Ministry of Finance, Planning & Economic Development

SECOND NATIONAL STRATEGY FOR PRIVATE SECTOR DEVELOPMENT 2022/23-2026/27

Consolidating Efforts for Private Sector Competitiveness

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Uganda Vision 2040

Ministry of Finance, Planning & Economic Development

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FOREWORD

Government remains committed to its partnership with the private sector in the country's journey towards Vision 2040: "A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30 years". The role of the public sector in this journey is to provide an enabling environment through formulation and implementation of a supportive policy and regulatory environment. This role is informed by Government's appreciation of the fact that it takes a competitive economy to achieve and sustain inclusive economic growth, thus the vision of my ministry: "A Competitive Economy for National Development".

Since National Development Plan I (NDPI) in 2010, significant public resources have been devoted to closing infrastructure and regulatory gaps behind the high-cost business environment that the private sector has been concerned about. This has yielded many positive investment outcomes associated with the country's improved global ranking in the ease of doing business. Government is building on these gains with a renewed focus on the capacity of households and firms to produce for the export market.

Entry and continuity in export markets calls for deliberate interventions in support of diversification and deepening of value chains. This awareness has shaped the transition from the first to the Second National Strategy for Private Sector Development (NSPSD II).

Under NSPSD II, Government will advance on-going efforts to fully recover the economy from the effects of COVID-19 and to speed up socioeconomic transformation. This will be done through targeted interventions that will be measured with a clear monitoring framework. Greater focus will be made on local economic development and formalization of enterprises for increased participation in export value chains and public procurement.

I thank all partners who worked with the technical staff from my Ministry and related Ministries, Departments and Agencies of Government to prepare this Strategy. My Ministry will sustain this collaboration in closely supporting implementation of this Strategy at both national and sub-national level.

Matia Kasaija (MP)
MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

PREFACE

The Second National Strategy for Private Sector Development (NSPSD II 2022/23-2027/28) is a comprehensive framework for consolidation and coordination of the NDPIII program interventions that drive private sector competitiveness in the country.

The overall goal of the Strategy is to *"Accelerate Inclusive monetization of the economy"*. Government has taken this initiative to reinforce its policy of a private sector-led economy by;

i. Strengthening co-ordination of policies and initiatives geared towards growing and developing business enterprises; and
ii. Facilitating performance measurement and management of national efforts aimed at improving private sector competitiveness.

The interventions in this Strategy will take place at both National and subnational levels and cut across economy wide issues (Macro pillar), industry specific issues (Meso Pillar) and firm level issues (Micro pillar).

The Strategy is defined by two features: consolidation of interventions across the 20 NDPIII programmes and coordination of inter-dependent approaches for equity and inclusiveness. It also provides updates on development around the national industrialization agenda, based on a simplified follow-up and review mechanism that uses programme based results, structural benchmarks and service delivery indicators to inform performance measurement and management.

Implementation of this strategy is premised on enhanced coordination of the implementers of the intervetions. The strategy includes a robust monitoring plan to ensure that all interventions are delivered as expected. This is in recognition of the whole-of-government approach under NDPIII. Its implementation will be supported by the Implementation Committee, with specific terms of reference for effective delivery.

I implore all stakeholders (state and none-state) to embrace and prioritise the interventions in this Strategy so as to realize a competitive economy for national development.

Ramathan Ggoobi
PERMANENT SECRETARY/SECRETARY TO THE TREASURY

ACKNOWLEDGEMENTS.

The second National Strategy for Private Sector Development was prepared through a participative process by the team from key partner institutions under the technical leadership of Economic Development Policy and Research Department of Ministry of Finance, Planning and Economic Development (MFPED) and National Planning Authority (NPA).

We wish to recognize the strategic guidance of the Technical and Top Management of MFPED in the development of this framework. The input of various stakeholders from the Private Sector fraternity, contributions of technocrats from relevant Ministries, Departments and Agencies that include Ministry of Trade Industry and Cooperatives, Ministry of Local Government, Ministry of Agriculture Animal Industry and Fisheries among others.

Special thanks go to the Board of Directors (BoD) and management of PSFU in partnership with Master Card Foundation, for championing the active engagement of its members in the formulation process and all the umbrella Associations consulted, the Private Sector Donor Group for their commitments on the aspects of the private sector competiveness in the country.

We wish to extend our gratitude Dr. Madina Mwagale Guloba of the Economic Policy and Research Centre for the peer-review of the entire document for content and consistent validity and Ms. Ejang Hope for professional language editing of the Strategy.

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ACRONYMS

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
BDS	Business Development Services
BLRC	Business Licensing Reform Committee
Bn	Billion (currency)
BOU	Bank of Uganda
BTVET	Business, Technical Vocational Education and Training
BUBU	Buy Uganda Build Uganda
CBR	Central Bank Rate
CICS	Competitiveness and Investment Climate Strategy
CRB	Credit Reference Bureau
COMESA	Common Market for Eastern and Southern Africa
COVID-19	Coronavirus Disease (2019)
EAC	East African Community
FDI	Foreign District Investment
FY	Financial Year
GCI	Gross Competitive Index
GDP	Gross Domestic Product
GOU	Government of Uganda
HCD	Human Capital Development
ICT	Information and Communications Technology
KCCA	Kampala Capital City Authority
LG	Local Government
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDAs	Ministries, Departments and Agencies
M&E	Monitoring and Evaluation
MoFPED	Ministry of Finance, Planning and Economic Development
MTR	Mid-Term Review
NBI	National Backbone Infrastructure
NDP	National Development Plan
NIRA	National Identification and Registration Authority
NITA	National Information Technology Authority
NPA	National Planning Authority
PET	Polyethylene Terephthalate.
PFMA	Public Financial Management Act
PIAP	Programme Implementation Action Plans
PMA	Plan for Modernisation of Agriculture
PPP	Public-Private Partnership
PS	Private Sector
PSD	Private Sector Development
PSDU	Private Sector Development Unit
PSSWG	Private Sector Strategy Working Group

R&D	Research and Development
SADC	Southern African Development Community
STI	Science, Technology and Innovation
TIN	Tax Identification Number
TNC	Transnational Corporation
TOC	Theory of Change
TREP	Taxpayers Register Expansion Programme
UBOS	Uganda Bureau of Statistics
UDB	Uganda Development Bank
UDC	Uganda Development Corporation
UNBS	Uganda National Bureau of Standards
UIA	Uganda Investment Authority
URA	Uganda Revenue Authority
UWEP	Uganda Women Entrepreneurship Programme

CHAPTER 1: BACKGROUND AND RATIONALE FOR NSPSD II

Private Sector Development (PSD) is defined as actions that entail both state and non-state, aimed at improving competitiveness and ease of doing business to drive investments and, ultimately, the economy's overall growth. In this regard, it is the range of strategies aiming to establish markets that function vibrantly and fairly, providing quality economic opportunities to all stakeholders. These actions include strategies for promoting economic growth and reducing poverty by building a competitive private sector. Thus, PSD entails the convergence of private sector interests and development priorities to achieve a common goal of improving livelihoods and attaining economic development.

In Uganda, the private sector generates 77 per cent of formal jobs, contributes 80 per cent of gross domestic product (GDP), funds 60 per cent of all investments, employs approximately 2.5 million people and provides more than 80 per cent of domestic government revenues.[1] Therefore, strengthening the private sector is crucial to sustainably achieve the industrialisation agenda, among other economic growth priorities.

The Government of Uganda is committed to private-sector development. The 1995 Constitution of the Republic of Uganda clearly states under Article IX on the right to development that "*in order to facilitate rapid and equitable development, the State shall encourage private initiative and self-relianc*e." Consequently, several policies[2], strategic plans[3] and programmes[4] have been designed to realise this commitment to developing a robust private sector and ensuring it is competitive. For example, Vision 2040 commits to two strategic vision objectives; first, the government will directly invest in strategic areas to stimulate the economy and facilitate private sector growth, and second, accelerate industrialisation through upgrading and diversification to effectively harness the local resources, offshoring industries and developing industrial clusters along the value chain. Relatedly, the third National Development Plan (NDP III), partly in fulfilment of its second objective[5], has prioritised the role of the private sector in driving growth, wealth and job creation. Consequently, competitiveness[6]has been at the core of Uganda's policy formulation and implementation. Fostering competitiveness is, therefore, a vital role of the National Strategy for Private Sector Development (NSPSD).[7]

The first Strategy (NSPSD I) 2017/18-2021/22 set out a comprehensive scheme for coordinating the growth and development of the private sector in Uganda. The Strategy's overall goal was to 'increase competitiveness of the private sector and enhance its contribution to economic development.' The NSPSD I, through three pillars stated at macro, meso and micro levels, achieved in summary the following (*see Box 1*).

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[1] Third National Development Plan 2020/21-2024/25.
[2] Industrial Policy of 2008 and later reviewed in 2020; Micro Small and Medium Enterprises Policy of 2015.
[3] Plan for Modernisation of Agriculture, Vision 2040, and National Development Plans I, II and III, Competitiveness and Investment Climate Strategy and first National Strategy for Private Sector Development.
[4] Economic Recovery Programmes, Structural Adjustment Programmes.
[5] In order, these objectives are (i) Enhance value addition in key growth sectors, (ii) Strengthen the private sector capacity to drive growth and create jobs, (iii) Consolidate and increase the stock and quality of productive infrastructure, (iv) Enhance the productivity and social wellbeing of the population, and (v) Strengthen the role of the state in guiding and facilitating development.
[6] This is basically a country's ability to export through regional and international market penetration and market share retention or import replacement.
[7] Competitiveness started around 1987 with the Economic Recovery Programme through to 1990 with the introduction of the foreign exchange reforms aimed at legalising the black market for foreign currency to stimulate exportation and international trade. Between 2011 and 2016, the government launched the Competitiveness and Investment Climate Strategy (CICS) to solely address Uganda's competitiveness. Cognizant of the role that the private sector plays in enhancing the country's competitiveness, after the end of CICS, the first National Strategy for Private Sector Development was formulated for the period 2017/18 -2021/22 to further build on CICS.

Box 1: Major achievements by NSPSD I

a. Digitisation of the land registry through developing and operationalising the Land Information System (LIS).
b. National Backbone Infrastructure that covers 2,346 km, with 756 km completed at the end of 2018, and fully operational with 3,918 kilometres of fibre laid across 49 districts. Currently, the Ugandan Government is implementing the Last Mile Connectivity Project, under which 732 km of fibre optic cable is being laid to extend the National Data Transmission Backbone Infrastructure (NBI) connectivity to an additional 700 sites.
c. Export earnings increased by 12% in 2018/19, and 17 companies are operational in Free Zones. Uganda's export earnings for 2021 were USD 6.34 billion, a 9.43% increase from 2020. Uganda's export earnings for 2020 were USD 5.80 billion, a 4.18% decline from 2019. Uganda's export earnings for 2019 were USD 6.05 billion, a 21.76% increase from 2018.
d. Key commercial policies and laws that support private sector development were enacted.
e. Capitalisation of both Uganda Development Corporation (UDC) (UGX 138 billion) and Uganda Development Bank (UDB) (UGX 1,045 billion) over the implementation period of NSPSD I.
f. Increased number of taxpayers registered under the Tax Register Expansion Programme (TREP).

Source: Ministry of Finance, Planning and Economic Development (MoFPED) mid-term review (MTR) for NSPSD I

Amidst these achievements, there have been some gaps; Box 2 highlights some of the set targets not yet achieved.

Box 2: Some of the performance indicators not achieved in NSPSD I

a. Annual inflation at an average of 5% by 2021.
b. GDP growth of 6.7% by 2021.
c. Fiscal deficit as a percentage of GDP (from 5% to 3%) by 2021.
d. Reduce domestic borrowing to UGX 485 billion by 2021.
e. Eliminate domestic arrears by 2021.
f. Construct an oil pipeline to Tanga Tanzania by 2020.
g. Construct 273km of the Standard Gauge Railway (Eastern route).

Source: MTR NSPSD I MFPED

The gaps resulted from challenges that derailed the fulfilment of all NSPSD I-specific outcomes. The NSPSD I had:

(i) assumed that the set targets would be prioritised by the different ministries, departments and agencies (MDAs) without a clear monitoring and evaluation framework spelling out their roles and responsibilities in delivering the NSPSD I;
(ii) failed to strategically set out to address structural impediments such as high costs of hydroelectric power, access to needed investment capital and requisite skilled labour force;
(iii) not considered internal and external shocks such as regional and international conflicts and wars (e.g., the Ukraine-Russia war and South Sudan conflict), oil prices, climate change, refugee influx (Democratic Republic of Congo, South Sudan, Somalia, Eritrea etc.), population growth, urbanisation, technology advancements (digitalisation and innovations) and health shocks, e.g. Coronavirus pandemic (COVID-19) and Ebola, among others.

In addition, the huge subsistence economy; international trade environment and the agreements signed which side-lined local/domestic products due to strict quantity, quality and other standards; and limited inclusion of other private sector players (regional and sub regional) beyond the urban areas, affected the fulfilment of the NSPSD I.

Such developments and dynamics caused by globalisation create a foundation for NSPSD II that takes cognisance of the said dynamics and further endeavours to achieve the unmet targets in NSPSD I. In addition, the NDP III changed the planning landscape in the country from sectors to programmes (20 programmes), which a second NSPSD should align and clearly address, ensuring a coordinated approach to private sector development in Uganda. For example, while there is a PSD programme among the 20 NDP III programmes, NSPSD II highlights additional programmes with elements of the private sector that need to be consolidated. The 12 identified programmes are agro-industrialisation, mineral development, manufacturing, digitisation, climate change and natural resources, public sector transformation, regional development, petroleum and oil, tourism, human capital development, integrated transport infrastructure services and energy development. For inclusive growth and development, sub regional PSD is needed to boost competitiveness. The NSPSD II thus aspires to attain the pillars as articulated in NSPSD I for the next five years, but with improved and added strategic objectives that accommodate the new developments while addressing the weakness of the first Strategy. The three main Pillars set at various levels are:

(i) MACRO Pillar: Boosting investor confidence.
(ii) MESO Pillar: Accelerating industrialisation.
(iii) MICRO Pillar: Increasing profitability, competitiveness, and growth of enterprises.

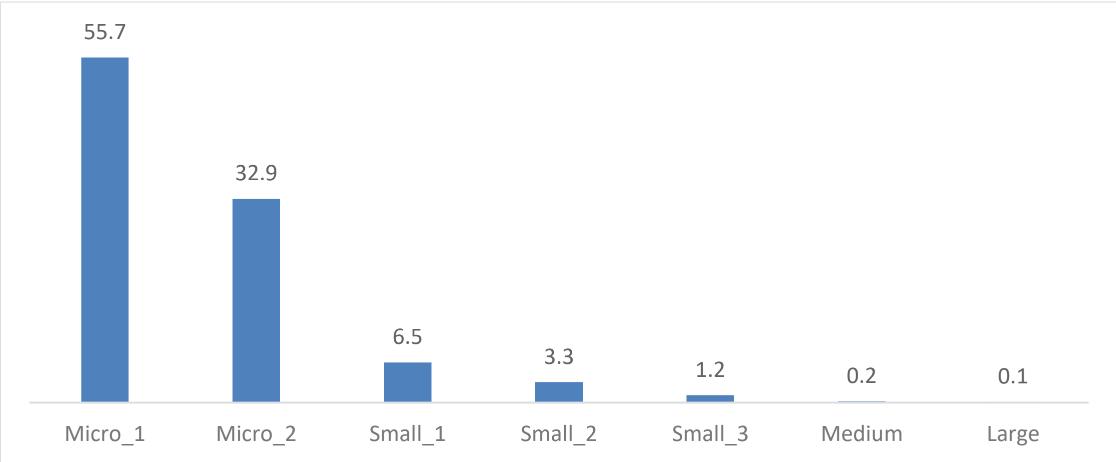
The NSPSD II emphasises the persistent structural challenges experienced in NSPSD I, consolidates all NDP III private sector interventions in the 20 programmes as well as economic and regional developments, and recognises the external push and pull factors in the last five years. The Strategy, therefore, presents action plans to guide actors with specific tasks, timeframes, and deliverables. The theory of change is highlighted in Annex 5.

CHAPTER 2: STATUS OF THE PRIVATE SECTOR IN UGANDA

2.1 Private sector composition and distribution

The private sector (PS) is defined as that part of the national economy that is not under direct state control, is run for profit, and by norm, has both domestic and foreign-owned firms. Uganda's private sector comprises about 1.1 million enterprises, dominated by micro and small enterprises with few medium and large enterprises *(see Figure 1)*. It is also male-dominated. Collectively, about 98.8 per cent of the private sector comprises micro, small and medium enterprises (MSMEs), and less than one per cent are large enterprises. The majority of the micro-enterprises employ only one person (55.7%), while within the small enterprise category, (6.5%) employ 5-9 persons *(see Figure 1)*. Large enterprises are operating in agro-processing, banking, and light manufacturing. This partly accounts for the slow growth in manufacturing value-added GDP and employment.

Figure 1: Structure of Uganda's private sector, 2021



Notes: Businesses are structured by employment size as follows:
1/4: Micro_1=has 1 employee; Micro_2=has 2-4 employees
2/4: Small_1= 5-9 employees; Small_2=has 10-19 employees; Small_3= has 20-49 employees
3/4: Medium= has 50–99 employees
4/4: Large= has 100+ employees
Source: Uganda Bureau of Statistics (UBOS), 2021

Uganda's PS has high mortality levels, with about 90 per cent of private enterprises operating for less than 20 years. Additionally, it is largely informal; about 98 per cent of micro-enterprises are informal. Enterprises are also inequitably distributed regionally, with 58.9 per cent in the central region: Kampala alone has approximately 18.9 per cent, while Karamoja Sub-region has less than one per cent. High mortality limits the private sector from effectively driving sustainable growth, while informality eliminates them from resource markets, government regulation and support, ultimately inhibiting their growth, expansion, and competitiveness.

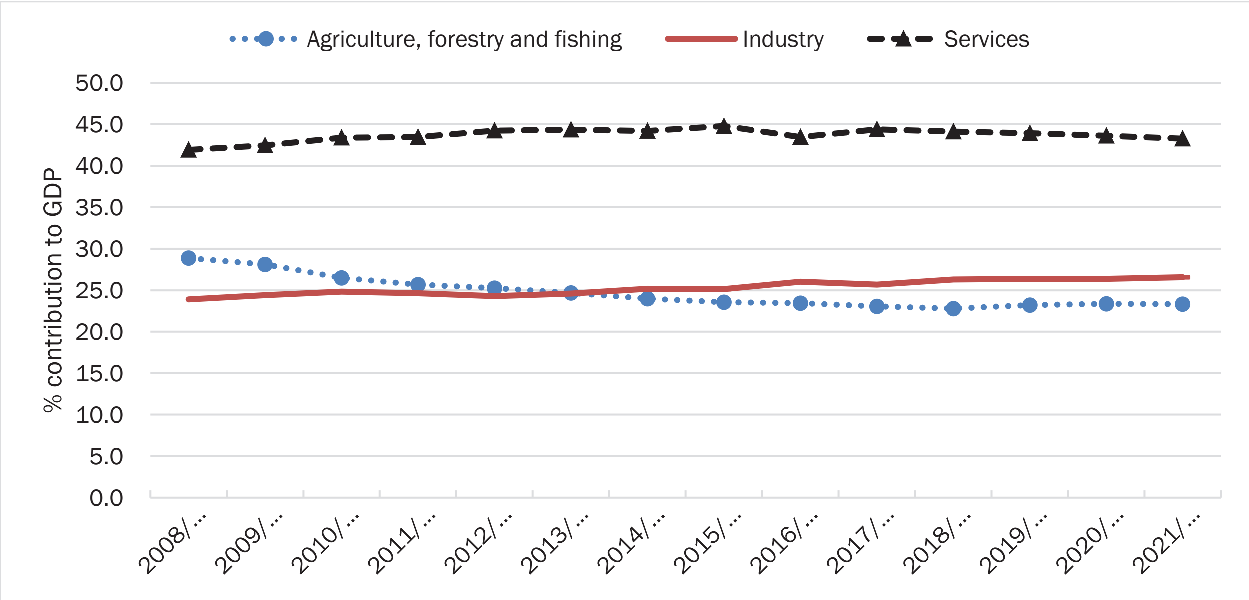
Despite the agricultural sector being dominant, evidence shows that non-agricultural enterprises are prevalent (31% of the 8.9 million households), especially at the household level, and these contribute immensely to household incomes and welfare. At the subregional level, over 40 per cent of the households in Kampala, Karamoja, and West Nile have at least one household member operating a household enterprise, while Acholi has the least (12%)[8]. This distributional inequity undermines private sector efficacy in driving inclusive growth and socioeconomic transformation. This implies that NSPSD II needs to address the inequitable segmentation of the sector while laying out strategies that will encourage formality and access to credit for sustainability.

