and land related reforms. There is also need to acquire more funds to further capitalize on the gains attained from investment in skills and other related Business Development Services.
- ✎ Achieving effective coordination across all stakeholders
- ✎ Effectively undertake monitoring and evaluation to ensure attainment of Project objectives.