# PRIVATE SECTOR DEVELOPMENT PROGRAMME

## PSD PROGRAMME ANNUAL PERFORMANCE REPORT - FY2020/2021

November 2021

MINISTRY OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

FOR GOD AND MY COUNTRY

THE REPUBLIC OF UGANDA

# PRIVATE SECTOR DEVELOPMENT PROGRAMME

## PSD PROGRAMME ANNUAL PERFORMANCE REPORT - FY2020/2021

NOVEMBER 2021

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# List of Acronyms

| | |
|---|---|
| ACEs | Area Cooperative Enterprises |
| BDS | Business Development Services |
| BOU | Bank of Uganda |
| CEDAT | College of Engineering, Design, Art and Technology (Makerere University) |
| CIS | Collective Investment Schemes |
| CURAD | Consortium for enhancing University Responsiveness to Agribusiness Development |
| ECGF | Electronically Controlled Gravity Feed |
| EPRC | Economic Policy Research Centre |
| GOU | Government of Uganda |
| KCCA | Kampala Capital City Authority |
| KIBP | Kampala Industrial Business Park |
| LC | Leadership Committee |
| LG | Local Government |
| LGFC | Local Government Finance Commission |
| MoFPED | Ministry of Finance, Planning and Economic Development |
| MLHUD | Ministry of Lands, Housing and Urban Development |
| MSMEs | Micro, Small and Medium Enterprises |
| MoGLSD | Ministry of Gender, Labour and Social Development |
| MoICT | Ministry of Information & Communication Technology |
| MoLG | Ministry of Local Government |
| MoPS | Ministry of Public Service |
| MoSTI | Ministry of Science, Technology and Innovation |
| MOFA | Ministry of Foreign Affairs |
| MTIC | Ministry of Trade, Industry and Cooperatives |
| NDP | National Development Plan |
| NIRA | National Identification Registration Authority |
| NITA-U | National Information Technology Authority |
| NTA | Non-Tariff Barriers |
| NPA | National Planning Authority |
| OAG | Office of the Auditor General |
| OSCs | One Stop Centres |
| OP | Office of the President |
| OPM | Office of the Prime Minister |
| PIAP | Programme Implementation Action Plan |
| PPDA | Public Procurement and Disposal of Public Assets Authority |
| PSD | Private Sector Development |
| PVOC | Pre-export Verification of Conformity |
| PWG | Programme Working Group |
| RIA | Regulatory Impact Assessment |
| SOTBoda | Ssagula Online Transporters (Boda-bodas Organisation) |
| TAT | Tax Appeals Tribunal |
| TBD | To Be Determined |
| TWG | Technical Working Group |
| UBOS | Uganda Bureau of Statistics |
| UCMP | Uganda Chamber of Mines and Petroleum |
| UEPB | Uganda Export Promotion Board |
| UIRI | Uganda Industrial Research Institute |
| UIA | Uganda Investment Authority |
| UNBS | Uganda National Bureau Standards |
| URA | Uganda Revenue Authority |
| URSB | Uganda Registration Services Bureau |
| UTAMU | Uganda Technology and Management University |
| VCS | Value Chain Status |
| WIPO | World Intellectual Property Organization |

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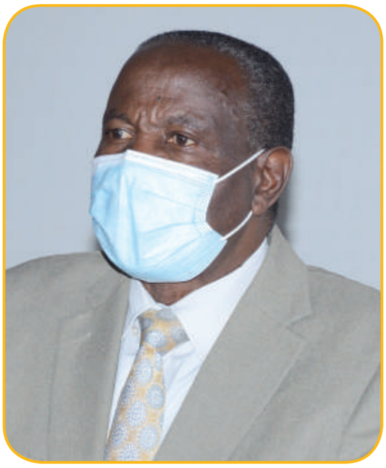
# Foreword



*Hon. Matia Kasaija (MP)*

As the political leader of the Private Sector Development (PSD) Programme, it gives me great pleasure to present to you the first PSD Programme Annual Performance Report. In preparing this report, we respond to a key requirement of the 3rd National Development Plan (NDP III) i.e., to present an annual performance report on the progress in implementation of the PSD programme, and to account for the responsibility entrusted in us for the implementation of the PSD programme.

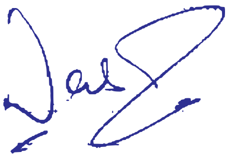
The goal of the PSD Programme is to increase competitiveness of the private sector to drive sustainable inclusive growth. Achieving this goal will require addressing the high costs of doing business; promoting the development and use of local content; strengthening the enabling environment and the role of Government in promoting investments; and enhancing the private sector organisational and institutional capacity.

The financial year 2020/21, was partly dedicated to organisational issues of the PSD programme and to continue the implementation of key activities in the above mentioned areas, that were carried over from the NDP II. We were able to establish and operationalise the PSD Programme Working Group (PWG), Technical Working Groups and a Secretariat for the PSD Programme, to coordinate the PSD programme planning, budgeting, monitoring and reporting.

I take the opportunity to express my gratitude to all the PSD Programme contributing institutions (MDAs, LGs, Private Sector, CSOs, DPs etc) that made every effort to contribute to the implementation of all the programme activities during the year.

I also thank the PSD Programme Secretariat and the Programme Working Group for putting together this Annual Performance Report and I am looking forward to achieving even better PSD Programme results in FY2021/22. I commend this report to you all and invite you to read it keenly.

For God and My Country



Hon. Matia Kasaija (MP)
Minister of Finance, Planning and Economic Development
Chairperson, Leadership Committee for the Private Sector Development Programme

# Acknowledgement

The Private Sector Development (PSD) Programme aims at increasing the competitiveness of the private sector to drive sustainable inclusive growth. The achievement of this goal over the NDP III period will be measured through 4 result areas, 23 key outcomes and corresponding indicators and targets. Five (5) objectives and a number of interventions and actions were agreed and documented in the PSD Programme Implementation Action Plan (PIAP), to be implemented by about 45 institutions. This Private Sector Development (PSD) Programme Annual Performance Report, the first under the NDP III (2020/21 – 2024/25), therefore presents the programme's performance for the period July 2020 to June 2021.

I am grateful to the Hon Minister of Finance, Planning and Economic Development for his political stewardship over the PSD programme during the period, for reviewing this report and providing a foreword to it. I recognise that FY2020/21, coinciding with the election cycle, was highly political taking away significant amount of your time. Nonetheless, you found time to fulfil your obligations regarding the PSD Programme.

I am also grateful to all PSD institutions that participated in programme activities and the private sector players that continued to sustain the economy during the FY2020/21. This period had many challenges arising from the effects of the Covid19 pandemic; and delays caused by reforms introduced under the NDP III. I wish to thank you for standing firm with us to deliver on this programme within the limits imposed by the different challenges, and for the inputs you provided, which have enriched this report. Let me also take the opportunity to thank all MDAs again that joined us in establishing the PSD Programme Working Group and for dedicating time to transform it into a platform for coordinating and managing the implementation of this programme over the period.

I wish in a special way to thank our Development Partners for all the support (financial, technical or otherwise) accorded to the PSD programme during FY2020/21. During this first year of implementing the PSD Programme, support was received from among others; World Bank, USAID, GIZ, DANIDA, IFAD, KfW, Financial Sector Deepening-Uganda, UNHCR, European Union, Netherlands Embassy, UK Foreign Commonwealth and Development Office, European Investment Bank (EIB), etc. This support goes a long way to fill the technical capacity and financing gap in the implementation of programme activities. I want to thank you for this dedication to the PSD and to the NDP III in general. I wish also to express my gratitude to the civil society partners who have continued to play the all-important role of scrutiny and rendering alternative advice as we implemented programme activities. I thank you for the unwavering support.

*Ramathan Ggoobi*

Finally, I wish to convey my thanks to the Secretariat team for putting together this report, the first under the NDP III. It not only helps us to meet a key reporting benchmark of the NDP III but provides a good basis for building cohesion among program players and for communication about the programme within its members, with the Private Sector, and with other stakeholders.

For God and My Country

Ramathan Ggoobi,
Permanent Secretary/Secretary to the Treasury
Chairperson, PSD Programme Working Group

# Executive Summary

The PSD Programme aims at increasing the competitiveness of the private sector to drive sustainable inclusive growth. The programme contributes to the second objective of the NDPIII, which is to "Strengthen the private sector capacity to drive growth and create jobs". It has 5 specific objectives namely; (i) Sustainably lower the costs of doing business; (ii) Strengthen the organisational and institutional capacity of the private sector to drive growth; (iii) promote local content in public programmes; (iv) Strengthen the role of government in unlocking investment in strategic economic sectors; and (v) Strengthen the enabling environment and enforcement of standards. The NDP III stipulates 4 key results, to be achieved by the PSD programme over the NDPIII implementation period i.e.:

1. Reducing the informal sector from 51 percent in 2018/19 to 45 percent in 2024/25;
2. Increasing non-commercial lending to the private sector in key growth sectors, from 1.5 percent in 2018/19 to 3 percent of GDP;
3. Increasing the proportion of public contracts and sub-contracts that are awarded to local firms, from 30 percent to 80 percent; and
4. Increasing the value of exports from USD 5,390 million in 2017/18 to USD 7,356 million.

This Private Sector Development (PSD) Programme annual performance report covers the FY2020/21 under the NDP III (2020/21-2024/25). The report highlights the performance of the PSD Programme against the planned outputs and targets for the period based on its Programme Implementation Action Plan (PIAP). These highlights cover the financial and non-financial performance. In the final sections, the report covers the key challenges that affected performance over the period, and the lessons learnt in the first year of implementation. A special section providing an overview of the technical and financial support provided by Development Partners (DP) towards easing constraints in the private sector is included.

## PSD Programme performance review

The FY2020/21 was the first year of implementing the NDPIII and consequently, the PSD programme. Under the NDP II, there was no separate sector for private sector interventions, rather, these were scattered across different sectors with the largest concentration under the Accountability Sector. However, there existed a private sector development strategy, under the leadership of the Ministry of Finance, Planning and Economic Development, which formed the main coordinating framework for private sector initiatives. This strategy provided the basis for continuity of the various interventions and their consolidation into the Private Sector Development Programme under the NDP III.

The FY2020/21 was also a transitional year, moving from sector based planning under the NDP II to programme based planning under the NDP III. MDAs faced challenges re-orienting their activities from the sector set-up under which they operated to the Programme approach introduced by the NDP III. Moreover, MDAs Budgets for FY2020/21 were approved prior to the launch of the NDP III and therefore were based on sectors. Accordingly, there was a disconnect between the FY2020/21 budget and the plans and targets as presented in the NDP III and its supporting Programme Implementation Action Plans (PIAP). This issue of alignment has presented difficulties in reporting performance for the FY2020/21. Notwithstanding the shortcomings discussed above, programme institutions made every attempt to align their activities with objectives and interventions listed in the PSD PIAP.

## Financial performance.

The MTEF/Budget estimates and actual expenditure data provided for the PSD Programme Votes was not disaggregated to programme level, making comparison between actual PSD Programme expenditure and the NDPIII, PIAP, MTEF/Budget estimates challenging.

## Performance by Result Area

In general, the PSD Programme performance showed a mixed picture resulting mainly from a difficult year due to conditions imposed by the Covid19 pandemic and other disasters. Government continued with efforts to improve access to affordable credit by supporting the extension of non-commercial lending, particularly through UDB, to key growth sectors majorly agriculture and manufacturing. More public contracts continued to be executed by local firms in line with the local content policy and reservation schemes promulgated under the PPDA regulations. The value of exports largely remained stagnant majorly on account of Covid19 and its adverse effects on production and the entire economy. The table below provides the performance against the 4 key results of the PSD Programme.

**Table 1: Status of the PSD Programme Performance against Key Results**

| Key Result Area | Baseline[1] FY2017/18 | Target for FY2020/21 | Actual 2020/21 | Source |
|---|---|---|---|---|
| Reduce the informal sector from 51 percent | 56.6% | 52.9% | TBD | MoFPED/MTIC |
| Non-commercial lending to the private sector in key growth sectors as percentage of GDP | 1.5% | 1.997% | TBD | MoFPED |
| Proportion of public contracts and sub-contracts that are awarded to local firms (Value) | 30% | 50% | 76.4% | PPDA |
| Value of exports (USD Million) | 5,390 | 5,952 | 5,2741.01 | UEPB |

1 Baselines figures are picked form the NDP III – Annex 6 (NDP III Programme Level results framework)

## Performance by Objectives

This is discussed in the context of each of the 5 PSD Programme objectives and is principally informed by the set of outcome indicators and corresponding targets as stipulated in the NDP III and the PSD Programme Implementation Action Plan (PIAP). During this first year, there are several gaps in baselines, targets and actual performance, which to an extent limited the quality of reporting[2].

***Sustainably lower the costs of doing business:*** Under this objective, the PSD Programme aims to address (i) constraints faced by the Private Sector in accessing credit and (ii) other costs due to non-financial factors such as related to infrastructure and utilities.

In general, Private Sector Credit (PSC) growth slowed down in FY2020/21 partly reflecting heightened commercial banks' risk aversion due to the adverse effects of the Covid19 pandemic on the economy. During the year, the stock of private sector credit rose by 7.1 percent to UGX18.2 trillion compared to a growth of 12.5 percent the previous year. The slowdown in growth of private sector credit was largely driven by a combination of subdued demand for credit and increased risk aversion by the major lenders. There was heightened uncertainty related to the impact of the Covid-19 pandemic on businesses and households.

2 In compiling this report, the Secretariat found that many of the indicators were new to institutions and were yet to be fully integrated in their reporting framework. It was also established that a number of outcomes indicators required longer time to be measured.

The value of loan requests to lenders, which proxies demand for loans, reduced from UGX24.2 trillion in FY2019/20 to UGX17.9 trillion in FY2020/21. In the same way, the value of loan approvals decreased from UGX14.1 trillion in the previous financial year to UGX9.98 trillion. This performance is mainly explained by the increased credit risks.[3]

PSD agencies did however undertake some important activities in line with this objective. In a bid to increase access to affordable credit and expand loan programs to private sector under non-commercial lending terms, UDB and Post-Bank were capitalized to the tune of 530bn and 5bn respectively. The Micro-Finance Support Centre (MSC) similarly expanded its lending programme providing up to UGX47.17Bn to MSMEs under its Conventional and Islamic Finance programmes. By April 2021, UGX243.31 billion was disbursed by MoFPED for implementation of the EMYOOGA. Uganda Registration Services Bureau (URSB) also led the development and implementation of the Security Interest in Movable Property Registry System (SIMPO); a new initiative which will enable and regulate the use of movable property in accessing credit.

***Strengthen the organisational and institutional capacity of the private sector to drive growth:*** The NDP III, under this objective seeks to address capacity challenges undermining private sector growth. This includes establishment and strengthening of the Business

3 Macroeconomic and Fiscal Performance Report, FY2020/21, Ministry of Finance, Planning & Economic Development

Development Services framework in the country in addition to general institutional and organisational capacity.

During this FY2020/21, through Enterprise Uganda, Uganda Investment Authority, and Micro-Finance Support Centre, the programme extended a wide range of business development services through training and handholding, to a range of local firms and entrepreneurs targeting improvements in capacity. The Registrar General of URSB who was appointed the Official Receiver under Section 198 of the Insolvency Act, 2011 carried out extensive sensitisation to create awareness and encourage wide use of insolvency services. UIA also developed and provided access to a National SME portal which can be accessed across the country by private sector entities to share market information and access various other business services.

***Promotion of local content in public programmes:*** Uganda's Local content policy imposes an obligation on a person or entity using public money or utilizing Uganda's natural resources or carrying on an activity requiring a license to prioritize Ugandan citizens, Ugandan and resident companies in public procurement.

Steps were taken to implement the existing local content policy, and other related legal and institutional frameworks. The Uganda Free Zones Authority developed Local Content guidelines for Free Zones as a move to mainstream and implement the Local content policy in Free Zones. These guidelines will identify new areas of reservation and strengthen local content participation in free zones.

There was a significant increase in the value of contracts awarded to local contractors; from 60% to 74% (45% to residents and 31% to nationals) against the NDP III target of 60%. Jobs within foreign owned enterprises allocated to Ugandan nationals were 45% against the target of 5%. On the other hand, goods and services used by foreign firms were 18% against the NDP III target for FY2020/21 of 20%. UNBS was also able to develop 487 new standards to Ugandan products thus expanding the certification of local products. The MoFPED in conjunction with the PPDA also began the implementation of the government e-procurement systems which will go a long way to improve transparency in public procurement and enforce the application of reservation schemes for the promotion of local content.

***Strengthen the role of government in unlocking investment in strategic economic sectors:*** This objective identifies a critical role for the Government in unlocking investments in the economy. Performance was generally considered weak under this objective. Domestic private investments, a key measure under the programme, remained weak during the year. This poor performance was attributed to the effects of COVID-19 protracted measures. Similarly, the number of MSMEs using services of Research and Innovation facilities was significantly below target largely due to limited funds to conduct research.

Notwithstanding the weak performance above, a number of interventions were carried out. Ministry Trade, Industry and Cooperatives (MTIC) reviewed regulations and guidelines of the EAC Competition Mergers and Acquisitions in addition to reviewing the Common External Tariff. EPRC and UIRI conducted various research activities providing evidence relevant for policy debates and processes in the area.

***Strengthen the enabling environment and enforcement of standards:*** This objective is about the role played by the Government in putting in place conditions required for the private sector to grow towards regional markets through adopting standardization and formalization/ associations among others. Performance was generally satisfactory under this Objective. Significantly more products were certified by UNBS than was planned. The annual change in products certified was 26% against the planned 10%; 132 business establishments used industrial parks having planned for 94, and 27 firms against the targeted 15 accessed export free zones; while the contribution of the formal sector to GDP significantly rose to 46.3% above target of 44.0 % during the FY2020/21. New businesses were registered in various industrial parks; Namanve (77), Luzira (11), Bweyogerere (08), Mbale (06), Soroti (01), Mbarara (22), Kasese (01) and Masindi (6). In addition, 3 new export free zones were declared, gazetted and licensed increasing the total number of licensed private Free Zones to 27.

However, the number of certified products accessing foreign markets fell short of the target (3,576 against 4,000) attributable to limited staff numbers in relation to existing demand of the certification service. This was due to the Covid-19 measures and budget cuts which limited business clinics and seminars to sensitize entrepreneurs for registration.

## Challenges

Implementation of the PSD Programme during the year under review faced a number of challenges, the key ones being:

1. At the time of writing this report, there was inadequate data on a number of indicators, to inform a comprehensive analysis and discussion of the PSD programme performance during this first year of its implementation.
2. Delays in finalisation of the Programme Implementation Action Plans (PIAPs) created uncertainty and increased risk of delays in implementation of the NDP III.
3. The FY2020/21 budget was not well structured along Programmes under the NDP III. MDA expenditures could not be clearly linked to Programme objectives. These issues of alignment made it difficult to link budgets and spending to key objectives and interventions.
4. The Covid19 pandemic greatly impacted many areas for the growth and development of the private sector. Besides, many PSD programme interventions were significantly constrained by travel restrictions; research activities were curtailed and BDS trainings and awareness building plans were greatly affected.

# 1. Introduction

## 1.1. Background

The Government of Uganda is currently implementing the NDP III which was signed by H.E the President and issued in July 2020. The goal of the NDP III (2020/21 to 2024/25) is to Increase Average Household Incomes and Improve the Quality of Life of Ugandans.

The NDP III identifies the private sector as the engine for achieving the growth needed to meet its development targets however, it characterises Uganda's private sector as weak and uncompetitive to drive growth and achieve its potential. Key areas of weaknesses identified by the NDP III include (i) the high cost of doing business; (ii) Limited management capacities and limited institutional organisation; (iii) a weak supporting environment; and (iv) weak enforcement of standards and proliferation of counterfeits in the markets. As one of its Strategic Objectives therefore, the NDPIII aims to "Strengthen the private sector capacity to drive growth and create jobs".

The NDP III identified 20 Programmes to implement its development interventions and achieve its goal, and the Private Sector Development Programme is one of them. The PSD Program together with the Manufacturing, Digital Transformation and Agro-industrialisation Programmes majorly contribute to the achievement of the NDP III Strategic Objective of strengthening the private sector capacity to drive growth and create jobs.

## 1.2. PSD Programme Objectives, Results and interventions

As per the NDP III, the goal of the PSD Programme is to increase competitiveness of the private sector to drive sustainable inclusive growth. The specific objectives of the PSD Programme are to:

1. Sustainably lower the costs of doing business;
2. Strengthen the organisational and institutional capacity of the private sector to drive growth;
3. Promote local content in public programmes;
4. Strengthen the role of government in unlocking investment in strategic economic sectors; and
5. Strengthen the enabling environment and enforcement of standards.