2.2 Private sector and structural transformation

Uganda registered an average growth of 4.6 percent during the NSPSD I period. Growth was highest in 2017/18 at 6.3 per cent and declined to 4.6 percent in 2021/22 (UBOS, 2022). As Box 2 shows, the NSPSD I target of attaining GDP growth of 6.7 percent was not observed due to related health shock mitigation measures such as COVID-19 lockdowns and external wars in Ukraine-Russia and Congo that greatly affected the business community operations. Indeed, growth did slow down to three per cent in 2019/20 and 2020/21. Nonetheless, the private sector contributes about 80 per cent of the GDP.[9] Especially, informal production contribution to GDP has been about 50.4 per cent on average since 2015/16, and it is growing, mainly from agriculture, forestry and fisheries, followed by services. The critical question is, how can NSPSD II harness the power of the informal sector to contribute even more, given the structural challenges of the Ugandan economy?

Whereas the previous growth improvements are noteworthy, structural transformation is slow. At the sector level, the services sector continues to be the lead contributor to GDP at an average of 43.9 per cent since 2010/11, while the agriculture, forestry and fishing sectors' contribution to GDP has declined to an average of 24.1 per cent and industry to about 25.5 per cent over the same period *(See Figure 2)*. The latter sectors are indicative of the low levels of productivity which need to be revamped. This shows that NSPSD I interventions did not significantly impact productivity in general, as structural transformation was stagnant. This calls for holistic strategic interventions to ensure sustainable growth and development in our targeted sectors.

Figure 2: Sectoral contribution (value-added percentage) to GDP, 2008/09-2021/22

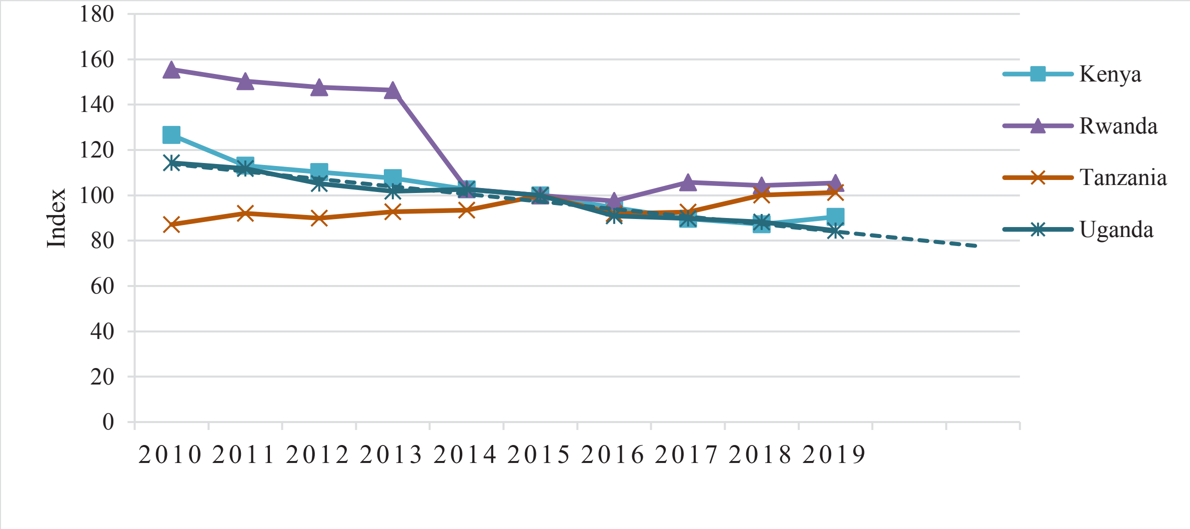


Source: UBOS Statistical Abstract, 2022

[8] Uganda National Household Survey, 2021.
[9] NDP III, page 117.

Compared with other East African Countries (EAC), the perseverance of low productivity and inadequate growth in the sector is still key among the numerous impediments that tend to hamstring its full potential in contributing to socioeconomic transformation. Uganda's total factor productivity in agriculture has been decreasing, falling below that of regional economies since 2015, currently the lowest in the region *(see Figure 3*).

Figure 3: Agricultural total factor productivity index for EAC countries



Source: USDA International Agricultural Productivity Database

In the industrial sector (manufacturing and agro-processing), when compared to regional and continental neighbours, Uganda continues to trail behind the likes of Tanzania, remains below the East African and Sub-Saharan Africa averages, and trails African and global giants like Egypt and South Korea (World Bank, World Development Indicators-2022). This means that there is a need for more strategic interventions in private sector development efforts to propel the sector to levels that match or even outdo middle-income economies like Tanzania and continental giants like Egypt. The manufacturing subsector alone has stagnated, contributing on average 15 per cent to Uganda's GDP since 2008/09 (UBOS, 2022). Nonetheless, manufacturing consists of over 5,000 firms[10], with over 90 per cent of these categorised as MSMEs. The annual percentage change in the manufacturing production index was 4.6 in 2016 and 4.5 in 2017, then rose to 9.4 in 2018 but dropped to 3.0 in 2020[11]. This average decline correlates with the NSPSD I intervention period. The main challenges facing domestic and foreign manufacturers operating in Uganda include poor infrastructure and high electricity costs, limited availability of technical and managerial skills and inadequate financial sources, especially longer-term financing.[12]

In the agro-processing subsector, industries operating below installed capacities are the norm. For example, coffee (40%); fish (less than 30%); dairy (the nine largest are operating at 57% of their capacity, with the overall average utilisation of installed capacity being 66%); tea (60%) and beef (less than 20%). Most maize mills (46.3%) have a capacity of 1-5 tonnes per day, but many operate far below the installed 66% capacity utilisation. Yet agro-processing can

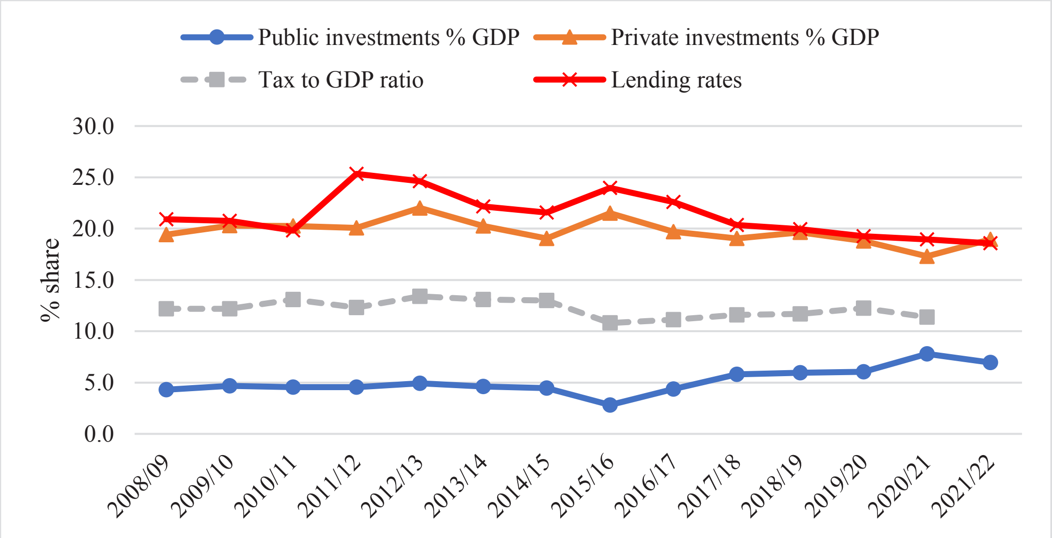
[10] Uganda National Household Survey, 2021.
[11] UBOS Statistical Abstract 2021, page 81.
[12] Linda Calabrese, Frederick Golooba-Mutebi and Maximiliano Mendez-Parra (2019): Industrial development in Uganda.

play a pivotal role in national economic development, given its potential to meet local needs and export requirements. It has a significant role to play in realising the industrialisation agenda of the NDP III since it is directly linked to the first objective of 'enhancing value addition in key growth opportunities. As increased agricultural production and industrialisation are envisaged, there is a need to have a proportionate improvement in the agro-processing industry.[13] More specifically, while services contribute the highest to GDP, they are equally the most informal in their operations, especially in trade, tourism, and financial services (with the rise of mobile money usage). The NSPSD II needs to address the binding constraints to formal enterprise growth. Annex 1, Tables 1a, 1b, and 1c detail the status and nature of challenges faced by each sector which NSPSD II needs to address.

2.3 Private sector contribution to investment, tax revenues and monetary implications

The private sector is the most significant contributor to Uganda's GDP; however, these contributions have been on the decline. Private sector gross fixed capital formation's (private investments) contribution to GDP has averaged 19.7 per cent since 2010/11, while public investments have averaged 5.2 per cent over the same period *(see Figure* 4). During the NSPSD I period, private investment contributions to GDP declined compared to the 2015/16 performance, while public investments increased. This is attributed to the still high double-digit lending rates *(see Figure* 4) from credit institutions which favoured the public sector against the private sector. In addition, the private sector's poor performance is reflected in Uganda's stagnant tax revenue to GDP ratio, which averaged 12.2 per cent. The inadequate structural transformation in private sector investments has implications for job creation, productivity, competitiveness and innovativeness of the sector and contribution to the country's sustainable growth. The NSPSD II needs to prioritise private sector growth by addressing binding constraints to investments such as lending and interest rates on loans.

Figure 4: Trends in investments, tax and lending rates performance



Source: UBOS 2022 and Bank of Uganda (BoU), 2022

[13] Currently, the contribution of agro-processing to total manufacturing stands at 39.3 per cent up from 20.7 per cent (NDP III, p 66). It is also worth noting that most of these establishments are owned by private investors. Numerous inhibitors to full capacity utilisation are noted in the NDP III, including but not limited to insufficient supply of raw materials, poor transport infrastructure and high costs of energy.

Without a doubt, the private sector contributes the highest to tax revenues. However, the industrial categorisation contribution to revenues is not uniform. It is noted that the size of the domestic revenue is critical in determining the country's ability to finance its development. However, the tax revenue collected in Uganda remains too low to support the developmental requirements. As Figure 4 shows, tax to GDP has stagnated at 12.2 per cent, which is not only below the Sub-Saharan average of 16.5 per cent but also below regional neighbours like Kenya (17.3%)[14]and Rwanda (17.7%)[15]. Over 40 per cent of would-be taxes are lost due to the informality of the private sector, weak collection and enforcement system, corruption, and tax evasion and avoidance. These remain key challenges to tackle if the private sector's role in revenue contribution is to be realised in the next planning period. The largest contributor to tax revenues are wholesale and retail trade, manufacturing, information, communications and technology (ICT) and financial and insurance activities (Uganda Revenue Authority (URA), 2022). The Bank of Uganda (BoU) (2022) highlights that the subsectors of real estate and construction, and agriculture, were the second and third most prominent recipients of private sector credit, yet did not contribute as much to tax revenue. The poor contribution to tax by the agricultural sector might be due to the high level of informality in the sector (UBOS, 2022). Climate change, cost of inputs and poor yields could partly explain the poor returns on investment from the agricultural sector. The NSPSD II should address these impediments to foster sustainability of the sectors as they are equally job creators.

2.4 Private sector, employment, and poverty reduction

As highlighted earlier, MSMEs dominate the private sector and contribute about 2.5 million jobs. The UBOS Labour Force Survey, 2021 indicated that the informal sector is the largest employer at 88 per cent, an improvement from 93.6 per cent in 2016/17. Even with the remaining 12 per cent being formal employment, 77 per cent is from the private sector, and only 23 per cent is in the public sector.[16] The private sector, through agriculture, forestry and fisheries, trade and manufacturing, has the potential to create more jobs. In the last five years, new jobs were mainly created in trade (614,810), transport and storage (223,874) and construction sectors (73,934). On the other hand, the COVID-19 pandemic led to job losses in the education (157,579) and manufacturing sectors (69,776) *(See Figure* 5). With skilling being a key component of job creation and productivity in the different sectors, the Strategy needs to promote job recovery within the manufacturing sector during the post-COVID-19 era.

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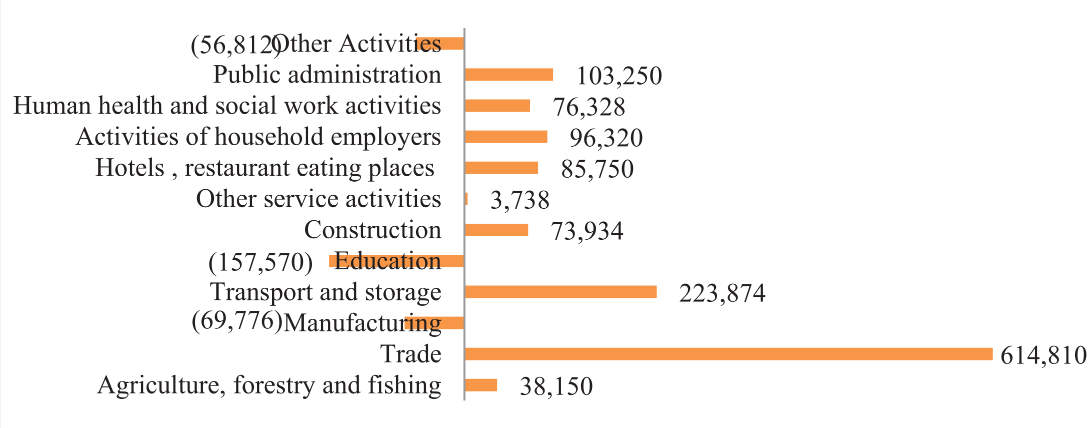
[14] Revenue Statistics, Africa 2021- Findings for Kenya. Extracted at https://www.oecd.org/tax/tax-policy/revenue-statistics-africa-kenya.pdf.

[15] Ibid.

[16] KAS (Uganda, 2019): Unpacking the Private Sector's Contribution to Inclusive Development, A Report on the Uganda Private Sector Forum.

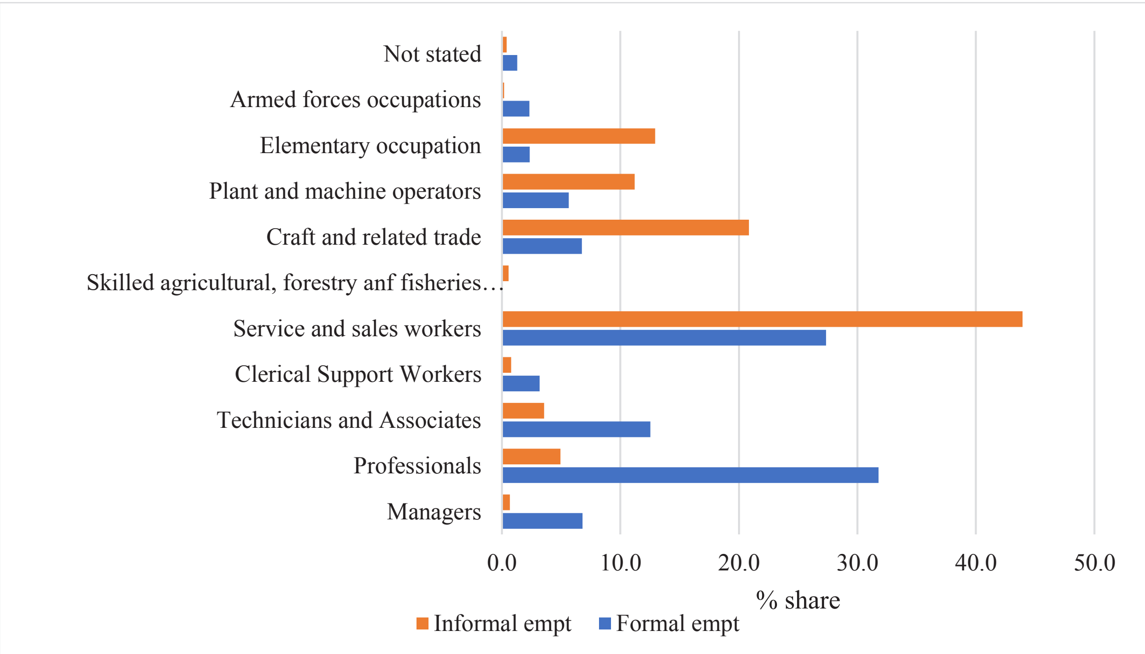
Figure 5: Number of created jobs by sector in Uganda (2016-2021)



Source: UBOS, Labour Force Survey, 2021

Occupations of employed persons in Uganda have been dominated by skilled agricultural workers, who in 2021 accounted for 29 per cent, followed by service and sales workers who accounted for 27.1 per cent. Furthermore, Figure 6 shows that service and sales workers hold the majority of informal jobs (over 43%), and are most likely in trade-related activities. These trends seem to indicate shifts from the low-productive agriculture sector to the still low-productive but slightly better service sector, which has been witnessed in many developing countries. The segmentation of occupations and skills in Uganda's labour market implies that the NSPSD II needs to be mindful of supporting the private sector in education service provision for skills development. Dismal participation or investment in vocational education, especially at the subnational level, is attributed to the current orientation of the population regarding vocational institutions.

Figure 6: Occupation by nature of employment, 2021 (percentage)



Source: UBOS Labour Force Survey, 2021

Poverty is one of the most visible characteristics of underdevelopment. Whereas the Government of Uganda has made remarkable progress in its quest to eradicate poverty[17] during the recent COVID-19 pandemic, high fuel prices (which affected production and processing) partly reversed these gains. In absolute terms, 8.3 million Ugandans were poor as of 2019/20 compared to 6.7 million in 2012/13[18]. Regarding subregions, the proportion of poor people between 2016/17 and 2019/20 decreased in all subregions except Karamoja, Acholi, and Lango. Currently, multidimensional poverty in Uganda is prevalent in nearly half (47%) of all households, being more than twice the percentage of households suffering from monetary poverty (21%). Poverty, especially multidimensional poverty, is highest (67%), where household heads have no formal education (UBOS, 2020). The linkage between poverty and private sector development is two-fold; the first linkage is that poverty negatively affects effective domestic demand for goods and services. The subdued aggregate demand for goods and services affects not only the capacity to collect consumption-driven value-added tax and excise duty but also negatively impacts private investment due to a limited market which discourages further investment by the private sector. The second linkage, the reverse, is that the private sector has a crucial role in alleviating poverty via decent and productive job creation and bettering education to reduce the proportion of the working poor. Tackling and stimulating the latter linkage is key to NSPSD II's objectives and planned outcomes.

2.5 Private Sector business environment and trade performance in Uganda

Despite the improvements, Uganda's ease of doing business is still ranked at a 3-digit level. The World Bank Ease of Doing Business report of 2020 ranked Uganda at 116 out of 190 economies globally, an 11-point improvement, after a slip-up of five points from 2018 to 2019 (*see Table 1*). This improvement is attributable to many of the indicators in 2020, except for starting a business, getting electricity, registering property, and trading across borders. Therefore, despite the improvements, more must be done if the double-digit mark is to be attained, including ratings in the global corruption prevalence index[19], business tendency indices[20], and competitiveness index[21]. For instance, whereas Uganda reduced the time needed to export and import by further implementing the Single Customs Territory, as well as by developing the Uganda Electronic Single Window and the Centralised Document Processing Centre (World Bank, 2021), it declined in ranks by seven points along the dimension of trading across borders yet stimulating exportation is a vital pillar of the NSPSD II. In addition, starting a business continues to be difficult; ease of Business registration, which is crucial for formalisation, declined between 2018 and 2020, while access to credit ranking deteriorated by 25 points between 2018 and 2020. Strategic interventions by the NSPSD II are needed to address these challenges. In addition, the NSPSD II should invest in country-level data on doing business to support easy monitoring of the private sector.

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[17] Indeed, between 1992 and 2020 the proportion of the population living in monetary poverty fell dramatically from 56% to 20%.

[18] https://www.ubos.org/wp-content/uploads/publications/06_2021UNHS2019-20_presentation.pdf.

[19] Uganda's corruption ratings have not improved in the last four years, worsening from 137 globally, as the least corrupt country in 2019 to 144 in 2021, according to Transparency International. Specifically, according to Transparency International Corruption Perceptions Index for 2021, Uganda scored 27 out of 100, which is below the Sub-Saharan average of 33 points, and below the global average of 43 points.

[20] The Business Tendency Index measures the level of optimism that executives have about current and expected outlook for production, order levels, employment, prices and access to credit.

[21] The report is made up of 98 variables, from a combination of data from international organisations as well as from the World Economic Forum's Executive Opinion Survey. The variables are organised into twelve pillars including: institutions; infrastructure; ICT adoption; macroeconomic stability; health; skills; product market; labour market; financial system; market size; business dynamism; and innovation capability. Although Uganda's performance has been promising over the last three years, the 2019 report indicates that Uganda still trails (46.8) behind regional counterparts like Kenya (53.76), and Tanzania (47.21).

