INDUSTRIALISATION SUB-SECTOR

SEMI-ANNUAL BUDGET MONITORING REPORT

FINANCIAL YEAR 2020/21

APRIL 2021

Ministry of Finance, Planning and Economic Development
P.O. Box 8147, Kampala
www.finance.go.ug

MOFPED
#DoingMore

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ABBREVIATIONS AND ACRONYMS

ACE	Area Cooperative Enterprise
AIA	Aid in Appropriation
BMAU	Budget Monitoring and Accountability Unit
CARES	Capital for African Resilience-building and Enterprises Support
DLG	District Local Government
EARO	East African Research Organization
EDI	Enterprise Development Investment
EEI	Enterprise Expansion Investment
EIA	Environmental Impact Assessment
EOC	Equal Opportunities Commission
FAO	Food and Agricultural Organisation
FAQ	Fair Average Quality (Coffee)
FY	Financial Year
GoU	Government of Uganda
IFMS	Integrated Financial Management System
ISO	International Standards Organisation
KIBP	Kampala Industrial and Business Park
KMC	Kiira Motors Corporation
KOICA	Korean International Cooperation Agency
KVA	Kilo-volt-amperes
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDA	Ministries, Departments and Agencies
M&E	Monitoring and Evaluation
MEMD	Ministry of Energy and Mineral Development
MFPED	Ministry of Finance, Planning and Economic Development
MoTIC	Ministry of Trade, Industry and Cooperatives
MoU	Memorandum of Understanding
MTAC	Management and Advisory Centre Institute
NEMA	National Environment Management Authority
OAG	Office of the Accountant General
OWC	Operation Wealth Creation
SOFTE	Soroti Fruit Factory
SPV	Special Purpose Vehicle
RIDP	Rural Industrial Development Programme
SME	Small and Medium Enterprises
ToR	Terms of Reference
UFZA	Uganda Free Zones Authority
UDC	Uganda Development Corporation
UNBS	Uganda National Bureau of Standards
US$	United States Dollar
USADF	United States African Development Foundation

FOREWORD

This Financial Year 2020/21 marks the first year of implementation of the third National Development Plan (NDPIII), within which we aim to achieve inclusive growth, employment and wealth resulting from sustainable industrialisation. It is hoped that the newly adopted coordinated programmatic approach with be a springboard to enabling government achieve its development objectives.

The semi-annual findings by the Budget Monitoring and Accountability Unit (BMAU) show that sectors still posted a fair performance. Whereas the Ministries, Departments, Agencies (MDAs), and Local Governments (LGs) should have adopted Programme Based Budgeting (PBB) this Financial Year, this is yet to be fully embraced as evidenced from the BMAU findings where entities are still operating and reporting achievements in sector format.

It is imperative that the lead agencies under all programmes ensure that all their constituent entities shift to the new development approach for us to harness its collective gains.

Patrick Ocailap

Ag. Permanent Secretary/Secretary to the Treasury

EXECUTIVE SUMMARY

Introduction

The Industrialisation Sub-Sector is composed of the Ministry of Trade, Industry and Cooperatives (MoTIC), Uganda National Bureau of Standards (UNBS), Uganda Investments Authority (UIA), Uganda Development Cooperation (UDC), and Ministry of Finance, Planning and Economic Development (MFPED), Uganda Free Zones Authority (UFZA).

This report reviews selected key programmes and sub-programmes within the Industrialisation Sub-Sector, based on approved plans and significance of budget allocations to the Votes. Attention is on large expenditure programmes including both development expenditure and recurrent costs.

Programmes selected for monitoring were based on planned annual outputs; regional representation; level of capital investment; and value of releases in Financial Year 2019/20. The methodology adopted for monitoring included literature review of annual progress and performance reports; interviews with the respective responsible officers or representatives; and observations or physical verification of reported outputs. Physical performance was rated using weighted achievement of the set output targets by 31st December, 2020.

Overall Performance

The Industrialisation Sub-Sector Performance was fair at 60.3%. The Development Policy and Investment Promotion Programme (under MFPED) and Standards Development, Promotion and Enforcement (UNBS) Programme performed better than the Industrial and Technological Programme under MoTIC, while the Investment Promotion and Facilitation Programme under UIA performed poorly.

Financial Performance

The sub-sector budget for the FY2020/21 is Ug shs 465.166 billion (bn), of which Ug shs 214.231bn (46.1%) was released and Ug shs 205.059bn spent (94.3%) by 31st December, 2020.

Highlights of Sector Performance

Development Policy and Investment Promotion Programme (MFPED)

The overall performance of the programme was good (74%). The Uganda Free Zones Authority (UFZA) commenced construction of a free zone at Entebbe International Airport on 23rd September 2020 and was expected to be completed by 31stMarch 2021. By 10th March 2021, physical progress was estimated at 40%. The land procured in Buwaya, Ssisa Sub-County, Wakiso district for establishing a free zone, still had encumbrances that remained unresolved. The UFZA licensed and gazetted two free zones and renewed eight licenses and submitted the principles for the amendment of the free zones act (2014) to MFPED.

The United States African Development Foundation (USADF) developed and submitted two projects to Washington for final review and four proposals for approval to project development. The USADF continued to support cooperatives that received funding in the previous two financial years. Implementation of planned activities was at varying stages. All the monitored cooperatives had recruited key staff and construction of storage and processing facilities was in advanced stages at most of the cooperatives. Implementation was however delayed partly due to the COVID 19 pandemic.

Investment Promotion and Facilitation Programme

The overall performance of the programme was poor (35%). Infrastructure development at KIBP by M/s Lagan Joint Venture with M/s Dott Services had not commenced due to delays in finalisation of the design review amidst an advance payment to the contractor of Ugshs 48 billion during the period under review. Emergency maintenance of unpaved roads at KIBP was ongoing by M/s Lagan/Dott Service in February 2021. The construction of the power sub-stations in Kampala Industrial and Business Park (KIBP)–Namanve and Luzira Industrial park were near completion. The procurement of contractors for maintenance of roads in Soroti, Luzira and Bweyogerere Industrial and Business Parks was ongoing. The development of the Mbale Industrial and Business Park under the Tian Tang Group was on-going, five factories had started operations, and two factories were under construction. It was observed that the GoU component of the UIA budget for development of industrial parks had significantly reduced from Ug shs 4 billion in FY 2016/17 to Ug shs 300 million in FY2020/21; this had constrained servicing of industrial parks as well as delaying development of plots allocated to the investors.

Industrial and Technological Development Programme

The overall performance of the programme was fair (61%). The various projects implemented by Uganda Development Corporation (UDC) had varying levels of progress. The UDC provided a shareholder's loan to Atiak Sugar Factory worth Ug shs12.0bn. The Soroti fruit factory (SOFTE) procured and processed 111.6MT of oranges during the period under review. The factory started commercial production of PET bottled ready to drink juice and 40,182 litres were produced. The procurement of an automated mango line and an aseptic filling line for the concentrate was ongoing. The factory experienced challenges of poor quality power and inadequate working capital.

During the period under review, the UDC received a supplementary budget of Ug shs 100bn as relief to investments affected by COVID-19 pandemic. A total of Ug shs 9.127bn was invested in form of share equity in the following: Mabale Growers Tea Factory, Mutuma Commercial Agency and Alfasan Uganda Limited. However, the criterion for selection of beneficiaries for the COVID-19 funds was not clear. It was observed that the land procured for establishment of the Luwero Fruit Factory had unresolved disputes and the UDC was engaging Buganda Land Board for a refund as they sought alternative land for the factory. The UDC exhibited a poor funds absorption at 28.5%.

The Rural Industrial Development Project (RIDP) under MoTIC procured and delivered 10 stitching machines for Uganda Youth Leather Products Manufacturers Association in Wakiso district. The RIDP also procured semi-automated coffee processing machine for Kaseremu Area Cooperative Marketing Enterprise in Kapchorwa District pending delivery due to delayed extension of three phase power and completion of a structure to house it by the beneficiary. Seven (7) potential enterprises in Mbarara, Rukungiri, Zombo, Kamuli and Soroti were physically assessed for technical support. The project budget performance was poor (24%) by 31st December, 2020.

Standards Development, Promotion, Enforcement Programme

The overall performance of the programme was good (72%). A total of 1659 product/systems certification permits were issued, 3,311 market and factory outlets were inspected, 89,994 imported consignments were inspected, 12,075 product samples tested, 638,310 equipment used in trade were verified and 2,236 industrial equipment calibrated. A total of 312 standards were revised, adopted and developed. Operationalization of the analytical chemistry laboratory at the UNBS Gulu regional offices was awaiting completion of plumbing works and extension of 3 phase electricity to the facility.

Conclusion

The overall Industrialisation Sub-Sector performance was fair at 60.3%. The performance of the sub-sector especially on development outputs aimed at improving the trade and industry infrastructure was fair. The servicing of industrial parks, and free zones, provision of quality power, GoU direct investment in key strategic areas and other services are vital in promoting industrial growth. The outbreak of COVID-19 and the subsequent measures to curb the spread of the pandemic negatively affected the industrialisation sub-sector.

Execution of the planned outputs across the sub-sector was also hampered by: poor infrastructure in the industrial parks especially roads that deteriorated from fair to poor, delayed development of plots allocated to investors in KIBP, poor quality and intermittent power supply, delayed implementation of investment projects under UDC and inadequate staffing levels for UDC and UNBS to match the existing demand for the services.

Recommendations

- The Ministry of Energy and Uganda Electricity Transmission Company Limited (UETCL) should expedite the transmission of high voltage power to major processing zones/industrial parks

- The UIA and MFPED should prioritise funding for maintenance of infrastructure in the existing industrial parks especially roads that deteriorate during rain seasons from fair to poor condition. Plans to pave most of the industrial park roads should be made in the long run.