These objectives are to be achieved through two broad sub-programmes i.e., (i) Enabling Environment for Private Sector Development and (ii) Private Sector Institutional and Organizational Capacity as illustrated in the table below.

**Table 2: Mapping of Programme Objectives onto PSD sub-programmes**

| Sub-Programme | PSD Programme objectives |
|---|---|
| Enabling Environment for Private Sector Development | **Objective 1:** Sustainably lower the costs of doing business;<br>**Objective 3:** Promote local content in public programmes;<br>**Objective 4:** Strengthen the enabling environment and enforcement of standards<br>**Objective 5:** Strengthen the role of government in unlocking investment in strategic economic sectors |
| Private Sector Institutional and Organizational Capacity | **Objective 2:** Strengthen the organisational and institutional capacity of the private sector to drive growth |

## PSD Programme Results

According to the NDPIII, the key results to be achieved under the PSD Programme over the five years of the NDP III are:

1. Reduce the informal sector from 51 percent in 2018/19 to 45 percent in 2024/25;
2. Increase non-commercial lending to the private sector in key growth sectors, from 1.5 percent in 2018/19 to 3 percent of GDP;
3. Increase the proportion of public contracts and sub-contracts that are awarded to local firms, from 30 percent to 80 percent; and
4. Increase the value of exports from USD 5,390 million in 2017/18 to USD 7,356 million[4].

The other results to be achieved under each of the PSD Programme objectives are illustrated in the table below.

**Table 3: NDP III Outcomes by Objective**

| SN | OBJECTIVE | OUTCOMES |
|---|---|---|
| 1 | Sustainably lower the costs of doing business | 1.1 Increased lending to key growth sectors |
| | | 1.2 Increased long-term financing to the private sector by Government owned financial institutions |
| | | 1.3 Increased financing through capital markets |
| | | 1.4 Increased value of formal financial sector savings for private sector investment |
| | | 1.5 Increased access and usage of non-financial resources (certification, ICT, warehouse information system, etc.) |
| 2. | Strengthen the organisational and institutional capacity of the private sector to drive growth | 2.1 Improved business capacity and local entrepreneurship skills enhanced |
| | | 2.2 Increased membership in chambers of commerce and trade unions |
| | | 2.3 Strengthened linkages to regional and global markets |
| | | 2.4 Increased automation of business processes |
| | | 2.5 Increased research and innovation within the private sector |
| | | 5.6 Increased access and use of market information system by the private sector |
| | | 2.7 Increased access and use of incubation centres by the private sector |
| | | 2.8 Simplified system for starting a business |
| 3. | Promote local content in public programmes | 3.1 Increased local firms' participation in public investment programmes across sectors |
| 4. | Strengthen the enabling environment and enforcement of standards | 4.1 Standards developed and/or enforced |
| | | 4.2 Increased accessibility to serviced industrial parks |
| | | 4.3 Increased accessibility to export processing zones |
| | | 4.4 Increased formalization of businesses |
| | | 4.5 Improved availability of private sector data |
| | | 4.6 Adequate system for private sector complaints resolution in place |
| 5. | Strengthen the role of government in unlocking investment in strategic economic sect | 5.1 Regionally balanced key strategic public investments planned and developed to spur private investment in key growth areas |
| | | 5.2 Increased use of research and innovation instruments by the private sector |

4 The baseline and target figures of USD 3,450.7 million (2017/18) to USD 4,973 million (2024/25) as stated in some sections of the NDP III have been updated to reflect the NDP III figures on page 303 and more so, the performance trend as per the UEPB figures. This only covers merchandise exports i.e. excludes services exports.

The NDP III further provides the key interventions to be implemented by the various PSD programme institutions in order to achieve the desired results during its implementation period. The interventions are reproduced in the table below.

### Table 4: Summary of Interventions and their respective Actors

| Interventions | Actors |
|---|---|
| **Objective 1: Sustainably lower the costs of doing business** | |
| 1. Increase access to affordable credit largely targeting MSMEs<br>a. Capitalize public commercial banks<br>b. Set up a short-term development credit window for MSMEs<br>c. Strengthen use of the e-movable chattels registry<br>d. Adopt appropriate measures to de-risk private sector lending particularly to the key growth opportunities | MoFPED; Parliament; UDB; Post Bank; Housing Finance; Pride-Micro Finance; Microfinance Support Centre |
| 2. Increase access to long-term finance<br>a. Capitalize and strengthen UDB with a functional MSME financing window<br>b. Develop a Development Finance Institutions (DFIs) Policy<br>c. Capitalise the Project Development Facilitation Fund<br>d. Expand the pension and insurance coverage to increase formal sector savings. | MoFPED; UDB; UDC; Parliament; Post Bank; Housing Finance; Pride-Micro Finance; Microfinance Support Centre |
| 3. Mobilize alternative financing sources to finance private investment<br>a. Deepen and widen the capital markets<br>b. Strengthen the legal and regulatory frameworks for Private Equity and Venture Capital<br>c. Build private sector capacity to access Green financing and green growth response | MoFPED; MTIC; UDB; USE; UDC; POST BANK; CMA; UIA, NPA |
| 4. Address non-financial factors (power, transport, ICT, business processes etc) leading to high costs of doing business | UIA and PSFU, IRA; BOU; TELECOM COMPANIES; USE; MOFPED; CMA; MEMD, MWT, MOFA; MTIC; NSSF, BoU, URBRA, MoJCA, LGs |
| **Objective 2: Strengthen the organisational and institutional capacity of the private sector to drive growth** | |
| 5. Improve the management capacities of local enterprises through massive provision of Business Development Services geared towards improving firm capabilities through;<br>a. Strengthening Business Development Services centres<br>b. Establishing Business Development Services framework<br>c. Strengthening Industry associations, chambers of commerce and trade unions<br>d. Establishing National, regional and global business links for registered local enterprises<br>e. Increased Automation of business processes<br>f. De-risking Sub-county skills-based enterprise associations (EMYOGA)<br>g. Supporting organic bottom- up formation of cooperatives | MTIC & UIA; ENTERPRISE UGANDA; PSFU; MICROFINANCE SUPPORT CENTRE; UMA; UDB; USSIA; LGs, Farmers' associations/ cooperatives |
| 6. Strengthening system capacities to enable and harness benefits of coordinated private sector activities<br>a. Establish and strengthen research and innovation facilities that are accessible to Micro, Small, and Medium Scale Enterprises (MSMEs).<br>b. Develop product and market information systems<br>c. Strengthen the system of incubation centres to support growth of SMEs in strategic areas<br>d. Establish Onestop centre for business registration and licensing | MTIC; UIRI; MOSTI; UNCSI; EPRC; URSB; LGs, Academia, Private Sector, PSFU, UIA |
| **Objective 3: Promote local content in public programmes** | |
| 7. Develop and implement a holistic local content policy, legal and institutional framework | MoFPED; MOTIC; MOGLSD; PPDA; UNBS; MEMD; LGs |

| Interventions | Actors |
|---|---|
| 8. Build the capacity of local construction industry to benefit from public investments in infrastructure | MoWT; MOTIC; MOGLSD; PPDA; UNBS; MEMD; LGs |
| 9. Establish a public construction company | MoFPED, MoWT, UDC, NPA |
| 10. Develop and publicise a transparent incentive framework that supports local investors | MoFPED; MOTIC; UIA |
| **Objective 4: Strengthen the role of government in unlocking investment in strategic economic sectors** | |
| 11. Undertake strategic and sustainable government investment and promote private sector partnerships in key growth areas | MoFPED, MOTIC, UDC, UIA, UFZA |
| 12. Strengthening research and innovation capacity in support of private and public investment | MoSTI, UNCST, UIRI, Academia, NPA, Private sector |
| 13. Implement regional commitments to accelerate intra-regional trade | MoFPED, MoTIC, MoFA |
| **Objective 5: Strengthen the enabling environment and enforcement of standards** | |
| 14. Support the national conformity assessment system to attain international recognition through Accreditation | MTIC, MoFPED, UNBS, UMA, URSB |
| 15. Rationalize and harmonize standards institutions, and policies at local and regional level | MTIC, UIA, UNBS, PSFU |
| 16. Review of legal and regulatory frameworks to remove restrictive legislation and fast track pending bills; | PARLIAMENT, PPDA, UIA, MOJCA, UDB, UDC |
| 17. Improve data availability on the private sector; and Improving Dialogue between the private sector and Government | UBOS, PSFU, NPA, MoFPED |
| 18. Create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED | MOFPED, MWE, MTIC, NPA, PSFU, UDC, UMA, MoLG, LG |
| 19. Fully service the industrial parks and increase access to them by the local private players | UIA, MoFPED, MTIC, UMA |
| 20. Increase accessibility to export processing zones | UFZA, MTIC, UEPB, UMA, MoFPED |

**PSD Programme Implementation Action Plan (PIAP):** The PSD PIAP operationalizes the PSD Programme. It provides details of the sub-programmes, interventions, outcomes, actions, outputs, outcome and output indicators, targets and budgets for the 5-Years of the NDP III. The NDP III and PSD PIAP shall therefore inform and be the basis for development of the relevant institutional/sector development and investment plans, BFPs and detailed estimates; and performance management i.e., indicator development, target setting, measurement and reporting.

## 1.3. PSD Programme Institutions

Under the Leadership of the Ministry of Finance, Planning and Economic Development the PSD Programme brings together over 40 MDAs, CSOs and Development Partner institutions to deliver on the above results and interventions. Below, we provide a summary of the key institutions' contribution to the implementation and achievement of the PSD Programme results.

**Ministry of Finance, Planning and Economic Development (MoFPED):** The mandate of Ministry of Finance, Planning and Economic Development is to formulate policies that enhance stability and development; mobilize local and external financial resources for public expenditure; regulate financial management and ensure efficiency in public expenditure; oversee national planning and strategic development initiatives for economic growth.

MoFPED as the lead ministry in the PSD Programme indirectly contributes to all the PSD programme objectives. It is however directly responsible for increased lending to key growth sectors and increased long-term financing to the private sector as the PSD Programme outcomes.

**Ministry of Trade, Industry and Cooperatives (MTIC):** The Ministry of Trade, Industry and Cooperatives is mandated by the Constitution of the Republic of Uganda (1995 – Article 189, Sixth Schedule Sections 11, 12, 13, 20, 23, 25 and 29) to "formulate, review and support policies, strategies, plans and programs that promote and ensure expansion and diversification of trade, cooperatives, environmentally sustainable industrialization, appropriate technology development and transfer to generate wealth for poverty eradication and benefit the country socially and economically." It envisages to develop and promote a competitive and export-led Private Sector through accelerating industrial development for inclusive economic growth.

MTIC contributes to four PSD Programme objectives i.e. strengthen the organizational and institutional capacity of the private sector to drive growth, strengthen the role of government in unlocking investment in strategic economic sectors, promote local content in public programmes and sustainably lower the costs of doing business and to the following PSD Programme outcomes; increased research and innovation within the private sector; Improved business capacity and local entrepreneurship skills enhanced; Strengthened linkages to regional and global markets; and Increased formalization of businesses.

**Capital Markets Authority (CMA):** Capital Markets Authority is mandated by the Capital Markets Authority (Amendment) Act 2016, to among others approve prospectuses and other offering documents under which securities are offered to the public and to approve information memorandum; and develop all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of incentives for, long term investments in productive enterprises.

The CMA contributes to the first PSD programme objective of sustainably lowering the costs of doing business through increased financing through capital markets as alternative financing sources.

**Uganda Retirements Benefits Regulatory Authority (URBRA):** URBRA is mandated by the Uganda Retirement Benefits Regulatory Authority Act, 2011 to among others regulate and supervise the establishment, management and operation of retirement benefits schemes in Uganda, in both the public and private sectors.

In view of the PSD Programme, URBRA contributes to the first objective of sustainably lowering the costs of doing business through increasing the value of formal financial sector savings for private sector investment. With adequate sensitization and dialogue, these savings can provide alternative financing through Collective Investment Schemes among others.

**Bank of Uganda (BOU):** Bank of Uganda is mandated by the Bank of Uganda Act, 2000 to formulate and implement monetary policy directed to economic objectives of achieving and maintaining economic stability.

The Bank's role in the PSD Programme directly impacts on the first objective of sustainably lowering the costs of doing business through regulating interest rates to facilitate credit flow.

**Uganda Development Bank Limited (UDBL):** UDBL is a public enterprise wholly owned by the Government of Uganda and carrying on business as a Development Finance Institution (DFI). The bank, a successor company to Uganda Development Bank, was incorporated as a limited liability company under the Public Enterprises Reform and Divestiture Act, Cap.98, Laws of Uganda and it is mandated to finance enterprises in key growth sectors of the economy.

UDBL supports the first objective of sustainably lowering the costs of doing business by channelling long-term financing to the private sector.

**Uganda Development Cooperation (UDC):** Uganda Development Corporation was initially established by an Act of Parliament Cap.326, of the laws of Uganda to facilitate the industrial and economic development of Uganda.

UDC contributes to the fourth PSD Programme objective of strengthening the role of government in unlocking investment in strategic economic sectors specifically with an outcome of regionally balanced key strategic public investments planned and developed to spur private investment in key growth areas.

**Insurance Regulatory Authority (IRA):** The Insurance Regulatory Authority is the supervisor and regulator of the Insurance Industry in Uganda and was established under the Insurance Act, (Cap 213) Laws of Uganda, 2000 (as amended) with the main objective of "ensuring Effective Administration, Supervision, Regulation and Control of the business of insurance in Uganda".

The Insurance Regulatory Authority contributes to the first objective of sustainably lowering the costs of doing business through increasing insurance penetration.

**Uganda Investment Authority (UIA):** Uganda Investment Authority was set up under the Investment Code 1991 and its continuity upheld by the Investment Code Act, 2019, as a statutory agency mandated to coordinate, encourage, promote and facilitate investment in Uganda; as well as advise Government on investment policy and related matters. It is a semi-autonomous government agency which mainly (a) promotes, attracts, advocates, facilitates, registers, monitors and evaluates the development of all forms of investment and business activities in Uganda; (b) promotes and encourages investment in new technologies, skills upgrading, automation, training, research and product development; (c) establish and manage a one stop centre; (d) publishes and avails periodical reports on the state of investment in the country; (e) assess for matters of incentives and utilization of local resources and services by the investments; and (f) do any other act conducive or incidental to the foregoing.

UIA contributes to three PSD objectives of sustainably lowering the costs of doing business (specifically the non-financial); strengthening the role of government in unlocking investment in strategic economic sectors; and strengthening the organizational and institutional capacity of the private sector to drive growth.

**Private Sector Foundation Uganda (PSFU):** PSFU is Uganda's apex body for the private sector. It is made up of over 200 business associations, corporate bodies and the major public sector agencies that support private sector growth. Since its founding in 1995, PSFU has served as a focal point for private sector advocacy as well as capacity building and continues to sustain a positive policy dialogue with Government on behalf of the private sector. The mandate of PSFU covers carrying out policy research and advocacy on behalf of the Private Sector; providing a forum for the discussion of policy issues, and the impact of those policies on the Private sector in Uganda; maintaining a dialogue with Government on behalf of the Private Sector; and undertaking capacity building for the private sector through training and the provision of business development services.

The Foundation therefore advocates for and represents the private sector interests in the determination and pursuit of the PSD Programme objectives.

**Economic Policy Research Centre (EPRC):** EPRC is Uganda's leading think tank in economics and development policy-oriented research and policy analysis. The Economic Policy Research Centre was established in 1993 as an autonomous not-for-profit organization limited by guarantee to fill fundamental voids in economics research, policy analysis, and capacity building for effective in-country contributions to Uganda's policy processes.

EPRC mainly contributes to the objective of strengthening the role of government in unlocking key growth sectors by conducting research on key issues affecting private sector growth and strengthening research and innovation for Micro, Small, and Medium Scale Enterprises (MSMEs).

**Uganda National Bureau of Standards (UNBS):** The Uganda National Bureau of Standards (UNBS), was established as a semi-autonomous body by an Act of Parliament in 1983 mandated to develop and promote standardisation; quality assurance; laboratory testing; and metrology to enhance the competitiveness of local industry, to strengthen Uganda's economy and promote quality, safety and fair trade. The UNBS services to the public are both regulatory and supportive to trade in nature. They are regulatory in as far as ensuring of fairness in trade and protection of the consumers against substandard, shoddy, and hazardous products is concerned; and are supportive to trade through the development and implementation of standards for the various sectors of the economy and carrying out conformity assessments of products to standards.

UNBS supports the PSD Programme objective of strengthening the enabling environment and enforcement of standards through supporting the national conformity assessment system to attain international recognition through accreditation and rationalizing and harmonizing standards institutions, and policies at local and regional level.

**Uganda Registration Services Bureau (URSB):** The Uganda Registration Services Bureau (URSB) is a semi-autonomous government agency, established by an Act of Parliament in 1998 in Uganda and is responsible for civil registrations (including marriages and divorces but not including births, adoptions, or deaths), business registrations (setups and liquidations), registration of patents and intellectual property rights, and any other registrations required by law.

URSB contributes to the PSD Programme objectives of sustainably lowering the costs of doing business; and strengthening the organisational and institutional capacity of the private sector to drive growth. The Bureau is expected to lower the non- financial costs of doing business through easing/computerising the registration and insolvency processes as well as lowering the financial costs by enhancing access to affordable credit by strengthening the use of the Security Interest in Movable Property Registry System (SIMPRS), and Simplifying systems for starting a business.

**Uganda Free Zones Authority (UFZA):** Uganda Free Zones Authority (UFZA) is a Statutory Body established by the Free Zones Act, 2014, for the purpose of creating opportunities for export-oriented investment and job creation. It's mandated to develop, manage, market, maintain, supervise and control Free Zones.

UFZA contributes to two PSD Programme objectives i.e., Strengthening the organizational and institutional capacity of the private sector to drive growth; and Promoting local content in public programmes. This is done through promoting the backward and forward linkages between SMEs, business associations and Free Zones to access regional and international markets and mainstreaming and implementing Local Content in Free Zones respectively.

**National Planning Authority (NPA):** The NPA was created by an Act of Parliament, NPA Act, 2002, for purposes of coordinating development planning in the entire country, and to advise the Executive on the best policies and strategies for the development of the country.

NPA contributes to the PSD Progamme objective of Strengthening the role of government in unlocking investment in strategic economic sectors through undertaking economic evaluation of public projects and programs in collaboration with the private sector. This enables the Government to undertake strategic and sustainable government investment and promote private sector partnerships in key growth areas.

**Uganda Industrial Research Institute (UIRI):** The Uganda Industrial Research Institute, was established as a Parastatal Company by an Act of Parliament in 2003. UIRI is mandated to carry out scientific and industrial research, develop competitive technical services, improve the capacity and competence of indigenous entrepreneurs to embark on sustainable industrial production, and to produce high quality marketable products, for the benefit of Uganda's citizens.

UIRI supports the PSD Programme objective of strengthening the organizational and institutional capacity of the private sector to drive growth through establishing and strengthening research and innovation for Micro, Small, and Medium Scale Enterprises (MSMEs). This is done through strengthening applied Research for development of Value-Added Products; expanding/scaling up provision of industrial production infrastructure and facilities in all regions; developing electronic and automated solutions for utilization by various sectors; developing partnerships with the private sector to conduct research on key issues affecting private sector growth; and operationalizing Machining and Manufacturing Production and Training Centre for Industrial Skills Capacity Training.

**Uganda Export Promotion Board (UEPB):** Uganda Export Promotion Board as a public trade promotion organization established by Parliamentary Statute No. 2 of 1996 is mandated to facilitate the development and growth of export trade in Uganda.

It contributes to the PSD objective of Strengthening the enabling environment and enforcement of standards. The Board is directly responsible for undertaking detailed market studies, in priority export markets, to inform business development and investment strategy of emerging enterprises especially in Export Promotion Zones (EPZs); providing information, advisory and support services to develop export marketing capabilities (Export-readiness); collaborating with manufacturers and exporters to develop Uganda's export markets for target products (market studies, promotion and branding campaigns, buyer-seller networking etc.); and linking export-ready EPZ operators (manufacturers/exporters) to foreign buyers.

**Enterprise Uganda:** Enterprise Uganda Foundation Limited is public-private institution designed to support the government in realizing its objective of promoting the development of Small and Medium Scale Enterprises (SMEs) to become the main vehicle for expanding production, providing sustainable jobs and enhancing economic growth.

In fulfilling its mandate, the Enterprise Uganda plays a critical role in contributing to the achievement of the PSD Programme objective of Strengthening the organizational and institutional capacity of the private sector to drive growth through improving management capacities of local enterprises and massive provision of Business Development Services geared towards improving firm capabilities.