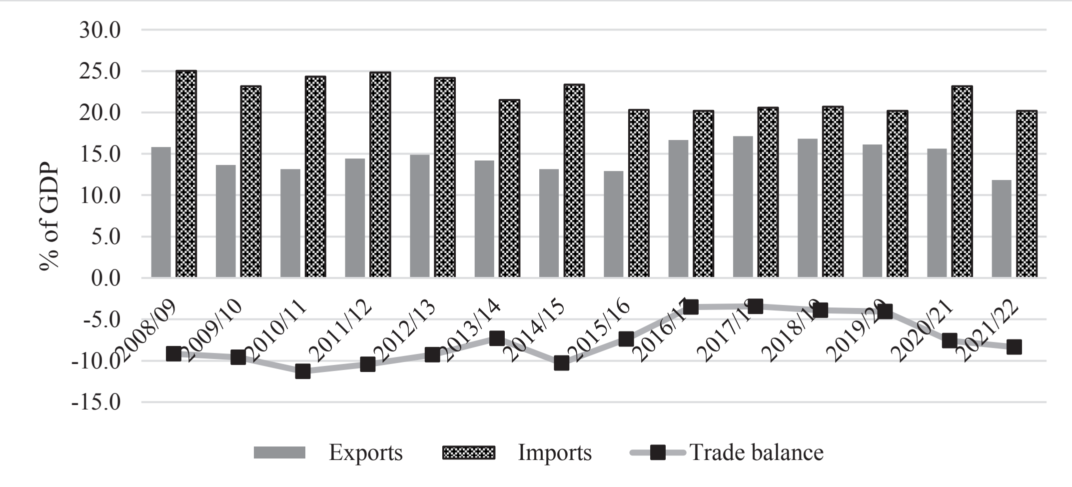
Table 1: Uganda's ease of doing business rankings, 2015-2020

Indicator	2015	2016	2017	2018	2019	2020
Starting a business	166	168	165	165	164	**169**
Construction permit	163	161	151	148	145	113
Getting electricity	184	167	161	173	175	**168**
Property registration	125	120	116	124	126	**135**
Getting credit	131	42	44	55	**73**	80
Protecting minority investors	110	99	106	108	110	88
Paying taxes	104	105	75	84	87	92
Trading across borders	161	128	136	127	119	**121**
Enforcing contracts	80	78	64	64	71	77
Resolving insolvency	98	104	111	113	112	99
Global rank	**150**	**122**	**115**	**122**	**127**	**116**

Source: World Bank Data, 2021

Uganda's trade performance is still wanting, given the continued posting of significant negative trade balances and less export diversification. The somewhat unstable business environment (*see Table 1*) has continued to affect Uganda's trade performance. Since the shift of government policy towards improving the country's competitiveness, the trade balance[22] has been improving on average *(see Figure* 7). If efforts towards furthering competitiveness are enhanced, the trade balance is likely to improve now that the COVID-19 pandemic has lessened. However, to ensure resilience, other shocks such as internal and external conflicts, weather and health must be addressed. Major improvements were observed between 2015/16 and 2019/20 (part of the NSPSD I intervention period) due to improved export volumes; for instance, in 2019/20, United Arab Emirates, Kenya and South Sudan were Uganda's major export destinations with a market share of 44 per cent, 11.2 per cent and 8.61 per cent respectively. In addition, the export basket has also changed. Whereas the leading export was coffee in 2018 (38.7% of total exports), followed by fish (6.8%), cocoa (5.9%) , live trees and flowers (4.9%), eggs and honey (4.9%), and sugar and sugar confectionery (3.8%), among others. However, in 2019/20, gold was the major export (43%), followed by coffee (12.4%), cocoa (2.38%), tea (1.89%), and petroleum oils (1.85%), and fish (1.78%).

Figure 7: Uganda's trade performance (percentage of GDP), 2008/09-2021/22



Source: UBOS, 2022

The experiences of Taiwan and South Korea in the 1960s and 1970s, Malaysia, Thailand, and Singapore in the 1970s, China in the 1980s, and eventually India in the 1990s, provide supportive evidence that exports can play a leading role in supporting rapid economic growth, boosting emergence of a modern manufacturing sector, providing employment, and reducing poverty. Informed by the above, through various frameworks[23], the Government has pursued strategies to enhance Uganda's performance in regional and international markets. The constraints to improved exportation include but may not be limited to inadequate finance by private sector exporters, inadequate export infrastructure, low production levels with little value addition, limited market information, and institutional inadequacies.

2.6 Other binding constraints to NSPSD II

In addition to the aforementioned, binding constraints such as limited private sector credit, prohibitive lending rates, high informality, unconducive business environment, restrictive legal and regulatory environment, slow business development and a low technology adoption rate will impede private sector competitiveness and growth if not addressed. These are further discussed below.

a. *Legal and regulatory environment*: In 2012, MOFPED set up a high-level Business Licensing Reform Committee (BLRC) comprising several MDAs and the private sector. The BLRC reviewed 87 laws and 174 regulations and compiled a comprehensive inventory of 790 licenses in the 2012 Business Licensing Reform Report. The committee made several recommendations, including legal and administrative reforms to streamline the licensing regime. The implementation of the 2012 BLRC recommendations by respective MDAs has been monitored over the years. To date, 61 per cent of the recommendations made by the BLRC have been implemented, 31 per cent are pending, and eight per cent were rejected by some MDAs.

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[23] The Uganda Export Promotion Board has a mandate to mainly support the private sector with market information, capacity building, business linkages and export product development. Other interventions include the National Export Development Strategy of 2015/16 and joining numerous trading blocs like COMESA, EAC, and most recently the African Continental Free Trade Area. The 2007 Trade Policy aimed at developing and nurturing private sector competitiveness, and to support the productive sectors of the economy to trade at both domestic and international levels, with the ultimate objective of creating wealth, employment, enhancing social welfare and transforming Uganda from a poor peasant society into a modern and prosperous society.

The Report estimated the total annual cost incurred by businesses in complying with licensing requirements at UGX 725.7 billion, representing 3.5 per cent of GDP. About 5.6 per cent of this constitutes the actual license fees, and 43 per cent was the administrative cost of obtaining these licenses. It further identified several challenges, many of which exist to date, and they include overlaps in terms of licenses, levies, fees, and permits at national and local government levels; duplication in terms of information obligations required for license applications; lack of coordination between government agencies and insufficient ICT solutions to integrate and streamline administrative processes; licensing processes that involve too many unnecessary administrative steps and often require multiple interfaces with government officials, which could potentially encourage corruption and rent-seeking behaviour; the general lack of information about licensing requirements and procedures and the absence of up-to-date business registers at the local government level which made it difficult to ascertain the number of licenses issued at any given time.

This licensing reform process generated review and amendment of several commercial laws leading towards improved service delivery, revenue generation, reduction in the cost of doing business, and reduction in informality. However, given the importance of the reform process, in 2020, Cabinet guided that this process be re-engineered, and instructed MDAs to submit laws and regulations that impede the ease of doing business to the MoFPED. Going forward, MoFPED will monitor the implementation of the pending recommendations of the 2012 BLRC Report and subsequently develop a comprehensive inventory with recommendations for reform in line with the renewed Cabinet directive to further improve the business environment for private sector development.

b. *Business Development Services (BDS):* Regarding BDS[24], there is scanty evidence currently documenting the extent of availability and usage in Uganda.[25] Additionally, until this year (2022), when the BDS framework was launched, there was no policy framework to encourage or guide BDS provision, and BDS have often been confused with business support services. The usage of BDS is still minimal due to a lack of awareness about their existence; a low understanding of the potential value of BDS to private enterprises' growth and performance; the long-created perception that links the use of BDS and the consequent transition to formality, to only taxation; and the 'peace' enjoyed when one does not expose one's business dealings (better to be informal and small), among others (MoFPED- Private Sector Development Unit (PSDU), 2021). However, there is conclusive evidence that BDS does improve enterprise performance through productivity growth and access to new markets. Therefore, BDS are crucial in enterprise survival, growth, and competitiveness since information, advisory, consultancy, and mentoring programmes can support entrepreneurs and business owners in all aspects of starting and operating a business through various phases of their development.

[24] Services, such as advice, training, consultancy and mentoring, aimed at upgrading the managerial skills and business practices of private enterprise managers, including a wide array of business services, both strategic and operational such as training, consultancy and advisory services, marketing assistance, information, technology development, technology transfer, and business linkage promotion.
[25] Based on PSDU's scoping study revelations.

c. *Inadequate access, usage and penetration of digitalisation and e-commerce:* The private sector, especially MSMEs in Uganda, are strikingly constrained on digitalisation[26] due to, among other things, the high cost of the internet (e.g., data cost and taxes) and high charges by the regulatory body, the National Information Technology Authority. The majority of MSMEs also have inadequate capacity or technical competence to use ICT technology, especially those at the micro and small scale. In a practical business sense, the prohibitive cost of the internet and the low capacity of MSMEs limits business enterprises from engaging in digital marketing and product delivery. Electronic commerce[27] is still hampered by low digital literacy and inadequate cyber security. Despite the above challenges, NDP III recognises digitalisation and ICT as 'pivotal to development, with huge potential to improve national productivity and firm-level efficiency, effectiveness, and competitiveness'.

d. *Poor public service delivery*: Public service delivery in Uganda remains problematic due to inadequate accountability, bureaucratic systems, corruption and bribery, the inability of citizens to make their voices heard in the governance process, particularly in rural communities, and a shaky mechanism through which public services are delivered to the citizenry by local, municipal, or even lower-level (parish) governments. Corruption remains a problem, but the Ugandan Government remains committed to strengthening its anti-corruption campaign. Uganda is named among the top countries with heavy investment in the fight against corruption despite its low-ranking corruption-wise, with many anti-corruption agencies, including departments in the police, army, and judiciary, as well as statutory bodies like the Inspectorate of Government, the State House Anti-Corruption Unit, among others. Poor public service delivery increases the cost of doing business and inhibits private sector growth. The NSPSD II intends to support government and non-government efforts towards improving public service delivery.

2.7 Private sector in NDP III

Private Sector Development is one of the 20 programmes under NDP III. The programme aims to increase the private sector's competitiveness to drive sustainable and inclusive growth. Successful implementation of the programme is expected to reduce the informal sector and increase non-commercial lending to the private sector, the proportion of public contracts that are awarded to the private sector and the value of exports. Whereas there are programme implementation action plans and programme working groups that help to drive PSD, the NSPSD II is meant to provide direction and coordination of actions to make the programme successful.

2.8 Subregional competitiveness

Section 2.1 articulates the diversity in private sector engagement and penetration in subregions. This subsection further profiles the 15 subregions by highlighting the key economic activities, major exports, and existing opportunities to ensure sustainable, decent and productive employment and livelihoods (Annex 2). However, given the uniqueness of each region, interventions must also be very specific and intentional. Table 2 shows how government interventions will be undertaken, considering the production potential, market opportunities

[26] The enabling or improving processes by leveraging digital technologies and digitised data.
[27] The continuous application of information and communication technology from its point of origin to its endpoint along the entire value chain of business processes conducted electronically and designed to enable the accomplishment of a business goal (Rolf, 1997).

and the institutional capacity within the subregions to enhance private sector growth and competitiveness.

Table 2: NSPSD II's three-fold interventions at the subregional level

	Issue/risk	Implication	Mitigation
Production	Agricultural inputs.	Low production and productivity.	Implement agro-input regulations.
	Poor varieties and breeds.	Unpredictable supplies.	Roll out BDS services.
	Climatic uncertainties.	High vulnerabilities to climatic conditions.	Mass rollout of agriculture insurance (weather stations, irrigation, etc.).
	High levels of subsistence production and technology gaps.	Inconsistencies in supplies.	Commercial mindset in production.
Market	Inaccessibility to production nodes.	Dampens farm gate prices.	Work with umbrella organisations.
	Aggregation and post-harvest handling infrastructure.	No optimal offtake volumes.	Leverage the existing infrastructure.
	Unregulated trading.	Perpetuates informality and low standards.	Roll out commodity trade implementation strategy.
	Market information discovery.	Price manipulations.	Area-based commodity strategy (ABCD portal).
Institutional capacity	Weak subregional institutions.	Limited-service delivery.	Leverage umbrella associations model.
	Disproportionate distribution of institutions.	Skewed trade performance.	Establishment of shared facilities.
	No harmony between local structures.	Rural-urban migration.	Re-organisation of members association based on benefits.

Source: PSDU primary survey

Key messages

From the analysis of the status of the private sector in Uganda, key insights are noted that NSPSD II must strategically prioritise to foster a sustainable, competitive, and inclusive sector. These are:

a. While contributing highly to GDP, the informal sector remains a low-hanging fruit for the government to support through strategic formalisation. This will enable all private sector informal actors to fully participate in the country's development as they contribute to widening the restricted tax base.

b. Private sector distribution across the country is not uniform, with significant biases favouring the central region and Kampala Metropolitan area. Deliberate efforts to boost subregional investments and competitiveness should be central to NSPSD II.

c. Access to credit, high lending rates, and the tax regime stifle private sector investments, especially domestic investments, as businesses are not growing and expanding fast enough to create much-needed jobs and tax revenue, among others. This, in part, led to an unfavourable business environment for PSD.

CHAPTER 3: TOWARDS A SECOND NATIONAL STRATEGY FOR PRIVATE SECTOR DEVELOPMENT

3.1 Vision, Mission and Goal

The vision of NSPSD is hinged on NDP III and the MoFPED vision of having a competitive private sector for the national economy.

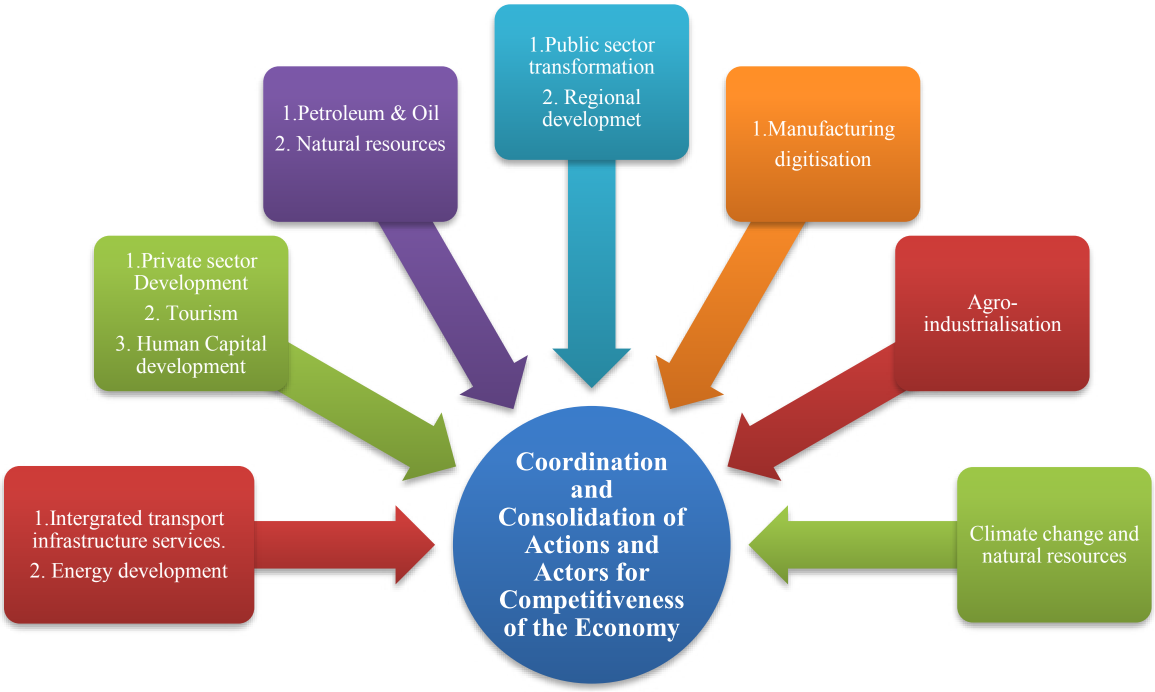
Vision
A private sector that is economic growth-enhancing, resilient, and competitive.

Mission
To consolidate efforts for private sector competitiveness.

Goal
The overall goal is to position the private sector to accelerate inclusive monetisation of the economy.

This will be achieved by identifying, consolidating and coordinating key private sector interventions in the NDP III programmes *(see Figure 8* below) that can be addressed by the Macro, Meso and Micro Pillars for competitiveness.

Figure 8: Actions and actors for economic competitiveness



Source: Authors' conceptualisation

3.2 Policy Pillars of NSPSD II

To achieve the overall goal, the Strategy addresses the identified gaps in NSPSD I and binding constraints through three pillars, as highlighted below.

(i) MACRO Pillar: Boosting investor confidence.
(ii) MESO Pillar: Accelerating industrialisation.

(iii) MICRO Pillar: Increasing profitability, competitiveness, and growth of enterprises.

3.3 Main policy pillars in action

3.3.1 MACRO Pillar: Boosting investor confidence by ensuring an adequate policy and business environment

The Macro Pillar aims to increase the performance of the private sector by influencing the business environment to boost the confidence of foreign and indigenous private investors. The analysis of the state of the private sector portrayed a still inadequate operating environment. This implies pragmatic policy options geared towards harnessing the private sector's potential as the ultimate solution to increasing the tax base, job creation, inclusive growth, and development. In this regard, the Pillar aims to (i) foster the recovery and restoration of the private sector to drive sustainable economic growth and development and (ii) strengthen the coordination of state and non-state efforts for effective delivery of a whole-of-government approach to private sector development. Each of these strategic objectives will have specific strategic sub-objectives and key interventions.

Box 3 below summarises the specific objectives aligned to the Pillar, interventions, and outcomes. The specific actions per intervention and outputs are included in the detailed action plans in Chapter 7.

Box 3: Macro Pillar: Boosting investor confidence

Objective (s)	Intervention (s)	Outcome
Strategic objective 1: Foster recovery and restoration of the private sector to drive growth.	1.1 Enhance legal and regulatory framework. 1.2 Governance and administrative interventions. 1.3 Improve the macroeconomic environment. 1.4 Improve market efficiencies. 1.5 Infrastructure expansion and maintenance.	Improved cost of doing business.
Strategic objective 2: Strengthen coordination of state and non-state efforts for effective delivery of a whole -of-government approach to private sector development.	2.1 Formation and coordination of umbrella organisation based on value chains.	Efficient and effective programme service delivery.

3.3.2 MESO Pillar: Accelerating industrialisation

This Pillar aims to influence the performance of the private sector at the industrial or sector-wide level. Therefore, the interventions will focus on strengthening area-based private sector development along commodity and product value chains, such as enhancing access to markets, growing opportunities, and fostering value addition.

Box 4 below summarises the specific objectives aligned to the Pillar, interventions, and outcomes. The specific actions per intervention and outputs are included in the detailed action plans in Chapter 7.

Box 4: Meso Pillar: Accelerating industrialisation

Objective (s)	Intervention (s)	Outcome
Strategic Objective 1: Strengthen area-based private sector development along commodity and product value chains.	1.1 Enhance access to markets and growing opportunities	Increased production capacity of key growth opportunities
	1.2 Enhance value addition in commodities.	Increased household earnings from agriculture.
	1.3 Increase business-to-business linkages.	
	1.4 Facilitate upward mobility along the industrial value chain.	
	1.5 Improve the quality of exports.	
	1.6 Construct inclusive public-private dialogue and promote public-private partnerships PPPs).	

This Pillar will also address the following subregional interventions aligned to achieving the main Meso Pillar strategic objective.

Subregional cross-cutting Meso Pillar interventions

- Create regional-specific industrial associations or producer cooperatives based on the most common/ potential crop within the given region.
- Facilitate the establishment and operations of regional technology and business incubators and technology transfer centres.
- Undertake feasibility studies in priority mineral value chains to guide investment.
- Facilitate private sector investment in local mineral processing.
- Facilitate private sector investments in agricultural mechanisation manufacturing plants.
- Facilitate private sector investment in agricultural drug manufacturing and distribution.
- Develop targeted agri-led interventions for refugees and host communities.
- Support private sector investments in post-harvest handling and storage infrastructure.
- Enhance PPPs in the country's exploration and quantification of minerals and geothermal resources.
- Facilitate the implementation of integrated physical and economic development plans in the new cities and other urban areas.
- Facilitate cities and urban areas' economic development strategies.
- Promote agroforestry and encourage urban forestry; e.g. tree planting along road reserves and hillsides.
- Link the Parish Development Model Management Information System to the regional and national information management and data capture.

3.3.3 MICRO Pillar*:* Increasing profitability, competitiveness, and growth of enterprises

This Pillar aims to increase enterprises' competitiveness and growth by influencing the private sector's growth and performance at the enterprise level. The Pillar will focus on sustaining efforts in reducing informality and increasing the competitiveness of the private sector through the provision of massive BDS and strengthening the internal capacities of SMEs to comply with and compete for domestic, regional, and global opportunities.

Box 5 below summarises the specific objectives aligned to the Pillar, interventions, and outcomes. The specific actions per intervention and outputs are included in the detailed action plans in Chapter 7.