- The UIA should engage the contractor for KIBP infrastructure development project to expedite the agreed project deliverables in order to attract more investors into the park.
- The UDC should expedite the implementation of stayed investment projects like Luweero fruit factory, Zombo tea factory and Sheet glass project.
- The MoPS and MFPED should revise the wage allocation for UNBS to recruit additional staff to enhance surveillance and certification of products.

CHAPTER 1: BACKGROUND

1.1 Introduction

The mission of the Ministry of Finance, Planning and Economic Development (MFPED) is, "*To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development*". It is in this regard that the ministry gradually enhanced resource mobilization efforts and stepped up funds disbursement to Ministries, Departments, Agencies and Local Governments in the past years to improve service delivery. The Industrialization sub-sector contributes to strategic objective 1 of the NDP III that is: "*enhance value addition in key growth opportunities and strengthen the private sector capacity to drive growth and job creation"*. The sub-sector directly contributes to the NDP III theme "sustainable industrialization for inclusive growth, employment and wealth creation" and to the four objectives of the manufacturing programme.

Although some improvements have been registered in citizens' access to basic services, their quantity and quality remains unsatisfactory, particularly in the sectors of health, education, water and environment, agriculture and roads. The services being delivered are not commensurate to the resources that have been disbursed, signifying accountability and transparency problems in the user entities.

The Budget Monitoring and Accountability Unit (BMAU) was established in FY2008/09 in MFPED to provide comprehensive information for removing key implementation bottlenecks. The BMAU is charged with tracking implementation of selected government programmes or projects and observing how values of different financial and physical indicators change over time against stated goals and targets (how things are working). This is achieved through semi-annual and annual field monitoring exercises to verify receipt and application of funds by the user entities. Where applicable, beneficiaries are sampled to establish their level of satisfaction with the public service.

The BMAU prepares semi-annual and annual monitoring reports of selected government programmes and projects. The monitoring is confined to levels of inputs, outputs and outcomes in the following areas:

- Accountability
- Agriculture
- Infrastructure (Energy and Roads)
- Industrialisation
- Information and Communication Technology
- Social services (Education, Health, and Water and Environment)
- Public Sector Management; and
- Science, Technology and Innovation

1.2 Sub-Sector Mandate

The Industrialisation Sub-Sector contributes directly to the thematic area of the NDPIII "sustainable industrialisation for inclusive growth, employment and wealth creation"[1]. It consists of four (4) votes, that is: Vote 015 Ministry of Trade, Industry and Cooperatives (MoTIC); Vote 154 Uganda National Bureau of Standards (UNBS), Vote 513 Uganda Investment Authority (UIA) and partly Vote 008, Ministry of Finance, Planning and Economic Development (MFPED).

1.3 Sub-Sector Objectives

The Industrialisation Sub-Sector objectives are to;

- Promote the development of value added industries in agriculture and minerals
- Increase the stock of new manufacturing jobs.
- Enhance the use of Standards and quality infrastructure in industry.
- Promote green industry and climate smart industrial initiatives.

1 National Development Plan (NDP III) 2020/21 2024/25

CHAPTER 2: METHODOLOGY

2.1 Scope

This report is based on selected programmes in the following votes: Vote 015: Ministry of Trade, Industry and Cooperatives (MoTIC); Vote 154: Uganda National Bureau of Standards (UNBS), Vote 310: Uganda Investment Authority (UIA), and partly Vote 008, Ministry of Finance, Planning and Economic Development (MFPED). Selection of areas to monitor is based on a number of criteria:

- Significance of the budget allocations to the votes within the sector budgets, with focus being on large expenditure programmes. Preference is given to development expenditure. The programmes that had submitted Q2 progress reports for FY2020/21 were followed up for verification as they had specified output achievements.
- Multi-year programmes that were having major implementation issues were also visited.
- Potential of projects/programmes to contribute to sector and national priorities.

This report reviews progress of selected programmes and projects implemented by the MoTIC, UNBS, UIA, and MFPED by 31st December, 2020 as shown in table 3.1.

Table 2.1: Programmes and sub-programmes/project monitored for half-year 2020/21

Vote	Programs and subprogram/Projects
Vote 008 Ministry of Finance, Planning and Economic development (MFPED)	Development Policy and Investment Promotion Programme • United States African Development Foundation (USADF) • Uganda Free Zones Authority (UFZA)
Vote 015 Ministry of Trade, Industry and Cooperatives (MoTIC)	Industrial and technological development program • Rural Industrial Development Project (RIDP) • Uganda Development Corporation (UDC)
Vote 154 Uganda National Bureau of Standards (UNBS)	Standards development, promotion and enforcement program • Construction of UNBS headquarters Phase two
Vote 513: UIA	Investment Promotion and facilitation. • Development of industrial parks

Source: Authors' compilation

2.2 Methodology

Physical performance of projects and outputs was assessed through monitoring a range of indicators and linking the progress to reported expenditure. Across all the projects and programmes monitored, the key variables assessed included: performance objectives and targets; inputs and outputs, and intermediate outcomes.

2.2.1 Sampling

A combination of random and purposive sampling methods were used in selecting projects from the Ministerial Policy Statements and progress reports of the respective departments. Priority was given to monitoring outputs that were physically verifiable. In some instances, multi-stage sampling was undertaken at three levels: i) Sector programmes and projects ii) Local governments and iii) Project beneficiaries.

Outputs to be monitored are selected so that as much of Government of Uganda (GoU) development expenditure as possible is monitored during the field visits.

2.2.2 Data Collection

Data was collected from various sources through a combination of approaches:

- Review of secondary data sources including: Ministerial Policy Statements for FY2020/21; National and Sector Budget Framework Papers; Sector project documents and performance reports from the Programme Budgeting System (PBS), Sector Quarterly Progress Reports and work plans, District Performance Reports, Budget Speech, Public Investment Plans, Approved Estimates of Revenue and Expenditure, and data from the Budget Website.
- Review and analysis of data from the Integrated Financial Management System (IFMS) and legacy system; Quarterly Performance Reports (Performance Form A and B) and bank statements from some implementing agencies.
- Consultations and key informant interviews with project managers in implementing agencies both at the Central and Local Government level.
- Field visits to project areas for primary data collection, observation and photography.
- Call-backs in some cases to triangulate information

2.2.3 Data Analysis

The data was analysed using both qualitative and quantitative approaches. Comparative analysis was done using the relative importance of the outputs and the overall weighted scores.

Relative importance (weight) of an output monitored was based on the amount of budget attached to it; thus the higher the budget the higher the contribution of the output to the sector performance. This was derived from the approved annual budget of each output divided by total annual budget of all outputs of a particular programme/project. The weight of the output and percentage achievement for each output were multiplied to derive the weighted physical performance. The overall programme/project performance is a summation of all weighted scores for its outputs. On the other hand, the overall sector performance is an average of individual programme performances that make up the sector.

The performance was rated on the basis of the criterion in Table 2.2.

Table 2.2: Assessment guide to measure performance of projects monitored in FY2020/21

SCORE	COMMENT
90% and above	Very Good (Most of the set targets achieved and funds absorbed)
70%-89%	Good (Some core set targets achieved and funds absorbed to 70%-89%)
50%- 69%	Fair (Few targets achieved and funds absorption is 50%-69%)
Less than 50%	Poor (No targets achieved and or funds absorption is less than 50%)

2.3 Limitations of the report

The preparation of this report was constrained by a number of factors namely:

- Lack of detailed quarterly work plans and targets for some programmes/projects/outputs.
- Lack of disaggregated financial information for some outputs which might have affected the overall weighted scores and performance.
- Inadequate sampling of beneficiaries due to limited field time, given the large number of programmes monitored and COVID-19 restrictions on travel and holding focused group discussions.
- Some project implementers did not have up-to-date information on donor releases, so information as reported in the progress reports for such projects was relied upon.
- A number of beneficiaries had little information on scope of works, project costs, contract periods particularly on projects contracted and implemented by some Votes.

CHAPTER 3: SUB-SECTOR PERFORMANCE

3.1 Overall Sub-Sector Performance

The overall sub-sector performance was fair at 60.3%, as shown in table 3.1.

Table 3.1: Industrialisation Sub-Sector Performance by 31st December, 2020

Programme	Output Score (%)
Development Policy and Investment Promotion (United States African Development Foundation USADF) and Uganda Free Zones Authority	73.9
Investment Promotion and Facilitation (UIA)	34.8
Industrial and Technological Development (RIDP and UDC)	60.9
Standards Development, Promotion and Enforcement (UNBS)	71.5
Average performance	60.3

Financial performance

The Industrialisation Sub-sector budget for FY 2020/21 is Ug shs 465.166bn, of which Ug shs 214.231bn (46.1%) was released and Ug shs 205.059bn (94.3%) spent by 31st December, 2020. The release and expenditure performance were poor and very good respectively as shown in table 3.2.

Table 3.2: Overall Financial Performance of the Industrialisation Sub-Sector by 31st December, 2020

Institution/Project	Budget (Ug shs)	Release (Ug shs)	Expenditure(Ug shs)	% Release	% Spent
UNBS	65,044,917,209	30,720,013,940	24,671,805,576	47.2	80.3
MoTIC	212,652,361,416	122,200,504,441	120,644,034,626	57.5	98.7
UFZA	8,964,934,000	4,482,467,000	1,961,626,000	50	43.8
USADF	3,600,000,000	1,800,000,000	1,800,000,000	50	100.0
UIA	174,904,000,000	55,028,000,000	52,982,000,000	31.5	96.3
TOTAL	465,166,212,625	214,230,985,381	205,059,466,202	46.1	94.3

Source: IFMS, MDAs

The Uganda Investment Authority received only 31.5% of the approved budget during the period under review. This was due to delays in concluding preparatory activities related to the development of Kampala Industrial and Business Park Project.