**Uganda National Council of Science and Technology (UNCST):** The UNCST derives its mandate from the UNCST Act 1990, CAP 209 to develop and implement ways of incorporating science and technology in the national development process. Its strategic goals are to improve or streamline national science and technology policy environment to foster scientific and technological innovation; strengthen national system for research, product development, technology transfer and intellectual property management; increase public understanding and appreciation of science and technology; and strengthen the UNCST institutional research base and technical capacity.

The Council directly enables the PSD Programme objective of Strengthen the organizational and institutional capacity of the private sector to drive growth by establishing and strengthening research and innovation for Micro, Small, and Medium Scale Enterprises (MSMEs) through undertaking start-up business mentorships seminars; supporting business enterprises to mine and exploit scientific intellectual property rights; and establishing and implementing research on Private Sector issues to the relevant stakeholders ensuring flexible learning and establishment of 2 incubation centres.

**Public Procurement and Disposal of Public Assets Authority (PPDA):** The PPDA derives its mandate from the PPDA Act, 2003 and is responsible for ensuring the application of fair, competitive, transparent, non-discriminatory and value for money public procurement and disposal standards and practices; harmonization of procurement and disposal policies, systems and practices of the Central Government, Local Governments and Statutory bodies; setting standards for the public procurement and disposal systems in Uganda; monitoring compliance of Procuring and Disposing Entities; and building procurement and disposal capacity in Uganda.

The PPDA is expected to promote local content in public programmes through developing and implementing a holistic local content policy, legal and institutional framework, monitoring and enforcing the implementation of the Guidelines on Preference and Reservation Schemes.

**Ministry of Foreign Affairs (MOFA):** Ministry of Foreign affairs is responsible for implementation and Management of Uganda's Foreign Policy. In delivering its institutional strategy, MOFA is expected to among other functions facilitate promotion of trade and tourism; and attraction of investment and transfer of technology. This function directly contributes to the PSD Programme Objective of Strengthen the role of government in unlocking investment in strategic economic sectors mainly through promoting private sector partnerships in key growth areas through marketing Uganda's investment opportunities abroad.

## 1.4. PSD Governance Structures

In the interest of harmonized implementation of the PSD Programme and the flow of information across all levels, the PSD Programme has three main structures namely; the Leadership Committee, Programme Working Group and Technical Working Groups.

### 1.4.1 PSD Programme Leadership Committee

The PSD Programme Leadership Committee (LC) consists of political leaders (Ministers, Board Chairpersons) of MDAs with the largest contributions to the PSD programme, with the Minister of Finance, Planning and Economic Development as the chairperson. The PSD Leadership Committee membership comprises of the following:

1. Minister of Finance, Planning and Economic Development (Chairperson)
2. Minister, Trade and Industry
3. Minister, Foreign Affairs
4. Minister, Local Governments
5. Governor, Bank or Uganda
6. Chairperson, UIA Board of Directors
7. Chairperson, UDC Board of Directors
8. Chairperson, PSFU Board of Directors
9. Chairperson, NPA Board of Directors
10. Chairperson, MSC Board of Directors
11. Chairperson, UDB Board of Directors
12. Chairperson, UNBS Board of Directors
13. Chairperson, URSB Board of Directors

The PSD Programme Leadership Committee exercises the oversight function over the programme implementation, enabling policy level coordination and monitoring progress towards target programme outcomes. The Committee is expected to ensure accountability for results by the PSD PWG as well as provide political and policy guidance and advocacy; review and act as a clearing house for PSD policies, and advocate for approval of programme-based policies before Cabinet and Parliament.

### 1.4.2 PSD Programme Working Group

The PSD Programme Working Group is the highest technical organ. It is chaired by the Permanent Secretary/Secretary to the Treasury (PS/ST) with membership drawn from Permanent Secretaries and Heads of Institutions of the constituent PSD programme MDAs, Development Partner Groups, CSOs and the Private Sector. The PWG is responsible for preparation of Programme Implementation Plans (PIAPs), preparation of Programme Budget Framework Papers (PBFPs), Quarterly, Semi-Annual and Annual Programme performance reports and the medium-term budget strategy documents and issuing them to the Leadership Committee and approval.

### 1.4.3 Technical Working Groups

Due to the wide mandate under the PSD programme and the large number of member institutions, two (2) TWGs were created in line with the two (2) sub-programmes of the PSD Programme to provide special platforms to consider in a more comprehensive way, the sub-component areas. The TWGs are; Enabling Environment for private sector development TWG; and Private Sector Organisational and institutional capacity TWG. The TWGs are responsible for detailed planning, budgeting, reporting, M&E, as well as monitoring of Programme implementation. The membership of the two TWGs is elaborated in Annex I.

*Members of the PSD Programme Leadership Committee during the inaugural Leadership Committee meeting on 18th November 2021*

# 2. PSD Programme Performance

This section discusses the PSD Programme performance during the FY2020/21. It covers both the financial and non-financial performance of the PSD Programme.

## 2.1. Financial Performance

The NDP III estimated the total PSD Programme costs for FY2020/21 as UGX1.346Tr of which, UGX622Bn was to be financed through public funds, while the private sector was to cover the remaining UGX724Bn. On the other hand, the draft PSD Programme PIAP estimated the public cost of implementing the PSD programme during the FY2020/21 as UGX562Bn, which is UGX60Bn lower than the NDP III estimate.

At the time of writing this report, there was no PSD Programme specific MTEF estimate for FY2020/21 to compare with the NDP III and PIAP estimates. Likewise, there was no PSD Programme actual expenditure data for FY2020/21 disaggregated by programme and programme institution, making it difficult to compare actual PSD Programme expenditure with the NDP III, PIAP and budget estimates. The MTEF and actual expenditure figures available reflected the entire budget allocation and expenditure for votes which contribute to more than one programme. Further, the PIAP doesn't show allocation to certain institutions and activities, which also hindered a meaningful and comprehensive analysis of the financial performance of the PSD Programme during FY2020/21. This and the other implementation and reporting challenges will be addressed as the implementation of the NDP III progresses in the subsequent years.

## 2.2. Performance by key result area

This section reports on the high-level programme performance based on the key PSD Programme results as illustrated in the table below.

**Table 5: Status of Programme Performance against Key Results**

| Key Result | Baseline[5] | FY2020/21 | | Source |
|---|---|---|---|---|
| | FY2017/18 | Target | Actual | |
| Reduce the informal sector from 51 percent | 56.6% | 52.9% | TBD | MoFPED/MTIC |
| Non-commercial lending to the private sector in key growth sectors as percentage of GDP | 1.5% | 1.997% | TBD | MoFPED |
| Proportion of public contracts and sub-contracts that are awarded to local firms (Value) | 30% | 50% | 76.4% | PPDA |
| Value of exports (USD Million) | 5,390 | 5,952 | 5,2741 | UEPB |

The performance against the key PSD Programme results is discussed in the sections that follow.

### 2.2.1 Reduction of Informal Sector

The informal sector forms a major part of the private sector – estimated at 56.6% in 2017/18 (NDP III). Informal sector generally refers to economic activities that are unregulated and/or unregistered. Informal businesses forming a major part of the informal sector, are not registered by any Government unit (UBoS (2020)), and most usually comprise self-employed workers and often do not follow legal means in the conduct of their business. While, it is widely recognised that informal sector makes significant contributions to employment – bridging the gap that the formal sector is not able to meet, empirical evidence has shown that informality impedes private sector growth and development. Without proper registration, opportunities for organisation and negotiating favourable terms for these groups, such as in accessing credit, are limited. Studies have also shown informality does not promote economies of scale in the production of goods and services, making it difficult to develop standardisation of products, and often breeds corrupt practices which undermine competition, a central factor in private sector growth. Therefore, as a consequence of all these short-comings, informality limits the country's ability to compete regionally and internationally.

At the time of drafting this report, there was no data on the key target for FY2020/21 for reducing the informal sector. However, beyond activities aimed at expanding registration of informal businesses and their

5 Baselines figures are picked form the NDP III – Annex 6 (NDP III Programme Level results framework)

association, the Ministry of Finance, Planning and Economic Development, in FY2020/21, initiated a study to better understand the characteristics of the informal sector and its extent and to explore options to expand formalization. By the close of the year, the study team, Economic Policy Research Centre, was already undertaking a survey to address the pertinent questions relating to informality. The study is expected to be completed in FY2021/22.

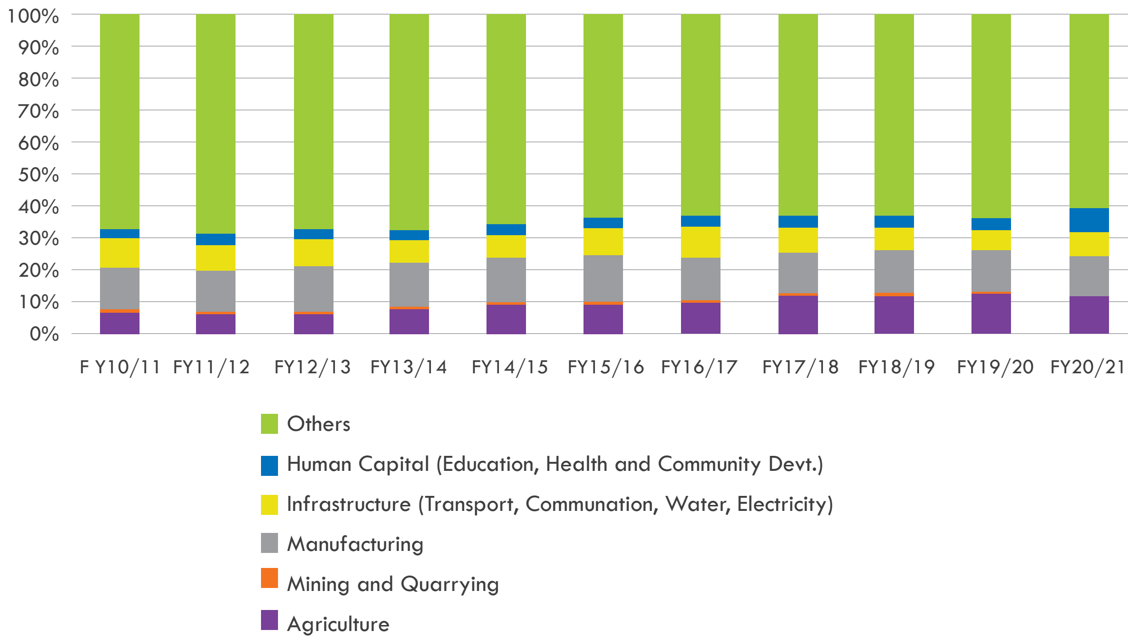
### 2.2.2 Increasing Non-commercial lending to the private sector in key growth sectors

Non-commercial lending is discussed within the context of objective 1 of the PSD programme – namely; lowering the cost of doing business, but with specific focus on the cost of credit. Non-commercial lending refers to private sector lending below commercial terms – typically at lower interest rates. Examples of non-commercial lending are credit from Emyooga funds, capitalisation of government-owned Development Finance Institutions (DFIs) like UDB, Post bank etc. The commercial lending rates have remained high, averaging above 18% (NDP III) making commercial credit expensive and unsuitable as a source for financing private sector investments for many business enterprises. Through a previous study, the Government also found high interest had particularly stifled growth of credit to key growth sectors with high economic impact (employment, income growth, etc.).

Recognising that bringing down commercial lending rates is likely to take a long time, the government opted to introduce non-commercial lending instruments, as short-term intervention, targeting these key growth sectors; agriculture, manufacturing, mining (including oil and gas), infrastructure, tourism, human capital (education and health) and ICT. The Graph below, based on data obtained from Bank of Uganda, provides a trend of lending to private sector by commercial banks over the past 10 years.

As illustrated in the graph below, lending to the key growth sectors listed above has remained limited – not more than 40% of the combined commercial bank lending.

**SHARE OF COMMERCIAL BANK LENDING BY SECTOR:**
2010/11 TO 2020/21
(Source data: Bank of Uganda)




The non-commercial lending initiative is primarily led by the Government working through its financial institutions; UDB, Post-Bank, Pride Micro-Finance and Housing Finance. During the FY2020/21, the largest disbursement for non-commercial lending was through UDB (UGX530 Bn) under the Government's capitalisation programme. UDB in turn extended lending to private sector players at 12% per annum – considerably lower than commercial loans. Government also channelled UGX5 Bn through Post Bank to support extension of non-commercial loans to the private sector.

### 2.2.3 Expanding Public Contracts awarded to Local Firms

The level of public contracts awarded and delivered by local firms is used in this case as a proxy for measuring growth in local private sector capacity under Objective 2 - Strengthen the organisational and institutional capacity of the private sector to drive growth.

During the FY2020/21, PPDA undertook a survey to establish the level of participation of local firms in public procurement. From the findings, the proportion of contracts awarded to local firms (by value) increased significantly over the year to 76.4%, up from 57.5% in the FY2019/20. In absolute terms, contracts worth UGX3.2 trillion were awarded to local firms during the year compared to UGX1.6 trillion in the previous financial year. In terms of number of contracts, up to 98% (11,766) of contracts were awarded to local firms during the year as was the case in the FY2019/20. The Contracts awarded to foreign providers are fewer in number but are of considerably high value. This explains the inverse relationship between the number and value of contracts awarded to foreign providers.

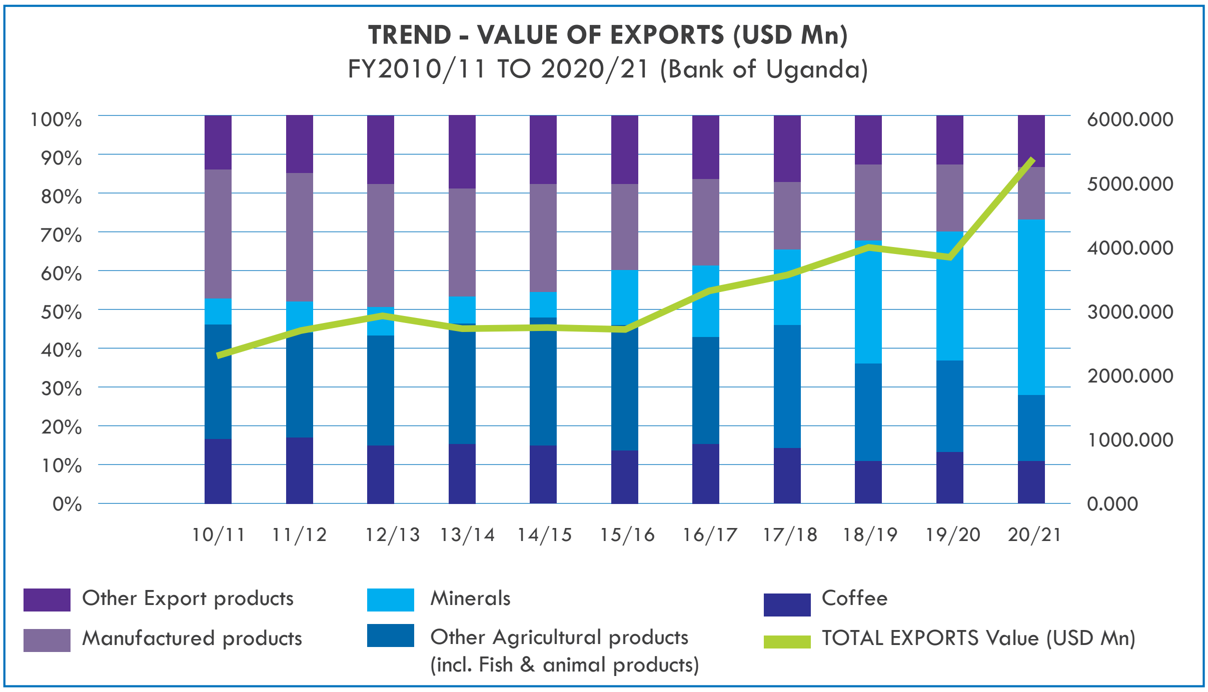
The proportion of contracts awarded to foreign providers declined to 23.6% (UGX988 Bn), down from 42.5% in the FY2019/20. In terms of number, the proportion of contracts awarded to foreign providers remained at 2%, as was the case in the FY2019/20.

The increase in the value of contracts awarded to local and resident firms is attributed to the campaign led by the Authority (PPDA) encouraging Government institutions to apply, within the law, preference and reservation schemes and also ensure the implementation of the provision requiring 30% subcontracting to national and resident providers by international providers.

The Authority (PPDA) also conducted an assessment to ascertain new areas that should be considered for reservation in a revised Guideline or Regulations on Preference and Reservation schemes. Following extended engagement with private sector players, such as Uganda Manufacturer's Association (UMA), the Authority drafted revised guidelines to include new areas such as furniture, transformers and inputs required for turnkey projects/contracts to local firms.

### 2.2.4 Increasing the Value of Exports

The NDP III highlights the prominence of exports in achieving economic growth as well as attaining a sustainable balance of payments for Uganda. The value of exports grew over the NDP I & NDP II period, as illustrated by the following graph hitting USD 5bn in 2021.




The larger contributors to exports were agricultural commodities, including coffee, and manufactured products in the earlier years. Minerals have in the recent years grown significantly becoming a major contributor (45% in 2020/21). The main exporting destinations include countries in the region (Kenya, South Sudan, Tanzania, Sudan), Middle East (UAE), and Europe[6]. However, the volume and value of commodity exports is considered comparatively low and inadequate to create the impact required for the economic growth ambitions under the NDP III. The PSD Programme, through the combined efforts under its 5 objectives aims to address this issue.

6 Information on exporting countries was obtained from The Trend Economy publication – Annual International Trade Statistics by Country compilations

Free Zones are becoming major business incubators and are playing an increasing catalytic role in growth of exports. Of the total export earnings, earnings from the Free Zones grew to a record high of US$1.2 Bn, in the FY2020/21, from US$154 Million in FY2019/20. For the second year running, semi-processed gold exports were the drivers of exports in Free Zones accounting for 93 per cent of the total export earnings (US$1.16 billion). Flower and Horticultural exports ranked second accounting for 3.7 per cent of the exports (US$46.58 million). Tobacco partly/wholly stemmed exports ranked third accounting for 3.1 per cent of the exports (US$38.41 million). Wheat flour exports recorded US$1.71 million in FY2020/21, a decline by 65 per cent from US$4.91 million registered in FY2019/20. Sandalwood essential oils recorded US$730,073 in FY2020/21, an increase from US$299,550 registered in FY2019/20. Cocoa beans exports registered US$160,760 in FY2020/21. The least exports were unground natural calcium phosphates which registered US$5,227. The positive performance in the Free Zones during the FY2020/21 was driven by increased mineral and tobacco processing activities.

## 2.3. Performance by Objective

The reporting under this section focuses mainly on progress made in implementing the NDPIII intervention under each of the 5 PSD Programme objectives. Overall, the draft Government Annual Performance Report (GAPR) for FY2020/21 made an assessment of the progress of implementation of the PSD Programme. This was based on the performance of key indicators under each of the PSD Programme Objectives as illustrated in the table below.

**Table 6: PSD Programme GAPR Scoreboard for FY2020/21**

| No | Objective | No of Indicators | Achieved | Moderately Satisfactory | Not Achieved | Not Assessed |
|---|---|---|---|---|---|---|
| 1. | Sustainably lower the costs of doing business | 16 | 19% | 31% | 6% | 44% |
| 2. | Strengthen the organizational and institutional capacity of the private sector to drive growth | 10 | 50% | 20% | 0% | 30% |
| 3. | Promote local content in public programmes | 19 | 16% | 16% | 16% | 53% |
| 4. | Strengthen the role of government in unlocking investment in strategic economic sectors | 3 | 67% | 33% | 0% | 0% |
| 5. | Strengthen the enabling environment and enforcement of standards | 4 | 0% | 25% | 25% | 50% |
| | **AGGREGATE** | **52** | **25%** | **23%** | **10%** | **42%** |

**In the table above:**

a. The indicators used in the assessment, including the targets, are derived from the PSD PIAP;

b. "Achieved" represents those indicators against which performance was on or above target;

c. "Moderately satisfactory" refers to those indicators for which performance was nearly in line with the target;

d. "Not achieved" refers to indicators for which performance data was significantly behind; and

e. "No assessment" represents those indicators that were not assessed, primarily because, of missing data on either targets or performance.