Box 5: Micro Pillar: Increasing profitability, competitiveness, and growth of enterprises

Objective (s)	Intervention (s)	Outcome
Strategic Objective 1: Sustain efforts in reducing informality and increasing the competitiveness of the private sector.	1.1 Formalise and professionalise MSMEs.	Improved competitiveness of the private sector through increased formalisation.
	1.2 Increase access to financial services.	
	1.3 Enhance women's access to markets and resources.	
	1.4 Enhance factor productivity at the firm level.	

This Pillar will also address the following sub regional interventions aligned to achieving the main Micro Pillar objective.

Sub regional cross-cutting Micro Pillar interventions
♦ Roll out a parish/community-based data management system to allow the free flow of information. ♦ Facilitate training aimed at mindset change to mobilise the local people for development. ♦ Encourage green growth through financing SME projects in line with the green growth strategy. ♦ Sensitise and inform private sector players about existing export processing zones and free trade zones to facilitate the exportation of goods. ♦ Subsidise the unit cost of water and electricity and facilitate access to other forms of electricity, such as solar power. ♦ Scale up business support services by opening one-stop business centres in all districts to reduce informality and individuality. ♦ Strict monitoring and evaluation to ensure the effectiveness of government interventions.

3.3.4 Subregional interventions

Table 3 specifically provides interventions that will be implemented in each subregion of Uganda, given that these have different characteristics and thus different development needs.

Table 3: General Subregional specific interventions

Subregion	Key regional-specific interventions
Rwenzori	• Incentivise investors to establish roasters for coffee* and cocoa* within the region hence promoting value addition. • Revive Kilembe Mines. • Targeted funding and training to prepare the community to be in a position for community-based tourism.
Kigezi	• Set up an extraction and value-addition facility for iron ore. • Support growing and value addition in vegetables. * • Establish a potato crisps industry to add value to Irish potatoes. • Facilitate private sector with interest in filmmaking.
Ankole	• Invest in agro-value chains of tea, * bananas* and dairy* products. • Set up a government-owned dairy processing plant to utilise excess milk during the bumper season and convert it into powder to be sold during the seasons of scarcity.
Acholi	• Incentivise industries within the shea nut* and butter value chain to increase their ability to exploit the opportunities fully.
Bunyoro	• Facilitate skilling programs aimed at supporting the oil and gas sector for the benefit of locals. • Incentivise private sector in sugar cane growing and the hospitality industry.
Bukedi	• Facilitate more growing of and value addition to cotton* and maize. * • Facilitate value addition to rice in Butaleja and Butebo Districts. • Facilitate private sector investment in fish farming. • Iron ore mining in Sukuru Hills.
Elgon	• Support value addition by providing value-addition machines for yellow bananas.
Teso/Karamoja	• Support PS investment in cashew nut* growing. • Revive the dairy* plants in Owino, Kumi and other districts to create employment and a market for the milk produced within the subregion. • Facilitate PS engagement in coffee* production as a potential commodity. • Facilitate value addition for fruits in Sironko, Soroti, Kumi, Serere and Pallisa. • Tourism potential in Nyero and Mukongoro rocks.
Central Region 1	• Facilitate private sector engagements in fish farming* especially using cages. • Increase value-addition capacity within the region by setting up briquette-making factories.
GKMA	• Increase value addition capacity within the region by setting up a leather processing factory. • Facilitate PS investment in coffee* growing and end-product value addition

Subregion	Key regional-specific interventions
West Nile	• Facilitate investments in cassava* and coffee* growing and value addition. • Increased tourism financing to explore the untapped opportunities in Adair and Whoa waterfalls.
Central Region 2	• Provide adequate and maintain available irrigation facilities to ensure a constant supply of water for production.
Lango	• Facilitate value addition and growing of sim-sim, soya beans and maize.
Busoga	• Implement the sugar policy. • Develop Mpumudde Point as a tourism site, the area where Omukama Kabalega died. • Invest in sugar cane* and sweet potato commodity-value chains.

CHAPTER 4: COORDINATION AND IMPLEMENTATION OF NSPSD II

4.1 Coordination and implementation modalities

The MoFPED will oversee and ensure effective implementation of the NSPSD II while the respective MDAs will be expected to incorporate private sector development issues within their mandates. The Private Sector Strategy Working Group will be chaired by MoFPED and co-chaired by the Ministry of Trade, Industry and Cooperatives. Following the subregional interventions, district local governments will follow up at the district level, while parish leaders will implement at the lowest (parish) administrative level. A multi-stakeholder Private Sector Strategy Working Group (PSSWG) will be formed. This working group will comprise key MDAs, private sector umbrella associations, advocacy institutions, civil society organisations (CSO), private sector donor co-ordination groups, development partners, research and development, and academic and training institutions.

Given that this Strategy is aligned with NDP III, it will be operationalised through the annual budgeting process under the programme-based budget structure in alignment with NDP III's programme approach. Thematic working groups will offer technical expertise to the PSSWG per the Strategy's objectives. Private Sector Development Unit (PSDU) under the MoFPED will be the Secretariat. In general, the public and private sectors have the following roles.

The general role of the public sector will be:

i. To ensure a conducive environment for the private sector to flourish. This will be through maintaining a supportive policy and legal regime.
ii. Promote private-public partnerships by undertaking investments in collaboration with the private sector.
iii. To ensure partnership readiness among the domestic private sector to increase the likelihood of developing business-to-business linkages.
iv. To provide the necessary public infrastructure and finance for the Strategy implementation.
v. To facilitate structured and evidence-based dialogues amongst stakeholders, including private sector players at the subnational level.
vi. Specifically, drive the execution of the Strategy for the most part by the concerned officials from the respective agencies.

The private sector is expected to take advantage of the conducive environment by the government. Therefore, the private sector is expected to identify, mobilise, and use financial and human resources to increase production and drive growth, create jobs and contribute to the government's revenue for socioeconomic development. Additionally, the private sector is expected to take merit of regional economic blocs, but the African Continental Free Trade Area (AfCFTA) maximises benefits from export production and ultimate contribution to foreign exchange earnings of the economy.

4.2 Strategic Execution Matrix

Table 4 presents the strategic execution matrix in which fundamental benchmarks for each of the selected MDAs should implement within the five-year of the NSPSD II. The stated MDAs are all expected to direct actions and resource requirements of the NSPSD II within their respective medium term expenditure frameworks and plans. Also contained in Table 4 are objectively verifiable indicators and means of verification for the same.

Table 4: Strategic Execution Matrix

MDA	Benchmark actions	Verifiable indicators	Means of verification
Bank of Uganda	• Develop and implement a legal and regulatory framework for payments and settlements. • Maintain single-digit inflation below that of key trading partners by 2025/26.	• Progress rate. • Number of people using the Credit Reference Bureau. • Number of financial institutions formalised. • The stability in domestic prices.	• BoU progress reports. • BoU quarterly reports. • Bi-monthly monetary policy reports.
Kampala Capital City Authority	• Local Economic Development Strategy and expansion of public transport. • Facilitate the implementation of the Greater Kampala Metropolitan Area Economic Development Strategy to completion by 2026.	• Local economic development strategy in place. Three flyovers constructed.	• Ministerial Policy Statement.
Ministry of Local Government	• Increase the percentage of the paved road network and fairly motorable roads at the subnational level to at least 36% and 80%, respectively, by 2025/26. • Fastrack integration of PSD strategies into parish-level development plans by 2025. • Enhance the rollout of early grade reading and early grade maths in all primary schools to enhance proficiency in literacy and numeracy. • Facilitate the family unit to halve domestic violence, child deprivation, abuse and child labour incidences by 2026.	• Number of businesses being set up in communities. • Number of roads being rehabilitated.	• Local government performance reports. • Parish registers.

MDA	Benchmark actions	Verifiable indicators	Means of verification
Ministry of Finance Planning and Economic Development	• Further capitalisation of public banks to the tune of UGX 2.5 trillion by 2028. • Reduce government debt to GDP ratio by paying at least 70% of domestic arrears by 2025/26. • Increase domestic credit to key growth sectors where the private sector is anchored to at least 33.8% of total credit to the private sector by 2025/26. • Double SME recovery fund from the current UGX 200 billion to UGX 400 billion by 2026. • Adopt a regional quarter system of SME recovery fund distribution in line with regional SME private sector intensity for equitable access nationally. • Facilitate the establishment of subregional (15) labour-intensive manufacturing, services, and projects for employment creation, including the development of bankable business plans in the current NDP period.	• Work plans submitted by internal auditors. • Submission of half-year consolidated financial statements to the Permanent Secretary/ Secretary to the Treasury by the Accountant General. • Amount of equity injected into UDB.	• Reports and work plans received by Permanent Secretary/ Secretary to the Treasury. • Financial releases.
Ministry of Gender, Labour and Social Development	• Facilitate annual integration of gender analysis tools in PSD strategies. • Increase gender-focused micro-credit like Uganda Women Entrepreneurship Programme (UWEP) to about 100 billion from the current 32 billion by 2025/26 • Adopt a subregional quarter system of UWEP and Youth Livelihood Programme funds distribution in line with regional private sector intensity for equitable access nationally • Establish a subregional (15) network of employment bureaus by 2026.	• Number of employment bureaus operational. • Number of people finding a job through employment bureaus.	• Ministerial Policy Statement.

MDA	Benchmark actions	Verifiable indicators	Means of verification
Ministry of Lands, Housing and Urban Development	• Computerisation of land registry. • Carry forward land reform policies advocated for by NSPSD I. • Facilitate PPP to develop an inclusive housing finance mechanism, including additional capitalisation of Housing Finance Bank to provide affordable mortgages and revisiting the National Housing and Construction Company mandate regarding housing. • Facilitate real estate companies to undertake affordable housing projects to address the housing deficit. • Facilitate the implementation of integrated physical and economic development plans in the new cities and other urban areas in the next four years. • Facilitate the provision of quality social services to address the particular issues of urban settlements. • Strengthen business processes in cities and urban areas to facilitate sustainable urbanisation and housing development by 2025. • Facilitate the production and use of sustainable housing materials and technologies. • Facilitate land consolidation, titling, and banking. • Enhance integrated land use planning.	• Land registry e-services operational. • Number of submissions for requesting land titles made online. • Time and costs. • Number of regional land management information systems established and operational.	• Land registry data bank progress report. • Ministerial budget performance reports. • Annual housing sector reports.
Ministry of Trade, Industry and Cooperatives	• Fully implement MSME Policy by MSME directorate. • Accelerate value addition for 12 priority commodities as enshrined in the parish development model in the next five years. • Leverage PPPs to establish new and rehabilitate existing agro-processing industries in strategic crops. • Expand and equip regional agricultural mechanisation and service centres in the nine agroecological zones in the next four years. • Deploy commercial officers at the districts and sub-counties. • Review and align the National Exports Development Strategy to AfCFTA and other regional economic bloc treaties.	• MSME policy and strategy implementation rate. • MSME database established. • Number of commercial officers recruited and deployed.	• Ministerial Policy Statement Government Annual Performance Report.

MDA	Benchmark actions	Verifiable indicators	Means of verification
	• Provide further facilitation to the Uganda National Bureau of Standards (UNBS).		
Ministry of Water and environment	• Finalise National Irrigation Policy. • Support policies aimed at building climate resilience. • Enhance urban safe water and waste management services and associated infrastructure for value addition and revenue generation. • Conserve and restore at least 50% of the urban natural resource assets by 2025. • Strengthen capacity building for climate change adaptation and mitigation, including hazard/disaster risk reduction. • Strengthen the survival rate of planted tree seedlings. • Promote awareness of sustainable use and management of the environment and natural resources. • Facilitate local finance solutions tailored to micro, small and medium enterprises engaged in sustainable production and generation of climate change-responsive technologies.	• Implementation rate of National Irrigation Policy.	• Ministerial Policy Statement.
Ministry of Works and Transport & Uganda Railways Corporation (URC)	• Enforce policy to allocate at least 50% of local infrastructural projects to indigenous contractors. • Increase resource allocations between new road development projects and maintenance to balance the ratio, which was at 80:20 by 2018. • Increase the percentage of the paved road network and motorable roads at the macro level to at least 40% and 90%, respectively, by 2025/26. • Completion of the Standard Gauge Railway. • Facilitate the development and implementation of an integrated rapid mass transport system to reduce traffic congestion and improve connectivity in urban areas.	• Number of kilometres covered. • Percentage of progress.	• Status progress reports.

MDA	Benchmark actions	Verifiable indicators	Means of verification
National Information Technology Authority	• Complete National Backbone Infrastructure Project. • Increase access (at least 50% of the population) to knowledge, technology, and ICT infrastructure by 2026. • Facilitate the establishment and operations of 15 subregional technology and business incubators and technology transfer centres by 2015. • Facilitate the establishment and operations of science and technology parks to facilitate commercialisation in at least 50% of the subregions by 2025. • Facilitate academia and research institutions to acquire research and development infrastructure. • Enhance the establishment of funding linkages for science, technology and innovation with multi-national and development partners. • Enhance the design and implementation of special programmes for nanotechnology, space exploration, nuclear technology, biosciences, ICT and engineering. • Facilitate the implementation of a National Science and Technology Innovation Strategy. • Facilitate the development and maintenance of a National and Technology Innovation Information Management System. • Facilitate research collaborations at local, regional and international levels.	• Progress rate of project implementation.	• Progress reports.
Uganda Export Promotion Board	• Implement the reviewed National Export Development Strategy. • Facilitate awareness campaigns about and exploitation of export processing zones. • Strengthen local innovation and promote the export of knowledge products.	• Progress implementation rate of National Export Development Strategy.	• Progress reports.

MDA	Benchmark actions	Verifiable indicators	Means of verification
Uganda Free Zones Authority	• Operationalise the Kaweweta Free Zone by 2024.	• Infrastructure in Kaweweta Free Zone in place.	• Uganda Free Zones Authority progress reports.
Uganda Industrial Research Institute	• Establish at least five subregional hubs on STI by 2025.	• Number of hubs established and operational. • Number of graduate incubates.	• Uganda Industrial Research Institute progress reports.
Uganda Investment Authority	• Establish a special desk for local investors at Uganda Investment Authority (UIA) with immediate effect to reduce the number of days to start a business. • Establish a one-stop centre at each border to reduce the burden of procedures by 2023/24. • Increase foreign district investment (FDI) incentives to attract more foreign-oriented FDIs in the next four years. • Establish and operationalise all existing regional industrial parks.	• Number of industrial parks established and operational. • One-stop centre fully operational. • Volume of FDI registered.	• UIA progress reports.
Uganda Revenue Authority	• Link tax identification number (TIN) and national identification cards. • Reduce or remove taxes on all capital goods imports to stimulate production by 2026. • Integrate ICT in the formalisation processes of private enterprises. • Facilitate PPP's enforcement capacity for improved compliance levels. • Fully implement the Taxpayer Register Expansion Program.	• To be discussed. • Operationalisation of the import substitution strategy. • Annual growth in tax revenue.	• To be discussed. • Revenue performance reports. • TREP performance reports.

MDA	Benchmark actions	Verifiable indicators	Means of verification
		• Annual growth in the taxpayer registry.	
Warehouse Receipt Authority	• Establish and operationalise regional warehouses. • Scale up the warehouse receipt system and Uganda commodities exchange. • Operationalise Uganda commodities exchange. • Establish a commodity database.	• Number of operational warehouses. • Volume of commodities traded. • Database in place.	• Warehouse Receipt Authority progress report.
Ministry of Energy & Mineral Development	• Reduce the industrial and commercial cost of power to at most USD 5 by 2025/26 • Increase energy generation to at least 3,500 MW by 2025/26 to match the private sector's growing demand. • Subsidise power connection to increase access from the current 41.3% to 60% by 2025/26. • Monitor the progress of the implementation of local content policy, especially at district local governments. • Facilitate the implementation of programmes in new and emerging areas of space science, marine, nuclear, data and climate science, nanotechnology, and biotechnology, among others.	• The cost per unit of electricity. • Access and utilisation of electric power. • The total megawatts generated. • Number of local contractors awarded contracts.	• Electricity Regulatory Authority reports.
Uganda National Bureau of Standards	• Reduce fees and relax requirements for information service providers to formalise. • Enhance the development of standards for domestic products and services.		Uganda National Bureau of Standards Periodic Updates and Reports

CHAPTER 5: MONITORING AND EVALUATION

The purpose of the monitoring and evaluation (M&E) framework[28] is to facilitate timely and regular reporting to enhance accountability and improved performance by providing accurate, reliable, and up-to-date performance information on the Strategy implementation. In particular, the overall goal of the M&E framework is to facilitate tracking the performance of the implementation of the NSPSD II.

The key objectives of the M&E framework are:

- To guide scheduled, regular, and participatory monitoring and reporting across private sector development stakeholders.
- To improve performance assessment and reporting (cascading the Private Sector Development Strategy downwards).
- To institutionalise and harmonise the use of monitoring and evaluation information in policy formulation, planning and budgeting.

Operationally, the scope of this M&E framework will cover all aspects of the Strategy, including i) implementation (i.e., inputs, activities, and outputs); ii) results (i.e., outcomes); iii) relevance of interventions; iv) efficiency (i.e., optimal use of resources); v) effectiveness; and vi) assessment of the impact of Strategy results and their sustainability.

5.1 Monitoring and evaluation arrangements[29]

Monitoring will involve quarterly progress reporting managed by the Coordination Unit within MoFPED. The quarterly progress reports will be consolidated and presented for further analysis and will inform an annual performance report. The reports will also inform the annual private sector development programme performance report with issues discussed by the programme working group. Evaluation will entail the Ministry undertaking an independent mid-term review (MTR) of the Strategy two and a half years into its implementation. At the end of the Strategy implementation, an independent evaluation will be undertaken to assess the implementation progress and attainment of the targets. In terms of institutional arrangements, refer to Chapter 4, subsection 4.1, in which the MDAs concerned are named with their respective roles and benchmark actions.

5.2 Results Framework

This section presents the Strategy's M&E results framework. The results framework will enable the Ministry to measure performance against set standards to ensure effective implementation of the set goals and objectives. It will also be used as a tool for continuous reporting. It, therefore, includes results for the (i) Goal, (ii) Objectives and (iii) Intervention level and outcomes as presented in Table 5. At the output level, a results framework is presented in Annex 3 of this Strategy.

[28] This framework was developed through a participatory and consultative process. A mix of both top-bottom and bottom-up approaches were used. This involved critical review of NDP III (2020/21-2024/25), Private Sector Development Programme Implementation Action Plan (PIAP), NDP III Results and Reporting Framework, NSPSD I, FY2017/18-2021/22 and the National Policy on Public Sector Monitoring and Evaluation, 2013. Technical assistance was also provided by the National Planning Authority (NPA) and the MoFPED (Private Sector Development Programme Working Group) to ensure alignment and consistency with the country's planning framework.

[29] A detailed description can be accessed from the main NSPSD II M&E framework document.

Table 5: Results Framework: Outcome level results

Category	Outcome	Indicators		Baseline	Targets (Financial Years)				
				2019/20	2022/23	2023/24	2024/25	2025/26	2026/27
Goal: Position the private sector to accelerate inclusive monetisation of the economy.		Per capita income.		905	1,049	1,116	1,198	1,270	1,288
		Population below the poverty line (%).		21.4	20.55	19.57	18.47	17.56	15.6
		Proportion of households in subsistence agriculture.		22.2	21.6	20.5	17.6	15.9	14.8
		Proportion of households dependent on subsistence economy.		39	38	36	31	28	26
MACRO PILLAR: Boosting investor confidence									
Strategic Objective 1: Foster recovery and restoration of the private sector to drive growth.	Improved cost of doing business.	Ease of doing business ranking.		116/190	112/190	101/190	105/190	94/190	83/190
		Private sector credit as a % of GDP.		13.4	15.2	17.1	19.4	21.8	27.4
		Manufactured exports (% of total exports).		12.3	16.37	18.01	19.81	21.5	23.2
		Internet penetration.		25	43	46	50	60.5	68.3
		Electricity Consumption per capita (kwh).		108.8	300	400	578	704	843
		Cost of electricity (USD cents).	Industrial (large).	9.8	8	7	6.7	5.5	5
			Industrial (Extra-large).	8	7	6.5	6.3	5.0	5
		% of the population with access to electricity.		22.1	50	55	60	76.5	88.3

Category	Outcome	Indicators		Baseline	Targets (Financial Years)				
				2019/20	2022/23	2023/24	2024/25	2025/26	2026/27
Strategic Objective 2: Strengthen coordination of state and non-state efforts for effective delivery of a whole of government approach.	Efficient and effective programme service delivery.	Level of satisfaction with service delivery.		-	80	85	90	92	95
MESO PILLAR: Accelerating industrialisation									
Strategic Objective 1: Strengthen area-based private sector development along commodity and product value chains.	Increased production capacity of key growth opportunities.	Labour Productivity Per Worker USUSD	Agriculture	2,212	2,757	2,919	3,114	3,287	3,466
			Industry	7,281	8,622	8,971	9,413	9,793	10,189
			Services	3,654	4,135	4,276	4,456	4,610	4,771
		Agricultural real GDP growth rate (%)		3.8	5.6	5.8	6.0	6.1	6.3
MICRO PILLAR: Increasing profitability, competitiveness, and growth of enterprises									
Strategic Objective 1: Sustain efforts in reducing informality and increasing the competitiveness of the private sector.	Improved competitiveness of the private sector through increased formalisation.	% of the informal sector		51.6	49.2	48.1	45.00	43.2	39.0
		Global Competitiveness Index			53.4	54.6	55	55.9	56.7
		Tax Revenue to GDP ratio (%)		12.58	11.96	12.28	12.68	13.23	13.72

CHAPTER 6: RISKS AND MITIGATION MEASURES

The NSPSD II is founded on numerous assumptions, which, if not found to hold, pose risks that must be addressed. Table 6 highlights some of these risks and probable mitigation measures.

