THE GOVERNMENT OF UGANDA

Office Finance, Planning and Economic Development

PROCESS EVALUATION OF THE NATIONAL STRATEGY FOR PRIVATE SECTOR DEVELOPMENT 2017/18-2021/22

Procurement Reference Number: OPM/CONS/20-21/000011

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MAY, 2021

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Acronyms

B2B	Business to Business
BDS	Business Development Services
BOU	Bank of Uganda
BTVET	Business, Technical, Vocational Education and training
BUBU	Buy Uganda Build Uganda
CBR	Central Bank Rate
CMA	Capital Markets Authority
CNDPF	Comprehensive National Development Planning Framework
COVID-19	Corona Virus Disease 2019
DRC	Democratic Republic of Congo
EPRC	Economic Policy Research Center
FDI	Foreign Direct Investment
FSME	Federation of Small and Medium Enterprises
GDP	Gross Domestic Product
HEP	Hydro Electric Power
IMF	International Monetary Fund
IRA	Insurance Regulatory Authority
KCCA	Kampala Capital City Authority
KIBP	Kampala Industrial Business Park
LED	Local Economic Development
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MATIP	Markets and Agriculture Trade Improvement Project
MDA	Ministries, Departments and Agencies
MMISTC	Machining, Manufacturing and Industrial Skills Training Centre
MoFPED	Ministry of Finance Planning and Economic Development
MoJCA	Ministry of Justice and Constitutional Affairs
MoLG	Ministry of Local Government
MoTIC	Ministry of Trade, Industry and Cooperatives
MoWE	Ministry of Water and Environment
MoWT	Ministry of Works and Transport
MSME	Micro, Small and Medium Enterprises
MTR	Mid-Term Review
NARO	National Agricultural Research Organisation
NDP	National Development Plan
NEMA	National Environment Management Authority
NPA	National Planning Authority
NPL	Non-Performing Loans
NSPSD	National Strategy for Private Sector Development
NSSF	National Social Security Fund
NTB	Non-Tariff Barriers
OPM	Office of the Prime Minister
OSC	One Stop Centre
PPP	Public Private Partnership
PSDU	Private Sector Development Unit

PSFU	Private Sector Foundation Uganda
PSWG	Private Sector Working Group
TIN	Tax Identification Number
TREP	Taxpayer Register Expansion Program
UBOS	Uganda Bureau of Statistics
UCC	Uganda Communication Commission
UDB	Uganda Development Bank
UDC	Uganda Development Corporation
UFZA	Uganda Free Zones Authority
UIA	Uganda Investment Authority
UIRI	Uganda Industrial Research Institute
UMA	Uganda Manufacturers Association
UNBS	Uganda National Bureau of Standards
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
USE	Uganda Securities Exchange
UWEP	Uganda Women Empowerment Grant
UWONET	Uganda Women's Network
VECs	Valued Environmental Components
WTO	World Trade Organization

EXECUTIVE SUMMARY

1. Background

Uganda has pursued a private sector-led approach to economic policy and management over the last three decades. In 2017 however, the Government of Uganda realized that there was a gap in coordination of policies, geared towards private sector growth. It was against this background that Government developed and implemented the National Strategy for Private Sector Development (NSPSD), 2016/17-2021/22. As originally planned, there was need for review of performance of the implementation of the NSPSD hence, commissioning of this Mid-Term Review (MTR). The overall purpose of the MTR was to assess the relevance, efficiency, effectiveness, sustainability and coherence of the National Strategy for Private Sector Development (NSPSD), 2017/18-2021/22. The MTR was also geared towards assessment of the alignment of the Strategy with the NDP III, following lessons learnt from NDP II implementation.

2. Appropriateness of NSPSD indicators

All indicators and targets were analyzed using SMART (Specific, Measurable, Attainable, Realistic and Timely) criteria. Accordingly, indicators and targets were reviewed and adjustments recommended where necessary. The appropriateness of indicators and targets is shown in detail in Annex III.

3. Level of achievement of NSPSD Objects

Several achievements have been registered especially following the strategic execution matrix. Prominent among these include; digitization of the land registry through developing and operationalizing the Land Information System (LIS); number of titles captured under the NLIS increased from 478,837 in June 2013 to 784,011 in June 2017 and 1,426,324, 2019; National Backbone Infrastructure that covers 2346 km with 756km completed at the end of 2018, and fully operational with 3,918 kilometers of fiber laid across 49 districts with 423 Government Offices connected including 7 major border points, the last mile project that will connect 1,000 more sites across 58 districts to the network is already underway; with respect to NEDS priorities, export earnings increased by 12% in FY 2018/19; and 17 companies are operational in Free Zones. The table highlights some of the selected key achievements under each pillar.

NSPSD Objectives	Selected key achievements
Macro **1.** Improve macro-economic environment	• The annual currency depreciation was within range at 2.38% against a target of 2.10%, which has greatly facilitated business enterprise growth. Similarly, inflation levels have remained within targeted limits of below 5% which has greatly facilitated business enterprise predictability.
2. Enhance legal and regulatory framework	• One Stop Centre established which has made it easy for the business community both foreign and domestic to access the most commonly acquired business related services in one place. • The OSC is calibrated with eBiz-Uganda's One-Stop Electronic Business Portal which is operational at about 50%

	• Out of 15 core agencies to render services through their respective stalls at the OSC, the physical OSC has 12 Agencies currently operational
3. Infrastructure expansion and maintenance	• The total paved National road network has increased by 26.8% from 4,257 km in 2016/17 to 5,398 in FY 2019/20 (UNRA, 2020). • Electricity generation capacity has increased from 601Mega Watts (MW) in 2010 to 1252.4 MW. • These are vital for private sector development
4. Increase market efficiencies	• Establishment of One Stop Border Posts (OSBPs) for quick border clearance of cargo and persons, abolition of road blocks and reduction of weigh bridges on Northern Corridor, enhanced implementation of Simplified Trade Regimes (STR) provisions for small scale traders, implementation of Authorised Economic Operators (AEOs) & Single Customs Territory (SCT), implementation of the Electronic Single Window (ESW). These increased access to markets and facilitated trade.
5. Entrepreneurship and Skills	• Number of vocational training institutions approved by Government: 190 Business Centers, 361 Technical Centers and 29 Specialized Centers. This is essential for creating a skilled workforce for the private sector.
Meso Level **6.** Increase business to business linkages (B2B)	• Machining, Manufacturing and Industrial Skills Training Centre (MMISTC) at Kampala Industrial Business Park (KIBP) was commissioned, in January, 2020 by the Uganda Industrial Research Institute (UIRI). • Luzira Industrial Business Park is serviced with 3.7Km of tarmac road network, power and water. • At Sino Uganda Mbale Industrial and Business Park: Access roads at marram level 8.5km opened so far, Water channel 1.1km, Power lines 3.2km, completed construction of project team temporary residential houses and ware houses for construction tools.
7. Improve Quality Assurance	• Construction and expansion of the Quality Control Laboratory, enforcement of pre-shipment inspections of selected highly sensitive commodities and publication of 12 simplified and translated standards
Micro Level **8.** Enhance factor productivity	• A skills Development Facility at PSFU benefited 56,321 beneficiaries, 565 Organisations supported and 1,928 internship placements.
9. Professionalization of SMEs.	• A one stop business centre by UIA is operational to support Business Registration processes. • Establishment of SMEs Financing facility at Uganda Development Bank.

4. Implementation Fidelity

Management and Implementation of the NSPSD was underpinned by the Strategic Execution Matrix that defined the Specific Structural Benchmarks for Sectors and the Service Delivery Matrix which prioritized Service Delivery Indicators for the Respective MDAs. The Strategy was conceived to be implemented through MDAs. The MDAs were expected to mainstream the Strategy interventions relevant to them in their budgeting and planning processes. The central actors in the management and implementation of the NSPSD were the Secretariat, Private Sector Working Group (PSWG), Office of the Prime Minister (OPM), and Thematic Working Groups. The Private Sector was expected to deploy their business acumen and resource to seize business opportunities created by and through the interventions of the Strategy.

Analysis of the implementation structure of the NSPSD revealed that the strategy did not have a budget to finance the implementation process. This limited the capacity of the Secretariat to monitor and control implementation of NSPSD interventions. It was further established that the strategy lacked a locus for monitoring and evaluation of performance. These deficiencies led to implementation constraints where the strategy identified critical interventions, but without robust implementation, monitoring and evaluation mechanisms. For example, it was evident that all business enterprises suffered the full brunt of high electricity tariff and high interest rates from commercial banks, but there was no evidence of any effort aimed at addressing these constraints. It was not possible for the NSPSD secretariat to identify who is responsible for such high cost of doing business. This makes it difficult to establish the entry point for addressing the problem.

5. Relevancy, Efficiency, Effectiveness, Sustainability and Coherence of Interventions Under The NSPSD

In terms of relevance, the NSPSD was found to be in tandem with the National Development Planning framework. The MTR analyzed the relevance of the interventions under NSPSD in regards to the extent to which they addressed the expressed needs of the private sector. It was established that the NSPSD was relevant and reasonable progress towards addressing the expressed needs of the private sector had been registered. However, the major hurdle is the high cost of doing business which is a discounting factor to private sector competitiveness.

In terms of efficiency, the MTR noted that the NSPSD did not have a budget for implementation of the NSPSD. It was expected that the implementing MDAs would prioritize and mainstream NSPD interventions into their budgeting and planning processes. In the circumstances, this MTR was unable to comprehensively and systematically analyze the level and extent of efficiency of implementation of NSPSD. Nonetheless, some observations were made relating to selected interventions and infrastructure projects.

In terms of effectiveness, the MTR registered progress at the macro, meso and micro levels of implementation of NSPSD. Achievements per performance indicators and benchmark actions were established.

The MTR measured sustainability of interventions under NSPSD through two dimensions, namely; the level of ownership of NSPSD interventions; and contribution of private business enterprises towards implementation of NSPSD. It was established that private business enterprises, ranging from commercial banks, insurance companies, skills training institutions and consulting

firms contributed towards implementation of NSPSD interventions. It was however evident that the high cost of doing business has rendered most firms uncompetitive. And it would not be farfetched to hypothesize that with such high cost of doing business, most enterprises will not be going concerns due to declining productivity.

In terms of Coherence, it was established that the NSPSD interventions were appropriate and compatible with various national interventions, policies and actions plans. The NSPSD was suited for the liberal economic policy for private sector development promoted by the government of Uganda. It was however established by the MTR that the NSPSD had gaps in interventions that would address the various impediments to private sector competitiveness such as high cost of doing business, infrastructures deficit. Other issues that need urgent attention are: human capital development, poverty trends, market access penetration and global trade architecture, access to land, stimulus package for enhancing small and medium enterprise (SMEs) performance, digitization of business processes and popularizing of a "one-stop-center" for business enterprise development.

6. Alignment of NSPSD to NDP II

The MTR established that the NSPSD was aligned to the NDP II. The objectives of the NDP II, were: increasing sustainable production, productivity and value addition in key growth opportunities; increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness; enhance human capital development and strengthen mechanisms for quality, effective and efficient service delivery address major prerequisites for private sector development. The strategy was also found to be consistent with SDGs[1], Sector development and investment plans. Similarly, the NSPSD focused on enhancing coordination of Government and Non-Government efforts that promote private sector growth and competitiveness, identify and address barriers that impede the Private Sector's capacity to exploit market opportunities, foster competitiveness of the Ugandan markets and attract increased domestic investment and FDI, harnessing the Private Sector's potential to foster socioeconomic transformation, particularly through increased entrepreneurship, innovation, productivity, employment creation, and value addition and skills development hence indicating convergence of interventions between NDP II and NSPSD.

7. Emerging issues

This chapter largely focuses on external shocks and how they affected private sector development and competitiveness. The issues are; COVID-19 pandemic, refugee challenges and Non-Tariff-Barriers.

a) COVID-19 was found to have had devastating effects on private sector development. For example, COVID-19 pandemic and the measures to contain its spread namely: suspension of international travel, closure of hotels, shops, restaurants, cultural events and recreation centers led to the collapse of tourism subsector in Uganda. This had significant negative effects on the forward and backward linkages to tourism sector. The manufacturing and agriculture sector were also not spared by the pandemic, largely as a result of shocks in supply chains as well as loss of jobs resulting in declining aggregate demand.