Overall, based on the performance listed in the table above, significant progress was made on at least 48% (achieved – 25% + moderately met – 23%) of the PSD programme outcome indicators. Given the challenges of the first year of implementation (related to transition from NDP III to NDP III and Covid19) which are cited throughout this report, this performance is considered satisfactory and provides a good basis progressing to the second year of the NDP III – FY2021/22

During the year under review, the PSD programme experienced a challenge of indicators with no performance data (42% of outcome indicators). Most of these indicators are not integrated within the MDA systems and hence could not be tracked for performance. This short-coming will be addressed in FY2021/22 to improve programme assessment and reporting.

## 2.3.1 Sustainably lower the costs of doing business

The cost of doing business is a major factor in the growth of the Private sector. Under this objective, the PSD Programme aims to address (i) constraints faced by the Private Sector in accessing credit and (ii) other costs due to non-financial factors such as related to infrastructure and utilities. In particular, the NDP III was concerned that for a long time, interest rates for bank supplied credit remained high while at the same time, there continued to exist a multiplicity of other non-financial constraints (inefficiencies in form of delayed access to electricity, water and ICT among others) which increased the cost of doing business in Uganda. The PSD PIAP therefore seeks to achieve five key outcomes under this objective i.e.:

(i) Increased lending to key growth sectors;

(ii) Increased long-term financing to the private sector by Government owned financial institutions;

(iii) Increased financing through capital markets;

(iv) Increased value of formal financial sector savings for private sector investment, and

(v) Increased access and usage of non-financial resources e.g., certification, ICT, warehouse information system, etc.

The NDP III also identified four (4) broad interventions to achieve the above outcomes and generate the required impact. These include:

a) Increasing access to affordable credit largely targeting MSMEs
b) Increasing access to long-term finance;
c) Mobilising alternative financing sources to finance private investment; and
d) Addressing non-financial factors (power, transport, business processes etc.) leading to high costs of doing business.

The following sections present the PSD Programme performance in respect to each of the above outcomes and interventions implemented during FY2020/21.

### Increased lending to key growth sectors

In general, based on the indicators selected, performance was below target. Both the key indicators measuring share of domestic credit to key growth sectors and private sector credit as a % of GDP reflect weak performance.

The annual growth in PSC is reported to have declined to an average of 8.5 percent in the nine months to March 2021 from 12.2 percent recorded in the same period, last financial year. Growth in private sector credit remained largely low due to weak demand arising from a decline in economic activity and heightened commercial banks' risk aversion, all attributable to the adverse effects of the Covid19 pandemic on the economy. Where credit growth is reported, this was largely supported by growth in the local currency denominated loans. This period also witnessed significant levels of business closures and an expansion in non-performing assets further heightening risks in lending. However, Bank of Uganda (BoU) reported a sustained gradual increase in private sector credit since August 2020 attributable in part to measures taken to lower the cost of borrowing[7]. The Bank also noted, the second wave of the Covid19 pandemic still slowed down growth in Private Sector Credit in the final quarter of the year. The table below illustrates the actual performance against targets for each of the indicators measuring "increased lending to key growth sectors".

7 State of Economy, Bank of Uganda, June 2021

**Table 7: Actual performance against targets for Increased lending to key growth sectors**

| Key Performance Indicator | Baseline 2017/18 | NDP-III TARGET | ACTUAL 2020/21 | Responsible Institution |
|---|---|---|---|---|
| Non-commercial lending to the Private Sector in the key growth sectors as a % of GDP | 1.5% | 1.0% | No Data | MoFPED FSD |
| Share of domestic credit to key growth sectors in total private sector credit | 6.2% | 29.2% | 13.2% | BOU/ MOFPED (FSD) |
| Private sector credit as a % of GDP | 12.95% | 15.4% | 12.0% | BOU/MoFPED (FSD) |
| % MSMEs with an outstanding credit at a formal financial service provider | | 9.7% | No Data | BOU/MoFPED (FSD) |

The above performance is attributed to a number of interventions and actions implemented by the PSD Programme Institutions during FY2020/21, some of which are discussed below.

**Cheaper Credit through the Microfinance Support Centre:** The Microfinance Support Centre (MSC) majorly extends financial credit to Savings and Credit Cooperative Societies (SACCOs), Village Savings and Loan Associations (VSLAs)/Groups, Cooperative Unions, Microfinance Institutions (MFIs), Small and Medium Enterprises (SMEs) and Area Cooperative Enterprises (ACEs). This credit is often disbursed through conventional and Islamic finance based loans.

Conventional Finance loans under the MSC are short-medium term loans disbursed to individuals and groups. The interest terms for these loans are often within the range of 8-12% making them significantly lower than commercial loans which carry interest rates of at least 22-24%pa. During FY2020/21, MSC identified, appraised and disbursed 1,041 conventional loans worth UGX56.897bn to SACCOs, Cooperative Unions, Groups, Area Cooperative Enterprises and MSMEs.

On the other hand, Islamic Finance loans, based on Islamic principles, are extended to individuals and all categories of enterprises interest free. During the FY 2020/21 MSC under Islamic financing, funded 80 Shariah compliant projects to the tune of UGX7.243Bn to SACCOS, Cooperative Unions, Groups and Sharia compliant MSMEs. The table below provides a summary of the conventional and Islamic loan disbursement by MSC.

**Table 8: Summary of short-term financing performance under MSC**

| | Type of Financing | No. of Loans | Value of Loons (UGX bn) |
|---|---|---|---|
| SACCOs, Coops Unions | Conventional | 239 | 11.105 |
| | Islamic | 53 | 1.304 |
| **TOTAL SACCOs** | | **294** | **12.409** |
| MSMEs | Conventional | 97 | 37.808 |
| | Islamic | 26 | 9.359 |
| **TOTAL MSMEs** | | **123** | **47.167** |
| Others | Conventional | 705 | 7.984[8] |
| | Islamic | 0.00 | 0.00 |
| **Total others** | | **705** | **7.984** |
| **TOTAL FINANCING** (All loans) | | | |
| | Conventional | 1,041 | 56.897 |
| | Islamic | 80 | 7.243 |
| **TOTAL All Loans** | | **1,121** | **64.140** |

A large proportion (61%) of the MSC financing was to agricultural economic activities, and benefited additional 388,019 individuals out of which 43% were youth, 52% female. The value chains supported included Poultry, Cotton, Rice, Horticulture, Fish Farming, Cattle/Dairy among others.

8 Please note that the number of loans is not commensurate with the value of the loans.


*Hon Haruna Kasolo Kyeyune Minister of State for Micro-finance and small enterprises during the official launch of the Presidential Initiative on Wealth and Job creation in July 2020*

**Financing through Emyooga**: The PSD Programme through MoFPED commenced country-wide launch of the EMYOOGA initiative as part of its strategy to monetize Uganda's subsistence economy. The program aims at increasing employment, job opportunities and enhancing entrepreneurial capacity of different umbrella associations through sensitization, skilling and tooling[9]. UGX243.31 billion was disbursed to MSC for implementation of the EMYOOGA by April 2021.

MSC as the main agency in implementing Emyooga, established over 6000 SACCOs, averaging 16 SACCOs in each constituency; and 205,710 Savings Associations, averaging 18 enterprise groups in each parish countrywide, reaching over 4,000,000 direct beneficiaries. As at 30th April 2021, 1,439,970 Association leaders and 42,707 SACCO leaders had been trained. MSC also worked with the District Local Government (DCOs, CDOs) as partners in the implementation of the project. 2809 local government technical staff (DCOs, CDOs) were trained to effectively support the EMYOOGA SACCOs and Associations in their areas of jurisdiction. UGX196Bn of the UGX243.31Bn had been disbursed to 6344 constituency based SACCOs as at April 2021. However, according to a previous rapid assessment study of the Emyooga Initiative[10], the Implementation of *Emyooga* has experienced the following gaps and challenges:

1. Absence of policy to guide the establishment and operation of the EMYOOGA fund even as significant levels of funding (in excess of 900B) is being channelled through Emyooga
2. Lack of clarity in the institutional framework overseeing the fund, with a mix of political and technical groups involved (DCOs, RDCs, Political, etc.)
3. The public not properly educated about the Emyooga objectives, with many regarding it as a political reward
4. The Emyooga funding model is largely supply-led, just as the case was for the past failed funds such as Entandiikwa scheme.
5. Possible overlap and contradiction with other initiatives such as the Parish Development Model (PDM)
6. Weak capacities at the MSC for loan management to support loan beneficiaries in the utilization and repayment of those loans to the revolving constituency Emyooga funds.

These challenges will require to be addressed to improve the operations and impact of the *Emyooga* programme. The excerpt below provides brief description of the Emyooga Initiative.

**The Emyooga Programme**

The *Emyooga* is a Presidential initiative for wealth and job creation. The scheme was launched in August 2019 as part of Government's efforts to transform 68% of Ugandan homesteads from subsistence to market-oriented production.

Its specific objectives are to:

(i) Expand employment/ job opportunities;

(ii) Increase access to specialized financial services to rural areas particularly to women/youth/PWDs;

(iii) Improve household income of the project beneficiaries; and

(iv) Enhance entrepreneurial capacity of different categories through sensitization, skilling and tooling.

The scheme, financed through the national budget, targets 18 enterprise groups including; Boda-Boda, Women Entrepreneurs, Persons with Disabilities, Performing Artists, Teachers in Private Schools, Taxi Operators, Restaurant owners, Elected local leaders, Youth Leaders, Welders, Market Vendors, Mechanics, Carpenters, Tailors, Fishermen, Journalists, Veterans, Saloon Operators, Produce Dealers. SACCOs of these groups organised at Parish and constituency level are the main delivery mechanisms for funding to beneficiaries.

Responsibilities for the administration and management of Emyooga are shared across institutions. MoFPED has the policy responsibility and ensures financing of *emyooga*. The Microfinance Support Centre Ltd (MSC) is responsible for the planning, management, budgeting, reporting and accountability of all funds disbursed for the program. This includes funds disbursements to the groups and training of members and leaders.

The District Task Forces headed by the Resident District Commissioners (RDCs) include District Commercial Officers (DCOs), District Community Development Officers (DCDOs), Local Council V Chairpersons (LCV) and District NRM Chairpersons (DNRMC). They are charged with mobilizing communities to participate in the program. The Management arrangements also include Constituency and Parish levels structures.

**Credit Reference Bureau (CRB) support to credit growth:** To address the risk posed to commercial lenders, the Credit Reference Bureau (CRB) continued to support credit growth through enhanced risk management in the financial sector, specifically through the reduction in information asymmetry between borrowers and lenders. The Supervised Financial Institutions (SFIs)[11] have access to reliable information about borrowers' credit history and therefore make better-informed lending decisions. This way, the CRB

9 BTTB, FY2021/22;

10 A rapid assessment by NPA on "The Conceptualization and Implementation of Emyooga", Case study of Wakiso, June 2021

11 SFIs (Supervised Financial Institutions) refers to bank, trust company commercial finance lender, insurer, or other financial institution that is supervised by Bank of Uganda for purpose of extending credit to the Ugandan public

contributes to a reduction in the risk of lending to banks and consequently, the cost of credit in the country.

There are signs that the CRB is gaining more acceptability and use. As at March 31, 2021, 34 SFIs accessed the CRB services, through 591 branches connected to the CRB infrastructure. The number of registered borrowers with financial cards stood at 1.97 million compared to 1.86 million as at end of March 2020, representing a 5.91 percent increase. The number of credit inquiries made by SFIs to the CRB however, declined by 12.59 percent to 0.97 million at end March 2021 from 1.11 million at end March 2020. The decline was attributed to the impact of the COVID-19 pandemic on businesses. Access to and use of the CRB infrastructure is projected to grow further following the amendment during the year, of the Financial Institutions Act, 2016, which expanded the CRB services to other lenders outside Bank of Uganda's (BoU) supervisory purview. These include SACCOs, credit only microfinance institutions, consumer lenders and utility companies. This expansion will provide full file reporting and comprehensive credit profiling of borrowers with improvements in the quality of credit.

**The Electronic-Know-Your-Customer (e-KYC) Project:** During the year, the PSD Programme through Bank of Uganda (BoU) and the National Identification and Registration Authority (NIRA), National Information Technology Authority (NITA), Uganda Bankers' Association (UBA), and Financial Sector Deepening Uganda progressed on the implementation of the Electronic-Know-Your-Customer (e-KYC) Project. The e-KYC will enable remote and real-time authentication of the identity of financial services consumers thereby making the KYC checks easier, less risky, and less cumbersome. The project will also reduce information asymmetry, and by leveraging technology (using digital infrastructure), it will reduce barriers to financial inclusion and increase access to financial services. As of March 31, 2021, the development works to connect SFI's were progressing.

**Use of Movable Property to access Credit:** During the reporting period, Uganda Registration Service Bureau (URSB) spearheaded the development and implementation of the Security Interest in Movable Property Registry System (SIMPO). The initiative is intended to enable and regulate the use of movable property in accessing credit. On September 23, 2020, the SIMPO was officially launched by H.E the President and is since operational. By the end of the reporting period, URSB had trained 37 financial institutions and entered into MOUs with Uganda Microfinance Regulatory Authority (UMRA) to participate in the rolling out of SIMPO. URSB also provided information about how movable items can be used as collateral to acquire credit and entered into a Memorandum of Understanding with Ministry of Trade Industry and Cooperatives, National Building Review Board, and Stanbic bank, in order to share information and strengthen interagency coordination.

During FY2020/21, UMRA signed a Memorandum of Understanding (MoU) with URSB to further ease access to finance for small businesses. This partnership aims at enhancing awareness and usage of the SIMPO by institutions under the supervision of UMRA. The MoU established a working relationship between UMRA and URSB in the area of financial data verification, easy sharing of business registration information, facilitating sharing of the licensed business entities under UMRA, and engaging in joint sensitization of the public on the benefits of the SIMPO. The MoU shall provide effective credit protection to the lenders who fall under UMRA's regulatory framework, a critical step towards responsible and inclusive access to finance.

## Increased long-term financing to the private sector

The NDP III views access to long-term finance as key to reduction of the cost of credit and in enabling participation of private enterprises in the significantly large and long-term projects which are key to sustainable economic growth. Key areas of intervention in achieving this include mobilisation of savings through capital markets and through retirement and life insurance schemes, and expansion of capacity of development finance institutions for long-term lending.

The table below illustrates the actual performance against the FY2020/21 NDP III target for each of the indicators measuring "increased long-term financing to the private sector".

**Table 9: Actual Performance against target for increased long-term financing to the private sector**

| Indicator | Baseline 2017/18 | FY2020/21 | | Responsible Institution |
|---|---|---|---|---|
| | | Target | Actual | |
| Total value (UGX billions) of outstanding long-term loans (maturity above 5 years) at DFI | 60.00 | 481.00 | 555.0 | UDB; MoFPED/FSD |
| Total value of private equity investments by government - owned financial institutions (UDB)- UGX billions | | 0.183 | No data | UDB; MoFPED/FSD |

The following interventions and actions were implemented by the PSD Programme institutions during the year, to increase long-term financing to the private sector.

**Funding through UDB:** Uganda Development Bank received capitalization from the Ministry of Finance, Planning and Economic Development in the FY2020/2021 totalling UGX530 billion.

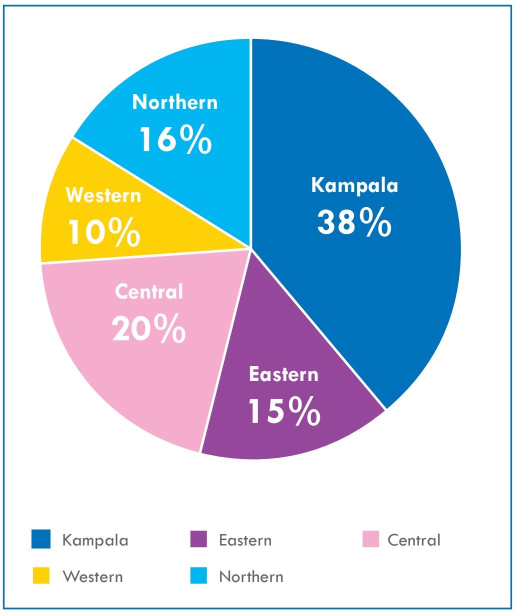
Consistent with its mandate, the Bank supported projects within the private sector that demonstrated potential to deliver high social economic value, in terms of job creation, improved production output, tax contribution and foreign exchange generation among other outcomes. These projects fall within the key priority sectors of the economy and are in line with the country's development priorities. The Bank's financing interventions are mainly in the sectors of Primary Agriculture, Agro-Industry, and Manufacturing which account for over 80% of the investment portfolio. The Bank however undertakes specific interventions in other sectors including Tourism, Human Capital Development, and Infrastructure.

During the reporting period, the Bank approved projects worth UGX589 Bn within the priority sectors for funding. Of the approved projects, the Bank disbursed UGX301,973,457,610 within the priority sectors. Disbursements are an ongoing process pegged on project implementation milestones and fulfilment of post approval processes by the clients. The table and figure below illustrate the sectoral and regional distribution of the approved projects.

**Table 10: Sectoral and Regional distribution of approved and disbursed funds by UDB**

| Sector | Approved | Disbursement | % Disbursed |
|---|---|---|---|
| Agro-Industrialization | 228,308,882,663 | 78,110,925,344 | 34.21 |
| Manufacturing | 138,256,799,412 | 88,155,511,052 | 63.76 |
| Primary Agriculture | 99,664,121,990 | 95,942,896,633 | 96.27 |
| Health Services | 13,604,321,600 | 64,350,000 | 0.47 |
| Infrastructure | 74,573,579,000 | 13,061,737,304 | 17.52 |
| Tourism & Hospitality | 32,489,276,983 | 25,568,037,277 | 78.70 |
| Education Services | 2,164,168,400 | 1,070,000,000 | 49.44 |
| **Total** | **589,061,150,048** | **301,973,457,610** | **51.26%** |

Figure 1: Regional distribution of approved projects for funding by UDB




The projects approved by UDB during the period are projected to create varied development outcomes. A total of 33,531 new direct jobs is expected to be created, and UGX5.260trillion worth of output value/Turnover to be realized from firms financed. These projects are further expected to generate UGX492billion in tax revenue to government and generate foreign exchange earnings of UGX1.034 trillion as summarized in the table below.

**Table 11: Ex-ante Development Impact of Approved Projects July 2020 to June 2021.**

| Sectors | Direct Jobs | Output Value (UGX Bn) | Tax (UGX Bn) | Forex (UGX Bn) |
|---|---|---|---|---|
| Primary Agriculture | 27,237 | 1,398.1 | 139.06 | 800.5 |
| Industry (Manufacturing and Agro-Industrialization) | 1,382 | 3,202.2 | 309.869 | 164 |
| Human Capital Development (Health Services and Educa-tion) | 447 | 431 | 3 | 0 |
| Tourism & Hospitality | 2,698 | 156.2 | 25.6 | 69.1 |
| Infrastructure | 1,749 | 68 | 14 | 0 |
| Others | 18 | 4.5 | 0.6 | 0 |
| **Total** | **33,531** | **5,260** | **492** | **1,034** |

*Source: UDB database; July 2020 -June 2021*

## Increased financing through capital markets

In general, performance in respect of this outcome was moderate as illustrated in the table below, showing actual performance against the NDP III FY2020/21 targets for each of the indicators measuring "increased financing through capital markets".

**Table 12: Key Performance Indicators measuring financing through capital markets**

| | Baseline 2017/18 | NDP-III TARGET | ACTUAL 020/21 | Responsible Institution |
|---|---|---|---|---|
| Domestic market capitalization to GDP (%) | 4.1 | 3.4% | 4.5% | CMA; MoFPED/FSD |
| Domestic market capitalization due to new listings-(UGX, Billion) | 4.78 | 4.50 | 4.30 | CMA; MoFPED/FSD |
| Number of private equity deals availing funding to local companies per year | | 9.00 | 7.00[12] | CMA; MoFPED/FSD |
| CIS assets under management (in UGX Trillion) | 0.133 | 0.48 | 0.57 | CMA; MoFPED/FSD |

There was growth in domestic market capitalisation[13] (the value of locally listed counters at the Uganda Stock Exchange (USE) which was mainly attributed to increased demand against share supply in the period before the national Covid19 lock-down14. While performance against the number of private equity deals availing funding to local companies per year did not meet the NDP III target for the period 2020/21, the equity market grew arising from the increase in value traded during the period under review. This increase was attributed to heightened domestic and foreign institutional investor activity in the period before the national lockdown in June 2021.

In addition to market activity, in June, 2021, the Financial Sector Deepening (FSD) Uganda launched a Deal Flow Facility (DFF) to increase investment in medium to large companies in Uganda. Funded by the European Union (EU) and in collaboration with the Capital Markets Authority (CMA), the facility will help Ugandan companies become "investment ready". This will be done by actively match-making them to long-term investment capital, to allow businesses to focus on growth rather than short-term funding needs. In addition to matchmaking, the facility will provide business development services to at least 220 companies over a five-year period, with the first cohort expected to start in September 2021. The facility is actively targeting relatively mature companies that are seeking investments of not less than $500,000 (about UGX1.83b).