Vote Performance

3.2 Ministry of Finance, Planning and Economic Development

The Ministry of Finance, Planning and Economic Development's mission is "To formulate sound economic policies, maximise revenue collection, and ensure efficient allocation and accountability of public resources so as to ensure sustainable economic growth and development" (MFPED, 2015). The ministry is mandated to; formulate policies that enhance economic stability and development; mobilise 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.

The semi-annual monitoring (FY2020/21) focused on the Uganda Free Zones Authority (UFZA) and United States African Development Foundation (USADF) project under development policy and investment promotion programme.

Development Policy and Investment Promotion Programme

3.2.1 Uganda Free Zones Authority

The Authority was established by an Act of Parliament in 2014 as body responsible for establishing, developing, managing, and marketing, maintaining, supervising and controlling Free Zones. The UFZA budget for FY2020/21 is Ug shs 8,964,934,000 excluding Non-Tax Revenue (NTR) of which Ug shs 4.48bn (50% of the annual budget) was released and Ug shs 1.96bn (43.8%) spent by 31st December, 2020. Ug shs 2.52bn for the free zone at Entebbe International Airport was not spent by 31st December, 2020 due delays in approval of architectural designs.

The Uganda Free Zones Authority (UFZA) licensed two free zones with a capital investment worth US$69 million; they renewed eight (8) licenses and monitored six free zones. Civil works for the development of the free zone at the Entebbe International Airport started in Q2 FY2020/21. A memoranda of understanding and a contract between UFZA, National Enterprise Corporation (NEC) and UBUNTU consults respectively was signed on 23/9/2020 for phase 1 construction of the free zone for a contract period of six months.

The scope of works for phase 1 includes: levelling and filling of construction site, construction of an office block and a production unit. By 15th March 2021, excavation, filling and levelling was completed and physical progress was estimated at 40%.

The UFZA initiated the process for the amendment of the Free Zones Act, 2014 and submitted the principles of amendment to the MFPED.

The prolonged rainy season in the last quarter of 2020 and delays in the review and approval of designs slowed down implementation of planned activities.

Ongoing site preparation and construction works at the Entebbe public free zone

3.2.2 United States African Development Foundation (USADF)

Background

In November 2006, a Memorandum of Understanding (MoU) for strategic partnership between the USADF and the Government of Uganda was established. The MoU was initially for five years but was subsequently renewed in April 2012 and in 2017 for another 5 years respectively. The USADF and GoU each make equal contributions (matching grants) of US$ 1,000,000 per annum towards targeted farmer cooperatives and Small and Medium Enterprises (SMEs). The funds are transferred by USADF through grants made to individual selected projects/groups, which are developed and approved in accordance with USADF criteria and methodologies taking into consideration their alignment to the goals and objectives of the MoU.

The overall project objective is to promote the development of farmer cooperatives, producer associations, smallholder agricultural producers, small scale agri-business (SSAs) and SMEs in Uganda and increase their market competitiveness, with a particular focus on the development of underserved and marginalized community groups and enterprises.

To qualify for selection, an organization must be 100% African owned, managed, and legally registered. Due diligence and technical backstopping is provided by a local partner: The Uganda Development Trust (UDET).

Support under this project is provided through two grants that is Enterprise Development Investment (EDI) and Enterprise Expansion Investment (EEI). The EDI grant is meant to strengthen the managerial, technical and financial capacities of the beneficiaries. This grant does not exceed US$100,000 per beneficiary organization over a period of two years.

The EEI grant is intended to enhance the business development of the beneficiaries to boost competitiveness. The grant does not exceed US$ 250,000 per beneficiary. One of the eligibility criterion for the EEI grant is successful implementation of the EDI grant. The project/ beneficiary organization should be self-sustaining at the end of the grant.

In FY 2020/21, the USADF project planned to support ten cooperatives by constructing storage facilities, providing agro-processing equipment and facilities, working capital, technical assistance, and administrative support to selected beneficiary groups countrywide.

Performance of the USADF Sub-Programme

The approved budget for USADF for FY2020/21 is Ug shs7.20bn, of which Ug shs 3.60bn is GoU contribution. During the period under review, the GoU disbursed Ug shs 1.8bn. Two projects were developed and submitted to Washington for final review and four for approval to project development.

The semi-annual monitoring for FY2020/21 focused on ten cooperatives that were selected in FY2018/19 and FY2019/20. The following cooperatives were monitored: Central Coffee Farmers Association Limited (CECOFA) in Wakiso district, Biganda Farmers' Cooperative Society Limited in Bukomansimbi district, Pingire-Labori Producers' and Marketing Cooperative Society in Serere district, Namubuka Grain Producers Area Cooperative Enterprise Limited in Bugiri district, Kayunga Nile Coffee Farmers' Cooperative Society Limited in Kayunga district, Katine Joint Farmers' Cooperative Society Limited in Soroti district, Bushika Integrated Area Cooperative Enterprise Limited in Bududa district, Bufumbo Organic Farmers Association Limited in Mbale district, Taabu Integrated Farmers' Cooperative Society Limited in Bulambuli district, and Mt Rwenzori Farmers' Cooperative Union in Kasese district.

By 31st December 2020, implementation by the different beneficiary groups was at varying levels.

a) **Central Coffee Farmers' Association Limited (CECOFA)**: is farmer organization that was registered on May 17th, 2017. The association membership by February 2021 stood at 3,664 of whom 2950 were male and 714 female located in the districts of Wakiso, Kalungu, Kasanda and Luweero. The association buys graded fair average quality coffee from her members for resell to local and international buyers. In the FY2019/20 CECOFA received a grant from USADF worth Ug shs 906,882,506 for a period of three years to upgrade storage and processing facilities, procure coffee grading equipment, a 10 metric tonne truck, motorcycle and laboratory equipment, working capital, training, technical assistance and administrative support. By February 2021, CECOFA had procured a 10MT truck and motorcycle, conducted trainings in Financial, monitoring and evaluation and financial systems upgrade.

The project experienced delays for infrastructural related activities due to lack of a lease agreement, however by February 2021 the association had acquired the agreement. Procurement of the coffee grading equipment and upgrade of storage facility were to be undertaken in Q3 and Q4 FY2020/21.

b) **Biganda Farmers' Cooperative Society Limited:** Located in Bigasa sub-county, Bukomansimbi district. The cooperative started in 2014 and deals in coffee primary processing and marketing. The cooperative received an EEI grant worth Ugshs 857,125,628 to run for three years from April 2019 to June 2022. By February2021, the cooperative had received Ugshs603,967,724 and Ugshs490,539,179 was spent. By February 2021 the following activities were completed: procured 10MT truck, two motorcycles and office equipment. The cooperative had carried out training in financial management and monitoring and evaluation for staff, board members and representatives from producer societies, and recruitment of eight project staff. The construction of a 500MT coffee warehouse was at 80% progress pending shuttering and final finishes. The cooperative hired a consultant to train farmers in Fairtrade certification.

The cooperative had received Ugshs159,000,000 for crop finance and it was used to procure 132,385 kg Fair Average Quality (FAQ) coffee from July to December 2020. Under corporate social responsibility, the cooperative had started construction of a two classroom block at Kawoko C/U Primary School and a shallow well at Kyampisi LC1 all in Bukomansimbi district. The cooperative had traded in coffee worth Ug shs, 1,215, 920,151 in the FY2019/20 registering a gross income of Ugshs 227,321,946.

The pending activities were completion of the warehouse, coffee huller upgrade, establishment of a coffee input shop, procurement of coffee quality equipment, fair-trade certification, review of manuals, financial systems upgrade, coffee quality and marketing training, stores management and cooperative governance trainings, study tour and procurement of post-harvest and quality equipment. The growth in income was hampered with low coffee prices during the period under review and limited operating capital. Other challenges included delays in approval of submitted disbursement requests due to COVID 19.

c) Pingire-Labori Producers' and Marketing Cooperative Society Limited: The cooperative is located in Serere district and deals in bulking, processing and marketing of maize and rice. The cooperative received an EDI grant worth Ugshs 356,202,101 in May 2019. The grant was to be used to construct a 500MT storage facility, procure maize shelling machine, working capital and establishment of an input shop. By February 2021, the cooperative had received a total of Ug shs186,527,338 and Ug shs172,652,450 was spent on procuring office equipment, one motorcycle, two solar panels and one maize sheller. The cooperative had recruited six staff and received trainings in cooperative governance, financial management, M&E, stores management and review of manuals. The cooperative had upgraded the financial systems and conducted a study tour to Manyakabi Area Cooperative in Isingiro district.

The cooperative received Ug shs 40,850,000 for crop finance and was used to procure 69,445 Kg of maize, 39,204 Kg of rice and 19,292 Kg of sorghum y. Construction of the office block was at 90% awaiting final finishes.

The pending activities included procurement of maize mill equipment, establishment of input shop, farmer profiling and agronomic and post-harvest handling training. Construction of a maize mill house had not commenced due to challenges in securing of a lease letter from Serere District Local Government (DLG).


L-R: Warehouse under construction at Biganda Farmer's Cooperative Society in Bukomansimbi and Office block at Pingire-Labori Producers' and Marketing Cooperative Society in Serere

d) Namubuka Grain Producers Area Cooperative Enterprise Limited: Located in Nabukalu sub-county in Bugiri District, the cooperative deals in maize and groundnuts enterprises. In August 2019 the cooperative received a grant worth Ug shs 895,982,302 for construction of a warehouse, purchase of a maize mill, 10MT truck, motorcycles and administrative support. By 31st December2020, the cooperative had received Ug shs 305,092,549 of which Ug shs 277,255,798 was spent.