[1] The convergency here was manifest in SDG 8, 9 and 12 about decent work and economic growth, industry, innovation and infrastructure and responsible consumption and production respectively.

b) The MTR noted the increasing Refugee influx in Uganda resulting from instability in neighboring countries such as South Sudan and DRC. This puts pressure on the available resources especially land, which is the most premier factor of production.

c) The MTR noted that a number of Non-Tariff barriers had significantly constrained private enterprise growth. The major non-tariff barriers identified were; underdeveloped infrastructure especially railway transport; closure of borders (Rwanda & Uganda boarder); insecurity in the Great Lakes Region; and technical barriers and import controls, all of which hinder business growth.

8. Crosscutting Issues

a) HIV/AIDS

Uganda Government has achieved significant positive results from strengthening multi-sectoral approach to HIV/AIDS control which has kept HIV prevalence low- at an estimated 6.2% (MoH 2020). The implication of cross-cutting issues on private sector is that HIV/AIDs has not affected businesses as it is under effective control.

b) Gender Equality Considerations

The MTR noted that the NSPSD does not explicitly address gender equality concerns. The major issues: include women's right to property ownership; and access and control over productive resources.

c) Human rights

Human rights violations are a major repellant of both FDI and DDI. There was evidence of increased violations of human rights by the Uganda Police Force and other security Agencies (Uganda Human Rights Initiative, 2021). This was found to negatively affect the propensity for establishment of business enterprises as entrepreneurs fear to incur losses through demonstrations and civil uprisings.

d) Environmental Sustainability Considerations

In terms of relevance, the NSPSD is not explicitly aligned with existing national policies, laws and plans on environmental conservation, including the National Development Plan, the Green Growth Strategy, and international commitments. This risks misalignment of implementation, especially when the indicators developed for the Strategy do not incorporate attention to environmental risks associated with business enterprise development.

In terms of sustainability of net benefits from the NSPSD, the Strategy does not explicitly refer to the risks from climate change that need to be managed effectively to ensure that positive impacts can be sustained.

In terms of impacts, it is difficult to evaluate likely environmental impacts to date, but the risk of significant negative environmental impacts remains. Given the wide scope of the NSPSD, the MTR focused particularly on three aspects of the Strategy, which are both significant and illustrative namely: electrification, industrial parks, and tanneries. Electrification may have

positive environmental impacts, if it involves increased use of existing hydro power or increased use of solar power and leads to reduced use of diesel and biomass for energy. Industrial parks and tanneries may have negative environmental impacts if they are not appropriately managed – especially in terms of water and air borne elements from tanning processes, loss of wetlands and forests and their ecosystem and climate contributions from land development, and reduction in animal habitat. There are policies and regulations for effective management of these risks, but available evidence showed gaps in enforcement of policies and regulations resulting in deleterious effects on valued environmental components (VECs). Adequate monitoring of these risks need to be undertaken and explicitly connected to implementation of the NSPSD.

This mid-term review provides an opportunity for the Strategy to be revised to explicitly address these issues and require that interventions under the NSPSD are undertaken in such a way to be compliant with existing sustainable development and environmental management conventions, standards and codes. The essence is to adequately manage the risk of negative environmental impacts, maximize environmental benefits from resource flows and mitigate where damage has already occurred. In addition, it is crucial to ensure that infrastructure projects implemented under the Strategy are resilient to climate change so that economic, environmental and social benefits can be sustained.

9. Lessons learnt and priority areas for action

9.1 Lessons learnt

a) There is need to effectively roll out and operationalise the Public-Private Partnership Policy and Legislation as this can accelerate private sector growth.
b) External shocks are a major disruption to private sector performance.
c) Uganda's Private sector business enterprises are less competitive as compared to business enterprises in the region.
d) The implementation of the NSPSD is a positive effort toward positioning the private sector as an engine of growth, but there are structural impediments to private sector development and competitiveness which include:
    - the agrarian nature of the Ugandan economy, characterized by 68% of the population engaged in subsistence (non-monetary) economy (UBOS 2019).
    - high levels of household poverty estimated at 21.4% of the population (UBOS 2019).
    - international trade architecture which is skewed against local producers through subsidies, quotas, rules of origin and other directly restrictive standards.
    - civil conflicts in the great lakes' region which have significantly affected business enterprises.

9.2 Recommendations for the next NSPSD

1. Coherence of the NSPSD

1.1 Ensure coherence of strategic objectives, key outcomes and interventions
1.2 Implementation plan and budget for next strategy
1.3 Settlement of domestic arrears

2. Legal and Regulatory Framework

2.1 Enhance measurers to promote enterprise growth and development through reducing costs of doing business

2.2 Strengthen Legal and regulatory framework particularly streamlining Commercial Laws

3. Value Addition and product Development

3.1 Support agro-industrialization and measures to reduce poverty

3.2 Enhance quality assurance mechanisms for products on the market

3.3 Measures to enhance aggregate Demand

4. Regional Blocks for export competitiveness

4.1 Export Promotion and Import Substitution Strategies

4.2 Exploit the benefits of economic blocks

5. Support and strengthen Digitalization for Innovation, Incubation for Industrialization

6. Addressing Emergencies and Shocks

6.1 Addressing emerging issues of Covid 19 pandemic and refugee challenges

6.2 Refugee challenges

7. Skilling and Mindset change

1 INTRODUCTION

1.1 Background to the assignment

Uganda's Private Sector is dominated by Micro, Small and Medium Enterprises (MSMEs) comprising approximately 1,100,000 enterprises and employing about 2.5 million people equivalent to 90% of total non-farm private sector workers (MoFPED, 2015). Total private sector contribution to GDP is nearly 80% going by the GDP share of the national budget in FY 2015/16, although this has nearly stagnated over the past 10 years.

Uganda has pursued a Private Sector-led approach to its economic policy and management over the last three decades. For instance, many Government Policies post 1986 were aimed at restoring the confidence of the private sector as an engine for Uganda's economic growth. This has put the Private Sector at the forefront of the growth and development process of the Country. The role of the Public Sector in this context is to provide an enabling environment through policy, continuous regulatory reforms and good infrastructure. Government intervenes through various initiatives ranging from economic policies, plans and regulations. These interventions are targeted at eradicating poverty, modernizing agriculture, building an industrial base and ultimately transforming the structure of the economy in a sustainable manner.

In 2017 however, the Government of Uganda realized that there was a gap and lack of frame work to coordinate policies geared towards private sector growth and development hence the need to develop the National Strategy for Private Sector Development (NSPSD), 2016/17-2021/22. There is therefore need for a mid-term review to assess if this coordinated is on course to achieve the strategy objectives. This renewed focus was meant to guide both public and private sector interventions across the three pillars of the NSPSD; the Macro, Meso and Micro. The approach was envisioned to drive the Private Sector in reaching the Country's vision, goals and targets with respect to employment, income and wealth creation; ultimately delivering social economic transformation.

1.2 Purpose and Objectives of the Consultancy

1.2.1 General purpose

The overall purpose of the evaluation was to assess the relevance, efficiency, effectiveness, sustainability and coherence of the National Strategy for Private Sector Development (NSPSD), 2017/18-2021/22. It is also geared towards alignment of the Strategy with the NDP III following lessons learnt from NDP II implementation period.

1.2.2 Specific objectives

The assignment was underpinned by the following specific objectives:

(i) Assess alignment of the NSPSD with NDP II

(ii) Identify any emerging issues such as Refugee challenges, impact of Pandemics such as Covid-19, among others

(iii) Determine the appropriateness of the NSPSD provisions, whether its objectives are being met, the efficiency of delivery strategies, the impact on the country's competitiveness, and the sustainability of the strategy

(iv) To assess implementation fidelity and quality, and effectiveness of the management modalities in use in the implementation of the NSPSD

(v) To document the lessons learned emerging from a synthesis of major challenges affecting aspects of the strategy's implementation and performance

(vi) To stipulate the recommended priority areas for action, highlight areas for research and/or impact evaluation

1.3 Scope of Work

The evaluation sought to systematically:

i. Review the level of achievement of the five strategic areas of focus for NSPSD
ii. Analyze the level of achievement of the logical framework of the strategy
iii. Assess the NSPSD's alignment to the NDP II
iv. Analyze the processes used to implement and institutionalize the NSPSD and its implementation strategy; with respect to approaches used to design and organize execution of strategy interventions.
v. Analyze implementation effectiveness, focusing on achievements, implementation process, challenges and lessons learnt focusing on good practices
vi. Examine any other issues relating to the implementation of the NSPSD
vii. Produce a report with recommendations and any areas for action/review

1.4 Approach and methodology

The assignment was based on collection of quantitative and qualitative data from the implementing MDAs, and the private sector players comprising of Manufacturing, Services, Agro-processing sectors both at large and Micro, Small and Medium Enterprises (MSMEs) levels, Key Informants and literature review of relevant documents. Interviews with key stakeholders were conducted including but not limited to Officials from the Office of the Prime Minister, MoFPED, NPA, MoLG, PSFU, MoTIC (See Annex I). For MSMEs, a survey was conducted to determine their competitiveness from both the demand and supply considerations. A scientific sampling technique[2] was employed to determine the sample size (384) from a sampling frame of SMEs provided by Uganda Federation of SMEs[3]. The Regions of Kigezi, Bugishu, Acholi and Kampala represent Western, Eastern, Northern and Central Uganda. The selection of business centers namely; Kabale[4], Mbale, Gulu and Kampala was because of the vibrance of economic activity which among other considerations catapulted these centers to City Status. Data was collected using ODK and later exported to STATA for analysis. Table 1.1 shows the distribution of the sample

[2] The sampling technique used was Kish, 1965 as elaborated in detail in the Inception Report page 13

[3] According to Uganda Federation of SMEs, there are over 1,000,000 SMEs in Uganda and the Kish formular applied is therefore appropriate as it becomes relevant in sample size determination when the survey population (N) >10,000. Therefore, the sampling frame was the list of SMEs as listed by Uganda Federation of SMEs

[4] Kabale was selected because of its strategic location as a border town which brings peculiar business dynamics

Table 1.1: Sample distribution

Sub-Region	Selected business center	Total sampled	Actual
Kigezi	Kabale	64	63
Bugisu	Mbale City	64	64
Acholi	Gulu City	64	64
Kampala	Kampala	192	192
Total		**384**	**383**

For the chapter on cross-cutting issues, data were drawn from:

- analysis of the Strategy documents, the National Development Plan, other relevant national, state and local policies, plans and regulations, and international commitments to which Uganda is a signatory
- research evidence about environmental risks, including Uganda's major climate risks, and risks associated with electrification, industrial parks and tanneries
- publicly available information from Government Reports about actual and potential impacts, including research and reported incidents

2 APPROPRIATENESS OF NATIONAL STRATEGY FOR PRIVATE SECTOR DEVELOPMENT

The NSPSD is premised on three pillars namely; the macro, meso and micro pillars. The first focuses on boosting investor confidence, the second on accelerating industrialization and last facilitating productivity and growth of enterprises respectively. The NSPSD envisions a competitive and developing private sector that promotes inclusive growth for sustainable development. Its goal is to increase competitiveness of the private sector and enhance its contribution to Uganda's sustainable economic development.

The NSPSD specific objectives are the following;

a) Enhance coordination of Government and Non-Government efforts that promote private sector growth and competitiveness. By specifying the roles of Government and Non-Government actors in creating synergies that enhance the contribution of the private sector to Uganda's economic development and transformation;
b) Identify and address barriers that impede the Private Sector's capacity to exploit market opportunities.
c) Foster competitiveness of the Ugandan markets and attract increased domestic investment and FDI.
d) Harness the Private Sector's potential to foster socioeconomic transformation, particularly through increased entrepreneurship, innovation, productivity, employment creation, and value addition and skills development.

The analysis of the appropriateness of the NSPSD revealed that the strategy is generally appropriate. It addresses the critical issues at macro, meso and micro levels that constrain private sector competitiveness: The Government of Uganda approach to economic development is private sector led. The private sector is therefore an important partner of the Government in the fulfillment of Uganda's vision 2040. To this end, there was need for a strategy to inform private sector growth and competitiveness.