The facility, incubated at FSD Uganda, also aims to be a one-stop centre where companies can access all their transaction advisory needs – from tax, legal, banking and more. The pool of select enterprises will have access to business development support to increase their competitiveness and place them on an accelerated growth path.

### Increased value of formal financial sector savings for private sector investment

Retirement Assets (representing financial savings which can be used for long term private sector lending) grew albeit more slowly, standing at 11.1% of GDP against the NDP III target of 12.0% for FY2020/21. Non-bank financing, which includes Collective Investment Scheme (CIS) Assets, grew from UGX388.5 billion in June 2020 to UGX567 billion in March 2021. The FY2020/21 performance in respect of the other indicators measuring this result has not been reported on due to limited data at the time of writing this report. The table below illustrates the actual performance against the NDP III FY2020/21 targets for each of the indicators measuring "Increased value of formal financial sector savings for private sector investment".

12 This was based on data as at December 2020.
13 The total market value of a company's outstanding shares or other securities in issue
14 Capital Markets Quarterly Bulletin, Quarter ending June 2021

**Table 13: Performance of formal financial sector savings for private sector investment**

| Indicator | Baseline 2017/18 | FY2020/21 | | Responsible Institution |
|---|---|---|---|---|
| | | TARGET | ACTUAL | |
| Retirement Assets to GDP, % | | 12% | 11.1% | URBRA/ MoFPED |
| Deposits in supervised financial institutions to GDP, % | | 21.70% | No data | URBRA/ MoFPED |
| Life insurance assets to GDP, % | | 0.01 | No data | URBRA/ MoFPED |

### Increased access and usage of non-financial resources

As illustrated in the table below, the actual FY2020/21 performance in respect of the indicators measuring "Increased access and usage of nonfinancial resources" has not been reported on due to limited data at the time of writing this report.

**Table 14: Performance against access and usage of non-financial resources**

| Indicator | Baseline 2017/18 | FY2020/21 | | Responsible Institution |
|---|---|---|---|---|
| | | TARGET | ACTUAL | |
| Number of warehouse receipt discounted at financial institutions | | 2,000 | No data | UWRSA |
| Number of warehouse receipt traded at commodity exchanges | | 5,000 | No data | UWRSA |
| Proportion of Key business processes automated and integrated on Government platforms | | 50 | No data | NITAU |

**Below we discuss some of the interventions and actions undertaken during FY2020/21 to increase access and usage of non-financial resources.**

During the FY2020/21, UIA convened Inter-Agency meetings with KCCA, URSB, and URA to resolve integration issues and review business processes for investment and licensing. The Authority also facilitated business processes re-engineering for NEMA and UNBS aimed at improving efficiency in processes affecting business and support to private sector. Other efforts to automate key government business processes for investment and licensing resulted in the NIN verification and TIN registration services going online by the year end. In addition, automation of Trading License application was completed and was awaiting official launch for public use at KCCA by the end of the financial year.

The NDP III identified some non-financial factors such as electricity, transport, Warehousing Receipting Systems, automation of government processes and water, that needed to be addressed to improve competitiveness and lower the costs of doing business. As such, the PSD programme Institutions continued to address them by undertaking some specific actions such as expansion of the motorable road network in industrial parks. For instance, 10km of murram roads in Kasese Industrial and Business Park were opened, while 7.5km of water network was extended in the Park. In addition, 12.025 km of roads were maintained in Bweyogerere, Luzira and Soroti Industrial Parks.

## 2.3.2 Strengthen the organisational and institutional capacity of the private sector

The NDP III, under this objective seeks to address capacity challenges undermining private sector growth, on two fronts. First to address weaknesses at the level of each entity namely the inadequate entrepreneurial skill, low skilled labour, low levels of technology in operations of the private sector and limited capacity to provide for innovation for new products. The NDP III is also concerned about lack of a strategy to grow and nurture MSMEs and to address the high levels of informality in business enterprises, which is a major constraint to private sector growth.

Secondly, weaknesses in mobilisation and coordinating of producers, sellers, and other market players is also a concern under the NDP III as it reduces the ability to benefit from economies of scale and profitability. Cooperative and other joint schemes need to be revamped and promoted to better mobilise private sector players to increase their bargaining power and as a mechanism to formalise these groups. The PSD PIAP therefore, sought to achieve the following key outcomes under this objective i.e.:

i) Improved business capacity and local entrepreneurship skills enhanced;

ii) Increased membership in chambers of commerce and trade unions;

iii) Strengthened linkages to regional and global markets;

iv) Increased automation of business processes;

v) Increased research and innovation within the private sector;

vi) Increased access and use of market information system by the private sector;

vii) Increased access and use of incubation centres by the private sector; and

viii) Simplified system for starting a business.

The NDP III also identified two (2) broad interventions to achieve the above outcomes and generate the required impact. These include:

i. improved management capacities of local enterprises through massive provision of business development services geared towards improving firm capabilities, and

ii. Strengthen system capacities to enable and harness benefits of coordinated private sector activities

The section below discusses progress registered in FY2020/21 in achieving the above outcomes.

## Improved business capacity and local entrepreneurship skills enhanced

The performance against the FY2020/21 targets for this result was good, as 3 out of the 6 indicators exceeded target, while one indicator i.e., Global Competitiveness Index Ranking was on the borderline, with 115 compared to the target score of 114 out of 141. Poor performance was registered in respect of the average life of business which performed at 1.5 years compared to the 2-year minimum target. No data was available to report on the percentage of businesses that accessed Business Development Services in the past three years. The table below illustrates the actual performance against targets for each of the indicators measuring "improved business capacity and local entrepreneurship skills enhanced"

**Table 15: Actual performance against targets for improved business capacity and local entrepreneurship skills enhanced**

| Indicator | Baseline 2017/18 | NDP-III TARGET | ACTUAL 2020/21 | Responsible Institution |
|---|---|---|---|---|
| % of businesses that accessed BDS in the past 3 years | | 7.0% | No data | MTIC |
| Global competitiveness index Ranking | | 114/141 | 115 | MOFPED |
| % of businesses having a business expansion plan in place | | 10.0% | 19.1% | UIA |
| % of existing businesses expanded | 13% | 18.0% | 45.0% | ENTERPRISE UGANDA |
| % change in annual turnover | 12% | 15.0% | 53.8% | ENTERPRISE UGANDA |
| Average life of businesses | | 2.40 | 1.5 | ENTERPRISE UGANDA |

The above performance is attributed to a number of interventions and actions implemented by the PSD programme institutions during FY2020/21, some of which are discussed here below.

**Business Development Services:** During the year, Enterprise Uganda provided significant levels of business development services geared towards improving local enterprise capabilities. Overall, a total of 3,090 beneficiaries received a wide range of Business Development Services ranging from Entrepreneurship and mind-set change training, and Business Growth Oriented training. Of this 45% were females while 63% (1948) were youth. 13% of businesses are reported to have accessed BDS in the past 3 years. Below is a summary of the activities conducted and the impact assessed months after.

**Table 16: Impact of the BDS activities undertaken in FY2020/21**

| Activity | Indicator | Before Inter-vention | After the intervention |
|---|---|---|---|
| Provision of Business Development Service (BDS) aimed at upgrading MSMEs along various value chains from informal to Micro. A total of 1884 beneficiaries received Entrepreneurship and Mind-set change training of which 55% were females and 45% were males in Rukungiri and Kumi Districts. | A survey was conducted 2-4 months after the activity on 1601 previously supported entrepreneurs and the findings indicated that; | | |
| | a) Beneficiaries of the training with start-up businesses along different value chains | 39% | 69% |
| | b) % of micro businesses among supported entrepreneurs | 93.2% | 81% |
| | c) % of small businesses among supported entrepreneurs | 6.5% | 18.2% |
| | d) % of medium enterprises | 0.4% | 0.8% |
| Supporting Farmer Organizations with BDS services along selected value chains in line with government priorities to increase production.<br><br>A total of 974 (347 females; 627 males) farmers belonging to Sunflower and Soya Value Chain Farmer Groups working with the Mukwano Value Chain in Lango sub-region were equipped with Entrepreneurship skills. These were selected from the groups in the districts of Apac, Alebtong, Dokolo, Kole, Kwania, Lira and Oyam. | An impact survey was conducted one month after training on 670 farmers and below is a summary of findings; | | |
| | a) % of the farmers with own individual businesses in addition to the group business | 39% | 82% |
| | b) % of individual businesses started within one month after attending entrepreneurship training | 15% [16] | 85% |
| | c) Number of jobs created | 184[17] | 616[18] |
| | d) % of the farmers agreed that their businesses were started or expanded as a result of attending training with Enterprise Uganda | | 97.8% |

UIA also extended various business development services. The Authority held 3 Regional meetings with district Investment Committees to set up the Regional BDS Centres in Greater Mubende, Lango and Mbarara. In addition, UIA provided BDS to 106 SMEs in Kabale engaged in the Irish Potatoes and Beans value chains; and assessed and provided BDS to 25 entrepreneurs recycling plastic into Fuel in Bukomansimbi District.

**De-risking sub-county skills-based enterprises (Emyooga):** During the period under review, MSC developed training materials that were used to train Emyooga SACCO and Association leaders. During the third quarter specifically, 2,561 Associations and 13,897 Emyooga SACCO leaders had been trained. Of the trained Emyooga personnel, 1,142 were women, 363 were youth and 22 were PWDs.

MSC also continued efforts to provide training to her other clientele besides Emyooga. To this effect, MSC conducted a technical needs assessment, which resulted into training of 707 client institutions with 4,927 individuals. Of these, 51% were women and 49% men.

**Strengthening the insolvency legal framework:** During the year, steps were taken to review the Insolvency legal framework in Uganda to address the long and expensive processes. The Regulatory Impact Assessment of the Insolvency Act was shared with the First Parliamentary Counsel for approval and onward submission to Cabinet.

**Strengthening Business Continuity Corporate Rescue Framework:** URSB held at least 5 sensitization sessions with the public, including the business community, policy makers and insolvency practitioners, on insolvency and corporate rescue mechanisms. The aim of these sessions was to create public awareness on availability of insolvency services.

The insolvency Act, 2011 (Section 198) created a function of the official receiver to deal with individual and corporate insolvencies. During the year, the Registrar General was appointed by the Minister of Justice and Constitutional Affairs as the Official Receiver in this function. Under section 199 of the Act, the Official Receiver is mandated to investigate the directors, shareholders, contributors and all present and past officers of an insolvent company or of a company which is being wound up or liquidated, for the purpose of establishing any fraud or impropriety.

During the year, work also began to automate insolvency procedures, to be completed in the forthcoming year.

15 ongoing businesses that started before training
16 Created by businesses existing before the training
17 created by the new businesses started after training in a period of one month

The system under development will enable insolvency practitioners to file annual returns electronically. This will improve management of insolvency records and significantly reduce the time for processing insolvency applications which currently is 6 months.

## Increased membership in chambers of commerce and trade unions

The number of members in trade unions was 644,000, above the PSD PIAP target of 250,000 members for FY2020/21. At the time of writing this report, there was inadequate data to report on the percentage of the informal sector; and number of firms that are registered members of chambers of commerce. The table below illustrates the actual performance against targets for each of the indicators measuring "increased membership in chambers of commerce and trade unions".

**Table 17: Performance showing membership in chambers of commerce and trade unions**

| Indicator | Baseline 2017/18 | TARGET | ACTUAL 2020/21 | Responsible Institution |
|---|---|---|---|---|
| % of the informal sector | | 52.9% | No data | |
| Number of firms that are registered members of chambers of commerce | | 500.00 | No data | MTIC-UNCCI |
| Number of members in trade unions | | 250,000 | 644,000 | MGLSD |

## Strengthened linkages to regional and global markets

This is measured by the value of merchandise exports, with a target 4,011.2 Million Dollars for the FY2020/21. However, at the time of writing this report, the data available was inadequate to inform a comprehensive discussion of the performance in respect of this indicator.

In a bid to strengthen linkages to regional and global markets, during the year the Ministry of Foreign Affairs (MOFA) facilitated the resolution of issues around the ban of Uganda's maize by Kenya. The Ministry also facilitated the registration of 70 Ugandan fish exporters with Saudi Food and Drug Authority. The registration makes them eligible to export in the Saudi market and to establish a key link with international players for local products.

Relatedly, the **Ministry of Trade, Industry and Cooperatives (MTIC)** participated in negotiations on East Africa Community (EAC) investment and fair implementation of the Common Market Protocol. The Ministry also engaged in regional meetings of the East African Community to among others review regulations and guidelines of the EAC competition mergers and Acquisitions, and to review the Common External Tariff. MTIC also participated in the Tripartite Technical and Council of Ministers Meeting to further advance negotiations on various instruments of the Tripartite Road Transport Sector. These include the COMESA-EAC- SADC Vehicle Load Management Agreement; Multilateral Cross Border Road Transport Agreement; Vehicle Load Management Model Law; Cross Border Road Transport Model Law; and Transportation of Dangerous Goods by Road Model Law. The meeting also considered Tripartite Guidelines for Safe Cross-Border Movement of Persons and Personal Goods during the COVID-19 Pandemic.

## Increased automation of business processes

This is measured by the value of Ugandan products and services traded on e-platforms however, at the time of reporting no target had been agreed, and there was inadequate data on this indicator from the NITA-U, to inform a comprehensive discussion of its performance.

In a bid to promote automation, Uganda Investment Authority (UIA) developed tools for business linkages, data analytics and profiling. The National SME portal is one such tool which will enable, among others, SMEs to have access to information and business development services provided by UIA. The portal will also facilitate traceability of businesses, enabling UIA to monitor progress in implementing business plans and facilitating SMEs to access credit. Development of the portal had been completed by the end of the year with data on 400,000 MSMEs captured, 75% of which are in the Agriculture sector. This portal will go a long way to facilitate a functional SME data base to enable delivery of BDS as well as profiling and servicing of SMEs.

### Increased research and innovation within the private sector

The performance against the FY2020/21 targets for this result was mixed, as only one out of the three indicators for measuring the outcome had data. There was inadequate data to report on the percentage of businesses undertaking research and development activities in the past year (manufacturing, trading, small trading and services, finance); and the percentage of innovative firms in manufacturing.

During the year, 29% of SMEs used digital solutions for key business processes, above the 25% PSD PIAP target for FY2020/21. The most widely adopted digital platform that were promoted for ecommerce and launched are Jumia, ZOCTU digital platform among others. The table below illustrates the actual performance against targets for each of the indicators measuring "increased research and innovation within the private sector"

**Table 18: Progress in research and innovation within the private sector**

| Indicators | Baseline 2017/18 | TARGET | ACTUAL | Responsible Institution |
|---|---|---|---|---|
| Proportion of SMEs using digital solutions for key business processes | | 25.0% | 29% | MTIC |
| % of businesses undertaking research and development activities in the past year (manufacturing, trading, small trading and services, finance) | | 0.7% | No data | UNCST |
| % of innovative firms in manufacturing | | 79% | No data | UNCST |

## Increased access and use of market information systems by the private sector

This is measured by the number of firms using market information systems, which turned out to be 3,500 firms during FY2020/21, below the PSD PIAP target of 4,000.

## Increased access and use of incubation centres by the private sector

This is measured by the number of firms accessing and using incubation centres, which turned out to be 400 firms, below the FY2020/21 target of 1,000 firms.

In order to promote the access and usage of incubation centres, UIA supported the peer to peer learning for 40 incubatees who benefited from Peer-to-Peer support in the Manufacturing sector (under the UIA-Consortium for enhancing University Responsiveness to Agribusiness Development -CURAD) partnership. In addition, a cluster of 85 metal fabricators in Kayunga and Wakiso District was created and provided with capacity enhancement together with Makerere University College of Engineering, Design, Art and Technology (CEDAT). In support of Jua-kalis business start-up, UIA profiled and supported the Ssagula Online Transporter's Boda-Boda organization (SOTBODA) of 1250 Boda riders in Kampala.

## Simplified system for starting a business

At the time of writing this report, there was inadequate data from URSB to inform a comprehensive analysis and report on the three indicators measuring this outcome, as illustrated in the table below.

**Table 19: Indicators measuring simplifications in systems for starting a business**

| Indicator | Baseline 2017/18 | TARGET | ACTUAL | Responsible Institution |
|---|---|---|---|---|
| Procedures to legally start and formally operate a company (number) | | 6.00 | No data | URSB |
| Time required to start a business (calendar days) | | 0.40 | No data | URSB |
| Costs of starting a business (% of income per capita) | | 6.00% | No data | URSB |

### 2.3.3 Promote local content in public programmes

Uganda's Local content policy imposes an obligation on a person or entity using public money or utilizing Uganda's natural resources or carrying on an activity requiring a license to prioritize Ugandan citizens, Ugandan and resident companies in public procurement. This is for the purpose of promoting skills and technology transfer to Ugandans as part of efforts to develop local capacity.

i) The key outcome of the PSD Programme under this objective is increased local firms' participation in public investment programmes across sectors.

*Hon. Henry Musasizi, Minister for General duties and Mr. Ramathan Ggoobi, PSST on a visit to Kapeeka Industrial park*

Three performance indicators are listed in the PSD PIAP for the purpose of measuring progress towards this outcome. These three indicators together with performance data for the FY2020/21 are provided in the table below.

**Table 20: Actual Performance against FY2020/21 targets for local firms' participation in public investment programmes**

| | Baseline 2017/18 | TARGET | ACTUAL | Responsible Institution |
|---|---|---|---|---|
| Proportion of the total procurement value awarded to local contractors | | 60.0% | 74.0% | PPDA |
| Proportion of jobs taken on by Ugandans in foreign owned enterprises | | 5.0% | 45.0% | MGLSD |
| The proportion of Ugandan goods and services utilized by foreign firms in public projects | | 20.0% | 18.0% | PPDA |

In general, based on the indicators above, performance under this objective for the FY2020/21 was satisfactory. There was a significant good performance in the value of contracts awarded to local contractors which stood at 74% which is above the 60% NDPIII target; this is comprised of 45% to residents and 31% to nationals. Jobs within foreign owned enterprises allocated to Ugandan nationals were in line with the target while goods and services used by foreign firms were nearly within the NDP III target for FY2020/21 as well.

The NDP III lists three broad interventions to support this objective.

i) Developing and implementing a holistic local content policy, legal and institutional framework;

ii) Building the capacity of local firms to benefit from public investments; and

iii) Developing and publicizing a transparent incentive framework that supports local investors

Below, are details of the actual activities undertaken by the PSD programme players under each of the above interventions.

**Developing and implementing a holistic local content policy, legal and institutional framework:** The PSD Programme through MoFPED developed a local content implementation Strategy and the PPDA Act (Amendment) 2021. The strategy caters for local content with emphasis on sustainable procurement. The strategy also deliberately promotes the participation of registered SMEs and registered associations of women, youth and persons with disabilities in public procurement through the use of Preference and Reservation Regulations. The regulations among others prescribe the form of agreements, ensuring they observe the local content enhancement policy, and establish as well as operationalise the structures for implementation of the local content framework. The Authority shall continue to enforce the application of these reservation and preference schemes to enhance the opportunities for accessing high value contracts by local firms and to build the capacity of local contractors to compete in public procurement.

During the reporting period, the Uganda Free Zones Authority (UFZA) developed and disseminated Local Content guidelines for Free Zones to guide the mainstreaming and implementation of the Local content policy in Free Zones. These guidelines cover new areas of reservation and strengthen local content participation in free zones.

Automating procurement processes is key to enforcing the adaptation of the local content policy as well as the Preference and Reservation regulations. Through the MoFPED and PPDA, the Government completed the development and testing of the electronic Government Procurement system (eGP). eGP will automate all public procurement processes enabling Government to business services (G2B) interactions in procurement. It is expected to enhance transparency and accountability in procurement processes in government and to provide suppliers with increased access to markets. By the end of the reporting period, the system had been implemented on a pilot basis in 12 entities that include; National Information Technology Authority-Uganda, Ministry of Information Communication Technology and National Guidance, Uganda Civil Aviation Authority, National Social Security Fund, Uganda Institute of Information Communication Technology.

**Building capacity of local firms to benefit from public investments:** In order to improve competitiveness and quality of services provided by local enterprises, it is the intention, under the PSD programme, to support local producers to attain Certification, testing and calibration of their services under the framework of local content policy. In line with this aspiration, UNBS developed 487 Ugandan standards which were approved by the National Standards Council to help in the promotion of local content.