The cooperative had procured a 10MT truck, post-harvest handling equipment (three shellers and platform weighing scale) and office equipment (two desktop computers and one printer). The cooperative carried out a study to determine the poverty probability index for its members, trained its board and staff members in financial management and monitoring and evaluation. The cooperative used Ug shs 55,000,000 to procure and trade in 128.5MT of maize and established an input shop in Bugiri Municipality. The construction of the warehouse was at sub-structure level. Pending activities included: procurement of maize milling equipment; cooperative governance training, stores management training and agronomic and post-harvest handling trainings; study tour, financial systems upgrade and review and development of manuals. The cooperative was performing fairly on achievement of performance indicators for example during the period under review; Ug shs 6,857,970 was the net income against a target of Ugshs 17,013,236. This was attributed to fluctuating prices for maize and farmers' change of enterprise to higher value crops like beans and groundnuts.

e) Kayunga Nile Coffee Farmers' Cooperative Society Limited: Located in Kangulumira Sub-county, Kayunga District, the cooperative deals in coffee. The cooperative received a grant from USADF worth Ugshs 917,737,826 in July 2019 to be implemented in a period of three years. The grant covers construction of a warehouse, equipment purchase (coffee mill, truck, motorcycle, and postharvest and quality improvement equipment), working capital, trainings, and technical assistance and administrative support.

By 31st December 2020, the cooperative had received Ug shs 621,608,615 and Ug shs 619,141,091 spent. Construction of the warehouse and coffee mill house were at 90% completion.

Procurement and delivery of a truck (10MT), two motorcycles, and two weighing scales, office equipment (two desktop computers, printer, money safe and filing cabinet) were completed. The cooperative conducted review and development of manuals as well as ADF financial and M&E trainings. The cooperative participated in the African Fine Coffee Association (AFCA) conference in Mombasa-Kenya and exhibited green coffee beans to potential buyers.

The pending activities include: establishment of an input shop, fair-trade and organic certification, financial systems upgrade, study tour, cooperative governance training, stores management training and coffee quality marketing training. It was observed that no splash aprons were provided on the warehouse structure.

f) Katine Joint Farmers' Cooperative Society Limited: Located in Katine sub-county, Soroti District, the cooperative deals in maize and groundnuts bulking and marketing and has 374 members, of whom 58 are females and 316 males. The cooperative received a grant from USADF worth Ug shs 886,330,601 for construction of maize processing facility, equipment purchase, working capital, trainings, technical assistance and administrative support. The cooperative recruited five staff and conducted trainings in ADF financial management and M&E, and cooperative governance and management.

By 31st December 2020, the cooperative had received Ug shs 343,082838 and Ug shs 286,253,475 spent. The cooperative had received technical assistance in regards to financial systems upgrade, market development plan and study tour. The cooperative had procured a 10MT truck, three maize shellers and one desktop computer. The cooperative conducted the trainings in ADF financial management, M&E and cooperative governance for staff and board members. Construction of a maize processing unit (400MT) and office block was ongoing and works were at roofing stage. The cooperative received Ug shs 38,500,000 for crop finance and used it to procure 120 MT and 20MT against the target of 100MT and 100MT for maize and groundnuts respectively. The prolonged rainy season during the first season of 2020 negatively affected the yields for groundnuts.

L-R: Warehouse and processing facilities under construction at Kayunga Nile Coffee and Katine Joint Farmer's Cooperative Society in Soroti District

g) Bushika Integrated Area Cooperative Enterprise Limited: Established in May 2010 in Bushika sub-county, Bududa District, the cooperative deals in coffee, dairy and passion fruits. The cooperative has 521 members of whom 98 are female. The cooperative received a grant worth Ug shs 904,971,000 for three years on 3rd October, 2019. The scope of the grant includes construction of a warehouse, equipment purchase (coffee huller, truck, motorcycle, motorised pulper, coffee quality improvement and office equipment), and training, technical and administrative support.

By 31st December 2020, the cooperative had received Ug shs 428,625,972 of which Ug shs 292,290,547 was spent. The cooperative procured a truck (10MT), office furniture and equipment, two motorcycles and two motorized coffee pulpers. Construction and remodelling of the warehouse was completed while the sub-structure for the mill house was complete. The cooperative participated in the AFCA conference in Mombasa Kenya and exhibited green and roasted coffee beans, and interacted with potential financiers (credit institutions). The cooperative received 50 million for crop finance and registered 6% increase in annual quantity of coffee purchased from farmers from 386,875Kg to 410,895Kg. By February 2021, the following activities were pending; procurement of coffee processing equipment, establishment of input shop, fair-trade certification, coffee quality management and export modalities. The cooperative experienced delays in approval of submitted disbursement requests and low coffee prices during the period under review.

h) Mt. Rwenzori Coffee Farmers' Corporative Union is located in Kasese District. It received an enterprise expansion investment grant worth US$ 232,951(Ug shs 900,389,326) for a period of three years from July 2018 to June 2021 for construction of a processing facility, a warehouse, milling equipment, technical assistance, training and administrative support. By 31st December 2020 the union had received Ug shs 728,103,707 and spent Ug shs 722,843,090.

Construction of the warehouse and processing facility was at 95%. Pending works included: fencing and compound paving. The cooperative installed a 2MT/hr coffee mill and was operational. The cooperative had implemented most of the planned activities with the exception of fair trade re-certification. The achievement of performance indicators for the cooperative was poor, for example, the annual target for quantity of coffee purchased from farmers was 178,424kg however 27,194kg was achieved. The cooperative cited a challenge of coffee side selling by its members and stiff competition from multi-nationals dealing in the enterprise.


L-R: Complete warehouse at Bushika Integrated Area Cooperative Enterprise in Bududa District and installed coffee huller at Mt. Rwenzori Coffee Farmers' Cooperative Union in Kasese District

i) Bufumbo Organic Farmers' Association: Located in Mbale District, Bufumbo Sub-county. The association started in 1997 and registered as a Community Based Organisation (CBO) in 1999 dealing in organic farming of coffee. The association has 686 members, of whom 243 are females in Bufumbo, Bubyangu, Bukonde and Rwaso Sub-counties. The association received an EEI grant worth US$244,327 (Ug shs 910,774,200) to establish 500MT storage and processing facility, procure a coffee processing and transport equipment. The grant will also provide working capital, capacity building, technical assistance and recruitment of key staff.

By 31st December 2020, the cooperative had received Ug shs 460,931,293 and Ug shs 444,066,382 was spent. The association procured a 10MT truck, 2 motorcycles, 10 manual coffee pulpers and office equipment. The association also established an input shop in Bufumbo trading centre. The association received Ugshs 150,150,000 for crop finance to buy coffee from its members. The association registered 162% increase in annual quantity of coffee purchased from farmers from 114,900kg at start of the project to 301,059kg by 31stDecember 2020. The cooperative conducted training in financial management and M&E, stores management and recruited eight staff. The pending trainings were: coffee quality and cooperative governance.

Fair-trade certification was renewed and the review and development of manuals was completed. The construction of a warehouse and processing facility in Maluku ward, Mbale city was at foundation level. Procurement of a coffee huller was anticipated after completion of construction for the processing facility.

k) Tabu Integrated Farmers' Cooperative Society Limited: Located in Bulambuli District with 1,658 members in Nabbongo, Buyaga, Bukhalu, Buwanyanga, Bunambutye, Buluganya, Bumasabo, Nabugimbi and Bufukhula Sub-counties. It deals in maize and soybean. The cooperative objective is to improve livelihoods of its members through increasing production, value addition and collective marketing. The cooperative received an EEI grant worth US$227,458 (Ugshs 837,884,024) in June 2019 for construction of maize processing facility; procure a maize mill; and other processing equipment; provision of various trainings, and technical support. By 31st December 2020, the cooperative had received Ug shs 360,993,952 of which Ug shs 348,398,308 was spent.

The cooperative procured a tractor, two motorcycles, postharvest handling and office equipment. The cooperative trained its members and staff in financial management and M&E; cooperative governance; stores management and postharvest handling and agronomy. The review and development of manuals and financial systems upgrade were completed. The cooperative established an input shop in Buyaga trading centre. The cooperative acquired land in Buyaga town council for construction of the maize mill house. The construction of the mill house and extension of power to site were yet to commence. The cooperative used the Ug shs 31,500,000 for crop finance to procure 30,401kg of produce against the annual target of 419,815kg. The project experienced delays due to change of site for construction of the mill house.

Table 3.4: Performance of the Development Policy and Investment Promotion Programme by 31st December, 2020

Sub-programme	Output	Annual Budget (Ugshs)	Cum. Receipt (Ugshs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
Project:1003 United States African Development Foundation	Infrastructure	1,234,268,418	596,208,690	9.00	4.90	9.42	Eight out of the nine monitored project beneficiaries had started construction and at varying levels of implementation. All projects were behind schedule in terms of time progress.
	Equipment	3,697,543,998	1,700,601,375	42.00	32.70	28.23	All the monitored cooperatives had procured transport equipment (truck, motorcycle), postharvest and quality improvement equipment and office furniture and equipment. Procurement of processing equipment was at varying levels with only two out of nine cooperatives monitored had procured and installed processing equipment.

Sub-programme	Output	Annual Budget (Ugshs)	Cum. Receipt (Ugshs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
	Working capital	1,048,733,200	640,807,600	17.00	6.50	5.01	All the monitored cooperatives had received part of the funds either for working capital or input fund.
	Training	175,673,000	71,734,900	33.00	17.00	1.34	The cooperatives had conducted different trainings to build capacity of their staff and members. The trainings included: financial management and monitoring and evaluation, stores management, cooperatives governance, quality management, etc.
	Technical assistance	413,063,826	136,283,704	36.00	15.50	3.15	The cooperatives had upgraded the financial systems and reviewed the administrative manuals. Fair-trade certification/quality certification for most of the cooperative had not been attained.
	Administra-tive support	894,230,063	614,492,442	36.00	15.50	4.28	All the cooperatives monitored had recruited staff and paid salaries, maintained office and other equipment
Support to Uganda free zones authority	Awareness, marketing, and sensitization	30,000,000	15,000,000	83.00	43.00	0.23	A total of 23 prospective developers engaged on opportunities in free zones. Published three articles in print media.
	Competitive business environment for Free Zones enhanced	15,000,000	7,755,000	53.00	13.50	0.06	Conducted six monitoring visits and two site inspections. Tax proposal for free zones for FY 2021/22 submitted to MFPED.