Table 6: General assumptions, risks, and mitigation

S/N	Assumption	Risk	Cause (s)	Consequences	Likelihood	Impact	Mitigation
1	Macroeconomic stability.	External shocks; internal fiscal mismanagement.	Natural disruptions to production; excessive borrowing.	Low economic growth rates; retarded efforts towards socioeconomic transformation.	Moderate	High	Proactive measures and active involvement of the private sector and the citizenry.
2	Political stability.	Internal disruptions due to political disagreements; external aggression.	Political activism; external influence; resentment of government actions or inaction by the citizenry.	Lack of public support of government programmes like those suggested in this strategy.	Very low	High	Pursuit of national consensus on key issues, including development.
3	Commitment of MDAs to NSPSD II.	Lack of prioritisation of NSPSD II interventions in MDAs plans.	Lack of alignment of NSPSD II interventions with priority areas of MDAs.	Ineffective implementation of suggested interventions.	Very low	Low	Aligning all NSPSD II interventions to planning documents of respective MDAs and the results framework of NDP III.
4	Programmatic approach to NSPSD II implementation.	Unsuccessful coordination of relevant MDAs for implementation of NSPSD II.	Lack of a good coordination framework.	Poor results in terms of intervention outcomes.	Very low	Moderate	Reorienting relevant MDAs to emphasize national objectives.
5	Effective regional and continental economic integration.	Ineffective elimination of trade barriers.	Lack of consensus among actors.	Persistent trade barriers which tend to inhibit private sector growth.	Moderate	Moderate	Further exploitation of the domestic market and lobbying member states to commit to trade agreements.

Beyond the general assumptions, Table 7 highlights some potential issues that might impede the attainment of the three main pillars by intervention. In this regard, some assumptions are made.

Table 7: Specific assumptions by Pillar and Intervention

I	Macro Pillar: Boosting investor confidence	
S/N	**Intervention**	**Assumptions**
	1.1 Improve the macroeconomic environment.	• Current global economic turbulence subsides. • Sound fiscal management.
	1.2 Enhance legal and regulatory framework.	• Limited delays in legislative processes. • Effective enforcement of laws and policies.
	1.3 Infrastructure expansion and maintenance.	• The willingness of the private sector to participate in PPPs. • Fast and transparent procurement processes. • Quality and timely execution of infrastructure delivery. • Enough resources mobilised both locally and from donor agencies.
	1.4 Increase market efficiency.	• Ability and willingness of the private sector to trade in regional and continental markets. • Quick changes to rules of origin in favour of continental trade under AfCFTA.
II	**Meso Pillar: Accelerating industrialisation**	
	1.1 Increase business-to-business linkages.	• Support from implementing agencies. • Partnership readiness from domestic MSMEs. • Implementation of the MSMEs policy.
	1.2 Increase upward mobility along the industrial value chain.	• The National Export Development Strategy is reviewed in alignment with AfCFTA. • Increased PS investment in agro-processing and other manufacturing.
	1.3 Improve the quality and volume of exports.	• Adequate funding and staffing of UNBS. • Elimination of counterfeits. • Subnational enterprises embrace quality assurance infrastructure.
	1.4 Enhance value addition in commodities.	• Lower climate effects to allow raw material supply. • Increased PS engagement in agro-processing.
	1.5 Inclusive public-private sector dialogues.	• Adequate funding, both nationally and locally. • Private sector participation in dialogues.
III	**Micro Pillar: Increasing profitability, competitiveness, and growth of enterprises**	
	1.1 Formalisation and professionalisation of MSMEs.	• Private sector mindset change towards formalisation. • A national BDS framework is put in place. • Increased spread of BDS countrywide.

I	Macro Pillar: Boosting investor confidence	
	1.2 Increased access to finance.	• The government gets enough resources to invest in public banks. • Positive external shocks. • Formalisation of informal credit institutions.
	1.3 Enhance women's access to markets and resources.	• Social relations of production at the family level change for the better. • Quick legislation on succession and inheritance. • Growth in gendered credit markets. • Favourable macroeconomic stability.
	1.4 Enhance factor productivity at firm-level.	• Growth in agro industrialisation. • Improved wages at the firm level.

In order to achieve better results, this strategy suggests the following:

- Prepare annual risk action plans or quarterly report profiling to enable timely intervention. These will be written after consultative meetings with key stakeholders. A key output here should be risk management indicators which can then be tracked.
- Adopt both qualitative and quantitative risk assessments. In the former, actors will ascertain the level of criticality based on events' likelihood and impact. The latter will help the implementing team to assess the financial impact of the activities enshrined in the strategy.
- In terms of mitigation effectiveness, implementing agencies should integrate risk management into their implementation plans.
- Institutionalise and enhance capacity in risk management at all levels, including the parishes.

CHAPTER 7: COST AND FINANCING OF NSPSD II

The overall cost of financing the NSPSD II planned interventions over the five years is UGX 7,473.60 billion, across the different objectives. The amount of resources required to finance the Strategy is projected to gradually increase from UGX 1,336.62 billion in the financial year (FY) 2022/23 to UGX 1,630.42 billion in FY 2025/26, and reduce to UGX 1,585.62 billion in the final year of implementation of the Strategy.

Summary of costs at Pillar and strategic objective level

In line with main pillar costing:

a) **Macro Pillar** – forty-seven per cent (UGX 3,560.39 billion) of the resources are to finance the intervention on improving the macroeconomic environment, as shown in Table 8. These resources are majorly allotted towards increasing access to long-term finance through capitalising the available public banks by up to UGX 500 billion a year and achieving balanced development and infrastructure maintenance through increasing the kilometres of the national paved and unpaved roads network taking up at least UGX 130 billion a year**.**

b) **Meso Pillar** – A total of 13.43 per cent (UGX 1,003.43 billion) of the resources are to finance the intervention on enhancing access to markets and growing opportunities, as shown in Table 8. These resources are majorly allotted towards financing COVID-19 recovery to enable firms to rebound, stimulating export volumes up to a tune of UGX 100 billion a year and fully serviced industrial parks taking up at least UGX 37 billion a year.

c) **Micro Pillar** – 38.93 per cent (UGX 2,909.71 billion) of the total resources are to finance the intervention on increasing access to financial services, as shown in Table 8. These resources are majorly allotted towards increasing access to long-term finance through capitalising UDB up to UGX 500 billion a year and capitalising Uganda Development Corporation stimulate novel innovations for research and product development. Table 8 summarises costings by the main Pillar, strategic objectives, and interventions for NSPSD II.

Table 8: Summary of NSPSD II costing by Pillar, strategic objective, and intervention (UGX Bn)

Intervention costing	2022/23	2023/24	2024/25	2025/26	2026/27
Macro Pillar: Boosting investor confidence	**695.88**	**696.72**	**712.84**	**723.76**	**731.19**
Strategic objective 1: *Foster recovery and restoration of the private sector to drive sustainable growth and development.*	**694.89**	**695.73**	**711.85**	**722.77**	**730.2**
1.1 Enhance legal and regulatory framework.	0.5	0.16	0.17	0.38	0.19
1.2 Governance and administrative interventions.	17.19	17.34	27.5	27.37	26.67
1.3 Improve the macroeconomic environment.	552.5	547	546.5	546.75	547.78
1.4 Improve market efficiencies.	0.1	0.4	0.31	3.11	4.11
1.5 Infrastructure expansion and maintenance.	124.6	130.83	137.37	145.17	151.45
Strategic objective 2: *Strengthen coordination of state and non-state efforts for effective delivery of a whole-of-government approach to private sector development.*	**0.99**	**0.99**	**0.99**	**0.99**	**0.99**
Meso Pillar: Accelerating industrialisation	**138.18**	**145.49**	**172.49**	**279.34**	**267.93**
Strategic objective 1: *Strengthen area-based private sector development along commodity and product value chains.*	**138.18**	**145.49**	**172.49**	**279.34**	**267.93**
1.1 Construct inclusive public-private dialogue and promote PPPs.	2.75	2.79	2.83	2.87	2.91
1.2 Enhance access to markets and growing opportunities.	101.51	101.96	122.22	221.97	201.78
1.3 Enhance value addition in commodities.	0.77	2.39	2.54	2.8	3.02
1.4 Facilitate upward mobility along the industrial value chain.	2.07	2.41	3.0	3.05	3.09
1.5 Improve the quality of exports.	2.57	3.26	4.22	5.66	7.81
1.6 Increase business-to-business linkages.	28.51	32.68	37.68	42.99	49.32
Micro Pillar: Increasing development, competitiveness, and growth of enterprises	**502.56**	**586.66**	**606.74**	**627.32**	**586.5**
Strategic objective 1: *Sustain efforts in reducing informality and increasing the competitiveness of the private sector.*	**502.56**	**586.66**	**606.74**	**627.32**	**586.5**
1.1 Enhance factor productivity at the firm level.	0.95	0.98	1.0	1.23	1.07
1.2 Enhance women's access to markets and resources.	1.48	1.53	1.57	1.62	1.66
1.3 Formalize and professionalise MSMEs.	-	0.25	0.2	1.0	0.3
1.4 Increase access to financial services.	500.13	583.91	603.97	623.47	583.47

The detailed costing of NSPSD II at the output indicator level is presented in Annex 4.

ANNEXES

Annex 1: Sectoral status and challenges by subsector

Table 1a: Status and challenges of selected[30] subsectors in agriculture

Subsector	Status	Key Issues
Sugarcane	• Sugarcane is earmarked as one of the 14 strategic cash crops. • Currently a primary economic focus in the Busoga subregion, the subsector had grown at an annual average of 3.76% by 2020. • Prices have been reducing since 2017, from UGX 180,000 per metric tonne to UGX 60,000 for the same amount (Mwesigwa, 2021).	• Low productivity. • No sugar policy to guide production and marketing. • Low returns to farmers due to low prices. • Insignificant transformation of farmers' livelihoods evidenced by over 25% of people being below the poverty line.
Fisheries	• Still the second-highest foreign exchange earner for the country. • According to data from the BoU, fish exports have declined for the period ending July 2021. A total of 15,149 tonnes of fish worth USD 118.6 million (UGX 419 billion) were exported during June 2020-July 2021 compared to 23,141 tonnes worth USD 146 million (UGX 518 billion) within a similar period from the preceding year. • Uganda has over 350 fish species, with Nile Perch and Tilapia comprising 46% and 38%, respectively.	• Fishery laboratories have not been equipped. • The reduction of fish resources has, in turn, led to a decline in the sector's performance. • Due to inadequate funding, 46 high-priority fish breeding grounds in water bodies were identified but not gazetted. • Inadequate skills in aquaculture. • Poor performance attributed to the effects of COVID-19 restrictions (Ministry of Agriculture, Animal Industry and Fisheries, 2021)
Beef	• Livestock accounts for 17% of agricultural value-added, and the most important subsector is cattle, with 14.2 million cattle, of which 13.3 million are local breeds. • Out of the 14.9 million cattle, 11.9 million are bred for meat.	• Lack of revealed comparative advantage for beef products, both fresh and frozen, while whole hides and skins also lost their comparative advantage in 2019 (Hodges, 2022). • The comparative advantage of whole hides and skins is on a decreasing trend, i.e., 3.4MT in 2007 to 1.7MT in 2019 (Hodges, 2022).

Subsector	Status	Key Issues
	• Due to cattle shortages in 2021, beef prices increased in various areas in Uganda. • Export destinations include South Sudan and the Democratic Republic of Congo.	• Few firms are engaging in the trade of beef and raw skins and hides, i.e., the industry is highly concentrated. • Cross-border informal trade is high. • Declining exports from 0.2% of total exports in 2007 to 0.001% in 2019. • Non-tariff barriers in potential export destinations, especially China. • Multiple levies on animals as a condition for placing them on the market (The Cattle Site, 2021).
Tea	• The third leading export of the country. • About 67% of the tea is grown by smallholder farmers.	• Inadequate storage facilities. • Low labour productivity and climate change. • Low genetic potential. • Limited research and extension services on tea. • Quality challenges.
Coffee	• Leading export for the country. • Currently ranked 3rd globally in quality by the Coffee Quality Institute of USA. • Quantity increased by 19.11%, while value increased by 12.74% from FY 2019/20 to 2020/21. • Partially during the NSPSD I period, the value of coffee exports increased by 59% from USUSD 352 million in FY 2015/16 to USUSD 559 million in FY 2020/21.	• Limited R&D. • Low-value addition, especially final products for international markets. • Declining budget allocations; UGX 101.268 billion in 2018/19 to UGX 86.86 billion in 2021/22. • Low productivity. • Pests and diseases are still a threat to production.
Cotton	• Cotton growing is a way of life for many families, supporting about three million people along its entire value chain. • Priority commodity under the public investment management for agro-industrialisation. • Uganda exports about 95% of its cotton in raw form (Mwesigwa, Alon, 2021). • Only two textile mills, NYTIL and Fine Spinners, and eight manufacturing firms;	• Under investment within the sector, especially high-end value-added products like fabrics. • Raw-form exportation makes the country a net importer of cotton yarn. • Lack of a representative industry-wide forum at the macro and meso levels.

Subsector	Status	Key Issues
	collectively make up of only 5% of produced cotton.	
Maize	• According to data from UBOS, approximately 2.8 million metric tonnes of maize are produced, 90% of which is exported as grain to Kenya. • Twenty sets of maize milling equipment and six sets of feed milling equipment have been installed in 21 district local governments. (Ministry of Agriculture, Animal Industry and Fisheries, 2020)	• Low productivity in maize production. • Increase in maize production is majorly attributed to the expansion of maize acreage rather than productivity. • Limited adoption of drought-tolerant maize seeds. • Aflatoxins due to poor post-harvest handling.
Fruits and Vegetables		• Little or no value addition in this subsector (Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), 2021) • Poor post-harvest handling.
Dairy	• Increase in dairy exports from USD 131.5 million (UGX 480 billion) [31]in 2018 to USD 205 million (UGX 750 billion) in 2020. • Dairy exports include but are not limited to long life/ ultra-heat treated (UHT) milk, casein, milk powder, and protein powder. • The overall value of marketed milk is USD 850 million (UGX 3.1 trillion, making up 80.2% of total milk. (Ministry of Agriculture, Animal Industry and Fisheries, 2021) • Dairy cooperatives and farmers are supported with value-addition equipment. • Regional milk testing laboratories are equipped.	• Food shortage during dry seasons. • Fluctuating milk prices. • Inadequate processing factories/plants for dairy.
Rice	• Identified as a key cereal for import replacement in NDP III and the Parish Development Model	• Farming remains largely subsistence and uncompetitive. • Low absorption rate (19.5% budget burn rate) of allocated funding, i.e., ineffective resource utilisation. • Cheap imports from Tanzania.

Subsector	Status	Key Issues
	• Demand stands at 225,000 metric tonnes while production is at 165,000, meaning the deficit is at 60,000 metric tonnes. • Eastern Uganda accounts for over 70% of production. • About 450,000 smallholder farmers account for over 85% of production.	• Climate change effects-droughts affect productivity. • Discriminatory taxation, which is distortionary.

Table 1b: Status and challenges in the industrial sector

Sector	Subsector	Status	Key Issues
Heavy Manufacturing	Cement	• Plays one of the biggest roles in construction. • Four cement factories are operative within the country: Tororo Cement Limited, Hima Cement Limited, Kampala Cement Company Limited and Simba Cement Uganda Limited. • Fluctuating production index since 2016 but shot up to 34.1 in 2020.	• Limited research on how to reduce carbon emissions. • Imported raw materials and fuels affect profitability. • Unstable power supply.
	Iron and steel[32]	• Considered one of the nation's lifeline industries. • Commercial quantities of about 500 million tonnes of iron ore deposits were confirmed. • Iron core is mainly found in two areas: o Hematite iron ore in Muko in Kabale and Kisoro Districts and Mugabuzi in Sembabule District. o Magnetite iron ore in Sukulu and Bukusu in Tororo District. Fifteen firms are at phase IV of the value chain.	• Surveys for the deposits are not extensive enough. • Disruption of the global production and supply chain by the COVID-19 pandemic. • Limited private investments in the sector with only DRIOC in the region. • Firms are MSMEs and operate at excess capacity. • Annual deficits in liquid steel production at 320,000 tonnes. • Critical shortage of scrap metal to sustain liquid steel production.

Sector	Subsector	Status	Key Issues
	Construction	• The sector remains fragmented and largely dependent on foreign contractors and consultants. • Sector growth not matching demand. According to National Planning Authority, Uganda has an eight-million-unit housing shortage.	• Inadequate investment within the construction subsector. • High level of informality.
	Oil and gas	• One of the new and promising sectors to spur national development.	• Inadequate skills and lack of international accreditation of nationals to work in the oil sector. • Inadequate capacity of the local private sector to participate in the sector. • Policy, legal, regulatory and institutional frameworks are still weak.
Light manufacturing	Plastics and packaging	• About eight plastic, packaging and container companies exist in Uganda. • Increased number of single-use plastics. • The most recycled plastic in Uganda is polyethylene terephthalate (PET). It is turned into PET flake for export to China and India to be used in polyester fabric making. Other recycled plastics include polyethene and polypropylene.	• Plastic pollution. • Inadequate partnerships with plastic recycling companies, whereas such partnerships will culminate in green jobs.
	Food and beverages	• One of the essential components of the Ugandan economy. • Accounts for 21% of the GDP, 46% of total export earnings, and employs over 65% of the population. The food subsector consists of processed food products and food crops, while the beverage subsector covers tea, coffee, cocoa and processed alcoholic and non-alcoholic drinks.	• Price fluctuations of the raw materials. • Inadequate value addition.
	Processing	• A big proportion of the manufacturing output is accounted for by processed agricultural commodities, e.g., milk, coffee, flour etc.	• Shortage of working capital and credit. • Competition from imports.

Sector	Subsector	Status	Key Issues
		• Food processing accounts for 40% of the manufactured output.	
	Pharmaceuticals	• The chemical sector, including pharmaceuticals, accounts for over 10% of the country's manufacturing value added. • As of 2018, there were over 30 pharmaceutical and medical device manufacturing companies. • Over 173 pharmaceutical products are manufactured in Uganda. • Strong potential in the production of cotton-based products	• Inadequate R&D despite its criticality. • Insufficient regulatory capacity. • Reliance on imports to be used as raw materials. • Supply chain disruptions.

Source: Annual performance reports from MDAs and studies like the iron and steel feasibility study by National Planning Authority (2019)

Table 1c: State and challenges of the services sector

Subsector	Status	2015	2020	Key challenges
Tourism	Major tourist destinations.	15	26	Access and infrastructure constraints.[33]
	Tourist arrivals: wildlife.	215,555	101,331	
	Tour operators.	Multiple	Multiple	No nationally accredited qualification for tour guides.
	Training centres.	1	6	
	Number of hotels that attained a star rating.	61	142	Undeveloped potential for community tourism.
Tele communications[34]	Major company operators.	5	26	
	Public infrastructure providers.	24	36	
	Public service provider voice and data.	36	36	
	Subscribers.	22,973,902	28,986,019	
Banking	Commercial banks.	25	26	High cost of credit.
	Profit growth rates.	16.0%	6.4%	Poor coverage in rural areas.