The strategy addresses both domestic and foreign investors. The entire macro pillar is dedicated to boosting investor confidence through creating an enabling macro-economic environment, ensuring conducive legal and regulatory framework, infrastructure expansion and maintenance, increase market efficiency and entrepreneurship and skills development.

The performance indicators are generally appropriate given that they comprise both input, process, output, and impact components. However, the routine indicators need to be dropped in the next strategy. This is because routine indicators relate to day-to-day operational outputs which contribute towards the attainment of the higher-level indicators. Therefore, including both the service and routine indicators risks causing confusion in performance measurement. The evaluation also notes the need for baseline studies which were lacking at the time of formulating the strategy to enable setting of realistic targets and performance measurement.

However, the NSPSD encountered significant challenges and these include:

i. Inadequate coordination of implementation of interventions under the strategy
ii. Weak implementation structure and systems among MDAs

iii. Corruption in public institutions which has curtailed efficient delivery of services such as procurement licensing.

The detailed analysis of appropriateness of both service and routine indicators and targets is presented in Annex III. All the indicators were reviewed and some revised and indicated as such, while others were recommended for revision.

3 LEVEL OF ACHIEVEMENT OF NSPSD OBJECTIVES

3.1 Level of achievement of NSPSD key objectives

The NSPSD overall aim was to increase competitiveness of Uganda's business environment and speed up the process of strengthening links between agriculture and industry. To this end, the strategy identified project benchmark actions for each implementing MDA that would be the hallmark for the achievement of the strategy objectives. The specific objectives of the NSPSD were;

a) Enhance coordination of Government and Non-Government efforts that promote private sector growth and competitiveness.
b) Identify and address barriers that impede the Private Sectors capacity to exploit market opportunities.
c) Foster competitiveness of the Ugandan markets and attract increased domestic investment and FDI.
d) Harness the private sectors potential to foster socioeconomic transformation, particularly through increased entrepreneurship, innovation, productivity, employment creation, employment creation, and value addition and skills development.

However, thorough analysis of the NSPSD document revealed a disconnect between the key objectives and the conceptual framework of the strategy. The specific objectives under each of the three pillars of macro, meso and micro are the ones that the strategy expounds in detail in terms of interventions and strategies to deliver them. The consultant understands that the key objectives listed above relate to the expected outcomes of the strategic interventions, but the nexus is not clearly defined since it is not indicated in the strategy how specific objectives and strategies under the three pillars follow from the key objectives. Nonetheless, an assessment of the level of achievement was conducted focusing on how the strategy and the various interventions contributed to the attainment of the key objectives.

3.2 Assessment of level of performance of MDAs on implementation of strategic benchmark actions

The NSPSD has a strategic execution matrix that clearly indicates the various benchmark actions expected of the selected implementing MDAs. However, the strategic execution matrix does not have baseline and target values. Therefore, the assessment focused on reporting the status of implementation of the bench mark actions. However, some indicators are quantified and therefore the level of achievement was determined. Table 3.1 shows the status and level of achievement of benchmark actions.

Table 3.1: Level of achievement of the strategic benchmark actions for implementing MDAs

MDA and Bench Mark Actions	Verifiable Indicators	Status/Level of achievement	Comments	Means of Verification	Period
Bank of Uganda 1. Develop and implement a Legal and Regulatory framework for payments and settlements	Number of people using CRBs. National Payment Systems Law	Number of active borrowers: 743,538. Bill was gazette, published, submitted to Parliament and passed in May, 2020.	Market has been stagnant over time. People actively engaged is about 41.3% of the registered number (about 1.8 m). CRB should be open beyond commercial banks to other financial institutions.	Loan Book Values Report (Compuscan) FPC	Month ending Sept, 2019 FY 2019/20
Kampala Capital City Authority (KCCA) 2. Local economic development strategy expansion of public transport	Local Economic Development Strategy in place Three Fly overs constructed	LED Strategy in place with support from WB. Construction Works for the first flyover (Phase 1) started. Phase two is awaiting procurement of the contractor by UNRA	The tendering of the design for the second phase to be announced.	KCCA /UNRA Progress Reports	FY 2019/20
Ministry of Local Government 3. Coordination and implementation of Tax payers Registration Expansion Project	Number of Tax Payers through TREP	A total of 1,438,042 new tax payers have been registered under TREP by the four collaborating agencies (URA, KCCA, URSB and MoLG).	This exceeded the overall target of 771,030 (186.5%) over the years. This was partly because of the introduction of eLogRev (Automated Revenue Collection System) and opening of One Stop shop TREP Centres in 34 municipalities. Indeed the survey of 383 SMEs across the country established that majority (65%) revealed	URA data	FY 2019/20

MDA and Bench Mark Actions	Verifiable Indicators	Status/Level of achievement	Comments	Means of Verification	Period
			that it was only URSB were services were good.		
MoGLSD 4. Establish a network of employment bureaus	i) Number of employment bureaus operational ii) Number of people finding job through employment bureaus	i) 35 external recruitment companies were licensed bringing the total number of licensed external recruitment to 101 from 66. ii) Over 10,000 migrant workers cleared to work abroad bringing the total number deployed to 82,000 up from 72,000 remitting over USD 224 million.	The increase in numbers (53% for bureaus and 13.9% for jobs) is partly attributed to the launch of the External Employment Management Information System, to streamline and coordinate the Labour Externalization Programme and all the stakeholders.	Ministerial Policy Statement	2019/20
MoLHUD 5. Computerization of land registry 6. Deployment of National Land Information System	i) Land registry e-services operational ii) Number of submissions for requesting land titles made on line iii) Time and costs iv) Number of regional land management information system	i) Land registry e-services operational. ii) No. of titles captured under the NLIS increased from 478,837 in June 2013 to 784,011 in June 2017 and 1,426,324, 2019. iii) Average time of lodging transfer documents in land titling in 11 days. iv) 10 MZOs deployed with updated NLIS: Lira, Kabarole,	Increased number of titles digitilised has contributed to increased revenue collection. There has also been an improved service delivery e.g., World Bank Cost of Doing Business Report (2019) reports the number of days to complete a transaction reduced from 77 days in 2010 to 42 days in 2018.	MoLHUD Sector Performance Report. World Bank Cost of Doing Business Report Land Registry Data bank progress report	FY 2019/20

MDA and Bench Mark Actions	Verifiable Indicators	Status/Level of achievement	Comments	Means of Verification	Period
	established and operational	Kibaale, Arua, Gulu, Mbale, Masaka, Mbarara and Jinja, 3 MZOs deployed with phase 1 system: Wakiso, Kampala and Mukono and 8 MZOs to be deployed comprising: Rukungiri, Mpigi, Mityana, Tororo, Moroto, Soroti, Kabale and Luwero.			FY 2019/20
MTIC 7. Full implementation of MSME Policy by MSME Directorate 8. Develop strategies to improve value addition for 12 priority Commodities 9. Deployment of district Commercial Officers at the district and embassies	i) MSME policy and strategy implementation rate ii) MSME data base established iii) Number of Commercial Officers recruited and deployed	i) National MSME Policy and Implementation Strategy approved and launched. ii) MSME database established.; 21 MSMEs in the grain and cereals sector identified, assessed and profiled: iii) 12 MSMES in the Oil, Gas and Artisan Mining, iv) 40 SMEs in metal fabricators, food processors, carpenters, agro-processors, honey processors, coffee processors, cosmetics	There are significant challenges of MSMEs including: • Lack of knowledge of biding/tendering process, hence only 1% had benefited from government contracts, leasing to low returns (World Bank, 2019). There is high potential among SMEs in all sectors. However, the major constraint is lack of affordable financing which excludes majority MSMEs operators	Ministerial Policy Statement /GAPR Quarterly Reports	FY 2019/20

MDA and Bench Mark Actions	Verifiable Indicators	Status/Level of achievement	Comments	Means of Verification	Period
		products, liquid soap, bar soap manufacturers and maize millers supervised, offered technical assistance to MSMEs to ensure compliance to quality standards.			
		v) 386 (195 females and191 males participated and trained in BDS (Business plan making, good manufacturing practices and good hygiene practices, in the Districts of Arua. Moroto. Kwania, Gulu, Kakumurio ,Kyengogo, Bukedea, Kumi, kiboga, Kwamkwazi, Buyende, Kaliro Apach, Hoima, Bulisa	This is commendable as it enhances inclusion of women/girls in income generation hence improved economic empowerment.		
		vi) 158 SMES prepared through processes and requirements for UNBS audits and product certification	This is fundamental for quality improvement and adherence to standards. However, there was evidence of counterfeit goods, particularly food stuffs and beverages across the country (UNBS, 2021)		

MDA and Bench Mark Actions	Verifiable Indicators	Status/Level of achievement	Comments	Means of Verification	Period
MOWE 10. Finalize National Irrigation Policy	Implementation rate of National Irrigation Policy	National Irrigation Policy finalized. Already secured a certificate of financial implication from MFPED and already cleared by the Cabinet Secretariat.	The Draft National Irrigation Master plan has been developed, which will guide resource allocation. The finalization of the National Irrigation Master Plan has further been constrained by the COVID-19 pandemic[5]	Ministerial Policy Statement	FY 2019/20
MWT&URC 11. Completion of Standard Gauge Railway	i) Number of KM covered ii) Percentage of progress	Zero kilometers have been constructed and the progress on the actual building of the SGR is zero. Preliminary works are being done: • Design and feasibility study done. • Soliciting of funds on-going • Contract has been negotiated to have a better position for both parties. • Right of way (RoW) of 60m wide is being acquired. RoW has been surveyed and assessment complete.	The factors for the delays include: complications with China Exim bank funding approval, Kenya connectivity issues, geopolitical developments with Rwanda hostilities & S. Sudan civil strife, and land acquisition challenges	Status progress reports	FY 2019/20

[5] The International Consultants developing the Mater plan have been hampered by the COVID-19 restrictions of lockdowns etc

MDA and Bench Mark Actions	Verifiable Indicators	Status/Level of achievement	Comments	Means of Verification	Period
NITA-U 12. Completion of National Backbone Infrastructure Project (NBI)	Progress Rate of NBI	NBI covers 2346 km with 756km completed at the end of 2018. The number of districts connected to the NBI jumped from 29 in 2015 to 39 in 2018. NBI is fully operational with 3,918 kilometers of fiber laid across 49 districts with 423 Government Offices connected including 7 major border points. The last mile project that will connect 1,000 more sites across 58 districts to the network is already underway.	The NBI has contributed to a reduction in internet costs. for instance: Whereas the cost of internet to Government was at an average of $ 1,200 (sh4.44m in 2010, it has now reduced to $ 70 (sh260, 000) per Mbps, representing of tax payers' money while improving service delivery. Cost of internet is 71% cheaper than what the Private Sector charges. This had influenced a drop in market-led prices for internet to approximately $ 300 (sh1.12m) per Mbps.	NITA-U progress reports	End of 2020
UEPB 13. Review and implement National Export Strategy	Progress implementation rate of NEDS	With respect to NEDS priorities, export earnings increased by 15.8% from US$ 3.8Bn to 4.4Bn between FY 2017/18 and 2019/2020. However, export earnings are expected to have declined	The export sector, has had positive growth with great potential particularly in the tourism sector[6]. However, there is need for export diversification as well as import substitution in order to generate positive trade	Progress report (Performance of External Trade Sector, 2019/20, MTIC)	FY 2019/20

[6] The earning from the Tourism sector amounted to USD 1.6Bn in FY 2018/19 from USD 1.1Bn of FY2017/18, an increase of 45%