The UNBS also coordinated Products and systems certification to further boost local content. 2,572 products and 13 systems were certified in the period under review. 422 SMEs were registered to help them produce products that meet the standard requirements. 68 MSMEs were visited for onsite assistance (hand holding) and gap analysis and 630 MSMEs visited by UNBS and provided with advisory services. UNBS also provided training to over 283 stakeholders in the implementation of product and service standards.

In addition, UNBS also tested 17,753 product samples in its testing laboratories in the period under review to check their conformity to standards. Furthermore, UNBS calibrated 3,410 industrial equipment to enable medium, small and micro firms to effectively control manufacturing processes and meet certification requirements. This is also important for SME development and export promotion.

**Develop and publicize a transparent incentive framework that supports local investors:** In regard to the development and adoption of the incentive's framework, the Preference and Reservation Regulations require the reservation of procurement opportunities for local communities, local organisations and SMEs. The Preference and Reservation Regulations were developed in consultation with key Private Sector Actors including UNABCEC, UACE, Uganda Printers Association, Forest Stewardship Council, and were subsequently issued by MoFPED.

**Challenges to implementation of local content policy**

The promotion of local content in public programs faces several challenges. First, there is still reluctance to implement it in externally funded projects and of late, contractor financed projects. Financing agreements for these projects do not include this provision and therefore it is difficult to enforce it. Secondly, the capacity of local contractors is still weak. Many of these contractors either have not embraced measures like forming joint ventures amongst themselves to enhance their capacity or are not aware about participation requirements under the policy.

### 2.3.4 Strengthen the role of government in unlocking investment in strategic economic Sectors

The NDP III identifies a crucial role of government in unlocking investments in strategic economic sectors. In this role, Government is required to increase its participation in the economy in order to direct development and actively implement strategies aimed at unlocking investment in strategic areas of the economy. These are areas that have a huge potential, and which should not be left to market forces as was the case under NDP I & II. This is the driver of this objective, whose main outcomes are:

i) Regionally balanced key strategic investments planned and developed to spur private investment in key growth areas; and

ii) Increased use of research and innovation instruments by the private sector.

The objective of Strengthening the role of government in unlocking investment in strategic economic sector has three broad interventions listed in the NDP III to guide its achievement. These include:

i) Undertake strategic and sustainable government investment and promote private sector partnerships in key growth areas;

ii) Strengthen research and innovation capacity in support of private and public investment; and

iii) Implement regional commitments to accelerate intra-regional trade

The following sections present the PSD Programme performance in respect of the above outcomes and interventions implemented during the FY2020/21.

**Regionally balanced key strategic public investments planned and developed to spur private investment in key growth areas**

The performance against the FY2020/21 targets for this result was indifferent, as at the time of writing this report, only one out of the three indicators for measuring the result had data. The indicators for number of private investments by UDC; and the total private sector investments facilitated by PPP arrangements had inadequate data to inform a comprehensive analysis.

According to UIA, the proportion of domestic private sector investment during FY2020/21 was 55.7%, above the PSD PIAP annual target of 48.7%. The table below illustrates the actual performance against targets for each of the indicators measuring "regionally balanced key strategic investments planned and developed to spur private investment in key growth areas"

**Table 21: Actual performance against FY2020/21 targets for regionally balanced key strategic investments planned and developed**

| | Baseline 2017/18 | TARGET | ACTUAL | Responsible Institution |
|---|---|---|---|---|
| Number of private investments by UDC | | 8.00 | No data | UDC |
| Total private sector investments facilitated by PPPs arrangements | | 10.00 | No data | UDC |
| Proportion of Domestic private sector investment (in Value: projections have considered impacts of COVID-19) | | 48.7% | 55.7% | UIA |

A number of interventions and actions promoting the planning and development of regionally balanced key strategic investments were implemented by the PSD programme institutions during the year, some of which are presented here below.

Through **Uganda Free Zones Authority** (UFZA) the PSD Programme undertook/registered the following achievements:

1. Increased the number of private Free Zones in the country to twenty-four (24) from twenty-one (21) Free Zones in FY2019/20.
2. Expanded total export earnings in Free Zones to US$1,247,370,226 in the FY2020/21, from US$ 154,172,592 in FY2019/20;
3. Expanded the total imports to US$ 1,181,821,930 in FY2020/21, from US$120,657,105 registered in FY2019/20. It is noteworthy that most of these imports were unrefined gold bars (98%) and on the exports side, semi-processed gold exports were the drivers of exports in Free Zones accounting for 93 per cent of the total export earnings for the second year running although in nominal terms, gold imports were greater than the gold exports. More deliberate interventions are required to ensure a positive balance of payments in the overall export trading.
4. Greenfield capital investments grew by US$69.33 million in the first 3 quarters of the FY2020/21 increasing the cumulative capital investments in Free Zones to US$393.78 million.
5. The civil works for the Phase-I construction of Entebbe International Airport Free Zone commenced during the FY2020/21, and stood at 34 per cent progress by the end of FY2020/21. The Free Zone will attract several investments in agro-processing, light manufacturing and export-support services.
6. The Feasibility Study for the Jinja Free Zone was completed. The Free Zone will attract private investments in the Cotton, Textile and Apparel value chain.
7. The principles for the amendment of the Free Zones Act, 2014 to provide for Special Economic Zones were developed.
8. The Free Zones module was configured on the Uganda Electronic Single Window to facilitate electronic application and licensing of Free Zones.

Whereas access to free zones enhances production for the export market, parallel support was provided by **Uganda Investment Authority (UIA)** towards increasing accessibility to serviced industrial parks by industrialists that don't fall in the category of free zones. During the FY2020/21, the PSD Programme through UIA achieved the following:

1. Physical implementation progress on development of KIBP Namanve Infrastructure stood at 13% against 18% planned target
2. UIA in partnership with AKSA Development consultants from Canada conducted a feasibility study for Kasese Industrial and Business Park in preparation for financing for infrastructure development.
3. Developed Infrastructure in Kasese Industrial and Business Park in liaison with NAADS, OWC and Kasese DLG which included 10 km of murram roads, extension of 10 km of 33kv Power and extension of 10km of waterlines in Kasese Industrial Park. This has enabled the investors such as Metu Zhong Tong Industrial and Gulu Agricultural processing industry to commence development in this industrial park.
4. Developed a masterplan for Kabarole Industrial and Business Park in collaboration with UIRI, NAADS, OWC and Kabarole District Local Government.
5. Inspected 14 investor construction sites in the industrial parks of KIBP - Namanve, Kasese and Soroti to ensure development compliance with the national building and environmental regulations.

As a participating institution in undertaking strategic and sustainable government investment and promoting private sector partnerships in key growth areas, UIA was able to review more bankable projects in the Health, Tourism and Real estate sector. Furthermore, pursuant to the Rwenzori Investment Expo held in 2019/20, the Rwenzori region was profiled for investment and 5 sector profiles, 5 value prepositions, and 5 promotional videos were developed for investment opportunities in 5 priority sectors.

Against the annual target of attracting and licensing of 20 local investment projects, the Authority was able to attract and guide up to licensing stage, **29 new projects by locals** worth planned investment value of USD 153,190, 272 and projected to create 3,973 jobs. In the FY2020/21, UIA registered an increase in foreign direct investment and joint venture partnerships. This was mainly through 85 Walk-ins and email enquiries from Uganda, UK, UAE, South Africa, India, China and Germany. Out of these activities, 53 new foreign investments were licensed with planned investment of USD 129,889,389 and 3,269 planned jobs

UIA also continued to coordinate various government agencies to provide necessary services in the different industrial parks and proposed industrial establishments. More support was directed towards Kapeeka mixed development Industrial Park, Mbale mixed development Industrial Park, Lyantonde Agro-Industrial Park, Hainan Qinfu Aqua park, support to Atiak Sugar company in Amuru and support to Kira Motors in Jinja Industrial Park.

Relatedly, the **Ministry of Foreign Affairs (MOFA)**, within its mandate of leading economic and commercial diplomacy activities, which also involves promoting global awareness of Investment opportunities in Uganda, and working with Ugandan Embassies and High Commissions abroad, engaged investors to consider establishing investments in Uganda. A number of investors from Russia since expressed interest in investing in Uganda as a result of these engagements. Some of the investments attracted include:

1. Build Works Engineering from UK, which is to invest in the real estate/ Housing sector;
2. The Horyal Sugar Factory, an investment by a Somalia national, Amina Hersi was opened;
3. Hainan Qinfu Company (China) in Haikou are interested in investing in aqua-culture Industrial park.
4. MOUs were signed between the Uganda Global Business Association (UGBA) and Rajpal farms (India) to set up a horse breeding farm in Uganda.

To mobilize and incentivize the Ugandan diaspora to participate in national development, the Ministry of Foreign Affairs and Missions abroad participated in five (5) virtual Diaspora meetings[18] where information on immigration issues and Uganda's investment opportunities was shared. In order to develop the diaspora engagement on infrastructure and address barriers limiting direct diaspora investment, MoFA fast-tracked the development of the Diaspora policy and by the close of the year, this was undergoing a Regulatory Impact Assessment. It is expected to be completed by the end of 2021. This policy aims at providing guidance on the management of diaspora matters in national development.

18 The 4th Uganda Netherlands Business Convention (UNBC); the 32nd Uganda North America Convention (UNAA) and Trade and Investment Forum; Uganda–U.A.E Virtual Convention; Uganda-Canberra Diaspora virtual conference; Uganda Diaspora Japan 1st Virtual Convention; and Uganda Diaspora Agri-Business Investment Day E-Conference and Award.

*A multi-sectorÅΩal team composed of personnel from UDC; and the Ministry of Trade, Industry and Cooperatives on the 11/01/2021 on a site visit to the Bukona Agro-Processors Ltd factory located in Koch Goma, Nwoya district*

**Uganda Development Corporation** (UDC)'s mandate is to make long-term investments in strategic sectors of the economy in order to stimulate industrial and economic development and spur private sector growth. In a bid to promote regionally balanced key strategic public investments, UDC acquired 40% shareholding in Bukona Agro Processors Ltd located in Koch Goma-Nwoya district which processes ethanol from fresh Cassava. This partnership is projected to realize an annual injection of at least UGX13.1 billion/year into the local economy, just from the purchase of fresh cassava alone as well as create approximately 10,000 employment opportunities (both direct and indirect) associated with the industrialization of the cassava crop into denatured ethanol.

Owing to continuous improvement and building of the investment and management competence of UDC, the Corporation further steered and signed Master Investment Agreements with Kaaro Agri Producers Ltd, with UDC spelling out the mode of investment in the ventures. It also signed a three-party Memorandum of Agreement involving FONUS & Aringa and the Yumbe Mango factory.

## Increased use of research and innovation instruments by the private sector

This is measured by the number of MSMEs using services of Research and Innovation facilities, which was reported by UIA as 10%, below the PSD PIAP target of 20% for FY2020/21. Despite the below target performance, a number of interventions and actions to promote the use of research and innovation instruments by the private sector were undertaken by the PSD Programme institutions as detailed below.

**Actions by the Economic Policy Research Centre (EPRC):** The PSD programme through Economic Policy Research Centre (EPRC) at Makerere, conducted various research activities with the aim of providing evidence that can support planning and decisions for private sector investments and development.

Some of the studies undertaken include; Public Investment Management for Agro-Industrialization (PIMA) market studies, and the Business Climate Index across strategic economic sectors. The Centre also successfully completed a Value Chain Status (VCS) study which generated evidence to support identification of entry points for private sector investments. Findings were validated, and shared with MoFPED to feed into the background information during the preparation of the National Budget Framework Paper (FY2021/22). Findings were also shared to inform policy discussions on modalities for developing private sector competitiveness, during the 2020 National Competitiveness Forum.

Six policy notes were developed from the VCS report on the areas of; investing in high-end dairy products for fostering Uganda's agro-industrialization agenda; investments in leather processing; livestock institutional arrangement, and traceability systems for transforming Uganda's livestock sector among others.

Other ongoing studies, by the close of the reporting period, covered an assessment of the Informal Sector in Uganda (to guide government in supporting the informal sector to formalize or grow); Standards Framework to pursue NDP III's import substitution strategy; potential Products for Uganda's Export Expansion and Diversification; Industrial Sector Competitiveness; Diagnostics of MSME sector in Digital Economy in context of COVID-19; and the impact of COVID-19 on MSMEs.

**Actions by the Uganda Industrial Research Institute (UIRI):** Within its mandate[19], UIRI developed three new products; potato floor, prebiotic yoghurt cheese and neonatal baby warmer for the prevention of premature deaths in infants. The Institute also trained at least 790 students and community people in innovative practices in a range of areas which included food value addition, engineering fields, and good laboratory practices. Other initiatives/ research activities undertaken by UIRI include:

UIRI made strides in strengthening applied Research for development of Value-Added Products. Research of the kind will contribute to food security in the country, disease resistant crops among others. At least

19 UIRI's mandate is to undertake applied research and to develop and/ or acquire appropriate technologies in order to create a strong and effective and competitive industrial sector in Uganda.

four research activities were undertaken including (i) potato flour as food security in the country, (ii) antimicrobial activity of banana flowers extract against bacteria, (iii) study on storage of iodine in salt, and (iv) application of aflatoxin binder in foods. All this research is yet to be commercialized and will be rolled out to users after review by the relevant organs.

As part of efforts to expand or scale up provision of industrial production infrastructure and facilities in all regions, UIRI supported the up-scale of Lira peanut processing plant to add value in g-nuts and was able to achieve a production level of 8 tons of peanut butter on average per month by the end of the FY2020/21.

In addition, UIRI signed 5 MOUs with the private sector (Uganda Women's Entrepreneurs Association limited, Toro kingdom, and UTAMU) to assist them in research in areas affecting private sector growth.

### 2.3.5 Strengthen the enabling environment and enforcement of standards

This objective is about the role played by the Government in providing the condition required for the private sector to operate effectively; it is about addressing challenges constraining private sector growth including, those related to economic stability, legal, regulatory and policy conditions among others. As per the PSD PIAP, the objective has six outcomes namely:

1. Standards developed and/or enforced;
2. Increased accessibility to serviced industrial parks;
3. Increased accessibility to export processing zones;
4. Increased formalization of businesses;
5. Improved availability of private sector data; and
6. Adequate system for private sector complaints resolution in place.

The NDP III identified the following broad interventions, to be implemented in order to achieve the above outcomes.

1. Support the national conformity assessment system to attain international recognition through Accreditation
2. Rationalize and harmonize standards institutions, and policies at local and regional level
3. Review of legal and regulatory frameworks to remove restrictive legislation and fast track pending bills;
4. Improve data availability on the private sector; and Improving Dialogue between the private sector and Government
5. Create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED
6. Fully service the industrial parks and increase access to them by the local private players
7. Increase accessibility to export processing zones

The PSD Programme performance in respect of the above outcomes, interventions and actions implemented during FY2020/21 is presented in the following sections.

### Standards developed and enforced

Performance under this result was fair, as 50% of the indicators were met and/or exceeded their PSD PIAP targets for FY2020/21. Significantly more products (26%) were certified by UNBS than was planned (10%). However, the number of certified products accessing foreign markets fell short of the target (3,576 against 4,000), attributable to limited staff numbers in relation to existing demand of the certification service. A number of actions to develop and enforce standards were implemented by the PSD Programme institutions during FY2020/21, some of which are presented here below.

**Support the national conformity assessment system to attain international recognition through Accreditation:** The Uganda National Bureau of Standards (UNBS) carried out 14 training sessions involving 50 auditors on a continuous training programme under the International Register of Certified Auditors (IRCA). In addition, 9 new Auditors were enrolled under the same programme. This training is for maintenance of competence and registration in fulfilment of accreditation requirements under IRCA. As a result of the training and certification, UNBS was able to retain accreditation for its chemistry and Microbiology laboratories, as well as the certification service. In addition, 17 private laboratories were recognized under the UNBS lab recognition scheme. The exercise of strengthening the laboratory recognition scheme for private and Government laboratories will expand the standards testing capacity of the country.

**Rationalize and harmonize standards institutions, and policies at local and regional level:** UNBS undertook a series of activities aimed at intensifying the tracking and elimination of substandard goods and services. UNBS verified 933,730 weighing equipment used in trade during the period under review. These included weigh bridges, electricity meters, consumer goods, fuel dispensers, pressure gauges, bulk meters, dipsticks, road tankers, Counter Machines, Weights, Spring Balance and Platform Scales. This was to ensure fair trade within the business community.

Furthermore, in the same period, 130,192 import consignments were inspected and as a result 356,483 non-conforming units[20] within these consignments were barred entry into the country after they were found not to comply with pre-export verification of conformity to standards (PVOC) requirements. 53 consignments of substandard products were seized on health and safety grounds.

The Bureau also carried out 6,591 (against a target of 6,000) market surveillance inspections for sub-standard products and services in super markets, shops and distribution outlets, hardware shops, manufacturing premises and distribution vans & trucks during the period under review. 584 seizures were conducted and over 1000 metric tons of substandard goods were seized, and 16 food processing facilities that were operating under unhygienic conditions sealed. The substandard products included foods and beverages, expired and substandard cosmetics and body care products, construction materials and electrical products. These would have been detrimental to the health and safety of Ugandans.

UNBS developed 487 new standards (against a target of 450 standards) in line with product and service innovations; maintained international accreditation for 2 laboratories, and undertook a study to decentralize UNBS services and quality infrastructure (food safety laboratories) to regions outside Kampala. UNBS also initiated the amendment of the weights and measures Act, with the aim to harmonize legal metrology procedures and processes in accordance with EAC and other Regional Agreements to minimize Non-Tariff Barriers to trade.

## Increased accessibility to serviced industrial parks

Good performance was registered under this result, as 132 businesses used industrial parks during FY2020/21, above the PSD PIAP target of 94 business. New businesses were registered in various industrial parks; Namanve (77), Luzira (11), Bweyogerere (08), Mbale (06), Soroti (01), Mbarara (22), Kasese (01) and Masindi (6).

*The PSST Ramathan Ggoobi during one of his visits to Kapeeka Industrial park*

### Increased accessibility to export processing zones

Good performance was registered under this result, as 27 firms accessed export processing zones during FY2020/21, above the PSD PIAP target of 15 firms. In addition, 3 new export free zones were declared, gazetted and licensed, increasing the total number of licensed private Free Zones to 27.

20 Consignments contain the Units

### Increased formalization of businesses

The percentage contribution of the formal sector to GDP registered a 53.6% performance, above the PSD PIAP annual target of 44%. However, the percentage change in the taxpayer register (11.9%) was below the PSD PIAP target (15%) for FY2020/21. At the time of writing this report, there was inadequate data to report on the indicator "proportion of total businesses operating in the formal sector", whose target for FY2020/21 was 20%. A number of actions were implemented by the PSD Programme institutions to increase the formalisation of businesses, some of which are presented here below.

**Review the legal and regulatory frameworks to remove restrictive legislation and fast track pending bills and incentivize the formalization of businesses:** A number of laws are undergoing a reform process to ease registration of companies, insolvency processes and protection of copyrights. During the year under review, the URSB spearheaded the following amendments.

1) The regulatory impact assessment report for amendment of the Companies Act 1 of 2012 to provide for protection of minority shareholders, beneficial ownership and mandatory registration of companies among others is in draft form.

2) the regulatory impact assessment was submitted to the First Parliamentary Council for amendment of the Insolvency Act to simplify insolvency processes for Small and Medium Enterprises.

3) the regulatory impact assessment (RIA) was submitted to the First Parliamentary Council for amendment of the Business Name Registration Act, 1918, Cap 109 to provide for electronic registration and eliminate discriminatory provisions in respect of religion and nationality;

4) Ratification of the World Intellectual Property Organization (WIPO) copyrights Treaties;
   - The Berne Convention for the Protection of Literary and Artistic Works (1886);
   - The WIPO Copyright Treaty (WCT) 1996;
   - The WIPO Performances and Phonograms Treaty (WPPT) (1996) and;
   - The Beijing Treaty on Audio-visual Performances (2012)

5) Most reforms on the Cross Border Insolvency Rules, Trade Mark Regulations are at the stage of Regulatory Impact Assessment.

### Improved availability of private sector data

Poor performance was registered under this result, as only 4 reports and policy briefs were developed compared to the PSD PIAP target of 50. At the time of writing this report, there was inadequate data to report on the number of data requests to the MSME database, whose target for FY2020/21 was 100.

### Adequate system for private sector complaints resolution in place

At the time of writing this report, there was inadequate data to report on the percentage of private sector tax complaints resolved, whose target for FY2020/21 was 50%.

### Challenges

Strengthening the enabling environment and enforcement of standards experienced a number of challenges during FY2020/21, and these include:

(i) High cost of certification. There is an outcry among the SMEs considering the cost of certification as high.