Sub-programme	Output	Annual Budget (Ugshs)	Cum. Receipt (Ugshs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
	Free Zones Law amended to a widerSpecial Economic Zones Scheme	50,000,000	25,000,000	1.00	0.10	0.08	Principles for the amendment were prepared and forwarded to MFPED.
	Private Free Zones enterprises retained and facilitated	28,090,000	14,045,000	15.00	8.00	0.21	Eight licenses for public free zones renewed
	Private Free Zones declared and gazetted, Licenses issued, Investment, Employment and Exports generated	9,991,000	4,995,000	15.00	2.00	0.02	Two free zones declared and licensed.
	Output: 1 Public Free Zones developed	5,500,000,000	2,750,000,000	100.00	26.00	21.84	Site clearance, excavation and filling of the site completed. Project experience delays due to heavy rains in second half of 2020 and delayed approved of designs.
	Programme Performance (Outputs)					73.9	Good performance

Source: Beneficiary Progress reports, IFMS and field findings

Conclusion

The Development Policy and Investment Promotion Programme performance was good at 73.9%. The USADF project registered good performance although most of the beneficiaries were behind schedule on infrastructure and equipment related outputs due to land ownership related challenges and the lockdown due to the outbreak of COVID-19. On the other hand, the UFZA performance was fair. The construction of the Free zone at the airport experienced delays due to heavy rains in Q2 of FY2020/21, among others.

Investment Promotion and Facilitation Programme

3.2.3 The Uganda Investment Authority (UIA)

The Uganda Investment Authority was established by an Act of Parliament (Investment Code 1991) with the aim of promoting and facilitating private sector investment in Uganda. To achieve this, the UIA was tasked to develop 22 industrial parks across the country by the year 2020. Over the years, UIA acquired land for nine industrial and business parks in Luzira, Bweyogerere, Mbarara, Moroto, Kasese, Soroti, Mbale, Jinja and Namanve. The master plans for all parks were approved and attempts to design and build infrastructure (roads, water, electricity) in the parks initiated.

The UIA budget for FY2020/21 is Ug shs 174.904bn, of which Ug shs 155.552bn is external financing for the development of Kampala Industrial and Business Park –Namanve (KIBP). The total GoU budget is Ug shs 19.339bn, of which Ug shs 7.028bn was released representing 36.3% and Ug shs 4.982bn (70.9 %) spent by 31st December 2020. During the period under review, Ug shs 48bn was directly advanced to M/s Lagan in Joint Venture with M/s Dott Services for infrastructure development at KIBP.

Development of Industrial Parks

The UIA planned to develop infrastructure in the KIBP, maintain 13 km of roads in Luzira, Bweyogerere and Kampala industrial and business parks, open spaces in Mbarara SME Park, maintain KIBP offices and administer and supervise all gazetted parks.

A commercial contract for the infrastructure development of Kampala Industrial and Business Park –Namanve (KIBP) was signed with M/s Lagan in Joint Venture with M/s Dott Services and the site was handed over in Q3 FY2019/20. By February 2020, infrastructure development at KIBP by M/s Lagan Joint Venture with M/s Dott Services had not commenced due to delays in finalizing design reviews by the consultant. In February 2021, emergency maintenance of unpaved roads at KIBP was ongoing by M/s Lagan/Dott Service.

The construction of the power sub-stations in KIBP and Luzira Industrial Park were near completion. Procurement of contractors for maintenance of roads in Soroti, Luzira and Bweyogerere Industrial and Business Parks were ongoing.

Development of the Mbale Industrial and Business Park under the Tian Tang Group was ongoing, five factories had started operations, and two were under construction. A 2MW mobile sub-station was setup in Mbale Industrial Park as a temporary solution to improve on the quality of power supplied to industrialists. By February 2021, all squatters had vacated the park amidst some contestation of the compensation values given by the Chief Government Valuer and ongoing litigation in courts of law. Although the park was operational it lacked a waste treatment facility. It was observed that local investors had not been allocated land in this park.

Infrastructure development in the Kasese Industrial park was ongoing with support from OWC/

NAADS. During the period under review 7.5km of piped water was extended to the park and construction of a 200m^{3}reservoir and water booster sub-station were ongoing.

The UIA licensed 74 projects with planned investment value of US$ 434,710,797 and renewed licenses for five companies with an investment value of US$18,210,000. A total of 52 companies were provided with aftercare services including; assisting diversifications, tax exemptions waivers, acquiring secondary approvals, online work permits applications and approvals in the aftermath of COVID-19 disruptions in work flow processes. The UIA launched the Rwenzori Investment Profile and organised the Rwenzori Investors' Roundtable in Kampala to explore the investment opportunities in the region. The Sustainable Development Goals (SDG) outcome investor map tool was developed to provide intelligent market driven data to support investment, aligning UIA programs to NDPIII and SDGs outcomes.


L-R: One of the maintained roads at the KIBP and a mobile power sub-station at Mbale IBP

The UIA is constrained with inadequate development budget and delayed development of plots allocated to the investors especially at KIBP. Table 3.5 shows performance of the Investment Promotion and Facilitation Programme.

Table 3.5: Performance of the Investment Promotion and Facilitation Programme under UIA by 31st December, 2020

Sub-programmes/ projects	Output	Annual Budget (Bn Ug shs)	Cum. Receipt (Bn Ug shs)	Annual Target	Cum. Achieved Qty	Physical performance Score (%)	Remark
Investment promotion	Investment promotion services	0.330	0.080	11.00	2.35	0.18	A total of 18 foreign investments licensed worth US$ 78.6m with prospects of creating 1,628 jobs. Two regional investment profiles were developed: Rwenzori regional and refuge settlement camps. Two success stories developed: Zhong Industries and Great Lakes Safaris.

Sub-programmes/ projects	Output	Annual Budget (Bn Ug shs)	Cum. Receipt (Bn Ug shs)	Annual Target	Cum. Achieved Qty	Physical performance Score (%)	Remark
Investment facilitation	Investment facilitation services	0.350	0.100	5.00	1.50	0.22	A total of 74 projects licensed, 89 projects facilitated to implement investment, 52 companies provided aftercare services and 23 monitored. Investor of the year awards postponed to Q4.
Industrial park facilitation services	Investment facilitation services	0.690	0.220	6.00	1.40	0.31	Contracts for maintenance of roads in Luzira, Bweyogerere and Soroti approved. Civil works for maintenance of KIBP office completed under DLP. Power substation at KIBP was at 95% completion and 33kva underground circuit running through KIBP was completed by UMEME. Emergency road works to grade and level with gravel done in KIBP by Lagan and Dott Namanve ltd.
One stop centre	Supervision of one stop centre	4.160	0.880	6.00	2.50	2.57	Agency discussions to implement the e-Biz processing and automation held between URA, NIRA, DCIC & KCCA. Three new e-services programmed for launch; NIN verification, TIN registration and trading license issuance. A competitiveness study for the minerals sub-sector was completed and procurement of a contractor for the BPO competitiveness study ongoing. Three short documentaries produced and packaged for online audience. Assorted office and ICT equipment procured for the OSC.

Sub-programmes/ projects	Output	Annual Budget (Bn Ug shs)	Cum. Receipt (Bn Ug shs)	Annual Target	Cum. Achieved Qty	Physical performance Score (%)	Remark
Small and medium size enterprises (SMEs)	SME facilitation services	0.510	0.100	5.00	1.55	0.32	A total of 110 SMEs of Ojetenyang United farmers, 25 entrepreneurs dealing plastic recycling in Kalungu District, 106 SMEs in potato and beans value chain in Kabale advised business formalization. Two value addition clusters developed: cereals and cassava. Two business skills trainings held in Masaka and Soroti. EAC MSME mission not held due to restricts on travel abroad.
KIBP Infrastructure Development Project	Infrastructure development	155.552	48.000	10.00	1.00	31.20	The contractor for infrastructure development in KIBP (Lagan Dott Namanve Ltd) civil works had not started by February 2021. Design review for infrastructure. Development was ongoing and the contractor had mobilised equipment. Euros 8,050,072.46 advanced to the contractor in Q2 and Euros 880,578.1 to owner's engineers.
Programme Performance (Outputs)						34.8	Poor performance

Source: IFMS, Progress reports, and field findings

Conclusion

The creation of a competitive business environment and development of industrial parks among others are key in attracting value adding investment that brings technology, skills and jobs in Uganda. However, performance of the Investment Promotion and Facilitation Programme was poor at 34.8%, and this is due to the delayed implementation of the infrastructure development project at KIBP amidst the advance payment of Ug shs 48bn to the contractor during the period under review. The programme is further constrained by inadequate development budget releases and delayed development of plots allocated to the investors especially in the upcountry parks of Soroti and Kasese.

Recommendations

- The MFPED and UIA should prioritise funding for servicing of industrial parks.
- The UIA should engage the contractor for KIBP to quicken the mobilisation process and ensure that civil works begin without further delays.
- The UIA should revise the plot allocation letters given to investors to allow for flexibility of re-allocations to more active developers.

3.3 Ministry of Trade, Industry and Cooperatives (MoTIC)

The Ministry's mandate is: "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 transfer, to generate wealth for poverty eradication and benefit the country socially and economically" (MoTIC, 2014). The Ministry supervises five agencies namely: Uganda Development Corporation (UDC), Uganda National Bureau of Standards (UNBS), Uganda Export Promotions Board (UEPB), Management Training and Advisory Centre (MTAC) and Uganda Warehouse Receipting System Authority (UWRSA).

The approved budget for the MoTIC for FY2020/21 is Ug shs 212.651bn, of which Ug shs 160.115bn (75.3%) was released and Ug shs 158.666bn (99.1%) spent by 31stDecember, 2020. The Industrial and Technological Development Programme budget for FY2020/21 is Ug shs 142.02bn, of which Ug shs 113.799bn (80.1%) was released and Ug shs113.7bn (99.9% of the released funds) spent by 31st December, 2020. The release and expenditure performances were good and very good respectively.