MDA and Bench Mark Actions	Verifiable Indicators	Status/Level of achievement	Comments	Means of Verification	Period
		significantly particularly due to drastic fall in Tourism inflows.	balance[7]. A negative trade balance unleashes depreciation of foreign exchange rate.		
UFZA 14. Operationalize Kaweweta Free Zone 15. Export Investor Support and infrastructure development	Infrastructure in Kaweweta Free Zone in Place. i) No of Enterprises operating in free zones ii) No. of operational EPZs iii) No. of Jobs Created iv) Value of Enterprizes operating in the Free Zones	Cost estimates for external infrastructure finalized and submitted to MFPED for consideration. 17 companies are operational in Free Zones Declared & Operational EPZs (Free Zones) by end of 2018/19: 15 Number of Jobs created by end of FY2018/19: increased from 2,500 to 7,853 in FY 2018/19. Exports by value contributed in FY2018/19 - US$ 63,740,697		UFZA Progress reports UFZA Annual Report	FY 2019/20
UIRI 16. Establish two regional hubs on STI (Science Technology and Innovation)	i) Number of Hubs established and operational ii) Number of graduate Incubatees	i) Construction of Machining, Manufacturing and Industrial Skills Training Centre	It is positive that one Regional Hub on STI, a Machining, Manufacturing and Industrial Skills Training Centre (MMSTIC) has been	STI Semi-annual Budget Monitoring Report	FY 2019/20

[7] The import invoices for FY2018/19 amounted to USD 6.33Bn indicating a trade balance of USD-3.6Bn (Bank of Uganda, 2020)

MDA and Bench Mark Actions	Verifiable Indicators	Status/Level of achievement	Comments	Means of Verification	Period
		(MMSTIC) at KIBP on-going . ii) Trained 111 people (15 in cosmetics production and 96 in soap, detergents and toiletries production) in Central and Western Uganda as of Dec. 2019	completed. However, UIRI requested for counterpart funding to cater for the training of instructors and equipping of the MMSTIC if it is to timely complete and handover the facility.		
UIA 17. Establish and operationalize four regional industrial parks 18. Fully operationalize the One Stop Centre	i. Number of Industrial Parks established and operational ii. One Stop Centre fully operational	i. Twenty-Two (22) areas designated for establishment of serviced industrial parks. 10 already operational. ii. One Stop Centre operational. Processes licenses in two days. Out of 15 core agencies to render services through their respective stalls at the OSC, the physical OSC has 12 agencies that are operational. The online portal is at about 50%, since only about half of the services have been launched. The development of the balance services is however at about 85%, and launch tests for TIN, Trading License, various immigration services had commenced before UIA ran out of resources. They are waiting for a new contract with the system developers so that they can launch the remaining services.		UIA progress Reports	FY 2019/20
URA 19. Linking TIN and National IDs 20. Fully implement the TREP Program	i. To be operationalized ii. Annual growth in Tax Payer Registry	6.79% growth in register against the target of 5% (89,617 new tax payers added to the tax register)	Growth attributed to the reforms in tax administration especially with the introduction of eLogRev and One Stop Centres for TREP in Local Governments. This helps in	MPS 2019/20 TREP performance Reports	2019/20

MDA and Bench Mark Actions	Verifiable Indicators	Status/Level of achievement	Comments	Means of Verification	Period
			reduction of tax burden through widening tax base.		
UWHRA 21. Establishment and operationalization of regional warehouses 22. Operationalize Uganda Commodities Exchange 23. Establishment of a Commodity data base	i. Number of Ware Houses operational ii. Volume of Commodities Traded iii. Data base in place	i. A total of 1,083 Regional Storage facilities profiled, 72 Inspected, 26 Certifiable, 10 Applied for licensing to operate Warehouse Receipt System ii. No volumes recorded yet for 2017-2019 (October) under WRS. The challenges include among others; Low standards of agricultural products, Smallholder production among others[8] iii. Data base will be in the electronic Warehouse receipt system of UWRSA, and the electronic trading system of UNCE providing Commodities types, Volumes, Grades, value and price trends.		Uganda Warehouse Receipt System Authority progress report.	FY 2019/20

Source:

i) NSPSD Secretariat, MoFPED, 2020
ii) Bank of Uganda, Financial Stability Report, 2020
iii) UBOS, 2019
iv) FSMEs Annual Report, 2020

[8] For detailed analysis, see Table 5.1

4 IMPLEMENTATION FIDELITY

4.1 Management and implementation modalities of NSPSD

Management and Implementation of the NSPSD was underpinned by the Strategic Execution Matrix that defined the Specific Structural Benchmarks for Sectors and the Service Delivery Matrix which prioritized Service Delivery Indicators for the Respective MDAs. The Strategy was conceived to be implemented through MDAs. The MDAs were expected to mainstream the Strategy interventions relevant to them in their budgeting and planning processes. The central actors in the management and implementation of the NSPSD were the Secretariat, Private Sector Working Group (PSWG), Office of the Prime Minister (OPM), and Thematic Working Groups. The Private Sector was expected to deploy their business acumen and resource to seize business opportunities created by and through the interventions of the Strategy. Table 4.1 shows the institutions mandated to implement the NSPSD

Table 4.1: Efficacy of Institutions mandated to implement the NSPSD

Institution	Mandated Role	Remarks
The Secretariat	The Ministry of Finance, Planning and Economic Development's Private Sector Development Unit (PSDU) is the Secretariat of the Private Sector Working Group (PSWG). The Secretariat coordinates and organizes Quarterly PSWG meetings on the four main thematic subgroups' policy issues. The Secretariat also coordinates the private sector to engage Government at policy and budgeting Level through developing policy papers geared towards influencing the budget process.	The Secretariat has been very effective at conducting its work in ensuring the PSWG monitors implementation of the NSPSD. The Secretariat has been pivotal in coordinating the Private Sector to engage Government through developing Budget Position Paper. The coordination mechanisms included; quarterly meetings of the PSWG, and National Competitiveness Forum.
PSWG	The PSWG is comprised of MDAs, Private Sector, Civil Society, Research and Development Institutions (R&D), and the Academia. The PSWG is responsible for monitoring implementation of the NSPSD through quarterly meetings and making contribution in the budget strategy and policy every Financial Year: Budget Position Papers.	The PSWG has been pivotal in monitoring the implementation of the NSPSD. The PSWG has actively engaged Government with a view to influencing National Budgeting and prioritizing investment in NSPSD interventions through presenting Budget Position Papers every year since its inception. For example; The First Budget Position Paper-2019/20, The Second Budget Position Paper-2020/21 and the Third Budget Position Paper 2021/22

Institution	Mandated Role	Remarks
Office of the Prime Minister	The Office of the Prime Minister is a member of the PSWG and responsible for coordination and implementation of Government programs, policies and strategies. OPM has been very effective at offering guidance and in partnership with MoFPED (PSDU). The OPM is the overseer Agency for conducting the MTR of the NSPSD	OPM has been effective in monitoring high level results for the sector in terms of broad outcomes based on the sector annual targets. However, this needs to be matched by increased reporting and periodic assessment of the contribution of every MDA and LG to the promotion and implementation of targets for the sector interventions. For example, Local Government and most MDAs have no single indicator regarding tracking progress of Private Sector Development.
Thematic Working Groups	The Thematic Working Groups are the technical sectoral experts. They provide technical advice and guidance to the PSWG. The Thematic Working Groups originate and discuss issues and further escalate them to the PSWG to inform annual Budget Position Papers. The thematic working groups are: a) Sectoral Platforms and Value Chains b) NSPSD Execution c) Budget Process d) Strategic Direction	The Thematic Working Groups have been pivotal in generating issues for consideration by the PSWG. These have greatly informed the Budget Position Papers presented by the PSWG to Government. This has helped to ensure adequate focus on the various strategic areas of the Strategy. As a result, the PSWG had presented two Position Papers that brought the issues of the private sector for budgetary consideration during the period under review

4.2 Financing Modalities

The NSPSD did not have an independent budget to finance the strategic interventions. The respective MDAs with specific interventions as elaborated in their action plans were expected to incorporate the NSPSD interventions in their planning and budgeting processes. The MDAs had to mobilize necessary resources and implement the assigned interventions. The implication of this is that the MDAs had to mainstream the NSPSD strategic interventions in their Strategic Plans and MTEFs. Ministry of Finance, Planning and Economic Development in conjunction with the Office of the Prime Minister is responsible for the monitoring and evaluation of the NSPSD. The MFPED houses the NSPSD Secretariat which is the pivot of NSPSD.

4.3 Review of implementation Process

4.3.1 Challenges with implementation modalities

Analysis of the management and implementation modalities of the NSPSD revealed a number of challenges that need to be rectified at two levels, (i) challenges that need to be addressed in the course of implementation of this NSPSD; (ii) challenges that need to be addressed in the next phase of NSPSD.

a) Financing

As already noted, it was established that the NSPSD did not have a costed implementation plan and budget. Instead, the implementing MDAs were expected to mainstream NSPSD interventions in their planning and budgetary processes in order to allocate funds to implement the Private Sector focused interventions. The rationale was that the MDAs were ordinarily expected to undertake the targeted interventions, since they fell squarely within their mandate. The challenge with this approach is that availability of resources to undertake NSPSD interventions hinges on whether or not the MDAs considers such an intervention as a priority investment area.

b) Monitoring and evaluation

The NSPSD does not have a Strategy Implementation Action Plan. The implication is that strategy implementation and sequencing of activities rests entirely on MDA planning. The NSPSD Secretariat is thus left with little control over implementation of the strategy. It was indeed established that the implementation of the strategy has been slow and uncoordinated due to lack of an implementation plan to guide and harmonize efforts of the different MDAs. This was reechoed by a key informant from the PSFU

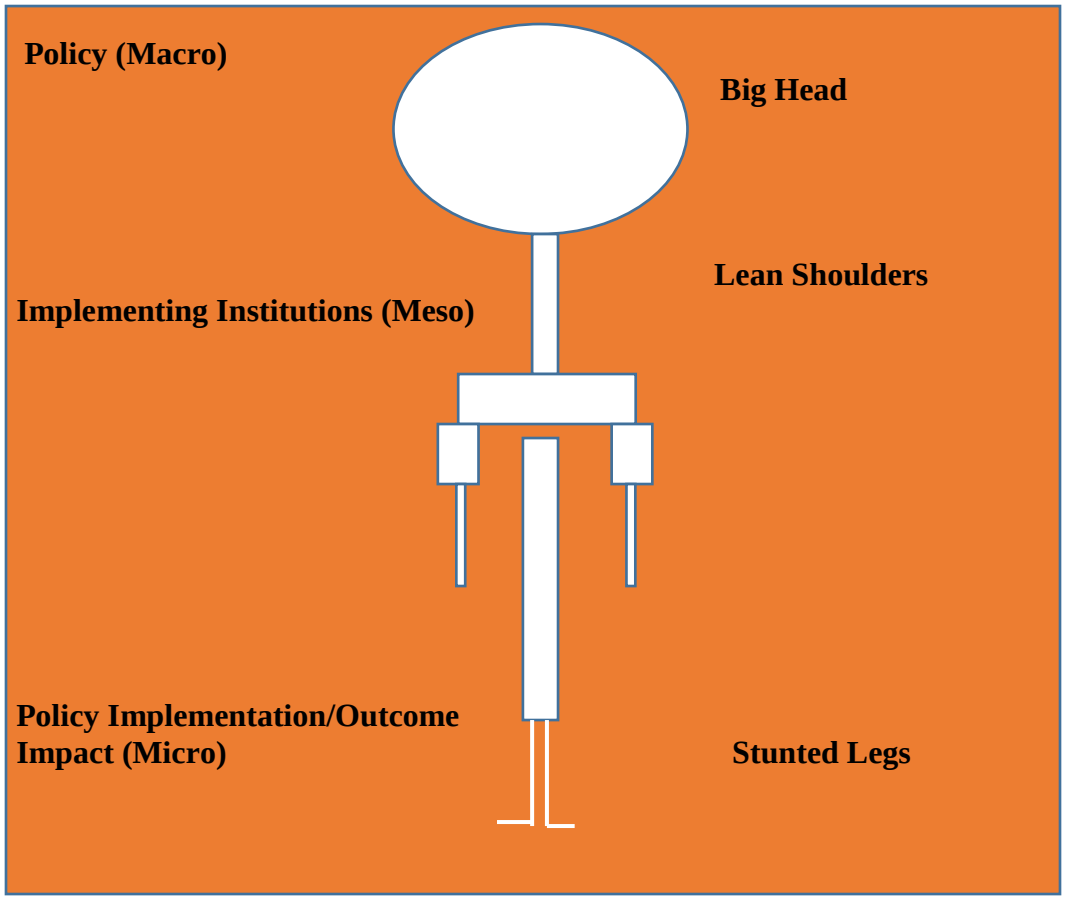
> …the absence of an implementation action plan and budget for the strategy affected implementation of the strategy.
> Key Informant at PSFU

The pivotal organ in the implementation of the NSPSD is the Secretariat. The implementing MDAs, the PSWG, and the Thematic Working groups; all report to the Secretariat for coordination and harmonization purposes. The Office of the Prime Minister provides the oversight role and policy guidance to ensure effective implementation and coordination of the NSPSD in line with the broad government objectives and policy direction as articulated in the National Vision 2040 and National Development Plan III.