Subsector	Status	2015	2020	Key challenges
	Credit institutions.	4	4	
	Microfinance institutions.	4	5	
	Average Central Bank Rate.	14%	6.5%	
Real estate	Level of informality.	High	High	
	Cost of building materials.	High	High	
	Effective demand.	Low	Low	
Education	Literacy rate.	71%	73%	
	Pre-primary schools.	5,763	7,210	
	Primary schools.	18,889	20,305	
	Primary school enrolment.	8,264,317	8,840,589	
	Secondary schools.	2,695	2,995	
	Government secondary schools.	1,023	1,033	
	Private secondary schools.	1,672	4,000	
	Post-secondary institutions.	167	255	
Health	Hospitals.	155	163	
	Government hospitals.	65	82	
	Private hospitals.	63	81	High capital outlay.
Creative and Performing Arts	Firms.	Small size but many	Small size but many	
	Local content.	Local	Local and regional	
Insurance	Insurance companies.	29	32	Insurance not fully appreciated or adopted by Ugandans, except for compulsory policies like third-party for vehicles.
	Insurance brokers.	26	37	
	Loss assessors.	21	23	
	Health membership organisations.	13	52	

Source: Sectoral annual performance reports (institutions)

Annex 2: Profiling subregional private sector competitiveness

S/N	Subregion	Profile	
		Sectors and activities of focus	Exports and opportunities
1	Rwenzori	**Primary growth sectors** *Agriculture* Coffee, tea, vegetables. *Tourism* Community-based tourism, bird watching, cultural tourism. *Manufacturing/Agro-processing* Tea processing, winemaking, yoghurt processing.	**Exports (fall short of value addition)** Coffee, tea, bananas. **Mining** Quozolanne, copper, cobalt in Kilembe. **Potential opportunities** Cocoa processing, coffee processing, banana processing.
2	Kigezi	**Key sectors that drive growth** *Agriculture* Tea production, Irish potato growing, coffee. *Tourism* Adventure and site seeing, eco-tourism, cultural and agro-tourism. *Manufacturing* Tea processing, juice processing, dairy processing.	**Exports** Coffee, tea, beans. **Mining** Iron ore in Rubanda. **Potential opportunities** Film making, iron ore mining, Irish potato processing plant, tourism, vegetable growing.
3	Ankole	**Key sector activities** *Agriculture* Tea, cattle, bananas. *Tourism* *Manufacturing* Dairy processing, fruit processing (juice and wine), coffee processing.	**Exports** Tea, bananas, dairy products. **Mining** Gold, tin. **Potential opportunities** Beef processing, honey processing, hides and skin tannery, buttons from cow horns.
4	Acholi	**Key sectors here include** *Agriculture* Simsim, sunflower, shea nut.	**Exports** Maize. **Under exploited opportunities**

S/N	Subregion	Profile	
		Sectors and activities of focus	Exports and opportunities
		Tourism *Manufacturing*	Shea nut and butter processing. Dairy industry.
		Processing cooking oil from sunflower and simsim. Honey processing. Shea nut and butter processing.	Apiculture.
5	Bukedi	**Major economic activities** *Agriculture* Rice, cassava, groundnuts. *Mining* Gold, sand, stone quarrying. *Manufacturing* Maize and rice milling. Cotton ginning. Beef production.	**Exports** Maize, milk. **Potential opportunities** Cotton processing. Cassava and rice production. Horticulture. Fish farming.
6	Elgon	**Key economic activities** *Agriculture* Coffee, maize. *Mining* Sand. *Bricklaying* *Tourism* Site-seeing (curves and inselbergs), adventure, cultural tourism. *Manufacturing/Value addition activities* Rice milling, maize processing.	**Exports** Coffee, Rice, maize, bogoya/yellow bananas. **Potential opportunities** Cotton processing, cassava and rice production. Fruit processing. Coffee processing: end products.
7	Teso/Karamoja	**Key economic activities** *Agriculture* Citrus fruits, cassava, groundnuts. *Manufacturing/ value addition activities* Juice processing. Cassava processing.	**Exports** Maize, milk. **Potential opportunities** Fruit processing (mangoes). Cashew nuts. Cotton.

S/N	Subregion	Profile	
		Sectors and activities of focus	**Exports and opportunities**
		Cotton processing. Horticulture.	Dairy production. Tourism.
8	Central Region 1	**Key sectors within the region** *Agriculture* Coffee, bananas, fruits (pineapples). *Manufacturing/value addition activities* Coffee, rice, palm oil. *Tourism (the islands)*	**Exports** Coffee, dairy products, poultry products **Potential potentials** Agro-forestry Briquette making Polythene bag recycling
9	GKMA	**Key economic activities** *Agriculture* Horticulture. *Manufacturing* Leather shoe making. Iron & steel industry. Construction/hardware. *Trade*	**Exports** Fish. Hide and skins. Milk. **Potential opportunities** Leather processing. Horticulture.
10	West Nile	Key economic activities *Agriculture* Cassava, beans, maize. *Manufacturing/Value addition* Cassava flour. Honey processing. Wine and maize processing.	**Exports** Cassava, coffee, honey, tobacco. **Potential opportunities** Fruit processing. Extraction of high-value products like starch and ethanol. Tourism.
11	Central Region 2	Key activities include agriculture and trade. *Agriculture* Maize, coffee, beans. *Manufacturing* Maize processing. Coffee processing. Animal products like hide and skin drying, ghee, etc.	**Exports** Milk, flowers, fruits. **Potential opportunities** Beef processing. Mineral development.

S/N	Subregion	Profile	
		Sectors and activities of focus	Exports and opportunities
12	Lango	**Key activities** *Agriculture* Simsim, soya beans, maize. *Trade*	**Exports** Simsim, soya beans, maize.
		Produce marketing and sales *Manufacturing (Lira City)* Cooking oil from sunflower and simsim. Maize grain milling. Honey and wine production. *Tourism* Site-seeing, cultural tourism.	**Under exploited opportunities** Peanut butter processing. Wine processing.
13	Busoga	**Key activities** *Agriculture* Sugarcane; rice; coffee. *Manufacturing* Sugar processing. Garments and textiles. Cooking oil.	**Exports** Sugar, fish, rice. **Potential opportunities** Tourism site at Mpumudde point. Fish farming in ponds. Apiary. Value addition in agricultural activities such as sugarcane and sweet potatoes.

Source: PSDU - SSPSD Scoping Study 2021

Annex 3: NSPSD II Output level Results Framework

Objectives	Intervention	Action	Output	Indicators	Baseline 2019/20	Targets 22/23	23/24	24/25	25/26	26/27	NDP III Programme	MDA
Macro Pillar Interventions: Boosting investor confidence												
Strategic Objective 1: **Foster recovery and restoration of the private sector to drive growth**	Improve Macroeconomic Environment	Maintain macroeconomic stability	Increased output and stable inflation	Annual core inflation	2.76	<5	<5	<5	<5	5%	DPI	MoFPED
				GDP growth	6.2	4.51	5.99	6.38	7.00	7.2		MoFPED
		Ensure prudent fiscal and monetary economic management.	Increased employment levels	Net annual number of jobs created	424,125	412,588	477,262	514,939	563,225	594,192	PSD	MoFPED
		Ensure a conducive interest rate regime through monetary policy framework	Conducive interest rate regime maintained	% growth in credit extended to the private sector	13.4	15.2	17.1	19.4	21.8	27.4	PSD	MoFPED
		Pursue an "import replacement" and export-led development strategy to increase export earnings for the country	Increased export earning	% share of agricultural exports to total exports	26.24	28.67	29.53	30.41	31.3	32.26	Agro	MAAIF
				Value of export earnings (UGX bn)							Manufacturing	MTIC
				Export value of priority agricultural commodities (USD bn)	1.65	1.9	2.1	2.3	2.5	2.7	Agro	MAAIF
		Maintain a competitive exchange rate	Rate supportive of PSD	Exchange rate							DPI	BoU
		Fast-track payment of domestic government arrears	Improved budget credibility	Stock of arrears (UGX billion)							DPI	MoFPED
			Outstanding court awards, mandamus orders and compensation arrears settled	% of outstanding court award arrears paid		7	20	30	30	13	Administration of justice	MoJCA
		Further capitalise the available public banks	Increased access to long-term finance	Amount to recapitalise four government-owned	0	0	0	500	500	500	DPI	MoFPED

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
				banks per year (UGX billion)								
		Develop a comprehensive local content policy	Local private sector capacity developed	Local content policy developed					1		DPI	MTIC
				Proportion of contracts by value awarded to local providers (UGX billion)	0.58	0.6	0.65	0.7	0.75	0.8	DPI	PPDA
		Reduce taxes on capital and other production intermediate goods	An overarching tax regime introduced	Proportion of indirect taxes charged to firms							DPI	URA
				Proportion of direct taxes charged to firms							DPI	URA
				Average filing ratio (PAYE & VAT)	88.76	75	80	85	90	90	DPI	URA
				Domestic tax revenue collection to target	81.85	100	100	100	100	100	DPI	URA
		Fast-track integration of PSD strategies into the PDM	Sub-national PSD	Number of PSD strategies integrated into the PDM					1		PSD	MoLG
		Deliberately attract export-oriented FDIs	Export-oriented FDIs increased	Value of export-oriented FDIs (USD)								
		Facilitate PS initiatives aimed at spurring growth in productivity and human capital development	PSD initiatives facilitated	Number of new products developed		1	1	1	1	1	PSD	MoFPED
	Enhance legal and regulatory framework	Standardise data capture for "starting a business process" into one form	A functional Management Information System (MIS) developed	Number of business start-ups captured		200	200	200	200	200	PSD	MoLG
		Implement an online process for incorporation (URSB), tax registration (URA), obtaining a trade license (KCCA,	Increased business registration	Number of online businesses registered		5000	5000	5000	5000	5000	PSD	MoFPED

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
		MoLG) and NSSF registration										
		Remove barriers to formalisation to increase market power within value chains	Increased informal sector registration	Number of barriers removed		1	1	1	1	1	PSD	MoFPED
		Fast-track the minimum wage legislation, at least on a sectoral basis	Minimum wage legislation implemented	Minimum wage legislation in place					1			Parliament
	Infrastructure expansion and maintenance	Strengthen and monitor government efforts relating to further public investments in economic infrastructure, including last-mile road development, water and railway infrastructure, strategic common user infrastructure, e.g., cold-chain warehouses, communal silos	Improved transport and electricity accessibility, last-mile infrastructure	Paved national roads (km)	4,971	5,717	6,163	6,609	7,055	7,500	Integrated transport infrastructure and services	MoWT
				Percentage of households with access to electricity	21	40	45	50	55	60	Sustainable Energy Dev't	MEMD
				Internet penetration	25	30	35	43	46	50	Digital transformation	MoICT
			Cold chain warehouses, communal silos, among others	Storage capacity of the cold room (cubic metres)	150				1,000		Agro-Industry	MAAIF
		Stimulate investment in the productive sectors of the economy	Economy-optimal utilisation of infrastructure increased	% of utilisation of infrastructure		100	100	100	100	100	PSD	MoFPED
		Prioritise infrastructure maintenance	Balanced development and maintenance of infrastructure	Km of national roads network maintained: periodic paved	11	60	60	200	200	200	Integrated transport infrastructure and services	UNRA
				Km of national roads network maintained: periodic unpaved	588	650	650	300	300	300	Integrated transport infrastructure and services	UNRA

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
		Leverage local PS participation in infrastructure projects	Increased number of contracts awarded to the local private sector	Value of construction works carried out by local contractors (% allocation for road works)	0	20	20	20	20	20	Integrated transport infrastructure and services	UNRA
				Number of local contractors classified		200	250	300	350	400	Integrated transport infrastructure	MoWT
		Leverage on PPPs	Private sector growth and capacity developed	Number of measures undertaken to build private sector capacity	0	4	2	2	2	1	PSD	MoFPED
	Improve market efficiencies	Fast-track formulation and implementation of a competition law	Competition law developed	Competition law in place				1			Manufacturing	MTIC
		Encourage PS to utilise liberalised tariff lines that fit exports	Increased regional market access	Value of exports (USD)							Manufacturing	MTIC
		Develop online commodity exchange systems integrated with the warehouse receipt and other systems in the value chain	Improved availability of market information	Online commodity exchange system developed			1				Manufacturing	MTIC
		Facilitate the revival of cooperative movements	Cooperative movements revived	Number of commodity associations and co-operatives		500	500	500	500	500	Manufacturing	MTIC
				Number of beneficiary cooperative members trained	0	7739	7739	7739	8391	8392	Agro-Industry	MAAIF
	Governance and administrative interventions	Facilitate mainstreaming of PSD strategies into local-level programmes, e.g. PDM	A whole approach coordination of PSD	Number of strategies mainstreamed in the PDM		176	176	176	176	176	Regional development	MoLG

Objectives	Intervention	Action	Output	Indicators	Baseline 2019/20	Targets 22/23	23/24	24/25	25/26	26/27	NDP III Programme	MDA
		Facilitate periodical structured, inclusive and effective public-private sector dialogues at national, sub-national and parish level	Momentum and supportive coalitions for PSD developed	Number of public-private sector dialogues undertaken		4	4	4	4	4	PSD	MoFPED
		Enhance the analytical and prescriptive capacity of private and public sector stakeholders	PS analytical and prescriptive capacity developed	Number of private and public sector stakeholder groups trained		200	200	200	200	200	PSD	MoFPED
		Develop and publicise a transparent incentive framework that supports indigenous investors	Transparent incentive framework developed	Transparent incentive framework in place	0	0	0	1	0	0	PSD	MoFPED
		Re-engineer business processes to reduce red tape in service delivery, especially regarding commercial and land dispute resolution	Cases that are over two years disposed	% of backlog cases disposed		37	50	65	80	90	Governance and Security	UPF
		Strengthen the prevention, detection and elimination of corruption and bribery in public institutions	Activities of RFO coordinated	RFO database in place		1	1	1			Governance and Security	DEI
		Mainstream anti-corruption initiatives in all MDA Plans, programmes and budgets	TAAC mainstreamed in all government projects/ programmes	% of districts with functional TAAC partnerships		10	30	50	60	70	Governance and Security	IG
		Facilitate translation programs for judicial documents into braille and local languages to better serve private	Bill of rights translated and disseminated	Number of new dilates brought on board	1	3	3	3	3	3	Governance and Security	UHRC

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
		sector actors with disabilities										
		Undertake skill enhancement training for prisoners ahead of their release to increase their abilities to engage in private economic activities and integration back into the communities	Prisoners' capacity improved	Rate of recidivism	17.2	14.8	14.6	14.2	14.0	13.8	Governance and Security	UPS
		Increase private sector awareness and advocacy on Justice services through periodical sensitisation campaigns	Private sector awareness and advocacy campaigns undertaken	% of private sector awareness and advocacy campaigns undertaken		100	100	100	100	100	Administration of Justice	Judiciary
		Conduct backlog reduction sessions for commercial cases at all courts and levels	Reduced maintenance backlog	Number of commercial cases disposed of High Court		1,600	1,680	1,840	2,000	2080	Administration of Justice	Judiciary
		Facilitate the establishment of specialised land courts at high court circuits	Small claims procedure Rolled	Number of specialised land courts established at High Court circuits	-	-	-	7	7	6	Administration of Justice	Judiciary
		Retool institutions in the delivery of commercial justice	Justice institutions retooled	Number of institutions retooled						3	Administration of Justice	Judiciary
Strategic Objective 2:	Strengthen collaboration of all stakeholders to promote local economic development	Increase collaboration among stakeholders	Stakeholders identified	Percentage of targeted identified stakeholders		100	100	100	100	100	PSD	MoFPED

Objectives	Intervention	Action	Output	Indicators	Baseline 2019/20	Targets 22/23	23/24	24/25	25/26	26/27	NDP III Programme	MDA
Strengthen coordination of state and non-state efforts for effective delivery of a whole-of-government approach to private sector development												
Meso Pillar Intervention: Accelerating industrialisation												
Strategic Objective 1: **Strengthen area-based private sector development along Commodity and product value chains**	Enhance access to markets and growing opportunities	Review and develop an export development strategy	Alignment with regional economic blocks arrangements	Contribution of manufacturing to industrial GDP (%)	15.4	16.0	17.0	18.0	19.0	20	Manufacturing	MTIC
				Share of manufactured exports to total exports (%)	12.3	13.0	14.0	15.0	16.0	18.0	Manufacturing	MTIC
				Manufacturing value added (USD million)	2,142	2,200	2,250	2,300	2,400	2,500	Manufacturing	MTIC
		Expand the COVID-19 recovery fund to enable firms to recover from COVID-19 effects to stimulate export volumes in the next five years.	COVID-19 Recovery funds implemented	Number of firms benefiting COVID-19 recovery grants/loans		200	200	250	210	200	PSD	MoFPED
		Facilitate programs aimed at promoting the consumption of locally produced goods.	Programmes promoting the consumption of locally produced goods facilitated	Number of programmes supported	6	12	14	16	18	20	PSD	MoFPED

Objectives	Intervention	Action	Output	Indicators	Baseline 2019/20	Targets 22/23	23/24	24/25	25/26	26/27	NDP III Programme	MDA
		Investment in and private provision of basic services and infrastructure	PPPs in infrastructure supported	Number of PPPs in infrastructure development signed		1	1	1	1	1	PSD	MoFPED
		Promote a value-chain approach to bring all participants on board and reward each fairly.	Comprehensive value chain strategy developed	Value chain strategy disseminated					1		PSD	MoFPED
		Reform and improve business processes in cities and urban areas	Business processes reformed	Number of cities with reformed business processes			2	3	3	2	PSD	MoFPED
				Number of municipalities with reformed business processes		35	36	32	35	36	PSD	MoFPED
		Cluster development of key export products	Cluster classification scheme developed and disseminated	Number of cluster development schemes in place				1			PSD	MoFPED
		Facilitate the establishment of four export logistics centres	Improved seamless export of Ugandan products	Four export logistics centres constructed and operationalised	0	0	0	0	2	2	Manufacturing	MTIC
		Facilitate the establishment of at least four border markets to facilitate trade with regional neighbours (South Sudan and Congo DRC)	Increased exports to targeted neighbouring markets	Number of border markets established	0	0	0	1	2	1	Manufacturing	MTIC
		Establish export credit guarantee schemes for micro, small and medium enterprises	Increased revenue to SMEs	Credit guarantee programme in place	-	-	1	0	0	0	Manufacturing	MTIC
				Number of financing institutions attracted	-	0	0	2	5	5	Manufacturing	MTIC
				Number of sensitisation programmes conducted	-	-	10	20	20	20	Manufacturing	MTIC

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
		Engage in bi-lateral and multi-lateral negotiations for increased access to regional and international markets	Increased market access	% change in mineral-based products exported	-	10	20	30	40	50	Sustainable Energy Development	MEMD
		Digitalise acquisition and distribution of agricultural and other goods market information	Digital platform constructed for goods produced by the locals and linking them to potential markets	Operational national digital marketing platform in place		-	1	1	1	1	Agro-Industry	MTIC
	Enhance Value Addition in commodities	Advocate for a competitive banking system with expanded access to private credit on terms and conditions	Increased investment	Private sector credit, % of GDP	11.7	10.9	10.5	10.7	10.8	11.2	PSD	MoFPED
		Support increased access to knowledge, technology and infrastructure	Increased knowledge and awareness of market opportunities	Number of people sensitised about market opportunities								
		Attract Foreign Direct Investments (FDIs)	FDI established to focus on export market	Number of new operational external firms investing in Agriculture	0	-	3	3	3	3	Agro-Industry	UIA
		Strengthen research and innovation capacity that supports private and public investment	Research and innovations conducted	Cumulative number of studies conducted	2	4.0	6.0	7.0	8.0	10.0	Private Sector Development	PSD
	Increase Business to Business linkages	Incentivise outward-oriented foreign investments while vigorously promoting indigenous investors	Increased local firms' access to venture and private equity and support grants	Top 100 SMEs for support to access private equity	0	5	5	5	5	5	Private Sector Development	MoFPED

Objectives	Intervention	Action	Output	Indicators	Baseline 2019/20	Targets 22/23	23/24	24/25	25/26	26/27	NDP III Programme	MDA
		Develop fully-serviced regional industrial parks/ export processing zones	Fully serviced industrial parks	Number of fully serviced industrial parks	0	1	1	1	1	1	Private Sector Development	UIA
		Create a framework that agglomerates MSMEs' production with large firms	Increased collaboration between MSMEs and large firms	Framework developed				1			Private Sector Development	MoFPED
		Avail incentives targeting input-supply-oriented MSMEs to increase and strengthen local and foreign business linkages	Export processing zones established	Number of local private investors operating in industrial parks	0	1	1	1	1	1	Manufacturing	UIA
				Number of public free zones with fully built industrial infrastructure and utilities	0	2	3	3	3	3	Manufacturing	Uganda Free Zones Authority
		Undertake awareness campaigns on key requirements for partnerships among private enterprises	Increased partnerships among private enterprises	Number of awareness campaigns conducted		4	4	4	4	4	PSD	MoFPED
	Facilitate upward mobility along the industrial value chain	Facilitate an increase in productive capacities in agriculture and agribusiness, manufacturing and cottage industries, tourism, and hospitality	Increased production and support to agro industrialisation	Earnings from the selected opportunities (UGX billion)								
		Facilitate skill enhancement programmes in export-oriented sectors	Positive changes in workers' skill composition supportive of value addition	Number of skill enhancement programmes facilitated		10	10	10	10	10	PSD	MoFPED
		Support the development and implementation of	Export market-specific training	Number of market-specific training			1	1	1	1	Manufacturing	MTIC