(ii) The legal restrictions have affected the efforts to increase accessibility to free zones. The current legal and regulatory framework for Free Zones is restrictive. However, the Principles for amendment of the Law have been developed.

(iii) The country lacks fully built industrial infrastructure for private developers and operators

(iv) The budget for completion of Entebbe International Airport free zone and construction of other public free zones in Jinja, Kasese, Soroti and Buwaya is insufficient.

(v) Lack of strategic industrial land for the development of public free zones. However, engagements with MALGs are ongoing to obtain Government land for the development of public Zones.

## 2.4. PSD Programme Core Projects

The NDP III identified projects for each of the 18 Programmes that are critical to the achievement of its goals and objectives. Annex 2 to this report provides details of the critical PSD Programme projects to be implemented over the lifetime of the NDP III.

## 2.5. Crosscutting Performance challenges

Several challenges were encountered during the first year of implementation of the PSD Programme. The key ones are listed here below.

1. Data on a number of indicators was inadequate to inform a comprehensive analysis and discussion of the PSD programme performance during this first year of its implementation.

2. **Delayed finalisation of the PIAP:** Delays in finalisation of the Programme Implementation Action Plans (PIAPs) created uncertainty and increased risk of delays in implementation of the NDP III. PIAPs are central to programme coordination and implementation. PIAPs were first issued in October 2020 but remained subject to revision throughout the year. As no PIAPs was formally issued as final, MDAs worked with multiple versions which impacted on programme monitoring and reporting.

3. **Multiple Private Sector programmes under the NDP III:** There was no distinct sector for private sector under the NDP II. Private Sector was always carried under the accountability sector but was also cross-cutting. Under the NDP III, there are 5 programmes closely associated with the private sector; Private Sector Development (PSD – Programme 6), Agro-industrialisation (Programme 1), and Manufacturing (Programme 7), Tourism (Programme 5) and Digital Transformation (Programme 11). Besides, many other programmes contain elements related to private sector operations. This has generated significant coordination and harmonisation challenges especially within institutions that have to deliver on private sector programmes

4. **Weak alignment of PSD PIAP and Budget:** The FY2020/21 budget was not structured along Programmes under the NDP III. MDA expenditures could not be clearly linked to Programme objectives. These issues of alignment have made it difficult to link budgets and spending to key objectives and interventions.

5. **Impact of Covid19 pandemic:** The first and last half of FY2020/21 kicked off in the midst of the COVID-19 pandemic and lockdown, resulting in slowdown of economic activity. This greatly impacted many areas for the growth and development of the private sector. Besides, many PSD programme interventions were significantly constrained by travel restrictions; research activities were curtailed and BDS trainings and awareness building plans were greatly affected.

6. The reduced mobility and interactions due to Covid19 restrictions also affected the pace of delivery of many programme activities. Delays were experienced in concluding policies, frameworks and reviews/amendments of laws that have direct bearings on the PSD Programme delivery.

7. **Slow adoption of programmatic approach**: The first year of coordinating the implementation of the PSD PIAP, has posed a number of setbacks arising from low adoption of the programmatic approach to planning and budgeting in the period of the learning curve. This is expected to ease out in the course of the second year of implementing the PSD PIAP as all participating stakeholders adopt and participate in the PSD Programme Working Groups and Technical Working Group meetings.

8. **Engagement of LGs:** In this first year of implementing the NDP III and specifically the PSD PIAP, there has not been limited engagement with LGs. This poses a challenge of undertaking the activities stipulated in the PIAP with minimum participation of LGs, which are the frontline service providers who directly interact with the targeted stakeholders/ beneficiaries. This resulted from the slow process of developing guidelines for implementing agencies to know when and how to engage with especially the District Commercial Officers. The NPA is in the process of concluding these guidelines to ensure harmony in implementing monitoring, reporting and evaluation of the PSD PIAP.

## 2.6 Emerging issues

### COVID 19 Recovery Programme.

The economic and financial impact of the Coronavirus pandemic continues to be felt across the world leading to uncertainty and damaging near-term economic prospects. The COVID 19 effects include; a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and weaker commodity prices. These have a great impact on the operations of the private sector activities. The Government has designed a comprehensive recovery programme with interventions to be implemented in the short and medium term. This stimulus package covered the following areas; health related expenditures, restoring household incomes and safeguarding jobs; providing emergency social protection; re-igniting business activity; and tax relief to businesses. It's important therefore, that Government makes an assessment of the underlying interventions to determine adequacy, appropriateness and the impact so far made.

## Reducing Informality in Private Sector

The large informal sector continues to be a major blockade to private sector development including in bringing down unemployment, expanding standards compliance, reducing cost of credit, improving access to business/ market information, and in growth of national revenues. There were good examples in formalising businesses such as in the Oil and Gas sector requiring registration of participating, business enterprises which could be emulated.

## Reducing the Cost of doing business

The Cost of doing Business remains high. Some of the factors attributed to the high cost of doing business in Uganda include; the high energy tariffs, bureaucratic business registration processes, inadequate skilled labour force, limited knowledge of business formalization procedures, and high transport related costs among others. In addition, Non- Tariff barriers have persisted across the region even after the five East African Community (EAC) partner states signed a comprehensive Common Market Protocol in 2010, officially binding member states to open up their borders for free movement of goods, labour and services across the region. The high cost of doing business is affecting business sustainability and competitiveness of Ugandan products in the region, and undermining the Buy Uganda Build Uganda (BUBU) policy.

*The Executive Director of Civil Society Budget Advocacy group, Mr. Julius Mukunda giving his remarks during the FY2020/21 PSD Program Semi annual review*

## Weak Publicity

As observed from the slow adoption of the programmatic approach to planning and budgeting among the implementing MDAs, there is also a ripple effect of low understanding of the NDP III among the members of the public. This directly limits on their demand for the deliverables of the Plan like capitalization efforts. There are however efforts by the Secretariat with facilitation from the EU to develop a Communication Strategy which is intended to enhance information flow to the public about the interventions available through the PSD Programme and the implementing agencies.

*Participants during PSD semi Annual review financial year 2020/2021*


# 3. DEVELOPMENT PARTNERS' SUPPORT TO THE PSD PROGRAMME

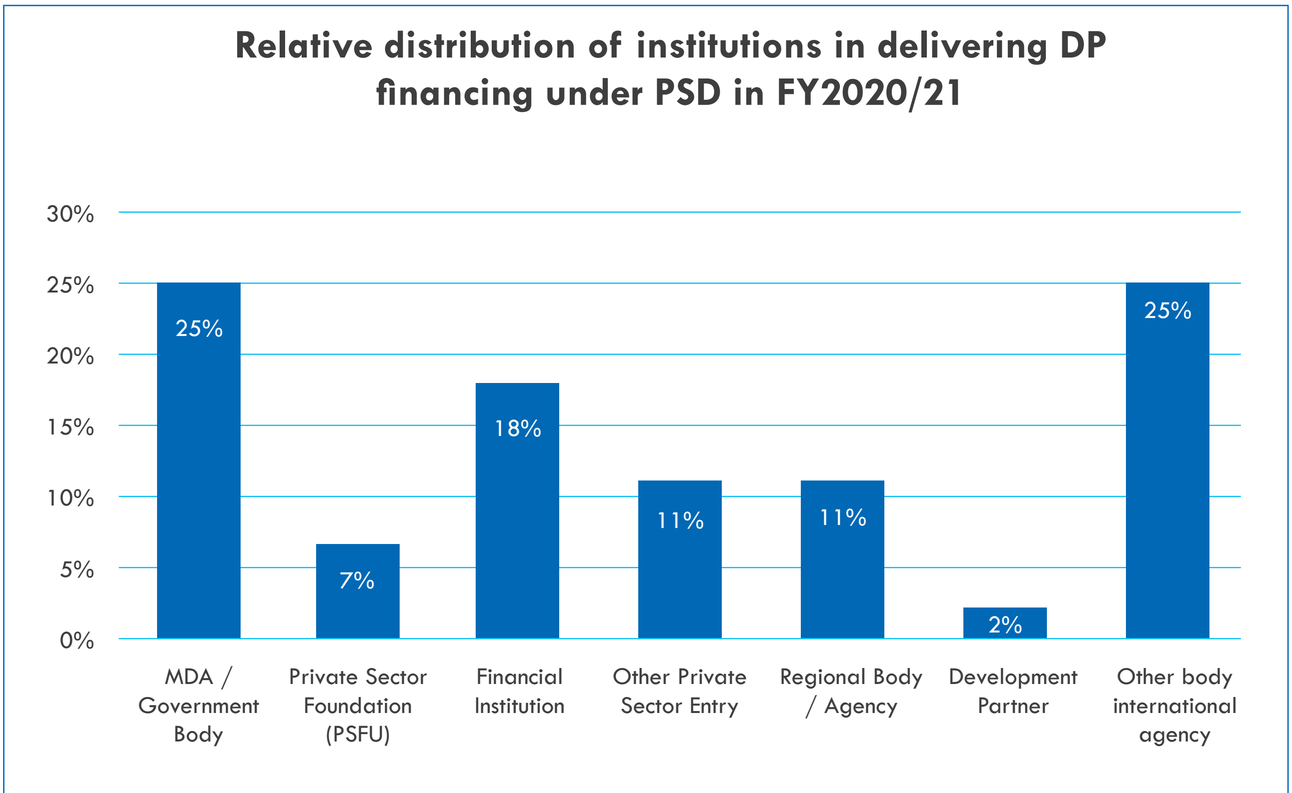
This section highlights contributions made by Development Partners (DPs) to the Private Sector Development (PSD) programme during the FY2020/21. Information available on this support is limited and hence aggregates have been used rendering and the analysis of DPs contribution in this report limited.

The PSD programme was in implementation for the first time in 2020/21. In transition from the NDP II to NDP III, the replacement of sectors with programmes led to some reconfiguration and realignment of mandates. Specifically, the PSD programme, which did not exist as a sector, consolidated most of the private sector components previously under the Accountability Sector. Annex 3 provides details of Development Partners supporting the Private Sector[21] during the FY2020/21.

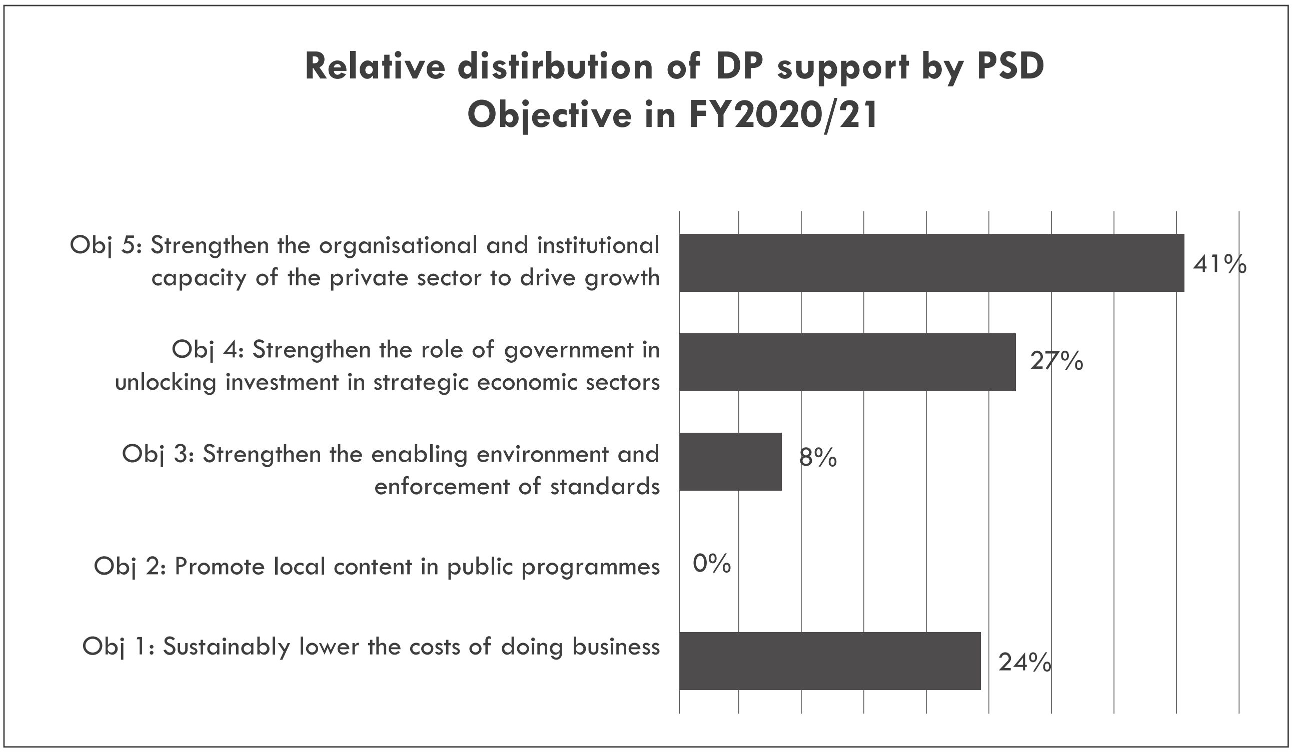
Most of this support was provided by European Union, World Bank, USAID, GIZ, DANIDA, IFAD, KfW, FSDU, Netherlands Embassy, UK FCDO, European Investment Bank (EIB). As there are no single coordination mechanisms for coordinating all this DP support, this was received through different agencies. These implementing agencies varied with a mix of government bodies, private sector players, financial institutions, regional bodies and international institutions. The graph below shows the relative participation of these players in delivering this external financing based on information available.

Development partner representative delivering his remarks at the PSD programme semi Annual renew for FY2020/21

21 The Donor Support towards the private sector was towards the NDP III programmes of Private Sector Development (PSD – Programme 6), Agro-industrialisation (Programme 1), and Manufacturing (Programme 7), Tourism (Programme 5) and Digital Transformation (Programme 11)



In general, information used in this report shows most DP external support under the program was implemented through Government institutions or other bodies (international organization and NGOs).  Financial institutions, such as UDB and commercial banks, also featured prominently in the delivery of this assistance while direct delivery by private sector entities was limited – at about 11%.




By number of initiatives, see graph above, the PSD objective 5 – Strengthening Organizational and institutional capacity of the private sector, appears to have attracted most DP support. Other areas of major attention were Objective 4 (Strengthening the role of Government in unlocking investment) and Objective 1 (Sustainably lower the cost of doing business). Form the information available, there appears to have been no external support going directly to Objective 2 – Promote local content in public programmes.

# ANNEXES

# ANNEX 1: PROGRAMME TECHNICAL WORKING GROUPS.

| Technical Working Group (TWG) | Membership |
| --- | --- |
| Enabling Environment TWG | 1. Ministry of Finance, Planning and Economic Development (Chairperson)<br>2. Ministry of Trade, Industry and Cooperatives (Alternate-Chair)<br>3. Private Sector Foundation Uganda (Co-Chair)<br>4. National Planning Authority<br>5. Bank of Uganda<br>6. Micro Finance Support Centre<br>7. Uganda Registration Services Bureau<br>8. Insurance Regulatory Authority<br>9. Capital Markets Authority<br>10. Uganda Revenue Authority<br>11. Uganda Securities Exchange<br>12. Uganda Retirement Benefits Regulatory Authority<br>13. Uganda Development Bank<br>14. Uganda Development Corporation<br>15. Uganda Investment Authority<br>16. Ministry of Energy and Mineral Development<br>17. Uganda Warehousing Receipting Systems Authority<br>18. Uganda Microfinance Regulatory Authority<br>19. Uganda National Bureau of Standards<br>20. Public Procurement and Disposal of Public Assets<br>21. Ministry of Gender, Labour and Social Development<br>22. Uganda Freezones Authority<br>23. Ministry of East African Community Affairs<br>24. Uganda Manufacturers Association<br>25. Tax Appeals Tribunal<br>26. Ministry of Water and Environment<br>27. Uganda Export Promotion Board<br>28. Ministry of Foreign Affairs<br>29. Economic Policy Research Centre<br>30. Uganda Industrial Research Institute<br>31. Post Bank<br>32. Housing Finance<br>33. Pride-Micro Finance<br>34. Development Partners<br>35. Civil Society Organizations |
| The Private Sector Organisational and Institutional Capacity TWG | 1. Ministry of Trade, Industry and Cooperatives (Chairperson)<br>2. Uganda Registration Services Bureau (Alternate-Chair)<br>3. Development Partners – PSWG Chairperson (Co-Chair)<br>4. Ministry of Finance, Planning and Economic Development<br>5. National Planning Authority<br>6. Ministry of Gender, Labour and Social Development<br>7. Enterprise Uganda<br>8. Uganda Investment Authority<br>9. Private Sector Foundation Uganda<br>10. Uganda Freezones Authority<br>11. Uganda Registration Services Bureau<br>12. Uganda Industrial Research Institute<br>13. Uganda National Council for Science and Technology |

## ANNEX 2: ONGOING AND PIPELINE PROJECTS IN THE PSD PROGRAMME

| NO | PROJECT TITLE | MDA | GOAL | OBJECTIVES (PLANNED OUTPUTS) | START DATE | END DATE | STATUS |
|---|---|---|---|---|---|---|---|
| **ONGOING PROJECTS** | | | | | | | |
| 1 | Competitiveness and Enterprise Development (CEDPw) | MoFPED | to support measures that facilitate increased private sector investm.ent in the tourism sector and strengthen effectiveness of the land administration system | i) Business facilitation one stop centre,<br>ii) Application hotel and training institute,<br>iii) Functional TIMS and MICE and<br>iv) Upgrade Uganda museum, UWEC, UHTTI and UWRTI | 2020/21 | 2023/24 | Ongoing |
| 2 | Capitalization of strategic Public Corporations (UDB) | MoFPED | | | 2015/16 | 2024/25 | On track |
| 3 | Power Supply to industrial parks and Power Transmission Line Extension | MEMD | to urgently increase the availability and security of quality bulk power supply to support the proposed gazetted Economic Free Zones of Wobulenzi, Kaweweta, Luwero, Kapeeka, Mbale and Sukulu | Electrification of Industrial Parks (Category 1)<br>i) 3x50/63MVA, 132/33kV Kapeeka Industrial Park Substation<br>ii) 2x60/80MVA, 132/33kV Mbale Industrial Park Substation<br>iii) 2x125MVA, 220/10.5kV Sukulu Industrial Park Substation<br><br>**Electrification of Industrial Parks (Category 2)**<br>iv) 37km 220kV Wobulenzi - Kapeeka Transmission Line and Associated Substations (2x250/250/50MVA 400/220/33kV Wobulenzi Substation & 2x125/125/25MVA, 220/132/33kV Kapeeka Substation<br>v) 132kV Nakasongola-Kaweweeta- Kapeeka Transmission Line and Associated Substations (2x32/40MVA, 132/33kV Nakasongola Industrial Park Substation and 2x32/40MVA, 132/33kV Kaweweta Industrial Park Substation & 132kV Line Bays at Kapeeka SS) | 7/1/2020 | 6/30/2025 | Ongoing |
| 4 | 1495 Rural Industrial Development Project (OVOP Project Phase III) | MTIC | To enhance access to value addition and collective marketing infrastructure for improved competitiveness and productivity of rural enterprises | i) To promote value addition to agricultural raw materials and products of comparative advantage for social-economic transformation.<br>ii) To enhance market access through establishment of collective marketing infrastructure<br>iii) To develop human resource and entrepreneurial capacities for the beneficiary enterprises<br>iv) To promote establishment of incubation facilities and enhance access to business incubation services such as product development, branding, packaging and certification<br>v) To reduce post-harvest losses from the current 37% to 12% by 2022 | 7/1/2017 | 6/30/2022 | Ongoing |