4.3.2 Implementation gaps of NSPSD

The MTR of the NSPSD established gaps in monitoring, and feedback mechanism for implementation of different activities. There are also discrepancies between what was planned and what is actually funded at MDA level. Other observed gaps were manifested in weak institutions with capacity deficiencies in skills, information system management and attitude to work by the employed workforce. Fig 4.1 illustrates the implementation gaps in NSPSD.

Fig 4.1: Illustration of implementation gaps in NSPSD



The big head represents the good interventions and grand ideas espoused in the NSPSD. The lean shoulders however indicate the weak institutions and underfunded MDAs that are expected to undertake the implementation of the various interventions of the NSPSD; The stunted legs represent the failures in public sector management and implementation gaps. It is reflected in poor support supervision of private sector players, inadequate monitoring and coordination of government investments, inefficient bureaucratic systems and reported corruption[9].

There are a number of institutions that have been put in place to address corruption, namele; the Inspectorate of Government; Criminal Investigation Department of the Uganda Police Force; Directorate of Ethics and Integrity of the Office of the President; State-House Anti-Corruption Unit and the Anti- Corruption Court- a division of the High Court, among others. However, there is still weak implementation of government programmes manifested through the following:

[9] Transparency International Report show Uganda as No 142 out of 180

1. **Corruption**: The trend in corruption perception index by Transparency International has ranked Uganda as shown in the Table 4.2

Table 4.2: Trends in corruption perception index in Uganda (2018-2020

Period	Corruption Perception Index	Remarks
2018	149th /180	The major driver of corruption in Uganda is greed (Inspectorate in Government 2019). There is a "get rich quick" syndrome which has "eaten" up the "bone marrow" of the Ugandan population.
2019	137th /180	
2020	142th /180	

Source: Transparency International 2020

The study conducted by the Inspectorate of Government (2019) found that service delivery in Uganda is fraught with payment of bribes. A service is perceived to be provided at a cost over when most services ought to be provided free of charge. Corruption cancer has "eaten" up the social fabric causing institutional paralysis in sectors such as health (Anticorruption Coalition of Uganda 2019)

2. **Inadequate funding of Public Institutions:** Most Institutions in Uganda are inadequately funded (MoFPED 2020). The funding gap makes it difficult for public servants to execute their responsibilities diligently. This makes it difficult for the private sector to secure efficient services such as procurement and contract management among others. This causes delays in executing contracts while in other circumstances, activities that would have been contracted to the private sector remain unfunded and therefore unimplemented.

3. **Low wage economy:** Many people in Uganda are not gainfully employed. Those who are employed earn meagre salaries which cannot enable them to have sufficient disposable income. The private sector in many cases pays relatively higher remuneration than the public sector but still, the level of general remuneration are generally low. This creates two major problems namely:

a) Low salary/wage demotivates workers, heading to low productivity.
b) Low salary/wage results into low aggregate demand, which is a demotivator for

Key Learning Points[10]

Box 4.1: Key Learning Points

- It is not viable to have an effective strategy without a costed implementation plan. The essence is to ensure control and effective implementation of strategy interventions
- A costed Implementation Action Plan will enhance effective monitoring of implementation of NSPSD Interventions
- In light of the Government shift from Sector Based approach to Planning; to Program Based Budgeting and Planning approach, the next NSPSD should be underpinned by the 18 program areas identified by the NDP III.
- Corruption is a major deterrent for private sector competitiveness as it creates inertia in public procurements, promotes unfairness in award of contracts and results in poor quality results (Inspectorate of Government, 2020)

[10] The 18 NDP III Programs are; 1. Agro-Industrialization, 2. Mineral-based Industrialization, 3. Petroleum Development, 4. Tourism Development, 5. Water, Climate Change and ENR Management, 6. Private Sector Development, 7. Manufacturing, 8. Digital Transformation, 9. Transport Interconnectivity, 10. Sustainable Energy Development, 11. Sustainable Urban Development, 12. Human Capital Development, 13. Community Mobilization and Mindset Change, 14. Innovation, Technology Development & Transfer, 15. Regional Development, 16. Governance and Security Strengthening, 17. Public Sector Transformation, 18.Development Plan Implementation (NPA, 2020)

5 RELEVANCY, EFFECTIVENESS, EFFICIENCY, SUSTAINABILITY AND COHERENCE OF INTERVENTIONS UNDER THE NSPSD

5.1 Introduction

The evaluation of the NSPSD focused on establishing the relevance, efficiency, effectiveness, sustainability and coherence of interventions implemented under the strategy. This chapter analyses the performance of NSPSD in regard to each of the elements.

5.2 Relevance

Relevance refers to the extent to which interventions under the NSPSD addressed expressed needs of the private sector. The analysis focused on how each problem identified was addressed and whether the implementation modalities and outputs constitute the expected results. Specifically, the private sector was found to be constrained by various impediments at macro, meso and micro levels. Table 5.1 shows the analysis of relevance of interventions implemented under the NSPSD and aimed at enhancing private sector growth.

Table 5.1: Analysis of relevance of interventions implemented under the NSPSD

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
Macro pillar **a) Improve macro-economic environment** **i) Macro-economic instability**	Macro-economic stability was viewed as sacrosanct for boosting investor confidence	Between FY2017/18-FY2018/19, there was relatively good macroeconomic environment. This was characterized by low inflation and high growth rate. The period witnessed growth of FDI, estimated at 20% growth in the same period[11][12] (UNCTAD World Investment Report, 2020). Macro-economic stability is essential for soundness of the financial sector and business competitiveness. In addition, it results in low inflation which boosts economic activity.
ii) External economic shocks and volatility in exchange rate. These include inter alia the trade impact	The focus was on "increase in Foreign exchange earnings."	The MTR established that the shilling (Uganda) depreciated against the USD from UGX 3,616 per 1US$ in FY 2017/18 to UGX 3,704 per 1US$ in FY2019/20. The major contributors to foreign exchange earnings were tourism (US$3.5Bn) for the FY 2017/18 and FY 2018/19 and remittances (US$ 3.4Bn) for FY 2017/18 and FY 2018/19 (MoFPED, 2019). However, the

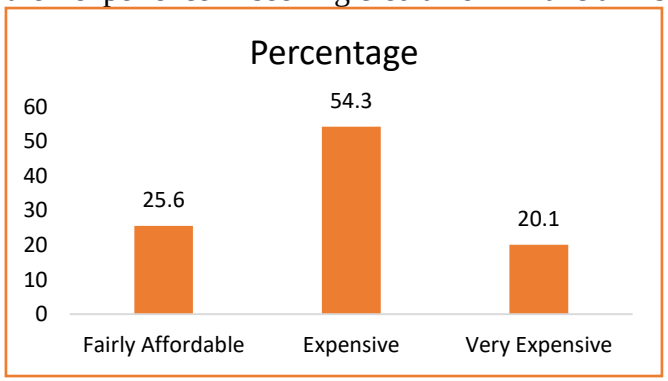
[12] The FDI stock increased from 11996 in FY2017/18 to 14317 in FY2018/19

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
by the war in South Sudan, Rwanda border standoff, Kenya trade wars (e.g. Milk ban), DRC Ebola and more recently COVID over 2019/20		evaluation period has been characterized by low export sector performance amidst high import invoices resulting into depreciation of the Uganda shilling. This further negatively affects importers who need to dig further for each extra dollar for imports. The civil conflicts in the Great Lakes Region have created persistent insecurity which is a deterrent to private sector investments. The problem has been exacerbated by low value addition on raw material and agro products leading to low returns to the business enterprises.
iii) Poor export performance	The NSPSD aimed at promoting export led development strategy in order to boost foreign exchange earnings.	
iv) High import content of inputs for industrial sector	The NSPSD focused on promoting domestic production so as to reduce dependency on imports.	The analysis of import data shows that between FY2017/18-FY2019/20, the import invoices for Uganda were US$ 4.3Bn and US$4.36Bn respectively (MoFPED 2020). This implies high capital outflow against high import bills due to lack of domestic manufacturing, a situation that results in negative trade balance and further depreciation of domestic currency.
v) Imprudent fiscal management	Prudent fiscal policy management. This was envisaged to be achieved through adherence to PFM Act (2015), with the following tenets: a) Ensuring strict adherence to National Budget as approved by Parliament. b) Provision of supplementary Budget not exceeding 3% of the original budget estimates.	• Notwithstanding the PFM Act (2015), there have been a number of challenges in ensuring prudent fiscal policy management. • There has been widespread budget short falls in revenue collection; in FY2017/18, Uganda Revenue Authority (URA) collected UGX14,456.11 Billion, against a target of UGX16,358.76 indicating a short fall of 1,902.65Bn; in FY 2018/19, the shortfall increased to UGX16,751.64[13] Billion, against a target of UGX 20344.13Bn in FY 2019/20. The budget shortfall was UGX 3,592.49 Billion (URA 2020). The major causes of the shortfall were; delayed implementation of some administrative measures. For example, widening the

[13] The revenue collected by URA fell below the projected UGX 20,344.13 billion to 16,751.64 trillion which was collected

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
	c) Heavy sanctions on Accounting Officers with high virements and mischarges. d) Enhancing accountability, through strengthening internal controls across MDAs.	scope of withholding tax agents did not take off, non-implementation of the rental tax solution and late implementation of digital tax stamps among others (URA 2020). • The period under review registered continued high supplementary budgets exceeding the 3%; many cases of virements/mischarges though some sanctions also, and many cases of MDAs accountability issues as per Auditor General reports and COSASE, PAC & LGAC Parliament committee findings
b) Monetary Policy Management	The NSPSD sought to establish a conducive environment for business enterprise development. This was to be achieved through; creating a conducive interest rate regime.	Since FY 2017/18, Bank of Uganda has pursued a contractionary monetary policy regime. The Central Bank has maintained the integrity of the financial sector as a driver of business enterprise growth. Specifically; i) Bank of Uganda has persistently reduced the Central Bank Rate (CBR) from 11.5% in FY2017/18 to 9% in FY2019/20 (Bank of Uganda, 2020). The aim was to enhance private sector credit, based on the assumption that a lower CBR would automatically result in corresponding lowering of prime lending rates by commercial banks. However, the contradiction is that commercial banks have not reduced interest rates[14] commensurate with the decline in CBR. The major reasons for persistent high interest rates are: a) High government borrowing, which crowds out the private sector. b) High Non-Performing Loans (NPL) which forces commercial banks to in-build a high premium as a countervailing measure for high NPL.

[14] For example, interest rate for commercial banks in Uganda ranges between 17%-20% (Bank of Uganda 2020)

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		c) The desire for excessive profit by the banks which have indeed been among the most profitable sector in the country over the last 2 decades. The Figure below presents the results of a survey of SMEs on their experience in seeking credit from financial instructions  Source: SME Survey, 2021
i) Inflation	The government through the Central Bank has focused on maintaining inflation at less than 5% per year.	a. In FY2017/18, core inflation was estimated at 2.8%, which increased to 4.9% in FY2019/20. b. Headline inflation increased from 3.6% in FY2017/18 to 5.4% in FY2019/20. The major reasons for the galloping headline inflation in FY2011/12[15] were; i. adverse weather conditions; which resulted into low food production, leading to food scarcity and subsequent hiking of food prices. ii. imported inflation; this arises out of importation of goods such as motor vehicles, machinery and industrial inputs, all which enjoy high terms of trade.