Industrial and Technological Development Programme

The overall objective of the programme is to ensure policy formulation, planning and coordination; and promoting the expansion, diversification and competitiveness of the industrial sector. The programme outcome is industrial facilitation, promotion and cluster competitiveness. This contributes to the sector outcome of a strong industrial base and increased employment in the manufacturing sector. Under the programme, the semi-annual monitoring FY 2020/21 focused on the RIDP and implementation of projects under Uganda Development Corporation (UDC).

3.3.1 The Rural Industrial Development Project (RIDP)

The Rural Industrial Development Project (RIDP) formally, One Village One Product (OVOP) started in FY 2017/18 aiming at promoting value addition to agricultural products at different levels of the commodity value chain that include drying, storage, preservation, packaging and processing. This is to be achieved through promotion of production and industrial processing clusters that includes operators of the storage facilities, suppliers of raw materials for processing, value addition enterprises, manufacturers and distributors of value addition equipment and providers of business development services.

Performance of the RIDP

The approved budget for the RIDP, FY2019/20 is Ug shs 1.2bn, of which Ug shs 293 million (24%) was released and Ug shs 223 million (79%) spent by 31st December, 2020. Although the release was poor, expenditure against released funds was good. The planned outputs for the RIDP for FY2020/21 are: eight monitoring visits conducted, 440 RIDP beneficiaries from 22 enterprises trained, 23 products certified and 22 processing facilities established through provision of value addition equipment.

Purchase of Specialised Machinery and Equipment

Uganda Youth Leather Products Manufacturers Association: Located in Bweyogerere division, Kira Municipality, Wakiso District, the association has 27 members, of whom seven are females. The association deals in shoe making and other leather products like backpack bags and provides training opportunities to youth in shoe making and marketing. The association received 10 stitching machines from RIDP. By 16th March 2021, the association had 25 youth undergoing training and the production had increased from 75 to 160 pairs per day. The association had the following challenges; price fluctuation of raw materials like shoe soles, lack of precision equipment to ensure product uniformity and reduction in market demand due closure of schools arising from the COVID-19 outbreak.

L-R: Some of the sewing machines that were supplied to Uganda Youth Leather Products Manufacturers Association and some of the shoes made by association

Industrial Policies, Strategies and Monitoring Services

Seven potential enterprises in the districts of Mbarara, Rukungiri, Zombo, Kamuli, Kaabong and Soroti were physically assessed for technical support under RIDP. During the period under review, the RIDP secretariat conducted routine monitoring of the following enterprises; Nampunge Cereal Farmer's Cooperative Society; Tropical Honey Cooperative Society; Lira Garment Designers; RWABS Foods and Beverages, Agri-Business and Real Estates Investments Mbarara Youth Entrepreneurs Association; Bubale Innovation Platform and Kisoro Community Associated Bee Keepers Ltd. It was observed that the outputs on promotion of value addition and cluster development through product certification, and provision of technical support performed poorly during the period under review.

3.3.2 Uganda Development Corporation (UDC)

The Uganda Development Corporation (UDC) was re-established under the Uganda Development Corporation Act, 2016 as the investment and development arm of the GoU. Its primary objective is to promote and facilitate industrial and economic development in Uganda. This is to be met through: i) establishment of subsidiary and associated companies, ii) enter into Public Private Partnerships (PPPs) with other enterprises, and iii) promoting and facilitating research into industrial development.

Performance of the UDC

The approved budget for UDC FY2020/21 was Ug shs 139.92bn, inclusive of Ug shs 100bn COVID-19 stimulus; of which Ug shs 113.089bn (80.8%) was released. The UDC had funds brought forward from FY2018/19 and 2019/20 amounting to Ug shs 13.029bn bringing the total funds available during first half of FY2020/21 to Ug shs 126.327bn (inclusive of interest earned on investment accounts) of which Ug shs 35.969bn (28.5%) was spent by 31st December, 2020 representing poor expenditure performance.

3.3.2.1 Soroti Fruit Factory

The Soroti Fruit Factory (SOFTE) is a Government intervention aimed at supporting value addition in fruit processing for the promotion of industrial growth, income diversification and increasing household incomes in the Teso sub-region. In 2012, the Government of Korea through its development arm; the Korean International Cooperation Agency (KOICA) provided a turnkey project worth US$7.4 million for the construction of Soroti Fruit Factory with the GoU responsible for provision of complementary services and works.

The planned outputs for FY2020/21 were processing plant and primary effluent plant maintained, weigh bridge procured, and weigh bridge office constructed. The factory had pending commitments from FY2019/20 that included; procurement and installation of an automated mango juice processing line, procurement of factory supplies and construction of a waste water treatment plant. The approved budget for SOFTE for FY2020/21 was Ug shs 10 bn of which Ug shs 2.434bn was released and Ug shs 2.347bn spent by 31st December, 2020. The SOFTE had balances brought forward from the previous financial year amounting Ug shs 4.079bn. This brings the total funds available to SOFTE during the period under review to Ug shs 6.512bn.

The SOFTE procured and processed 111.7MT of oranges during the period under review. The factory started commercial production of plastic bottle (PET) ready to drink juice and 40,182 litres were produced. Repairs of the cold storage room, fabrication of the PET line and pulley system for the blending room were done. The SOFTE staff were trained in occupational health and safety, solid waste management and disposal, fire preparedness, tax administration in preparation for ISO certification (ISO 22000:2018). The procurement of an automated mango line and aseptic filling line for the concentrate was ongoing.

L-R: Fabricated pulley system for offloading concentrate drums and finished mango RTD juice in PET bottles at Soroti Fruit Factory

In order to bridge the gap in mango juice processing, the company hired a mobile mango juice processing line from the School of Food Science, Makerere University. The mobile plant has capacity for automated peeling, destoning and pulping. Pasteurisation and evaporation were done using existing facilities at SOFTE. The terms of reference for the secondary effluent treatment plant were developed and construction was pending acquisition of land from UIA. The factory experienced challenges of poor quality power, low capacity for the portable water treatment plant, inadequate working capital and the COVID-19 lockdown which affected sales revenue.

3.3.2.2 Establishment of Zonal Agro-processing facilities:

The Second National Development Plan (NDP II) and the National Export Development Strategy for the period FY2015/16 - FY 2019/20, identified priority crops (including: tea, coffee and fruits) that Government intended to promote in terms of value addition as a means of promoting the benefits associated with industrialisation and its impact on Uganda's export potential.

The establishment of zonal agro-processing project aims at achieving the following objectives: increase the incomes of target farmers by providing ready market for their fresh produce and promote value addition and development of its related linkages. The UDC was to conduct feasibility studies on key strategic crops for value addition and environmental impact assessment (EIA) studies to inform the environment sustainability and impacts.

The UDC was to undertake establishment of agro-processing facilities that add value to the targeted agro-produce in the various agro-ecological zones where production is already being supported. During FY 2017/18-2019/20, the project intended outputs were: i) establishment of a Crush, Tear, Curl (CTC) tea factory in Zombo district, ii) installation of a 3rd CTC line at Kayonza Tea Factory, iii) installation of a 3rd CTC line in Mabale Tea Factory and iv) installation of cold storage and transportation facilities in Isingiro. The project timeframe was four years from FY 2017/18 to FY 2020/21. Installation of CTC lines for Kabale and Kisoro highland tea were completed during FY 2018/19 while installation of the 3rd CTC line for Kayonza Tea factory was completed and commissioned in FY2019/20.

Performance

i) Support to Mabale Tea Factory, Kabarole District

The UDC undertook a valuation study to inform the investment decision in Mabale Growers Tea Factory Limited (MGTFL) and the company was valued at Ugshs 27,799,355,000. In FY2020/21, the UDC has invested an additional Ug shs 6.2bn into MGTFL bringing the total shareholding by UDC to 48.99% (1,524,000 shares). During the period under review the MGTFL sold 925,624Kg of ready-made tea at the Mombasa auction market worth US$ 654,261.69.

ii) Kigezi Highland Tea Factories

The UDC intends to plant 10 million tea seedlings in the districts of Kisoro, Kabale and Kanungu by June 2021. This is aimed at providing green leaf to the two factories in Kisoro and Kabale district that were constructed with support from UDC through lease financing. The factories that have a 450kg/hour production capacity are yet to operate at full capacity due to lack of quality and adequate green leaf supply. During the period of July to December 2020, a total of 4.31 million tea seedlings were reportedly planted by out grower farmers in the two districts bringing the total number of seedlings planted since July 2019 to 6.71 million of which, 6.4 million survived.

iii) Mutuma Commercial Agencies Limited (MCAL)

The company adds value to raw cotton produced in Uganda to produce products like surgical cotton wool, seed oil and cotton seed cake. The UDC conducted an investment appraisal of MCAL and the findings below existed: The Net Present Value (NPV) of 1.37 billion and Internal Rate of Return (IRR) of 31% were noted alongside high debt obligation to Uganda Development Bank Limited (UDBL). The UDC during FY2020/21 invested Ugshs 2.5bn (30% shareholding) and the factory had resumed operations at 30% capacity. The UDC recruited the Interim General Manager, plant manager and chief finance officer to manage the recovery period.

iv) Atiak Sugar Factory: The factory was launched in October 2020; however, it is not operating at full capacity due to lack of sufficient raw materials. The UDC provided a shareholder's loan to Horyal Investments holdings (the co shareholder in Atiak Sugar Factory), worth Ug shs 12bn for a period of four years. This brings the total amount loaned to Horyal Investments in the last two financial years to Ug shs 20,516,147,200.