| NO | PROJECT TITLE | MDA | GOAL | OBJECTIVES (PLANNED OUTPUTS) | START DATE | END DATE | STATUS |
|---|---|---|---|---|---|---|---|
| 5 | Regional Integration Implementation Programme [RIIP] Support for Uganda (Pg270 PIP) | MTIC | to improve Uganda's competitiveness in taping regional opportunities through increased regional trade and investments in order to contribute to the impact and effectiveness of the integration agenda. | i) Increase market access of Uganda's products and services to regional markets.<br>ii) Improve the doing business' environment<br>iii) Increase capacities of small-scale cross border traders to take advantage of the regional opportunities while trading formally at competitive prices.<br>iv) Strengthen value addition, undertake strategic market positioning for the regional markets, increase access to<br>v) critical agricultural inputs and improve economic opportunities and cross border security<br>vi) Increase the capturing and reporting of cross border trade flows by reducing delays associated with customs process and other regulatory barriers. | 7/1/2014 | 6/30/2022 | Ongoing |
| 6 | Skills Development Project | MoFPED (PSFU) | To address prevailing skills imbalances and shortages in Uganda | i) Enhanced skills of trainees, Increased productivity of trained employees<br>ii) Increased No. of interns attached to private enterprises, Enhanced skills of interns<br>iii) Enhances skills of trainees, satisfied employers with employees' competency, Increased collaboration of enterprises in the skills programs<br>iv) New / innovative skills acquired by beneficiaries<br>v) Increased number of certified workers. Enhanced job opportunities for the certified workers. | 7/1/2015 | 6/30/2022 | Ongoing |
| 7 | Investment for Industrial Transformation and Employment Project (INVITE). | MoFPED | i) To increase the level of manufacturing investment into Industrial Parks and Economic Zones<br>ii) To increase the share of manufacturing jobs in Industrial Parks, Economic Zones and Refugee Host Communities by threefold | i) Market Studies and Designs for 6-7 Industrial Parks and Economic Zones<br>ii) Digital Business Management Services Platform for MSMEs<br>iii) Offsite and onsite manufacturing infrastructure for 6-7 Industrial parks<br>iv) Financing relief for manufacturing SMEs (COVID-19 response)<br>v) Project Management and Supervision. | 7/1/2021 | 6/30/2026 | Ongoing |

| NO | PROJECT TITLE | MDA | GOAL | OBJECTIVES (PLANNED OUTPUTS) | START DATE | END DATE | STATUS |
|---|---|---|---|---|---|---|---|
| 8 | Financial Inclusion in Rural Areas [PROFIRA] of Uganda | MoFPED | to sustainably increase the access to and use of financial services by the rural population | Strengthening of 500 SACCOs to enable them to become sound and financially sustainable organizations that can provide their communities with a range of services directly benefiting approximately 225,000 households.<br>The support for the establishment of 15,000 Community Savings and Credit Groups (CSCGs), and strengthening of a further 3000CSCGs - involving 375,000 people in total, is to focus on the poorest areas of the country where few savings and credit groups have been established. | 7/1/2014 | 6/30/2022 | Ongoing |
| 9 | Development of Industrial Parks | UIA | To develop infrastructure at Kampala Industrial and Business Park, Namanve | i) Road network and bridge including traffic management for the entire park<br>ii) Water distribution network including water reservoirs for the entire park:<br>iii) Sewerage network including sewer underground pipe network for the entire park:<br>iv) Waste treatment plant including public toilets, a solid treatment plant for the park<br>v) MN Power Services that shall include the supply and laying of 33KV single core cable among others for the entire park<br>vi) Fibre optic services and CCTV services for the entire park<br>vii) Solar street lighting for the entire park<br>viii) Installation of CCTV cameras<br>ix) The SME Park<br>x) Other amenities such as water hydrants. | 7/1/2008 | 6/30/2022 | Ongoing |
| **NEW PROJECTS** | | | | | | | |
| 10 | Handcraft exports development | MTIC | | | 2020/21 | 2024/25 | Concept |
| 11 | Implementation of Business Community | NIRA | | | 2021/22 | 2023/24 | Concept |
| **PROJECT IDEAS** | | | | | | | |
| 12 | Co-operatives revitalisation for increased production and productivity. | MTIC | | | 2020/21 | 2024/25 | NDPIII Project ideas |
| 13 | Micro and Medium Enterprises Small (MSME) | MTIC | | | 2020/21 | 2024/25 | NDPIII Project ideas |
| 14 | MSMEs Nurturing for Youth Employment Project. | MTIC | | | 2020/21 | 2024/25 | NDPIII Project ideas |

# ANNEX 3: DEVELOPMENT PARTNERS' SUPPORT TO THE PRIVATE SECTOR

| DP | Program Title | Focus/Objective | Partner Institution Implementation Agency | Total Budget (*estimated*) | Timeframe | Person in Charge |
|---|---|---|---|---|---|---|
| EIB | Cotonou Mandate and following ones under discussion | Financial Institutions (banks and MFIs). Possible options –credit lines for SMEs and micro enterprises especially targeting women led/owned SMEs and microenterprises, credit guarantees /risk sharing. TA to support gender credit lines | Commercial banks and MFIs | TBD | TBD | m.djari@eib.org |
| | Cotonou Mandate and following ones under discussion | Support to corporates especially those in the following sectors: renewable energy, agriculture, digital and health | Corporates / private entities | TBD | TBD | m.djari@eib.org |
| World Bank | Competitive and Enterprise Development Project – Additional Finance | To increase private sector investment in the tourism sector and strengthen effectiveness of the land administration system. | Ministry of Finance, PSFU, Ministry of Lands and Ministry of Tourism | Tourism component of US$43.1m and a Land Component of US$56.7m. | 2020-2022 | mkibirige@worldbank.org |
| | Competitive and Enterprise Development Project | The development objective of the project is to improve the competitiveness of enterprises in Uganda by providing support for: (i) the implementation of business environment reforms, including land administration reform; and (ii) the development of priority productive and service sectors. | Ministry of Finance, PSFU, Ministry of Lands and Ministry of Tourism | Land = US$54m<br>Business Registration = US$10m<br>Tourism US$25m<br>Matching Grant US$8m | 2013 – 2022 | mkibirige@worldbank.org |
| | Mobilizing Private Investment for Jobs | The objective of the project is to respond to the threat posed by COVID19 crisis to the MSMEs in the private sector, support the continuation of their operations, protect jobs, set the foundation for further expansion and recovery in the future after the crisis. Components includes a Liquidity/Credit Facility for MSMEs and MSME Recovery and Development | Ministry of Finance, PSFU and UDB. | estimated<br>IDA – (US$150m) and a<br>Multi-donor Trust Fund US$35m (Sweden,<br>Netherlands and DFID) | 2021- 2026 | mkibirige@worldbank.org |
| USAID | USAID Loan Guarantees with commercial banks | The objective of the guarantees is to enhance access to finance by providing loans to businesses and individuals in Uganda. These loans will encourage investments in agriculture, health, energy and infrastructure.<br><br>The infrastructure one is a co-guarantee with Guarant Co. | Agriculture - DFCU, UGAFODE & Finance Trust Bank.<br><br>Energy - Centenary Rural Development Bank & Finance Trust Bank.<br>Heath – DFCU<br>Infrastructure – Kalangala Infrastructure Services | Agriculture – $9M<br><br>Energy - $10M<br><br>Health - $5M<br><br>Infrastructure - $5M | 2014 – 2021<br><br>2016 – 2022<br><br>2017 – 2022<br><br>2009 – 2025 | phabu@usaid.gov |
| GIZ | Tourism Sector<br>Employment and Skills for Development | Capacity building and Skills development<br>Tourism Sector - Capacity building and Skills development; 12 clusters; 540 young people; 240 tourism entrepreneurs and guides and 90 young driver guides. | Matooke Tours and private sector | Euro 1.7m (GiZ =<br>Euro 1.7m (GiZ = 400K; Private sector = Euro 780K) | 2021 | Sturm, Aylin GIZ UG <aylin.sturm@giz.de> |

| DP | Program Title | Focus/Objective | Partner Institution Implementation Agency | Total Budget (*estimated*) | Timeframe | Person in Charge |
|---|---|---|---|---|---|---|
| GIZ | SME Development programme within the Employment and Skills for Development in Africa (E4D) imitative<br>Funded by the German and Norwegian Governments as well as the EU and private sector partners | E4D builds capacities of local workers and enterprises to integrate into value chains of investment projects with the aim of contributing to more and better employment in Uganda. The programme cooperates with the private sector to address identified skills gaps and develop local enterprises and suppliers. Sectoral focus: planned mega projects in oil and gas, construction, manufacturing, transport/logistics, hospitality/tourism.<br>E4D's SME Development programme focuses on providing general business skills with the Stanbic Incubator in Kampala, Gulu, Mbarara and Mbale. Industry-specific training programmes were developed in HSE Management and Bid Management.<br>Virtual **Covid 19-response training for 100 – 150 SMEs** in the manufacturing, construction and tourism/hospitality sector to start in June 2020. Equips SMEs with tools needed to take strategic decisions in economic slowdown, recover and thrive tomorrow. Partners: PSFU, UMA, UNABSEC, UTA, Stanbic<br>Skills and MSME development project in Tourism to start 2021. | Directorate of Petroleum, Ministry of Energy and Mineral Development (MEMD) | 8 Mio EUR total for Uganda | 3 Years for second phase<br>2020-2023 | Julia.Mager@giz.de |
| | **Creating Perspectives:** Business for Development<br><br>Funded by the German Government | The project aims to bring together selected East African manufacturers and suitable German companies who jointly create prospects for business development, growth and local employment. German companies support the exchange of know-how by mentoring East African entrepreneurs or by serving as trainers in training courses. At the same time, German companies gain access to new markets and are able to develop business ideas on the ground. Partner in Uganda: UMA and USSIA<br>Covid-19 response:<br>Providing technical and financial support to both Chrisams Designs and Nice House of plastics selected by the Ministry of Health to manufacture and supply the ministry with PPEs (Scrubs, Face Masks and Gowns). Partnering with the EABC to donate face masks to One Stop Border points | East African Community (EAC), East African Business Council (EABC) | | Pilot phase: 3 years to December 2020 | Vincent.Okoth@giz.de |
| | Global Business Network (GBN)<br><br>Funded by the German Government | GBN is a global project that combines entrepreneurship with sustainable economic and social engagement. The project has set up a new Business & Cooperation Desk in Uganda integrated into the GIZ office. GBN works closely with the responsible Delegation of German Industry and Commerce (AHK East Africa, based in Nairobi, Kenya). The objective is to improve the cooperation relationships between local enterprises and institutions in Uganda and German and European companies and institutions.<br>**Covid-19 response:** providing information on Covid-19-response instruments by the German Government for the GIZ portfolio and interested national and international companies and giving advice | | For Uganda 325.000 EUR for 2020 | Currently 12/20, extension until 12/23 | Laura.Kuebke@giz.de |

| DP | Program Title | Focus/Objective | Partner Institution Implementation Agency | Total Budget (*estimated)* | Timeframe | Person in Charge |
|---|---|---|---|---|---|---|
| DANIDA | U-Growth II – Improving the Enabling Environment for Agriculture and the Private Sector – Specific support to establishment of the Uganda electronic Single Window | To grow prosperity in the region through improving the conditions for trade within the region and beyond | Trademark East Africa, Uganda Country Programme | DKK 63 million | 2014 – 2020 | marmag@um.dk |
| | Uganda Programme on Sustainable and Inclusive Development of the Economy (UPSIDE) – Support to Trademark East Africa | UPSIDE – Contribute to sustainable and inclusive economic growth – By increased trade through reduced barriers to trade and business competitiveness | Trademark East Africa, Uganda Country Programme | DKK 60 million | 2019-2022 | marmag@um.dk |
| | Uganda Programme on Sustainable and Inclusive Development of the Economy (UPSIDE) – Support to Agricultural Business Initiative (aBi) | The objective of the initiative is: Increased income and employment through environmentally and socially responsible investments in improved productivity, quality and value addition in agri-businesses and among smallholder farmers in supported agricultural value chains.<br><br>This will be achieved through grants to agribusinesses and financial institutions but also through guarantees and lines of credits facilitated through commercial banks. | Agricultural Business Initiative | DKK 230 million | 2019-2022 | ulrjor@um.dk |
| | Uganda Programme on Sustainable and Inclusive Development of the Economy (UPSIDE) – Support to Northern Uganda Resilience Initiative (NURI) | The objective of the initiative is: Enhanced resilience and equitable economic development in supported areas of Northern Uganda, including for refugees and host communities.<br>This will be achieved through<br>1. Training of smallholder farmers, both Ugandans and refugees, in CSA practices, animal traction, and post-harvest handling.<br>2. Renovation and construction of community access roads and other relevant infrastructure in order to improve access to markets<br>3. Improved management of water resources, such as dam construction, wetland rehabilitation and riverbank protection | Northern Uganda Resilience Initiative (NURI) | DKK 285 million | 2019-2022 | vicvuz@um.dk |
| IFAD | Yield Uganda Investment Fund. | The project objective is to contribute to the development of Uganda's agriculture and the improvement of rural livelihoods through the creation of an equity investment fund that is investing in Small and Medium Agribusiness companies (SMAs). In addition, a Business Development Services cost sharing facility supports the investees in key growth areas with a focus on ESGs. | European Union, Pearl Capital Partners, NSSF, Soros Economic Development Fund (SEDF), Finnish Church Aid Investments (FCAI) | EUR 20 Million Fund (including co-financing by NSSF, SEDF and FCAI); EUR 3 Million for BDS. | 2017-2027 | Dagmawi Habte-Selassie<br>d.habte-selassie@ifad.org |

| DP | Program Title | Focus/Objective | Partner Institution Implementation Agency | Total Budget (*estimated*) | Timeframe | Person in Charge |
|---|---|---|---|---|---|---|
| IFAD | National Oil Palm Project (NOPP) | NOPP aims to support inclusive rural transformation through oil palm investment. It will sustainably increase rural livelihoods through opportunities generated by the establishment of an efficient oil palm industry that complies with modern environmental and social standards. Overall, it is estimated that 30,800 poor and vulnerable rural households will benefit directly from NOPP activities.<br>In addition, NOPP will build strong linkages between the smallholder oil palm growers and the primary processors, based on the innovative public-private-producer partnership (4P) arrangement developed under VODP. It will also reduce the market risks faced by the smallholder oil palm growers and ensure their access to quality inputs, technical know-how and investment credit. | MAIIF, BIDCO Uganda, | Total of USD 210M which includes 77M from IFAD; 90.6M from BIDCO; 25.5M from GoU and 17.2M from beneficiaries | 2018 – 2029 | Lakshmi Moola. l.moola@ifad.org |
| KfW | New Programme | ADB and /or other Financial Institutions. Possible options – refinancing, credit guarantees for agricultural / rural SME, credit lines | Ministry of Finance | TBD | TBD | anna.nikolae-va-schniepper@kfw.de |
| FSDU | Financial Inclusion and Financial Sector Development (Funded by DFID and Gates Foundation) | Overall:<br>a. Business Environment (BE): TA on Financial sector policies with all financial sector regulators – largely around increasing savings, credit, pensions, flow of payments, insurance in the economy that is competitive, consumer centric and innovation friendly. Also involves meso institution capacity building for MoFPED's FSD team, UMRA, MTIC, and MICT and all financial sector industry associations like UBA, FITSPA, AMFIU and UIA.<br>b. Market Infrastructure: TA on Real time electronic KYC, G2P Social protection, National Switch for payments, Shared agent banking platform.<br>Access and Usage of financial services: Catalytic grants to partners on products and services that increase formal financial inclusion and resilience of Ugandan adults. | Multiple financial sector regulators, MoFPED, MTIC, MICT, all financial sector industry associations.<br><br>Several grant receiving partners – including banks, Fintechs, and more. | $20m | 2020-2025 | rpillai@fsduganda.or.ug |
| European Union | START Facility | Provides Technical Assistance and Business development services to SMEs in Northern Uganda together with Capital provision between 10K to 100K EUR provided by the Uganda Development Bank (UDB). | UNCDF (TA) + UDB (loans) | EUR 4,000,000 | 2018-2022 | Adolfo.CIRES-ALONSO@eeas.europa.eu |
| | EAC-EU Market Access Upgrade Programme | Ministry of Finance and the Uganda Coffee Development Authority<br>are being supported to provide incentives in the form of grants to be matched<br>by private operators' own resources, in order to stimulate coffee and cocoa value chains aggregation and<br>Investment. | Ministry of Finance,<br>UDC | EUR 3,480,000 | 2019-2022 | Massimo.DIOMEDI-CAM-ASSEI@eeas.europa.eu |
| | Support to the Uganda Development Bank | Enhance UDB's capacity in loan and investment appraisal, Improve UDB sustainability framework in terms of social and environmental aspects and setup value chain financing in two Agriculture related value chains. | FAO Investment Centre | TA funds | 2020-2023 | Adolfo.CIRES-ALONSO@eeas.europa.eu |

| DP | Program Title | Focus/Objective | Partner Institution Implementation Agency | Total Budget (*estimated*) | Timeframe | Person in Charge |
|---|---|---|---|---|---|---|
| | Uganda Green Enterprise Finance Accelerator (UGEFA) | Catalyzer and Accelerator services (Technical Assistance and Business Development Services) to green SMEs. Linkages for those SMEs with FIs for financing in special conditions (loan attached repayment grants, matching grants, guarantees) for tickets between 10K and 100K EUR. Also Technical Assistance to FIs on Green loan appraisal process. | Adelphi | EUR 6,000,000 | 2020-2024 | Adolfo.CIRES-ALONSO@eeas.europa.eu |
| | Support to Tourism Sector affected by Covid 19 | Financial product designed specifically for the Tourism Sector affected by covid 19. | UDB | EUR 6,000,000 | 2020-2023 | Adolfo.CIRES-ALONSO@eeas.europa.eu |
| | Deal Flow Facility | Variety of Business development services (Strategy, financial management, governance, preparation of pitch documents, due diligence, etc.) provided to SMES to access Capital Markets (non-bank) related financial instruments such as Private Equity and Venture capital and eventually listing in the Stock Exchange Growth Enterprise Market Segment (GEMS). | FSDU | Set up funding | 2020-2024 | Adolfo.CIRES-ALONSO@eeas.europa.eu |
| Netherlands Embassy | Business Lab Uganda | Connecting international buyers to product groups (jack fruit and dried fruit) and offer tailor made programs to producers to make them export ready and gain access to finance. | Linking Pin/Design Hub Kampala | EUR 400K (+ possibly 300K) | Mid 2021 (+ possibly extension 1 year) | Jeroen.vlutters@minbuza.nl |
| | World Bank MDTF Crowding in PS for creating Jobs | MDTF focused on addressing issues holding back PSD in Uganda and creating jobs. | WB | USD 2 mln | 2019 - | Eva Liselotte Lescrauwaet elescrauwaet@worldbank.org<br>Jeroen.vlutters@minbuza.nl |
| | TIDE 2 | Strengthening Dairy sector South West Uganda | SNV | Euro 13 mln (3 mln fund) | 2019-2024 | Jeroen.vlutters@minbuza.nl |
| | Horticulture | Strengthen PSD in horticulture | | Euro 10 mln + 3mln fund | 2020-2024 | Jeroen.vlutters@minbuza.nl |
| | REACH | Resilient Efficient Agribusiness Chains: improving market systems for rice + potato | IFDC | Euro 17 mln | 2016-2021 | Jeroen.vlutters@minbuza.nl |
| | Best Farmers Contest | Yearly contest selecting 10 – 13 winners + Money Harvest Expo | KLM, Koudijs, New Vision, DFCU, EKN | Yearly: 20K (EKN only)<br>Total: 300K/year | Ongoing | Jeroen.vlutters@minbuza.nl |
| | Improving vito-sanitary improvements | | MAAIF + CABI | EKN: 250K (+WTO) | | Jeroen.vlutters@minbuza.nl |
| | APSA | Agribusiness Skilling youth in refugee areas | ICCO | | End December 2020 | Jeroen.vlutters@minbuza.nl |
| UK FCDO | Northern Uganda Agri-business (NUTEC) | Agri-business development in north of Uganda, focused on business development services; credit provision through local banks; technical research. | Palladium; Mercy Corps | GBP 48m | Ongoing – ending 2021/22 | jordan.martindale@fcdo.gov.uk; |
| | Trade-Mark East Africa | Increasing capacity of border services through provision of TA and infrastructure investment | TMEA | GBP 25m for Uganda | Until of 2021 with likely extension | jordan.martindale@fcdo.gov.uk; |
| | Manufacturing Africa | Enhancing investment promotion and facilitation through institutional strengthening (Ugandan Investment Authority) and investment transactions in specific sectors. | McKinsey | GBP 20m for Uganda as part of a regional programme | Ongoing | jordan.martindale@fcdo.gov.uk; |

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Ministry of Public Service

UFZA UGANDA FREE ZONES AUTHORITY
Invest in the Heart of Africa

Ministry of Local Government

cma
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NSSF
a better life

URA
Uganda Revenue Authority

UDB

PPDA
Public Procurement and Disposal of Public Assets Authority
UGANDA

IG
INSPECTORATE OF GOVERNMENT

UBOS

KCCA
KAMPALA CAPITAL CITY AUTHORITY
For a better City

REBUILDING ETHICS AND INTEGRITY

UIA
Uganda Investment Authority
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NATIONAL PLANNING AUTHORITY
PLANNING FOR DEVELOPMENT

UMRA

iRA

msc

Financial Intelligence Authority

URBRA

NATIONAL GAMING BOARD
UGANDA

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