[15] In October 2011, the economy experienced an inflation rate of 30.5% (African Development Bank 2012)

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		iii. low export sector performance; which results into depreciation of the domestic currency.
ii) Low economic growth rate	The NSPSD aimed at enhancing economic activity, create employment and higher incomes, which would generate high aggregate demand and accelerated economic growth	In FY2017/18, Uganda's economic growth rate was estimated at 6.2% which increased to 6.3% in FY2018/19 but fell sharply to 1.7% in 2019/20. The growth largely resonates from the services sector (43.3% of GDP) and industry which contributes 27.1% of GDP (MoFPED, 2020). The key implication is that even in the face of growth, the distribution of income is skewed and therefore translation into increased aggregate demand to boost private sector activity is negligible The major paradox is that the services sector contributes 43.3% to GDP, but unfortunately employs a paltry 20.9%[16]. The agriculture sector which employs 72% of the total labour force in Uganda contributed only 23.5% of GDP in FY2017/18; which declined to 21.9% in FY2019/20 (MoFPED, 2020). The major reasons for low agriculture performance are: a) Small holder farming, using rudimentary equipment. b) Low production and productivity, arising from low application of technology. c) Lack of markets and subsequent plummeting of prices of agriculture products. d) Constrained land market, characterized by rampant encumbrances in land transactions.
iii) Lack of One-stop Centre (OSC) for inter-agency business facilitation	Under the NSPSD, it was planned that a One-Stop Centre (OSC) would be established at Uganda Investment Authority (UIA), with the sole purpose of enhancing "ease of doing business." Specifically, the undertakings under NSPSD included:	• The One-Stop Centre (OSC) was established at the Uganda Investment Authority. (UIA also intends to establish Regional One Stop Centers in 4 Strategic Districts • The OSC is calibrated with eBiz-Uganda's One-Stop Electronic Business Portal which is operational at about 50% since only half of the services have been launched. The development of the balance services is however at 85% and

[16] The ILO statistics indicate that only 20.9% of total number of people employed are in the service sector

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
	a) Technical assistance in setting up the secretariat for One-Stop Centre (OSC) b) Benchmarking with other developing countries	launch tests for TIN, Trading license, various immigration services had commenced before UIA ran out of resources. • Out of 15 core agencies to render services through their respective stalls at the OSC, the physical OSC has 12 Agencies currently operational • The OSC has made it easy for the business community both foreign and domestic to access the most commonly acquired business related services in one place.
c) Inappropriate Legal and Regulatory Framework: Inefficiencies in registration and licensing of business enterprises	The NSPSD sought to introduce reforms aimed at removing inefficient, unnecessary and cumbersome business licensing procedures	• Government approved a BUBU policy 2014 and developed implementation strategy 2016. The policy is geared toward promoting uses of locally manufactured goods as well as use of local skills. • In addition, Parliament passed Local Content Bill 2019. The Bill sought to secure 30% value of public investment to local entrepreneurs and business enterprises • Government through MoFPED has undertaken initiatives to reduce regulatory burden to the private sector. The initiatives include; i) Digital Tax Stamps ii) Electronic Fiscal Receipting and invoicing system (EFRIS) iii) Electronic government procurement iv) Electronic Single Window system • It was established that government has significantly enhanced the capacity of Uganda Registration Service Bureau (URSB) through the following interventions: a) Digitalization of business registry b) Digitalization of business flow processes c) Undertaken collaborative linkages with Uganda Revenue Authority, Kampala City Council/Local governments, in the Tax Payer Registration Expansion Programme (TREP).

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		• The effect of this was enhanced "ease of doing business" where an application for business registration is completed in a matter of hours, a process that used to take months. • In the OSC, the following activities are conducted: a) Searches for a business name, b) Registers a company online c) Reserves a business name d) Registers for taxes (TIN) e) Obtain Investment license f) Obtain Environment Impact Assessment Certificate-this ensures that the registered business enterprise complies with environmental laws.
v) Infrastructure deficit and poor maintenance which are critical for enhancing business productivity but the poor physical infrastructure in Uganda cuts business productivity by 40% (NPA 2019) **i. Poor road network with a paltry 23% of paved roads**	The NSPSD sought to enhance public investments in infrastructure with a focus on transport (airways, water, roads and railways).	• It was established that 14,964 kms of roads have been constructed across the country since 2017/18. • Uganda airlines has been revamped with Four (4) Bombardier aircrafts and two (2) long haul and big passenger & cargo capacity Airbuses. This is envisaged to enhance export sector performance and tourism. • Water transport has been boosted with acquisition of two (2) new ferries on L. Victoria. • The Standard Gauge Railway[17] design and feasibility study have been conducted. • Construction of three flyovers in KCCA. Construction Works for the first flyover (phase 1) started. Phase two is awaiting procurement of the contractor by UNRA
ii. Only 20% of the population is connected to National grid.	The Uganda Government sought to increase investment in electricity generation	Government has constructed the following Hydro Power Generation Plants; a) Karuma HEP: 600MW b) Isimba HEP: 183MW

[17] This railway line is planned to connect Uganda with Juba (South Sudan) and Kenya.

<table>
<tr><th>Problem</th><th>Private Sector needs and what was planned under NSPSD</th><th>What has been achieved</th></tr>
<tr><td></td><td></td><td>This has enhanced electricity generation from 950 MW in 2017 to 1,039 MW in 2019 and this is envisaged to significantly enhance industrial and business enterprise development (MoFPED, 2019).</td></tr>
<tr><td>iii. High cost of electricity which increases the cost of doing business</td><td>The assumption for increasing electricity generation was for attraction of industrial and other business enterprises, which would provide employment and accelerate economic growth. This was particularly to be achieved through local content in public procurement on infrastructure projects to support domestic private sector.</td><td>It is positive that there has been significant increase in electricity generation, but the major constraint is the high cost of electricity as indicated below. This high cost for Uganda is, among other factors, due to the provisions of the power plants financing agreements in subsistence but which are expected to lapse in due course and ultimately propel the sector to more affordable tariffs:

<table><tr><td>Country</td><td>Cost of 1KWH</td></tr><tr><td>Ethiopia</td><td>$0.06</td></tr><tr><td>Tanzania</td><td>$0.102</td></tr><tr><td>Uganda</td><td>$0.156</td></tr></table>Source: World Bank, 2020</td></tr>
<tr><td>vi)Market inefficiencies
i) Low production and productivity levels in agriculture</td><td>The NSPSD sought to enhance competitiveness and improve revenue position</td><td>The NSPSD has not registered any visible achievement in the agricultural sector. The sector is still heavily constrained by the following:
a. Small holder farming
b. Low production and productivity
c. Use of rudimentary equipment in agriculture production by majority of farmers in Uganda (NPA, 2018)
d. Lack of markets and poor marketing infrastructure
e. Low prices of agricultural products
f. High subsistence production (69%) of the population operating in the non-monetary agriculture production (MoFPED, 2019).
g. Poor post-harvest management</td></tr>
</table>

<table>
<tr><th>Problem</th><th>Private Sector needs and what was planned under NSPSD</th><th>What has been achieved</th></tr>
<tr><td></td><td></td><td>All these constraints have negatively affected returns from the agricultural sector, implying less attraction of private sector entrepreneurs in the sector</td></tr>
<tr><td>ii) Limited storage facilities</td><td>• The NSPSD sought to undertake effective implementation of the commodity market exchange and warehouse receipt system.
• The aim was to reduce on post-harvest losses, promote price discovery and improve quality of products.
• The NSPSD planned to complete the computerization/digitalization of the land registration system.
• The warehousing receipt system was aimed at competitiveness.
• The NSPSD also aimed at facilitating the development of financial markets through a ten-year Uganda Capital Markets Development Master Plan.</td><td>The implementation of commodity exchange and warehouse receipt system has not been operationalized. The challenges for operationalizing the Warehousing Receipt System are:
i. Low standards of agricultural products
ii. Smallholder production
iii. Low capacity of collective activity
iv. Lack of knowledge of operation of WRS
v. High post-harvest losses
In addition, agriculture production remains heavily constrained with high post-harvest losses as indicated below:
<table>
<tr><th>Crop</th><th>Post-harvest loss</th></tr>
<tr><td>Grain</td><td>10-15%</td></tr>
<tr><td>Root crops</td><td>20-25%</td></tr>
</table>
Source: UNFAO 2019; Warehousing receipt system in Uganda, Dec 2020</td></tr>
<tr><td>iii) Counterfeits and limited value addition</td><td>The NSPDS envisaged to eliminate counterfeits through:
a) Establishing and operationalization of commodity exchange
b) Implementation of Counterfeit Law</td><td>UNBS has enhanced inspectorate function and enforcement of quality standards. There was evidence of confiscation and incineration of substandard products, such as cosmetics, electric cables, meters, and bulbs. In addition, UNBS expanded her product testing capacity through expansion of the quality control laboratory. Despite efforts to reduce counterfeit products, Uganda continues to suffer a loss of UGX. 6 Trillion to counterfeits and substandard products per year (UNBS, 2020). The major reasons for high proliferation of counterfeits are:</td></tr>
</table>

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		a) Low price of counterfeit goods as compared to genuine products (UNBS 2020) b) Poor import regulations for goods produced outside Uganda (UNBS 2020)
iv) Enhanced market penetration at regional level	• Uganda undertook to take advantage of its membership in EAC and COMESA free Trade Area to increase its market share and neutralize negative effects that arise from its land linked position • The government also undertook to engage and fast-track the elimination of Non-Tariff Barriers (NTB) in EAC – this was aimed at easing the cost of doing business.	• Increased trade with COMESA and EAC as well more cross-border trade exports to neighbouring countries e.g., Kenya, DRC and South Sudan. The total market size of EAC is 146 million with a combined GDP of USD 217Bn. Additionally, Uganda has also recently joined the AfFCTA which opens the entire African market (36 African Countries so far) • However, the major impediments remain the Non-Tariff Barriers (NTB) which include: a) Closure of borders by some countries (Rwanda) b) Political instability which has significantly affected cross-border trade for example South Sudan.
vii) Entrepreneurship and skills **i) Low skilled workforce making it difficult for business enterprises to find qualified labour**	The NSPSD sought to carry out a number of interventions aimed at enhancing human capital development as a fundamental for the realization of socio-economic transformation.	• The government undertook support implementation of the BTVET Strategic Plan 2012/13-2021/22 • Government continues encouraging industrial and technical training in various institutions
ii) Gaps created by the type of education that does not provide necessary skills for business performance.	• The NSPSD undertook to provide quality of vocational training, education, entrepreneurship in both school and vocational training institutions. • Build capacity of entrepreneurship trainer through Business Development Services and skills development.	• Government has established a number of technical institutions namely; Uganda Petroleum Institute Kigumba, Uganda Technical College Bushenyi, Kaberamaido Technical Institute, Kaliro Technical Institute, Nyamitanga Technical Institute, Uganda Technical College Lira, Kiryandogo Technical Institute, Uganda Technical College Lira, and Butaleja Technical Institute. • Business development services have been enhanced through strengthening URSB.