3.3.2.3 UDC capitation projects

i. **Establishment of a cement, lime and marble factory in Karamoja**: The fencing of 221 acres factory land in Nadunget Sub-county was at 97% completion. The UDC procured a contractor to open 14 km access road to raw material site in Loyoro, Kaabong District and 6.1km of the access road was opened and graded.

ii. **Alfasan Uganda Limited**: Established in 2009 to conduct business in farm products and agriculture supplements including the manufacture, importation and sale of veterinary medicines and other related products. The value of the company prior to UDC's investment was done and the following were observed; installed four active production lines for both powder and liquid veterinary drugs with annual production capacity of 390MT and 400MT respectively, compliant with the pharmaceutical industry technical regulatory requirements and guidelines, sound management structures and investment plan. The company has a non-performing loan from UDBL worth 11 billion. The UDC intends to acquire shares in company worth Ugshs 10.57 bn in a phased manner. During the period under review the UDC had invested Ug shs 947,648,000.

iii. **Yumbe Fruit Factory:** Located in Yumbe District and owned by Food and Nutrition Solutions Ltd-FONUS. The factory adds value to mangoes to produce ready to drink mango juice and concentrate with a capacity of 5MT/h. UDC intends to invest Ug shs 9.84bn into the Special Purpose Vehicle (SPV) to manage and operate the factory upon registration by Uganda Registration Services Bureau.

iv. **Bukona Agro Processors Limited**: Located in Nwoya District, the factory produces ethanol (95% purity) from cassava chips. The factory has an input capacity of 100MT/day of dry cassava chips. The ethanol will be denatured to produce products like methylated spirit for use in ethanol cook stoves. Bukona agro processors Limited signed an offer letter in December 2020, for UDC to invest Ug shs 11,957,283,275 in form of equity in a phased manner. A master investment agreement between UDC and Bukona was submitted to the Solicitor General for approval before the final investment decision by UDC.

v. **Kaaro Agric Producers Limited (KAPL)**: The company is engaged in purchase of FAQ coffee from small holder farmers in Kazo and Kiruhura districts. The company intends to upgrade its operations by setting up a coffee grading facility and roasting of coffee beans with an annual capacity of 8,250MT. KAPL has a share capital of Ugshs 2,000,000, lacks proper corporate governance structures, strong sustainable raw material supply contracts and has tax obligations with URA. The UDC intends to form a SPV for KAPL by investing Ug shs 6.5bn as equity and shareholder loan and also participate in recruitment of top managers.

vi. **Budadiri Arabica:** Coffee Factory Limited is located in Sironko District and currently indebted to a tune of Ug shs 4.62bn, of which Ug shs 4bn is for UDBL and lacks a proper corporate governance structure. The factory has an NPV of Ug shs 4,190,793,845 and IRR of 25%. The UDC intends to restructure the investment through formation of a SPV and acquire 495 shares.

vii. **Mpanga Growers Tea Factory (MGTF):** Incorporated in 1995, MGTF is a public limited company owned by small holder tea growers in Kabarole District. The factory is facing cash follow constraints due to its failure to make profits since 2010 and this is attributed to weaknesses in governance, financial mismanagement and fluctuating black tea prices at the Mombasa auction market. It is operating at half capacity of 40MT/day which increases the cost of production due to lack of working capital to purchase green leaf from farmers and pay for other operational expenses. The UDC is to invest Ug shs 4,341,000,000 as working capital in exchange for equity.

3.3.2.4 Pipeline Initiatives

The UDC is undertaking due diligence on investment in the following enterprises: Brentec Investments limited; Kisoro Potato Processing Industries Limited, Rwenzori Investments Limited, Rukungiri Dairy Farmers Cooperative Union, Gamma Decontamination plant, African Biofuels Corporation and Integrated Shredder and Steriliser System.

COVID-19 FUNDS

During the period under review, the UDC received a supplementary budget of Ug shs 100bn as COVID-19 relief to companies hit by the pandemic through PIP investment and promote import substitution. However, the allocation of the money is mostly to companies that were already constrained before the onset of COVID-19 and the selection criterion was not clear. Table 3.6 shows the allocation and disbursement of the relief funds.

Table 3.6: Performance of the COVID-19 funds as at 31st December, 2020

Planned Beneficiary	Budget (Ugshs)	Expenditure (Ugshs)
Atiak sugar/Horyal investments (Shareholder's loan)	12,000,000,000	12,000,000,000
Alfasan Uganda limited	10,570,000,000	947,648,000
Mabale Growers Tea Factory	6,180,000,000	6,180,000,000
TPS-Serena Hotel	3,000,000,000	-
Mutuma Commercial Agency	2,000,000,000	2,000,000,000
Budari Arabica Coffee Factory Limited	3,925,000,000	-
Kaaro Agro Producers Ltd	6,500,000,000	-
Mpaga Growers Tea Factory	4,341,000,000	-
Yumbe Mango Factory	10,500,941,500	-
Integrated lime, cement, and marble plants	,3959,973,454	-
Bukona Agro-processors ltd	11,957,283,275	-
Acholi Bur Pader Catholic Arch Diocese	18,000,000,000	-
Brentec Investment Ltd	6,565,801,771	-
Luweero Fruit Factory (land acquisition)	500,000,000	-
Total	100,000,000,000	21,127,648,000

Source: UDC

Table 3.7: Performance of the Industrial and Technological Development Programme by 31st December, 2020

Sub-programs	Output	Annual Budget (Ugshs)	Cum. Receipt (Ugshs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
Soroti Fruit Factory	Plant modifications	200,000,000	100,000,000	8.00	4.00	0.57	Repair in the two cold rooms were completed, modified filling line for RTD to pack PET bottles (Teju Acupa).
	Weigh bridge constructed	300,000,000	300,000,000	2.00	2.00	0.85	Weigh bridge constructed
	Factory consumables	4,731,000,000	950,000,000	100.00	30.00	13.45	111.7MT of oranges were procured and 26.7m3 of juice produced.
	Commitment for FY2018/19, 2019/20	4,078,787,438	4,078,787,438	5.00	0.20	0.46	Contract for supply of an automated mango juice processing line awarded to China Hongpai and delivery expected in Q4. No progress reported on construction of waste water effluent plant.
Tea project	Mabale tea factory	6,556,531,568	6,356,531,568	4.00	3.00	14.41	Additional 6.2b invested as equity bring the total shareholding by UDC TO 48.99%. The factory resumed operations and processed 925.6 readymade tea for export to the auction market.
	Kabale tea	3,155,422,750	3,155,422,750	7.60	4.30	5.07	4.31 million Seedlings were planted during the period under review.
	Commitments from FY 2019/20 zombo tea	515,000,000	515,000,000	3.00	0.00	0.00	Infrastructure development and studies for Zombo tea project postponed to subsequent FY2021/22

Sub-programs	Output	Annual Budget (Ugshs)	Cum. Receipt (Ugshs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
Construction of Common Industrial Facilities	Moroto cement factory	4,891,689,417	1,691,689,417	9.00	2.40	10.72	Fencing of factory site was at 97% completion. Road works to raw material site in Kabong district commenced
	Luweero fruit factory	1,824,174,606	1,824,174,606	7.00	0.00	0.00	Activity postponed to FY2021/22
	Lake Katwe salt project	427,340,096	427,340,096	3.00	0.50	0.20	Mining license given to another developer but UDC is managing assets acquired
	Sheet glass project-Masaka	223,601,635	223,601,635	2.00	0.00	0.00	Activity postponed to FY2021/22
	Horyal investments	31,868,631	31,868,631	1.00	1.00	0.09	Factory was launched in Q2 but operating at half capacity due to inadequate cane.
	Mutuma commercial agencies	2,500,000,000	500,000,000	1.00	0.20	7.10	Investment appraisal completed and Ugshs 500m invested as shareholding for UDC.
	Budadiri Arabica coffee ltd	2,200,000,000	-	2.00	0.00	0.00	Due diligence and investment appraisal were completed by UDC
UDC	Feasibility studies on potential development	2,344,207,850	344,207,850	12.00	5.00	6.66	Studies to guide UDC investment in the following companies were undertaken; Brentec investment ltd, Bukona agro processors ltd, Kaaro agric producers ltd, Yumbe mango factory, Budadiri Arabica coffee factory ltd, Alfasan Uganda ltd, Mpanga growers tea factory

Sub-programs	Output	Annual Budget (Ugshs)	Cum. Receipt (Ugshs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
Rural Industrial Development Project	Capacity building for Jua kali	53,284,000	31,300,000	440.00	0.00	0.00	No output reported
	Industrial Policies, Strategies and Monitoring Services	72,419,000	49,720,000	13.00	9.00	0.21	Seven RIDP planning meetings were held and two monitoring visits were conducted.
	Promotion of value addition and cluster development	116,984,000	41,000,000	119.00	0.00	0.00	10 enterprises were five districts were physically assessed for RIDP support.
	Construction of common industrial facilities	965,076,000	170,980,000	22.00	1.50	1.06	Equipment for two beneficiaries were procured but partial delivery made to only one group. Delivery of coffee processing equipment to Kaseramu Area cooperative marketing enterprise in Kapchorwa district was awaiting extension of power to the facility.
	Programme Performance (Outputs)					60.9	Fair performance

Source: IFMS, field findings, RIDP and UDC progress reports

Conclusion

The Industrial Technological Programme performance was fair (60.9%). Under the Rural Industrial Development Project, equipment was delivered to one of the two identified beneficiaries. Over 117 metric tonnes of oranges were processed at Soroti Fruit Factory and a plastic bottle line on boarded to the production line. Whereas the UDC is the investment arm of Government of Uganda mandated to establish sustainable investment in strategic areas to Uganda's social and economic transformation and prosperity; the agency had poor absorption of funds (28.5%). The UDC had funds brought forward from FY2018/19 and FY2019/20. The performance is equally attributed to delayed initiation of procurements leading to some activities spilling into several financial years, weak synergies between agencies in implementation of multi-sectoral development projects and inadequate staffing which was affecting the timely appraisal of projects.