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
		export market-specific training programme	programme developed	programs developed and implemented								
		Provide appropriate financing mechanisms to support manufacturing	Suitable finance solutions for manufacturers developed	Number of suitable financing packages (manufacturing credit facility) for manufacturers established and continuously reviewed		-	0	3	3	3	Manufacturing	NPA
					-	0	3	3	3	3	Manufacturing	MTIC
							1	1	1	1	Manufacturing	MoFPED
		Support existing local manufacturers for both medical and pharmaceutical products										
		Strengthen the intellectual property rights value chain management to motivate investment in R&D	Anti-counterfeits and quality product laws enforced	Number of laws and regulations on Intellectual property rights reviewed			3	1	1	1	Manufacturing	URSB
	Improve quality of exports	Undertaking sensitisation programmes among private entrepreneurs	ICT usage sensitisation programmes undertaken	Number of sensitisation programmes held		4	4	4	4	4	PSD	MoFPED
		Adopt the "beyond simply-surplus production to production according to market needs (BSPPM)" model	BSPPM model adopted and implemented	Number of private players using the BSPPM model		200	200	200	200	200	PSD	MoFPED
		Increase number and capacity of inspectors at key entry/exit points	Quality exports/imports	Number of inspectors trained		250	150	100	2200	300	PSD	MoFPED
				Number of inspectors recruited			5	10	12	15	PSD	MoFPED
		Empower private sector associations/ clusters to self-regulate	Private sector associations/ clusters empowered	Number of private sector associations/ clusters trained		250	150	100	2200	300	PSD	MoFPED

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
		for quality and standards										
		Facilitate acquisition and installation of quality-ensuring equipment and ICT in firm-level operations	Standardised ICT equipment procured	Number of ICT equipment procured and installed			1	1	1	1	Digital transformation	MoICT
	Construct inclusive public-private dialogue and promote PPPs	Facilitate the emergence and strengthening of private sector organisations at national, sub-national and parish levels	Private sector organisations strengthened	% of private sector organisations registered		70	85	90	90	95	PSD	MoFPED
		Facilitate, through the respective MDAs, well-organised public-private dialogues	Needs and concerns of the PS tackled in a timely manner	Number of meetings held		4	4	4	4	4	PSD	MoFPED
Micro Pillar Interventions: Increasing profitability, competitiveness, and growth of enterprises												
Strategic Objective 1: **Sustain efforts in reducing informality and increasing the competitiveness of the private sector**	Formalise and professionalise MSMEs	Facilitate the creation and strengthening of a framework for business development services (BDS)	Developed guidelines for BDS provision, increased uptake, professionalism at the firm level etc.	Business development services framework in place				1			PSD	MoFPED
				SME-specific Business Development Service Framework					1		PSD	MoFPED
		Review laws, regulations and administrative processes that tend to impede formalisation	Laws, regulations and administrative processes for formalisation reviewed	Number of laws, regulations and administrative processes reviewed to promote formalisation						1	PSD	MoFPED
		Develop and implement a formalisation communication strategy	Increased formalisation	Communication strategy on formalisation in place			1				PSD	MoFPED
		Lower the financial costs of formalisation	Increased formalisation	Cost of formalisation								

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
	Increase access to financial services	Reduce government borrowing from the domestic credit market	Capacity built in government agencies to negotiate better terms of borrowing and PPPs	Proportion of government agencies trained to negotiate better terms of borrowing and PPPs.	0	70	80	90	95	100	PSD	MoFPED
				Proportion of the government borrowing aligned to the priorities in the NDP	0	100	100	100	100	100	DPI	MoFPED
		Review of existing banking policies to ascertain the impact of policies	Banking policies reviewed	Number of banking policies reviewed				1			DPI	URA
		More capitalisation of UDB with the ultimate aim of providing long-term finance	UDB capitalised	Amount of funds injected into UDB (UGX billion)		500	500	500	500	500	DPI	MoFPED
		Provide more financing through the UDC to stimulate novel innovations for R&D and product development	UDB capitalised to support R&D	Number of innovations/projects invested in by UDC			4	6	8	4	DPI	MoFPED
				Number of R&D programmes supported by UDC		1	1	1	1	1	DPI	MoFPED
		Encourage and support growth in alternative funding, especially venture capital	Joint venture partnerships facilitated	Functional joint ventures and partnerships				1			DPI	MoFPED
		Support government efforts to increase savings	Increased value of savings for private sector investment	Number of households benefiting from village savings and loan associations (VSLA) and investment clubs		700	850	800	790	920	DPI	MoFPED
				Proportion of informal sector workers in a		20	20	20	20	20	PSD	MoFPED

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
				contributory savings scheme								
		De-risk private investments through PPPs	De-risking mechanisms in place	Number of financial institutions accessing new de-risking mechanisms in place	0	8	10	12	14	16	PSD	MoFPED
		Develop and implement a strategy for an innovation hub for all the sectors in the economy	A functional strategy for an innovation hub	A functional strategy for an innovation hub for all sectors of the economy			1				PSD	MoFPED
	Enhance women's access to markets and resources	Provide support to institutions offering gender-focused micro-credit	Increased access to credit markets	Proportion of women entrepreneurs provided with affordable credit and other financial services	0.015	0.017	0.02	0.022	0.024	0.025	CMM&MC	MoGLSD
		Facilitate projects aimed at training and workforce development for women and girls	Improved capabilities in the deployment of existing resources	Proportion of women benefiting from the socio-economic empowerment programmes	0.015	0.017	0.02	0.022	0.024	0.025	CMM&MC	MoGLSD
		Facilitate awareness campaigns about gender-related credit in financial institutions like Women in Business in DFCU-Bank	Women economic empowerment enhanced	% of women entrepreneurs trained in entrepreneurship skills		20	20	20	20	20	PSD	MoFPED
		Facilitate integration/ application of gender analysis tools in private sector development strategies at DLGs and parish levels	Increased role of women entrepreneurs	Number of institutions that have integrated gender-specific PSD concerns	119	130	140	154	170	174	Human Capital Development	MoGLSD
		Formulate and consequently	Women participation in	Number of women representations in	35	36	37	38	39	40	Human Capital	MoGLSD

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
		implement policies that remove or ameliorate structural barriers to women's participation in markets	development processes increased	decision-making structures at all levels							Development	
				Number of women skilled under UWEP	0	5000	10000	15000	20000	25000	Human Capital Development	MoGLSD
	Enhance factor productivity at firm-level	Support enforcement of quality standards along the input supply chains both for agriculture and industrial production	Increased uptake of technologies and production methods	% firms adhering to quality standards		100	100	100	100	100	DPI	MoFPED
		Create and strengthen partnerships with local communities at the parish level to close enforcement gaps	Parish-level partnerships created and strengthened	Number of parish partnerships created			1	1	1	1	Regional Balanced Development	LGs
		Revive and strengthen product-specific producer organisations	Product-specific producer organisations revived	Number of product-specific producer organisations revived		11	15	21	15	06	Manufacturing	MTIC
		Facilitate empirical inquiry into the key productivity drivers in Uganda's export sector at the firm-level	export related studies undertaken	Number of research reports produced		1	1	1	1	1	PSD	MoFPED
		Facilitate programmes to address health and socio-cultural impediments to productivity growth at the enterprise level	Gender-related constraints to productivity growth programmes supported	Number of productivity growth programmes supported (HIV/AIDS, COVID-19 (increase vaccination uptake), mindset change)			4	4	4	4	Human Capital Development	MoH
		Carry forward land reform policies advocated for by NSPSD I	NSPSD I land reform policies implemented	Number of land reform policies implemented				1	1	1	ENR, climate change, land and water Mgt	MoLHUD

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
		Subsidise firm-level equipment and technology aimed at building climate resilience	Climate resilience built	Number of firm-level equipment and technology subsidised		24	35	33	22	30	PSD	MoFPED
		Facilitate automation or digitalisation of operations at firm-level	Automated firm-level operations	Number of automated firm-level operations		130	140	154	170	174	Digital transformation	MoICT
		Equip and increase the number of extension workers at lower (parishes) levels of the community	Extension workers recruited and equipped	Number of parishes with functional agricultural extension services	5,504	5,504	5,504	5,504	5,504	5,504	Regional balanced development	LGs
		Facilitate market-driven R&D, technology development and dissemination	Increased market-driven R&D and technology development undertaken	Number of R&D studies undertaken		1	1	1	1	1	PSD	MoFPED
		Implement a special power tariff for MSMEs	MSMEs special power tariff implemented	Number of MSMEs benefiting from special power tariff, '000)	200	200	200	200	200	200	Sustainable energy development	REA/ UEDCL
				Number of consumers connected to the grid per consumer category ('000)	200	200	200	200	200	200	Sustainable energy development	REA/ UEDCL
		Leverage on PPPs to reduce the burden of communicable diseases	Epidemic diseases detected and controlled	Port health facilities established	-	4	4	4	3	3	Human Capital Development (HCD)	MoH, LGs
				Epidemic response financing mechanism established		0	1	1	1	1	HCD	MoH, LGs
				% of epidemics detected and controlled	100	100	100	100	100	100	HCD	MoH, LGs
		Enhance the prevention and control of non-communicable	Centres of excellence (heart,	Number of centres of excellence established				Cancer	Heart		HCD	MoH, LGs

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
		diseases (cancer, cardiovascular diseases and trauma)	cancer) established	commissioned and functional								
		Enhance maternal, adolescent and child health services at all levels of care	Neonatal intensive care units (NICUs) established in all hospitals	% of hospitals with functional NICUs	NA	45	50	55	65	75	HCD	MoH, LGs
				Number of primary health workers trained in newborns care		300	300	300	300	300	HCD	MoH, LGs
		Enhance access to sexual reproductive health and rights, focusing on family planning services and harmonised information	Increased access to sexual and reproductive health services and age-appropriate information	% of health facilities providing SRH services	-	100	100	100	100	100	HCD	MoH, LGs
		Leverage on PPPs to extend broadband ICT infrastructure coverage and implement last-mile connectivity	National backbone infrastructure extended	Percentage of parishes with broadband connectivity	65	70	75	80	85	90	Digital transformation	MoICT
				Length of fibre optic network	2,424	3,092	3,592	4,092	4,592	5,092	Digital transformation	NITA-U
		Provide tailor-made training across the entire value chains in key sectors	Framework for tailor-made training developed	Framework for tailor-made training in place					1		Agro-Industry	UCDA
Strategic Objective 4: Strengthen coordination of state and non-state efforts for effective delivery of a whole-of-government approach to private	Strengthen collaboration of all stakeholders to promote local economic development	Increase collaboration among stakeholders	Stakeholders identified	Percentage of targeted identified stakeholders		100	100	100	100	100	PSD	MoFPED

Objectives	Intervention	Action	Output	Indicators	Baseline	Targets					NDP III Programme	MDA
					2019/20	22/23	23/24	24/25	25/26	26/27		
sector development												

Annex 4: NSPSDII costing by output, UGX Bn-2022/23-2026/27

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
Macro Pillar: Boosting investor confidence											
Strategic objective 1: *Foster recovery and restoration of the private sector to drive growth*	1.1 Improve Macroeconomic Environment	Maintain macroeconomic stability	Increased output and stable inflation		-	-	-	-	-	DPI	MoFPED
		Ensure prudent fiscal and monetary economic management.	Increased employment levels		-	-	-	-	-	PSD	MoFPED
		Ensure a conducive interest rate regime through government's monetary policy framework	Conducive interest rate regime maintained		-	-	-	-	-	PSD	MoFPED
		Pursue an "import replacement" and export-led development strategy to increase export earnings for the country.	Increased export earning		-	-	-	-	-	Agro	MAAIF
		Maintain a competitive exchange rate	Rate supportive of PSD		-	-	-	-	-	DPI	BOU

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		Fast-track payment of government domestic arrears	Improved budget credibility		-	-	-	-	-	DPI	MoFPED
			Outstanding court awards, mandamus orders and compensation arrears settled		52.50	47.00	46.50	45.50	47.78	Administration of Justice	MoJCA
		Further capitalize the available public banks.	Increased access to long-term finance.		500.00	500.00	500.00	500.00	500.00	DPI	MoFPED
		Develop a comprehensive local content policy.	Local Private sector capacity developed		-	-	-	0.25	-	DPI	MTIC
		Reduce taxes on capital and other production intermediate goods	An overarching tax regime introduced		-	-	-	-	-	DPI	URA
		Fast track integration of PSD strategies into the PDM	Sub-national PSD		-	-	-	1.00	-	PSD	MoLG
		Deliberately attract export oriented FDIs	Export-oriented FDIs increased		-	-	-	-	-		
		Facilitate PS initiatives aimed at spurring growth in	PSD initiatives facilitated		-	-	-	-	-	PSD	MoFPED

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		productivity and human capital development.									
	1.2 Enhance Legal and Regulatory framework	Standardise data capture for all" starting a business process" into one form	A functional Management Information System (MIS) developed		0.25	0.08	0.08	0.09	0.09	PSD	MoLG
		Implement an online process for incorporation (URSB), tax registration (URA), obtaining a trade license (KCCA, MoLG) and NSSF registration	Increased business registration		0.25	0.08	0.08	0.09	0.09	PSD	MoFPED
		Remove barriers to formalization by private business enterprises so as to increase market power within value chains	Increased informal sector registration		-	-	-	-	-	PSD	MoFPED
		Fast-track the minimum wage legislation at least on a sectoral basis	Minimum wage legislation implemented		-	-	-	0.20	-		Parliament

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
	1.3 Infrastructure expansion and maintenance	Strengthen and monitor government efforts relating to further public investments in economic infrastructure, including, last-mile road development, water and railway infrastructure, strategic common user infrastructure e.g., cold-chain warehouses, communal silos	Improved transport and electricity accessibility, last mile infrastructure		2.00	2.10	2.21	2.32	2.43	Integrated transport infrastructure and services; Sustainable Energy Dev't; Digital transformation	MWT, MEMD, MoICT,
			Cold chain warehouses, communal silos, among others		-	-	-	0.93	-	Agro Industry	MAAIF
		Stimulate investment in the productive sectors of the economy	Economy-optimal utilization of infrastructure increased.		-	-	-	-	-	PSD	MoFPED
		Prioritize infrastructure maintenance	Balanced development and maintenance of infrastructure		100.00	105.00	110.25	115.76	121.55	Integrated transport infrastructure and services	UNRA
					22.50	23.63	24.81	26.05	27.35	Integrated transport infrastructure and services	UNRA
		Leverage local PS participation in	Increased number of		0.10	0.11	0.11	0.12	0.12	Integrated transport	UNRA

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		infrastructure projects	contracts awarded to the local Private Sector							infrastructure and services	
		Leverage on PPPs	Private Sector growth and capacity developed.		-	-	-	-	-	PSD	MoFPED
	1.4 Improve market efficiencies	Fast track formulation and implementation of a competition law	Competition law developed		-	-	0.2	-	-	Manufacturing	MTIC
		Encourage PS to take merit of liberalized tariff lines that fit our exports	Increased regional market access		-	-	-	3.00	4.00	Manufacturing	MTIC
		Develop online commodity exchange systems integrated with the warehouse receipt systems and other systems along the value chain	Improved availability of market information		-	0.30	-	-	-	Manufacturing	MTIC
		Facilitate the revival of cooperative movements	Cooperative movements revived		0.10	0.10	0.11	0.11	0.11	Manufacturing	MTIC

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
	1.5 Governance and administrative interventions	Facilitate mainstreaming of PSD strategies into local level development programs especially the PDM.	A whole approach coordination of PSD		0.75	0.79	0.83	0.87	0.91	Regional development	MoLG
		Facilitate periodical structured, inclusive, and effective public-private sector dialogues at national, sub-national and parish level	Momentum and supportive coalitions for PSD developed		1.25	1.31	1.38	1.45	1.52	PSD	MoFPED
		Enhance analytical and prescriptive capacity of private and public sector stakeholder groups.	PS analytical and prescriptive capacity developed		0.30	0.32	0.33	0.35	0.36	PSD	MoFPED
		Develop and publicise a transparent incentive framework that supports indigenous investors	Transparent incentive framework developed		-	-	0.45	-	-	PSD	MoFPED

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		Re-engineer business processes to reduce red tape in service delivery especially regarding commercial and land dispute resolution	Cases that are over 2-years disposed		1.50	1.58	1.65	1.74	1.82	Governance and Security	UPF
		Strengthen the prevention, detection and elimination of corruption and bribery in public institutions.	Activities of RFO coordinated.		0.90	0.50	0.50	-	-	Governance and Security	DEI
		Mainstream anti-corruption initiative in all MDA Plans, programmes and budgets	TAAC mainstreamed in all government projects/ programmes		1.00	1.00	1.00	1.00	1.00	Governance and Security	IG
		Facilitate translation programs for judicial documents into braille and local languages to better serve private sector actors with disabilities	Bill of rights translated and disseminated		0.04	0.04	0.04	0.04	0.04	Governance and Security	UHRC

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		Undertake skill enhancement trainings for prisoners ahead of their release to increase their abilities to engage in private economic activities and integration back into the communities	Prisoners' capacity improved		3.45	3.52	3.59	3.66	3.73	Governance and Security	UPS
		Increase private sector awareness and advocacy on Justice services through periodical sensitization campaigns	Private sector awareness and advocacy campaigns undertaken		0.60	0.64	0.67	0.70	0.74	Administration of Justice	Judiciary
		Conduct backlog reduction sessions for commercial cases at all courts and levels	Reduced maintenance backlog		5.00	5.25	5.75	6.26	6.51	Administration of Justice	Judiciary
		Facilitate establishment of specialised land courts at high court circuits	Small claims procedure Rolled		-	-	8.91	8.91	7.64	Administration of Justice	Judiciary

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		Retool institutions in the delivery of commercial justice	Justice institutions retooled		2.40	2.40	2.40	2.40	2.40	Administration of Justice	Judiciary
Sub-total					***694.89***	***695.73***	***711.85***	***722.77***	***730.20***		
Strategic objective 2: *Strengthen coordination of state and non-state efforts for effective delivery of a whole of government approach to private sector development*	2.1 Strengthen collaboration of all stakeholders to promote local economic development	Increase collaboration among stakeholders	Stakeholders identified		0.99	0.99	0.99	0.99	0.99	PSD	MoFPED
Sub-total					***0.99***	***0.99***	***0.99***	***0.99***	***0.99***		
Meso Pillar: Accelerating industrialisation											
Strategic Objective 1: *Sustain efforts in reducing informality and increasing the competitiveness of the private sector*	1.1 Enhance access to Markets and growing opportunities	Review and develop an export development strategy	Alignment with regional economic blocks arrangements		0.20	-	-	-	-	Manufacturing	MTIC
		Expand the covid-19 recovery fund to enable firms recover from covid effects so as to	COVID-19 Recovery funds implemented		100.00	100.00	100.00	100.00	100.00	PSD	MoFPED

Objectives	Intervention	Action	Output	2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		stimulate export volumes in the next 5 years.								
		Facilitate programs aimed at promoting consumption of locally produced goods.	Programs promoting consumption of locally produced goods facilitated	0.08	0.08	0.09	0.09	0.10	PSD	MoFPED
		Investment in and private provision of basic services and infrastructure	PPPs in infrastructure supported	0.03	0.03	0.03	0.03	0.03	PSD	MoFPED
		Promote a value-chain approach so as to bring all participants on board and reward each fairly.	Comprehensive value chain strategy developed	-	-	-	0.20	-	PSD	MoFPED
		Reform and improve business processes in cities and urban areas	Business processes reformed	-	0.40	0.40	0.40	0.40	PSD	MoFPED
		Cluster development of key export products	Cluster classification scheme developed and disseminated	-	-	0.45	-	-	PSD	MoFPED

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		Facilitate the establishment of four (4) export logistics centres	Improved seamless export of Ugandan products		-	-	-	80.00	80.00	Manufacturing	MTIC
		Facilitate the establishment of at least four (4) border markets to facilitate trade with regional neighbours especially the South Sudan and Congo DRC	Increased exports to targeted neighbouring markets		-	-	20.00	40.00	20.00	Manufacturing	MTIC
		Establish export credit guarantee schemes for micro small and medium enterprises	Increased revenue to SMEs		-	-	-	-	-	Manufacturing	MTIC
		Engage in bi-lateral and multi-lateral negotiations for increased access to regional and international markets	Increased market access		1.20	1.20	1.20	1.20	1.20	Sustainable Energy Development	MEMD
		Digitalize acquisition and distribution of agricultural and	Digital platform constructed for goods produced by the locals and linking them to		-	0.25	0.05	0.05	0.05	Agro-Industry	MTIC

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		other goods market information	potential markets								
	1.2 Enhance Value Addition in commodities	Advocate for a competitive banking system, with expanded access to private credit on terms and conditions	Increased investment		0.05	0.05	0.05	0.05	0.05	PSD	MoFPED
		Support increased access to knowledge, technology and infrastructure	Increased knowledge and awareness on market opportunities		0.60	0.64	0.67	0.70	0.74		
		Attract Foreign Direct Investments (FDIs)	FDI established to focus on export market		-	1.50	1.58	1.65	1.74	Agro-Industry	UIA
		Strengthen research and innovation capacity that supports private and public investment	Research and innovations conducted		0.12	0.20	0.25	0.40	0.50	Private Sector Development	PSD
	1.3 Increase Business to Business linkages	Incentivise outward-oriented foreign investments while vigorously promoting	Increased local firms' Access to Venture and Private equity and support grants		-	-	-	-	-	Private Sector Development	MoFPED