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		• However, the technical institutions continue to experience low enrolments.[18]
iii) Negative attitude towards technical and vocational training	• The NSPSD envisaged to create mind-set change through awareness campaigns and a joint communication strategy with relevant sub-sectors • The aim was to create awareness of BTVET opportunities to enhance uptake and increase enrolment in BTVET institutions.	• The Government has developed The Technical Vocational Training (TVET) policy (2019) and TVET policy implementation standards (2020). In addition, there has been establishment and renovation of a number of technical institutions which include Kiryandongo, Kichwamba, and Bushenyi • The major hindrance to technical training in Uganda is the negative mindset towards BTVET which has not changed as manifested in low enrollment of the Technical Institutions estimated at an average of 60% (Offical, BTVET, MoES, 2020). • Taking a career in BTVET is misconstrued as "failures" who would not manage university education (NPA 2020). This is explained due to the entrenched culture in the country where the majority of student aspire to the "straight jacket" formal education path that leads to white collar office jobs rather than the blue collar hands-on jobs that the technical institutions guarantee
viii) Low industrialization **i) Low industrial production**	i. Identification of strategic industries that link the local economy. The industrial sector includes mining, and quarrying, manufacturing, gas, electricity, construction and water supply.	• The main strategy has been enhancement of agro-processing which has been executed through establishment of inter alia Soroti Fruit Factory, other initiatives have been executed through support to private entrepreneurs in establishment of manufacturing enterprises. • Government has supported industrial sector through capitalizing UDB with an aim of enhancing private sector financing. This has resulted in increased industrial

[18] For example, while the capacity for Kiryandogo Technical Institute is 1,000, the current enrolment is only 700 (Kiryandongo Technical Institute, 2020)

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		contribution to GDP from 19.8% in FY 2017/18 to 26.4% in FY 2018/19
	ii. Create a data base under MSME policy to facilitate establishment of business to business linkages	• A data base of MSMEs has been created under the National Federation of MSMEs. • The MSMEs are currently estimated at 10,564 (Federation of Medium and Small Enterprises 2020)
	iii. Support building of infrastructure in the regional Industrial Parks through PPP arrangements	• Roads and warehousing facilities have been constructed in the 10 Industrial Parks across the country. The industrial parks have enhanced attraction of both FDI and DDI. • The major constraint remain the high cost of electricity[19]which increase the cost of production.
ii) Facilitate upward mobility along the industrial value chain	i. Key emphasis was on agro-processing, manufacturing and cottage industries	• Government has made little progress in creating enabling environment for agro-processing. Most products (coffee, tea, maize) are still consumed/sold unprocessed. The survey of MSMEs established lack of affordable long-term financing, inadequate market infrastructure, high cost of transport between production and consumption centers and high costs of manufacturing equipment and spare parts (MSMSE Survey, 2021).
	ii. Enhance skills development and management professionalism in SMEs	• The federation of SMEs conducts regular training but lacks funding
	iii. Close information gap between SMEs and large enterprises	• These remain major impediments.
ix)Quality assurance	i) Provide support to UNBS to verify import product quality through pre-export verification	• Government has established a pre-shipment inspection of selected products namely; food products, reconditioned vehicles, and agro-chemicals among others. However, there was evidence of lack of compliance as reflected in high

[19] 1KWH of electricity costs $0.156 in Uganda as compared to $0.06 in Ethiopia (World Bank 2019).

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		prevalence of sub-standard products on the Ugandan Market (UNBS, 2020)[20] • Government through the UNBS has supported pre-export verification but this has not been sufficient to eliminate counterfeit/substandard goods. • The problem however is the proliferation of counterfeits through porous borders
	ii) Formulation of distribution input associations	• This has been slow given the wide spread of private sector entities
	iii) Improve access to certification services	• UNBS has enhanced enforcement and confiscated counterfeit goods across the country • The challenge is the weak institutions such as Police to conduct investigations and sanction culprits
x) Profitability and growth of enterprises **i) Low factor productivity**	i) Provision of quality inputs and technology	• Access to quality inputs namely; pesticides, acaricides, agro-equipment, fertilizers has been constrained by a liberal inadequately controlled market
	ii) Training and mentoring skilled labour	• Government has established and licensed private sector institutions-universities and technical institutions • However, the major constraint is the negative attitude towards technical/vocational training
	iii) Promoting Research and Development (R&D) through use of ICT and high yielding varieties	• There has been proliferation of ICTs across the country • The use of mobile phones has increased from 20.4million in 2017 to 23.4million in 2018 and 22.4 Million in 2020 with 7.1 million using smart phones, (Uganda Communication Commission 2020).
	iv) Revising and formation of producer organisations to facilitate access to markets	• A number of organizations have been supported including UMA, PSFU, Grain Millers, Fish Processors, Flower Exporters, Coffee farmers among others. The support has been in the form of direct financial support to PSFU, policy

[20] When this issue was further analysed it was established that many entrepreneurs face challenges of high costs of pre-shipment inspection which increases the cost of doing business

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		and legislation (tax laws), guarantees to exporters among others • However, the collapse of the cooperative movement remains a glaring gap in revitalizing agro-business across the country. The later would galvanize production, improve quality through enforcement of standards as well as adherence to quality inputs.
	v) Land administration reforms to attract investment	• There has been significant improvement in land administration with digitalization of land registry (LIS) • The problem however, is land grabbing21, forgery of land titles and unending encumbrances arising from multiple land tenure systems. In order to address this matter, government established the Bamugemereire Commission which was/is expected to advise on land administration reforms, especially the cumbersome "dual ownership" mailo system
	vi) Mainstreaming cross-cutting issues (HIV/AIDS, Gender, environment, Human rights) through relevant MDAs in the sector	• Uganda Government has achieved significant positive results from strengthening multi-sectoral approach to HIV/AIDS control which has kept HIV prevalence low- at an estimated 6.2% (MoH 2020). On Gender, there has been sustained empowerment of women through women participation in elective politics, resulting in increased number of women in leadership positions. Regarding environment, there has been little progress manifested in the loss of 10,000 hectares of biomass (deforestation) every year. On human rights, there was evidence of increased violations of human rights by the Uganda Police Force and other security Agencies (Uganda Human Rights Initiative, 2021). The implication of cross-cutting issues on private sector is that HIV/AIDs has not affected businesses as it is under effective

[21] The newspapers are awash with cases of land grabbing largely orchestrated by highly politically connected elite class

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		control; on gender, there is evidence of increased economic inclusion of women in income generating activities. However, women are still restricted to traditional enterprises such as saloons, restaurants, and market vending. Human rights violation are a major repellant of both FDI and DDI
ii) Lack of professionalism of MSMES	i) Full implementation of One-Stop Centre (OSC) to facilitate formation and registration of business enterprises	• A One-stop Centre has been established at Uganda Investment authority (UIA) and is operational. It however needs enhanced sensitisation for both domestic and foreign investors to take advantage of the OSC.
	ii) Institute a joint communication strategy by major players.	• This strategy has not been developed. As a result, the SMEs remain detached from the mainstream economy as well as the financial institutions such as Uganda Development Bank (UDB) and Uganda Development Corporation (UDC).
	iii) Provide business development services	• The business development services (BDS) are provided by URSB (registration), UIA (facilitating investment) and local authorities (licensing).
iii) Access to credit	i) Create alternative forms of financing through promoting investment clubs, and mind-set change to increase personal savings	• Government has facilitated the operators of SACCOs across the country. This has been through establishment of the framework as well as the capitalization of Micro Finance Support Center which provides financial and technical support to SACCOs as source of credit. • However, personal savings remain low estimated at 13% to GDP (MoFPED 2019) which limits financial depth.
	ii) Fast tracking land registration to increase stock of titled land	• There has been strengthening of land registration through digitalization
	iii) Improve stock market environment as potential avenue for resource mobilization	• There has been significant improvement of capital markets[22] of 17 firms with a total market capitalization of UGX 22 Tn (BoU, 2019). These provide long term financing capital to private sector. However, there is low understanding of stock

[22] Prominent among these include: New Vision Publishing Corporation, Uganda Clays Ltd, Stanbic Bank among others

Problem	Private Sector needs and what was planned under NSPSD	What has been achieved
		market operation, hence low appreciation and penetration leading to limited sources of financing capital.
	iv) Fast track implementation of Chattels Securities Act 2014	• The major achievement is the development allowing the staking of "movable property" e.g. cows among the legally acceptable assets that can be held as collateral for loans/credit • However, there has been slow implementation of the Chattels Act as many people still prefer cash transactions
	v) Promote (BUBU) Policy in public procurement	• The BUBU policy is positive particularly the 30% local content clause. However, there has been weak enforcement of the policy • In addition, there is negative attitude towards domestically produced goods • The proliferation of cheap imported products/ substitutes for local products has worsened the problem
	vi) Provide long-term financing through UDB	• Since FY 2014/15, Uganda government undertook to recapitalize UDB up to UGX 500Bn per year (MoFPED 2015). The aim was to enhance access to financing capital by private enterprises • However, the major constraints are; a) Government has not fulfilled this commitment. Only UGX 50 Bn has been annually provided to UDB since FY 2017/18 to date, (MoFPED, 2020). b) There is in addition to complicated bureaucratic systems for accessing finance which SMEs cannot manage.

Box 5.1: Effects of NTB on Uganda's export trade

- Up to 2018, Uganda's trade with Rwanda was estimated at $200M p.a
- Between August 2019 and August 2020, Uganda's exports to Rwanda dropped from $131.8M to $5.1M
- Uganda has lost $480M in 2020 from decline in export trade in East African Region.
- Uganda's milk exports to EAC region increased from $159M in 2017 to $190M in 2019, but dropped to $73M in 2020 and the reasons were largely NTB.
- Over 114,800 jobs have been lost as workers had to be laid off due to lack of market.
- NTBs include:
  a) Questioning origin of Uganda's products
  b) Unilateral restrictions against goods from Uganda for example Uganda made sugar
  c) Impromptu stop-overs and rampart raid on Uganda goods in warehouses in Tanzania.

(Source: Private Sector Foundation Uganda, December 2020)

5.3 Efficiency

Efficiency connotes "doing things right". It is an input-output analysis. It measures the relationship between the resources incurred for implementation of interventions under the NSPSD; and the value of outputs from the various interventions. However, as already discussed in the foregoing, the NSPSD did not have a budget framework. It was expected that the implementing MDAs would prioritize and mainstream NSPD interventions into their budgeting and planning processes. In the circumstances, this MTR was unable to comprehensively and systematically analyze the level and extent of efficiency of implementation of NSPSD.

Nonetheless, some observations were made relating to selected infrastructure projects. It was noted that one of the major constraints to private business enterprises was high cost of doing business particularly high electricity tariff. It is apparent that most of the infrastructure development projects in Uganda that is, roads and Hydroelectricity Power (HEP) plants are constructed at a very high cost. The problem is exacerbated by the fact that while Parliament of Uganda past the Local Content Bill 2019 into law23 (May 20, 2020). Most public investments have not adhered to this legislation. There is wide spread non-compliance to the Local Content Act, resulting into significant loss to domestic enterprises, which would have benefited from public investment. Table 5.2 shows the major infrastructure projects and, the cost incurred to accomplish the projects.

Table 5.2 Major infrastructure projects

Project	Value of Investment (US)
1. Karuma HEP	US$ 1.7 Bn
2. Isimba HEP	US$ 567.7M

[23] The Local Content Bill 2019 was past into on May 2o, 2020. The law provides that "any public investment must incorporate local content amounts to not less than 30% of the value of the investment"

Project	Value of Investment (US)
3. Entebbe Express Highway	US$ 600M
4. Construction of 11 markets under Markets and Agriculture Trade Improvement Project (MATIP II)	US$ 93.73M
5. Albertine region airport at Kabaale in Hoima	GBP 215M
6. Albertine region roads project	US$ 400M
7. Entebbe Airport Rehabilitation	US$ 200M

Source: Uganda Electricity Generation Company Ltd 2020; World Bank, 2020

From the table 5.3, it is clear that the unit cost of electricity generation from the two (2) dams namely Karuma and Isimba the highest as compared to other HEP plants in the region.

Table 5.3 Unit cost of generating electricity from the Eastern African Region

Country	HEP Plant	Total Cost of the project	Capacity (MW)	Unit Cost/ MW	Tariff/ KWH
Uganda	1. Karuma HEP	$1.7Bn	600	$2.8M	$0.156
	2. Isimba HEP	$567.7M	183	$3.2M	$0.156
Ethiopia	3. Gilgel Gibe III	$1.8Bn	6000	$0.3M	$0.06
Tanzania	4. Julius Nyerere HEP	$3.9Bn	2115	$1.8M	$0.102

Source: UEGCO LTD, Dec 2020; World Bank 2020

It is evident from table 5.3 that the cost of generation of hydroelectricity is highest in Uganda. The reasons for this phenomenon are not clear. However, what is clear is that the high cost of electricity generation translates into high cost of electricity tariff. As shown in Table 5.3, 1KWH of electricity in Uganda, costs 2.6 times 1KWH in Ethiopia. The implication of high electricity tariff is the high cost of doing business, which is a deterrent to investment and business enterprise development.