Recommendations

- The UEDCL, UETCL and MEMD should improve the quality of electricity in the country. This will reduce on losses incurred during power surges.
- The MoTIC and MFPED should prioritize and adequately release funds to the RIDP project if it is to achieve the intended outcomes.
- The UDC should initiate procurements in time to avoid spill over of activities.
- The UDC should expedite the recruitment of key staff.

Standards Development, Promotion and Enforcement Programme

3.4 Uganda National Bureau of Standards

Established by the UNBS Act Cap 327, The Uganda National Bureau of Standards (UNBS) is a statutory body under the Ministry of Trade, Industry and Co-operatives. The UNBS is mandated with formulation and promotion of the use of standards; Enforcing standards in protection of public health and safety and the environment against dangerous and sub-standard products; Ensuring fairness in trade and precision in industry through reliable measurement systems; and Strengthening the economy of Uganda by assuring the quality of locally manufactured products to enhance the competitiveness of exports in regional and international markets.

The planned outputs for FY2020/21 are: 180,000 import consignments inspected; 8,000market inspections conducted; 4,000certification permits issued; 21,600 product samples tested, 5,000 equipment calibrated, 1,452,504 equipment verified, 600 National standards developed; procurement of assorted office furniture, specialized equipment, ICT equipment and 10 field vehicles.

Performance

The approved budget for UNBS FY2020/21 is Ug shs 65.044bn, of which Ugshs 30.720bn (47.2%) was released and Ug shs 24.671bn (80%) spent by 31st December 2020. Table 3.8 shows the financial performance of the UNBS on recurrent and development components during the period under review.

Table 3.8: Financial Performance of the UNBS as of 31st December, 2020 (Ugshs)

	Budget	Release	Spent	%budget release	%release spent
Recurrent	53,392,001,981	23,642,828,712	22,478,462,416	44.3	95.1
Development	11,652,915,228	7,077,185,228	2,193,343,160	60.7	31
Total	65,044,917,209	30,720,013,940	24,671,805,576	47.2	80.3

Source: UNBS

The poor development expenditure performance for the UNBS was due to incomplete clearance of procurement of field vehicles by the Solicitor General amounting to Ug shs 4bn.

The construction of the electrical laboratory was completed and it was partially operational as equipping of the facility was ongoing. The UNBS paid Ug shs1.85bn retainer for food safety laboratories, calibration ridge and power house that were completed in the previous FY2019/20. The installation of equipment in both food safety and analytical laboratories was ongoing but behind schedule due to delays and cancellation of contractors. The following equipment were procured; Gas chromatography, ultrasonic bath, petri-dishes, fuel dispensers and assorted laboratory consumables.

Delivery of equipment for Gulu Regional Analytical Laboratory was done but operationalisation of the facility was awaiting completion of plumbing works and extension of three phase power. The UNBS procured assorted office and residential furniture for the headquarters and regional offices.

Under quality assurance of goods and laboratory testing services: a total of 1,659product/ systems certification permits were issued. 3,311 market and factory outlets were inspected, 89,994 imported consignments were inspected and 12,075product samples were tested.

A total of 638,310 equipment used in trade were verified and 2,236 industrial equipment were calibrated. The UNBS developed and revised 312 Standards during the period under review. The UNBS participated in 37 television and 53 radio talk shows in order to increase awareness on the importance of standards against the set annual target of 65. Table 3.9 shows the performance of the programme.

L-R: HPLC equipment at UNBS Gulu regional office and testing bench for testing energy meters at UNBS headquarters

Table 3.9: Performance of the Standards Development, Promotion and Enforcement Programme by 31st December, 2021

Sub-programs	Output	Annual Budget (bn shs)	Cum. Receipt (bn shs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
Support to UNBS	Government Buildings and Administrative Infrastructure	1.850	1.850	1.00	1.00	8.71	Retainer to the contractor for the food safety laboratories was paid
	Purchase of motor vehicles and other transport equipment	4.000	4.000	10.00	0.50	0.94	Bid documents for purchase of motor vehicles were submitted to solicitor general for approval
	Purchase of office and ICT equipment	1.800	-	532.00	0.00	0.00	No release made
	Purchase of specialized machinery and equipment	3.000	0.925	8.00	4.00	14.13	Assorted laboratory equipment were procured and procurement of other equipment was ongoing.
	Purchase of office and residential furniture and fittings	1.002	0.302	100.00	20.00	3.13	Assorted office and laboratory furniture was procured.
Headquar-ters	Development of standards	0.949	0.129	600.00	312.00	4.47	A total of 312 National Standards were developed, revised and adopted.
	Quality assurance of goods and Lab testing	4.867	1.153	213,600.00	107039.00	22.92	A total of 89,994 import consignments were inspected; 3,311 market inspections were conducted; 1,659 certification permits were issued; 12,075 product samples were tested.
	Calibration and verification of equipment	2.669	0.914	1,457,504.00	640,546.00	12.57	A total of 2,236 equipment were calibrated; 638,310 equipment were verified.

Sub-programs	Output	Annual Budget (bn shs)	Cum. Receipt (bn shs)	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	Remark
	Stakeholder engagement and awareness creation	0.800	0.140	65.00	247.00	3.77	Participated in 37 and 53 TV and radio talk shows respectively. 138 publications in print and digital media.
	Membership to international organization	0.300	0.064	15.00	2.00	0.88	Subscription was paid to ARSO and Global PT providers for provision of proficiency testing services
	Programme Performance (Outputs)					71.5	Good performance

Source: IFMS, UNBS Progress reports, and field findings

Conclusion

The overall performance of the Standards Development, Promotion and Enforcement Programme was good at 71.5%. Performance on achievement of recurrent outputs at half year was better than development outputs. Decentralisation of product testing services to regional offices is anticipated to reduce certification costs for SMEs in up country districts. However, the UNBS lacked enough staff in the technical departments thus hindering standards enforcement.

Recommendation

- Given the increased MTEF for wage to Ug shs 21bn, the UNBS should recruit additional staff in the technical departments to enforce standards and conduct regular surveillance.

3.5 Overall sector performance

The Industrialisation Sub-sector Performance was fair at 60.3%. During the period under review the Development Policy and Investment Promotion Programme (under MFPED) and Standards Development, Promotion and Enforcement (UNBS) Programme performed better than the Industrial and Technological Programme under MoTIC, while the Investment Promotion and Facilitation Programme under UIA performed poorly.

The UNBS and USADF exhibited good financial performance. The UIA and UFZA exhibited good performance on recurrent outputs; however, progress on development outputs was poor. For example, the infrastructure development in the Kampala Industrial and Business Park by M/s Lagan and Dott Services Namanve Ltd, had not commenced by the end of Q2.

The UDC exhibited poor financial performance at 28.5% of all the available funds during the period under review. Moreover, the UDC had a spill over of activities from the previous financial years. The rather average performance of some of the sub-programmes was due to delays in initiation of procurements, poor planning, inadequate staffing compelled with the outbreak of COVID-19. Table 3.10 shows the overall sub-sector performance by programme.

Table 3.10: Industrialisation Sub-Sector Performance by 31st December 2020

Programme	Output Score (%)
Development Policy and Investment Promotion (United States African Development Foundation USADF) and Uganda Free Zones Authority	73.9
Investment Promotion and Facilitation (UIA)	34.8
Industrial and Technological Development (RIDP and UDC)	60.9
Standards Development, Promotion and Enforcement (UNBS)	71.5
Average performance	60.3

Source: Author's compilation

CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

The NDPIII focuses on resource lead industrialisation through value addition in agriculture, minerals, petroleum and manufacturing in order to attain the middle income status by 2030. However, the level of industrial sector contribution to the gross domestic product (GDP) is at 27.6% which is far below the 35% mark for countries aiming to achieve the middle income status. Therefore, improving the stock and quality of trade and industry infrastructure, promotion of formation and growth of cooperatives and SMEs among others are expected to spur industrial growth in the country. The performance of agencies involved in trade and industry infrastructure especially on development outputs was fair due to late initiation of procurements, low prioritisation of development activities and inadequate funding. Delayed implementation of development projects that spur both social and economic transformation like infrastructure development in the KIBP and investment projects under UDC is likely to affect Uganda's attainment of middle income status by 2030.

Development and servicing of industrial parks and free zones, provision of quality power and other services are vital in promoting industrial growth. The outbreak of COVID-19 and the subsequent measures to curb the spread of the pandemic affected the industrial sub-sector that is reliant on imported supplies (packaging material, raw materials). Therefore, inter-agency collaborations and synergies are paramount for timely implementation of shared industrial and trade infrastructure.

Key Sector Challenges

- Poor quality and intermittent power supply that increase the cost of production.
- Poor infrastructure in the industrial parks.
- Delayed development of plots allocated to investors in KIBP.
- Delayed initiation of procurements by MDAs such as UDC.
- Delayed commencement of key investment projects like Luwero Fruit Factory, Zombo Tea Project, and Sheet Glass Project.

4.2 Recommendations

- The Ministry of Energy and UETCL should expedite the transmission of high voltage power to major processing zones/industrial parks
- The UIA and MFPED should prioritise funding for maintenance of infrastructure in the existing industrial parks especially roads that deteriorate during rain seasons from fair to poor condition.

- The UIA should revise plot allocation letters given to investors to allow for flexibility of re-allocations to more active developers.
- The UIA should engage the contractor for KIBP infrastructure development project to expedite the agreed project deliverables in order to attract more investors into the park.
- The UDC should initiate procurements in time to avoid spillage of activities into subsequent financial years and have MoUs with beneficiaries specifying the terms and conditions of investment and obligations of each partner.
- The UDC should streamline the criterion for the COVID-19 relief beneficiaries.
- The UDC should do through due diligence for land purchases to avoid wastage of public resources.

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Plot 2 -12 Apollo Kaggwa Road
P. O. Box 8147, Kampala - Uganda
www.finance.go.ug