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		indigenous investors									
		Develop fully serviced regional industrial parks/ export processing zones	Fully serviced industrial parks		27.61	31.75	36.51	41.99	48.29	Private Sector Development	UIA
		Create a framework that agglomerates MSMEs' production with large firms	Increased collaboration between MSMEs' and large firms		-	-	0.20	-	-	Private Sector Development	MoFPED
		Avail incentives targeting input-supply oriented MSMEs to increase and strengthen local and foreign business linkages	Export processing zones established		0.30	0.30	0.30	0.30	0.30	Manufacturing	UIA
		Undertake awareness campaigns on key requirements for partnerships among private enterprises	Increased partnerships among private enterprises		0.60	0.63	0.66	0.69	0.73	PSD	MoFPED
	1.4 Facilitate upward mobility along	Facilitate increase in productive capacities in agriculture and agribusiness,	Increased production and support to agro industrialization		-	-	-	-	-		

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
	the industrial Value Chain	manufacturing and cottage industries, tourism, and hospitality									
		Facilitate skill enhancement programs in export-oriented sectors	Positive changes in workers' skill composition supportive of value addition		-	-	-	-	-	PSD	MoFPED
		Support the development and implementation of export market-specific training program	Export market-specific training program developed		2.07	2.11	2.15	2.20	2.24	Manufacturing	MTIC
		Provide appropriate financing mechanisms to support manufacturing	Suitable finance solutions for manufacturers developed		-	-	0.75	0.75	0.75	Manufacturing	NPA, MTIC, MoFPED
		Support existing local manufacturers for both medical and pharmaceutical products			-	-	-	-	-		
		Strengthen the intellectual property rights value chain management to	Anti-counterfeits and quality product laws enforced		-	0.30	0.10	0.10	0.10	Manufacturing	URSB

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		motivate innovation and investment in R&D									
	1.5 Improve quality of exports	Undertaking sensitization programmes among private entrepreneurs	ICT usage sensitization programmes undertaken		0.60	0.63	0.66	0.69	0.73	PSD	MoFPED
		Adopt the "beyond simply-surplus production to production according to market needs (BSPPM)' model	BSPPM)' model adopted and implemented		0.05	0.05	0.05	0.05	0.05	PSD	MoFPED
		Increase number and capacity of inspectors at key entry/ exit points	Quality exports / imports		1.25	1.88	2.81	4.22	6.33	PSD	MoFPED
		Empower private sector associations/ clusters to self-regulate for quality and standards	Private sector associations/ clusters empowered		0.67	0.67	0.67	0.67	0.67	PSD	MoFPED
		Facilitate acquisition and installation of quality-ensuring equipment and ICT	Standardized ICT equipment procured		-	0.03	0.03	0.03	0.03	Digital transformation	MoICT

Objectives	Intervention	Action	Output	2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		in firm-level operations								
	1.6 Construct inclusive public-private dialogue and promote PPPs	Facilitate the emergence and strengthening of private sector organisations at national, sub-national and parish levels	Private sector organizations strengthened	0.75	0.79	0.83	0.87	0.91	PSD	MoFPED
		Facilitate, through the respective MDAs well-organised public-private dialogues	Needs and concerns of the PS timely tackled	2.00	2.00	2.00	2.00	2.00	PSD	MoFPED
Sub-total				***138.18***	***145.49***	***172.49***	***279.34***	***267.93***		
Micro Pillar: Increase development, competitiveness, and growth of enterprises										
Strategic objective 1: *Strengthen area-based private sector development along Commodity and product Value Chains*	1.1 Formalize and professionalise MSMEs	Facilitate the creation and strengthening of a framework for business development services (BDS)	Developed guidelines for BDS provision, increased uptake, professionalism at firm level etc.	-	-	0.20	-	-	PSD	MoFPED
				-	-	-	1.00	-	PSD	MoFPED
		Review laws, regulations and administrative processes that tend	Laws, regulations and administration processes for	-	-	-	-	0.30	PSD	MoFPED

Objectives	Intervention	Action	Output	2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		to impede formalization	formalization reviewed							
		Develop and implement a formalization communication strategy	Increased formalization	-	0.25	-	-	-	PSD	MoFPED
		Lower the financial costs of formalization	Increased formalization	-	-	-	-	-		
	1.2 Increase access to financial services	Reduce government borrowing from the domestic credit market	Capacity built in Government agencies to negotiate better terms of borrowing and PPPs	-	-	-	-	-	PSD	MoFPED
		Review of existing banking policies to ascertain the impact of policies	Banking policies reviewed	-	-	0.30	-	-	DPI	URA
		More capitalization of UDB with the ultimate aim of providing long-term finance	UDB capitalized	500.00	500.00	500.00	500.00	500.00	DPI	MoFPED
		Provide more financing through the Uganda	UDB capitalized to support R&D	-	83.33	103.33	123.33	83.33	DPI	MoFPED

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		Development Corporation to stimulate novel innovations for R&D and product development									
		Encourage and support growth in alternative funding, especially venture capital	Joint venture partnerships facilitated		-	-	0.20	-	-	DPI	MoFPED
		Support government efforts to increase savings	Increased value of savings for private sector investment		-	-	-	-	-	DPI	MoFPED
		De-risk private investments through PPPs	De-risking mechanisms in place		0.13	0.13	0.13	0.14	0.14	PSD	MoFPED
		Develop and implement a strategy for an innovation hub for all the sectors in the economy	A functional strategy for an innovation hub		-	0.45	-	-	-	PSD	MoFPED
	1.3 Enhance women's access to markets and resources	Provide and/ or support to institutions offering gender-focused micro-credit	Increased access to credit markets		0.02	0.02	0.02	0.02	0.03	CMM&MC	MoGLSD

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		Facilitate projects aimed at training and workforce development for women and girls	Improved capabilities in deployment of existing resources		0.02	0.02	0.02	0.02	0.03	CMM&MC	MoGLSD
		Facilitate awareness campaigns about the existence of gender-related credit in financial institutions like WIB in DFCU-Bank	Women economic empowerment enhanced		0.60	0.60	0.60	0.60	0.60	PSD	MoFPED
		Facilitate integration/ application of gender analysis tools in private sector development strategies at DLGs and parish levels	Increased role of women entrepreneurs		0.75	0.79	0.83	0.87	0.91	Human Capital Development	MoGLSD
		Formulate and consequently implement policies that remove or ameliorate structural barriers to women's participation in markets	Women participation in development processes increased		0.10	0.10	0.10	0.10	0.10	Human Capital Development	MoGLSD

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
	1.4 Enhance Factor Productivity at firm-level	Support enforcement of quality standards along the input supply chains both for agriculture and industrial production	Increased uptake of technologies and production methods		-	-	-	-	-	DPI	MoFPED
		Create and strengthen partnerships with local communities at the parish level to close enforcement gaps	Parish level partnerships created and strengthened		-	-	-	-	-	Regional Balanced Development	LGs
		Revive and strengthen product-specific producer organizations	Product specific producer organizations revived		-	-	-	-	-	Manufacturing	MTIC
		Facilitate empirical inquiry into the key productivity drivers in Uganda's export sector at the firm-level	export related studies undertaken		0.2	0.2	0.2	0.2	0.2	PSD	MoFPED
		Facilitate programs aimed at addressing health and sociocultural	Gender-related constraints to productivity growth		-	-	-	-	-	Human Capital Development	MoH

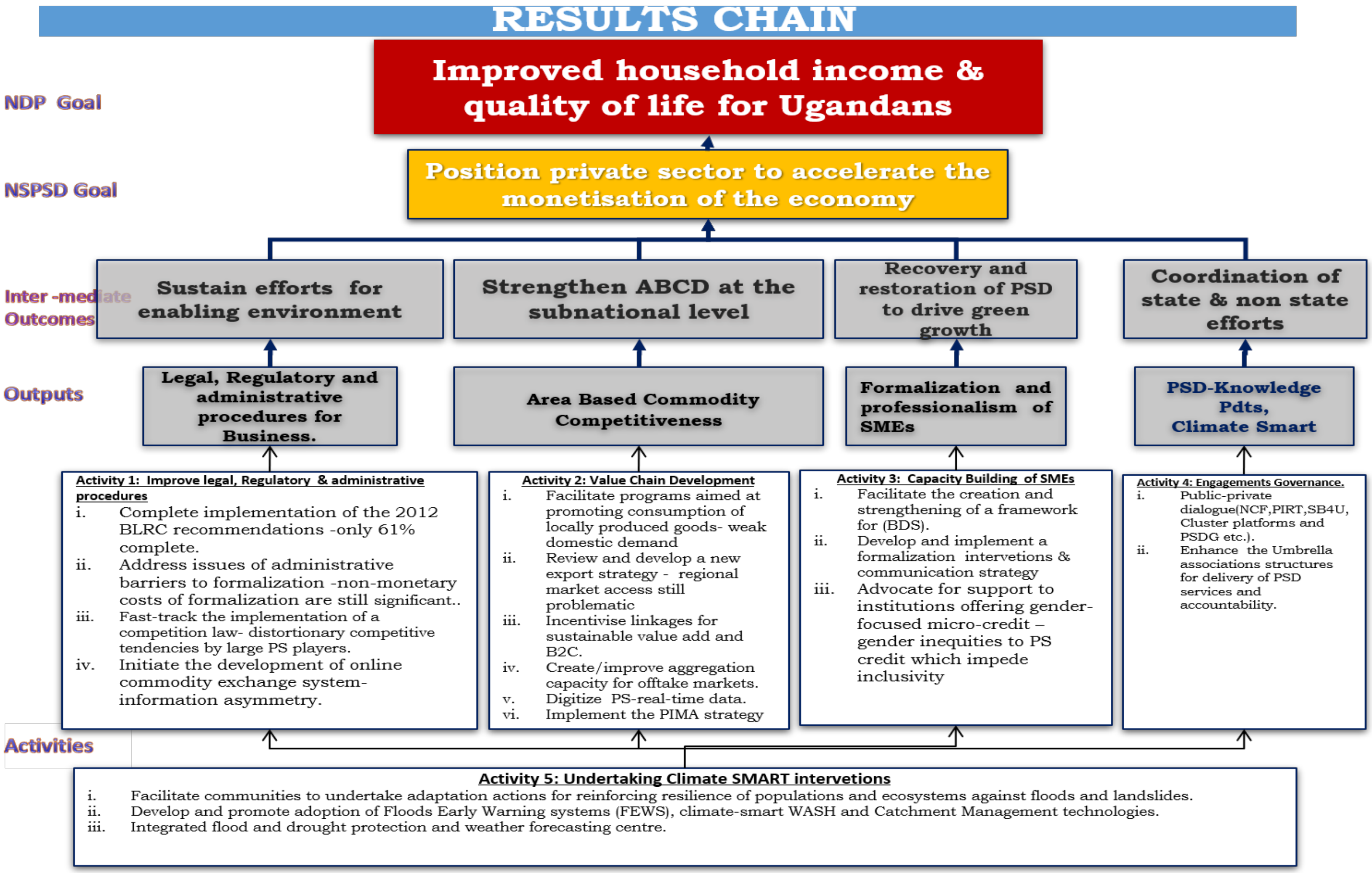
Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		impediments to productivity growth at enterprise level	programmes supported								
		Carry forward land reform policies advocated for by NSPSDI	NSPSDI Land reform policies implemented		-	-	-	-	-	ENR, climate change, land and water Mgt	MoLHUD
		Subsidise firm-level equipment and technology aimed at building climate resilience	Climate resilience built		-	-	-	-	-	PSD	MoFPED
		Facilitate automation and/ or digitalization of operations at firm-level	Automated firm level operations		0.10	0.12	0.13	0.15	0.17	Digital transformation	MoICT
		Equip and increase the number of extension workers at lower (parishes) levels of the community	Extension workers recruited and equipped		-	-	-	-	-	Regional Balanced Development	LGs
		Facilitate market driven R&D, technology development and dissemination	Increased market driven R&D, technology development undertaken		0.45	0.45	0.45	0.45	0.45	PSD	MoFPED

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		Implement a special power tariff for MSMEs	MSMEs special power tariff implemented		-	-	-	-	-	Sustainable Energy development	REA/ UEDCL
		Leverage on PPPs to reduce the burden of communicable diseases	Epidemic diseases timely detected and controlled		0.10	0.11	0.11	0.12	0.12	Human Capital Development	MoH, LGs
		Enhance the prevention and control of Non-Communicable Diseases with specific focus on cancer, cardiovascular diseases and trauma	Centres of excellence (Heart, Cancer) established		-	-	-	-	-	Human Capital Development	MoH, LGs
		Enhance maternal, adolescent and child health services at all levels of care	Neonatal Intensive Care Units established in all hospitals		-	-	-	-	-	Human Capital Development	MoH, LGs
		Enhance access to Sexual Reproductive Health (SRH) and Rights with special focus on family planning services	Increased access to Sexual and Reproductive Health services and age appropriate information		-	-	-	-	-	Human Capital Development	MoH, LGs

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
		and harmonised information									
		Leverage on PPPs to extend broadband ICT infrastructure coverage in all regions and implement last mile connectivity	National Backbone infrastructure extended		0.10	0.11	0.11	0.12	0.12	Digital transformation	MoICT
		Provide tailor-made training for actors across the entire value chains in the key sectors of the economy	Framework for tailor-made training developed		-	-	-	0.20	-	Agro- Industry	UCDA
Sub-total					***502.56***	***586.66***	***606.74***	***627.32***	***586.50***		
Objective 4: Strengthen coordination of state and non-state efforts for effective delivery of a whole of government approach to	Strengthen collaboration of all stakeholders to promote local economic development	Increase collaboration among stakeholders	Stakeholders identified		0.99	0.99	0.99	0.99	0.99	PSD	MoFPED

Objectives	Intervention	Action	Output		2022/23	2023/24	2024/25	2025/26	2026/27	NDPIII Programme	MDA
private sector development											
Sub-total					***0.99***	***0.99***	***0.99***	***0.99***	***0.99***		
Grand Total					**1,336.62**	**1,428.87**	**1,492.07**	**1,630.42**	**1,585.62**		

Annex 5: Theory of Change



Annex 6: The Public Investment Management for Agro-Industry Strategy

The Public Investment Management for Agro-Industry (PIMA) strategy outlines the urgent need for government to shift the country's economic centre of gravity from low value agriculture to value-added manufacturing. This will be achieved by focusing on a more manageable menu of nine agro-industrial game-changers, namely, coffee, cotton, tea, cassava, maize, vegetable oil, fisheries, dairy and beef, instead of the 15 broad 'priorities' outlined in the Agricultural Sector Strategic Plan (ASSP) 2015/16-2020/21. The PIMA strategy prioritises critical game-changers with potential to transform the Ugandan economy to high value-added manufacturing activities. The benefits of a transformed agricultural sector linked to industry are immense. They include, but are not limited to, the following: a) Adoption of better production technologies (such as irrigation, fertilisers, improved seed, mechanisation and the use of drones to monitor crop pests and diseases) which will improve agricultural productivity; b) Boosting the supply and reliability of agricultural raw materials for the agro-manufacturing industries; c) Creating off-farm employment opportunities for citizens; d) Expanding the export and the domestic revenue base of the country; and e) Creating the necessary preconditions for Uganda's structural transformation into a high value-added manufacturing economy.

Given the dominance of agriculture as a source of livelihood, agro-industrialisation (AGI) offers a great opportunity for Uganda to embark on its long-term aspiration of transitioning into a modern industrial economy. First, AGI presents an avenue for promoting inclusive and equitable growth especially in the rural areas as well as closing regional income disparities. Second, Uganda has a positive trade balance in agro-industrial products that stood at USD420 million in 2016. Third, government policy underscores the need for adding value to agricultural raw materials in order to promote export expansion of high value products. Fourth, more efforts are required to leverage on the domestic market for selected agro-industrial products through import replacement (e.g. cotton, vegetable oil, footwear and textiles, among others). Indeed, Uganda should harness the opportunities that accompany growing urbanisation (at an annualised growth rate of 5.4 percent) and the growing middle class that demands higher value-added agro-industrial products. Fifth, Uganda should agro-industrialize to address the high post-harvest losses which range between 20 to 40 percent across various crops.

The backward and forward linkages between agriculture and agro-industries will necessitate that Uganda sustainably transforms agro-value chains to ensure sufficient supply for domestic industries to undertake transformative sustainable manufacturing while creating employment for its citizens.

Agro-industry outlook PIMA appreciates that there are several government initiatives supportive of the AGI agenda. These initiatives include:

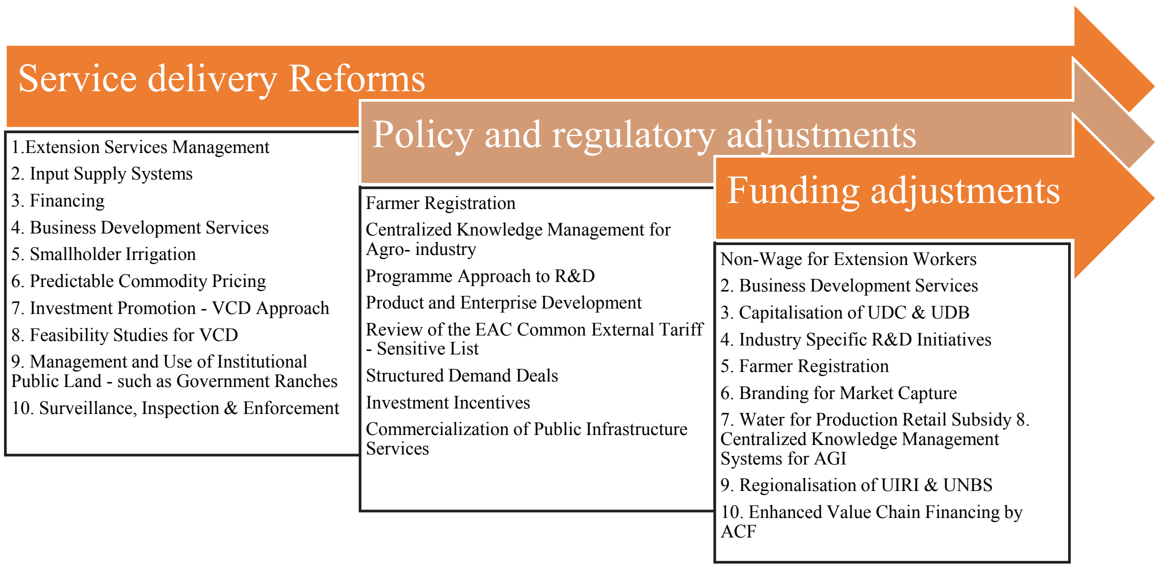
a) Support to the production base through input subsidies (for example, coffee seedlings under the National Agricultural Advisory Services/ Operation Wealth Creation program, palm oil production, cotton);
b) Risk mitigation measures (such as increased public investment in irrigation and piloting of agricultural insurance scheme);
c) Support toward value addition such as: BIDCO Uganda Limited (for oil palm); the Presidential Initiative on Banana Industrial Development; the Soroti Fruit Factory;

Nakaseke Tomato Processing Plant; Kisoro Potato Processing Industries and Egypt-Uganda Food Security Company Limited (for beef processing);
d) Agricultural credit facility under Bank of Uganda; and
e) Financial support to research and development (R&D) through national research institutions
.

Notwithstanding these initiatives, Uganda's AGI agenda has several shortfalls, the most pressing one being broad and non-transformative priorities as Uganda's AGI agenda lacks prioritization within the many 'priority' commodities. Most of the initiatives seem to be ad hoc, are poorly coordinated, unsustainable and have so far proved non-transformative. Specifically, the non-transformative and unsustainable linkages are observed between raw material production, processing and manufacturing. They are also observed at the level of limited market penetration (e.g. Egypt-Uganda Food Security Company Limited). Countries such as Chile and Malaysia that have registered success in AGI adopted specific models that foster business linkages. They focused on fewer commodities and used state protection of the selected agro-industries especially at the infancy stage to promote transformative agro-manufacturing industrialization.

Weak and uncoordinated institutions are another challenge as agro-industry cuts across the mandates of several MDAs. This, by implication, calls for effective and efficient coordination among the different MDAs. Indeed, agriculture, industry and trade sectors emerge as the key leading sectors in driving the AGI agenda, however, there is a broader spectrum of MDAs involved. The following is an indicative list of institutions that must work in a coordinated manner for Uganda to realize its AGI aspirations:

- Ministry of Agriculture, Animal Industry and Fisheries;
- Ministry of Trade, Industry and Cooperatives;
- Ministry of Finance, Planning and Economic Development;



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