5.4 Effectiveness

Effectiveness was measured by establishing the expressed needs of private business enterprises and whether the interventions implemented under NSPSD focused on addressing these needs. Table 5.4 presents effectiveness analysis of the NSPSD.

Table 5.4: Analysis of effectiveness of the NSPSD

Expressed needs by the private sector	Implemented interventions and accrued benefits	Efficacy
Macro **10. Improve macro-economic environment**	• FDI flows to Uganda reached a record high of USD 1.3 billion in 2019, a 20% increase from USD 1 billion in 2018, which was an increase from 803 Million USD in 2017 (BOU, 2020). • The annual currency depreciation was within range at 2.38% in 2019 against a target of 2.10% • The debt to GDP ratio was targeted at 42.50% but slightly overshot to 46.05% in 2019. • Government expenditure as percentage of GDP was targeted at 21.1% but the evaluation established this indicator at 19.5% in 2019.	• Has helped in exchange rate stabilization which is critical for export and import trade. • Has helped to keep inflation within expected target of 5% • This is undesirable as it erodes creditworthiness of the country • This is positive as it avoids deficit financing
11. Enhance legal and regulatory framework	• In FY2019/20, Government through MoFPED has undertaken initiatives to reduce regulatory burden to the private sector. The initiatives include; i) Digital Tax Stamps ii) Electronic Fiscal Receipting and invoicing system (EFRIS) iii) Electronic government procurement iv) Electronic Single Window system • Business Licensing and Regulatory Reforms by removing cumbersome licenses as per the BLRR Report, 2012: 58% of the recommendations of the report have been implemented by MDAs and 34% is ongoing.' • One Stop Centre established: UIA has an existing One Stop Centre. The Building that will house the OSC will be completed by April, 2021, However, procurement is still ongoing for the online OSC.	• The initiatives have had significant benefits to private sector, prominent of which include the following; i) Elimination of physical movements by clients or traders ii) Data harmonization thus improved efficiency and facilitate information exchange among government institutions. iii) Improved controls by the respective government agency However, most of the initiatives have been in operation for less than 2 years and therefore it was not possible to determine their efficacy. • This creates efficiency and reduces cost of doing business, hence more economic activity and growth. • The OSC has made it easy for the business community both foreign and domestic to access the most commonly acquired business related services in one place.

Expressed needs by the private sector	Implemented interventions and accrued benefits	Efficacy
v) Infrastructure expansion and maintenance	Strengthen and monitor Government public investments in infrastructure on transport and electricity: • The total paved National road network has increased by 26.8% from 4,257 km in 2016/17 to 5,398 in FY 2019/20 (UNRA, 2020). • The Uganda Railways corporation rehabilitated Port bell-Kampala route (9km) and resumed operations of MV Kaawa. Also conducted spot improvements of the Kampala- Malaba route. Plus, rehabilitation of Tororo-Guru line (378km) is set to commence. Government is also set to fully restore the meter gauge railway line. • Electricity installed generation capacity has increased from 601Mega Watts (MW) in 2010 to 1252.4 MW in 2020.	• It is noted that 95% of cargo is moved on roads and farmers access markets through road infrastructure. The construction and improvement of roads has greatly enhanced business enterprise operations (World Bank, 2020) through reduced cost and time to deliver products and supplies to the enterprises • These development on the Uganda railway line will significantly reduce cost of transport thereby reducing cost of doing business for private sector. Also, the restoration of railway transport will result into increased life span of national roads since most cargo will be conveyed via rail. • Has greatly attracted FDIs to an estimated USD 1.3Bn in 2019 an increase of 20% (USD 1Bn in 2018)
vi) Increase market efficiencies	Fast track the effort of elimination of Non-Tariff barriers in EAC: • GoU, MTIC created an online mechanism for identifying and verifying information about NTBs and ensuring their elimination. • Roll out of the upgraded National Land Information System: The system is Upgraded and Operational in 22 Zones, (MoLHUD, 2020).	• Establishment of One Stop Border Posts (OSBPs) for quick border clearance of cargo and persons, abolition of road blocks and reduction of weigh bridges on Northern Corridor, enhanced implementation of Simplified Trade Regimes (STR) provisions for small scale traders, implementation of Authorised Economic Operators (AEOs) & Single Customs Territory (SCT), implementation of the Electronic Single Window (ESW), • However, the issue of NTB is still outstanding with some partner states closing boarders with each other while others have adopted restrictions on

Expressed needs by the private sector	Implemented interventions and accrued benefits	Efficacy
		commodities such as sugar, milk and maize from sister states. • This has significantly reduced fraud in land transitions
vii) Entrepreneur ship and Skills	Development of the National BDS framework: • Enterprise Uganda is currently working on developing a BDS Framework. • Improving the quality of vocational training, education, entrepreneurship in both school and vocational training institutions: • Number of vocational training institutions approved by Government: 190 Business Centers, 361 Technical Centers and 29 Specialized Centers	This has improved skills development and standards in vocational training across the country. The major constraint remains negative attitude toward vocational training leading to low-capacity utilization of existing technical institutions
Meso Level **viii) Increase business to business linkages (B2B)**	Support the building of infrastructure in the 4 regional industrial parks out of the 22: Support the building of infrastructure in the four Regional Industrial Parks (Kampala Industrial Business Park-KIBP, Bweyogerere and Luzira Parks to be fully operationalized through PPP arrangements, whereas the Kaweweta Free Zone Park to also benefit from infrastructure provision in order to create an enabling environment for investors) out of the 22 earmarked for the country • Machining, Manufacturing and Industrial Skills Training Centre (MMISTC) at Kampala Industrial Business Park (KIBP) was commissioned, in January, 2020 by the Uganda Industrial Research Institute (UIRI). UIRI has developed a spectrum of	This has attracted FDIs as already explained in the foregoing across the country. There has been growth of enterprise including over 1,000,000 SMEs spread across the country (UFSMEs, 2019) The efficacy of UIRI has been significant including exhibition of innovations in Annual UMA trade shows, bi-annual Harvest Money Expos, holding of public exposure day where value addition and other industrial processes are exhibited. A number of MOUs has been

Expressed needs by the private sector	Implemented interventions and accrued benefits	Efficacy
	innovations[24] that have significantly added value in the health, agricultural, manufacturing and trade sectors. • Luzira Industrial Business Park is serviced with 3.7Km of tarmac road network, power and water. • Kiira Motors Corporation has extended water and power to the park and they have begun on the construction of their factory facilities. • The Jinja Industrial Business Park: There is an existing railway line (Jinja-Namasagali) which is close to the Industrial Park but it is not currently operational. The boundary of the Industrial Park is clearly marked with concrete border markers. • At Sino Uganda Mbale Industrial and Business Park: Access roads at murram level 8.5km opened so far, Water channel 1.1km, Power lines 3.2km, completed construction of project team temporary residential houses and ware houses for construction tools. • A number of industries have been established for servicing existing industries, for example; a packaging factory at Namanve supplies equipment to Soroti Fruit Factory. • The Agriculture Sector Strategic Plan, ASSP (MAAIF, 2019) focuses on 12 commodity value chains25 that have been prioritised to drive agro-industrialisation.	established with Universities where UIRI has equipped laboratories and other knowledge transfer outfits. UIRI has also entered partnerships with Uganda Small Scale Industries Association (USIA), Uganda Women Entrepreneurship Program (UWEP) These interventions have greatly demystified industrial development leading to establishment of industries and production of non-traditional commodities including motor vehicles from Kira Motors Uganda LTD. Construction of serviced industrial parks have greatly reduced the cost of doing business because they are serviced with major utilities

[24] These include intravenous testing kits, equipment for testing humidity, equipment for grating and drying cassava and other commodities,

[25] These include bananas, beans, maize, rice, cassava, Irish potatoes, tea, coffee, fruits and vegetables, diary, fish and other livestock products, cocoa, cotton, oil seeds, oil pam

Expressed needs by the private sector	Implemented interventions and accrued benefits	Efficacy
	• The Ministry of Foreign Affairs has organised tourism, trade and investment promotions in Europe (London), USA, and Dubai. The aim is to enhance marketing of Ugandan products and tourist attractions in the country. UFZA has undertaken the following interventions; a) Provided knowledge on the Ugandan business environment, investment opportunities and rules of operation b) Promoted and facilitated export-oriented enterprises c) Mobilised resources for developing free zones d) Formulated marketing strategies •	These promotions have significantly contributed to flows from tourism estimated at USD 1.6Bn in FY2018/19 (BoU, 2020) Government has commissioned construction of the first Public Free Zone Facility with capacity to: • generate an additional US$13.4 million in capital investment; • create over 200 direct jobs; • realise export earnings of over US$4.02 million per annum increasing the volumes of goods exported through the Entebbe International Airport; and • generate UGX108.3 billion in direct revenues within 15-years of operation
ix)Improve Quality Assurance	Improve Capacity of UNBS in its efforts to certify Ugandan Products: • Increased staffing in the Standards Department from 23 in FY2017/18 to 37 by end of 2019/20 FY. • Improve access to certification services by raising awareness: published 12 simplified and translated standards and related materials enabling access to standards by small and medium enterprises and farmers.	This has greatly increased the quality of local products and also reduced proliferation of counterfeits across the country. However, the problem is that counterfeits are usually low priced hence attract high demand amidst poor enforcement.
Micro Level **x) Enhance factor productivity**	• Training and mentorship by private sector: A skills Development Facility at PSFU benefited 56,321 beneficiaries, 565 Organisations supported and 1,928 internship placements by 2019.	• This is important in enhancing competitiveness of business enterprises and strengthening of corporate governance

Expressed needs by the private sector	Implemented interventions and accrued benefits	Efficacy
xi) Professionalization of SMEs.	• Registration of businesses and companies: A one stop business centre by UIA is operational to support Business Registration processes. • Providing BDS and support BDS providers: Enterprise Uganda has started on the process of developing a BDS Strategy and Framework, • 4150 women entrepreneurs have been trained, 1348 beneficiaries of Entrepreneur training workshops, 8970 Business linkages and farmer groups by 2019 • Government through URA has implemented significant tax reforms including the Taxpayer Register Expansion Program (TREP), Electronic Fiscal Receipting and Invoicing System (EFRIS), among others (URA, 2021).	• This will contribute significantly to higher productivity of SMEs and increase of revenue to government since SMEs will be fully registered and formalized • These reforms have resulted in 70% increase in VAT returns and 20% increase in income tax returns (URA, 2021). Indeed the survey of SMEs established that 93.2% of the SMEs were registered with URA.
xii) Increasing access to credit finance.	• For financial sustainability, recapitalization of both UDC and UDB over the period of NSPSD implementation period has been prioritized and a better strategy. This will further ease accessibility to affordable credit. • The NSPSD proposes Recapitalization of UDB with 100 Bn every FY	• Government has not fulfilled this commitment. Only UGX 50 Bn has been annually provided to UDB since FY 2017/18 to date, (MoFPED, 2020) leading to inadequate financing for business enterprises with subsequent high cost of borrowing from few available commercial banks and other financial institutions. • This is in addition to complicated bureaucratic systems for accessing finance which SMEs cannot manage

As shown in Table 5.4, the implementation of interventions under the NSPSD was based on the expressed needs of the private business enterprises, as identified in the situation analysis. The situation analysis had established the opportunities and threats of the private sector which the implementation of the NSPSD sought to address. Table 5.5 shows the opportunities and threats as identified in the Situation Analysis.

Table 5.5: Opportunities and weaknesses under the implementation of NSPSD

Opportunities	How opportunities have been exploited
1. NDP III programmatic approach, including PSD, Strategic Planning for the 18 programs	The Strategy highlights key recommendations and priorities the NDP III focuses on for Private Sector Development.
2. Budget Process which creates room for inputs from various stakeholders	The PSWG is a platform through which the Budget Process is exploited. An annual Position Paper with Private Sector competitiveness challenges is developed and submitted to influence the budget process. Over 60% of these issues shaped the Budget in FY 2020/21.
3. ICT advancement which facilitates digitization of business processes	The Use of ICT has been leveraged following need to monitor and coordinate MDAs in implementing the NSPSD. ICT has enabled online mechanisms to ensure swifter public service delivery to the private sector.
4. PSWG: Collaboration between MFPED and OPM, PSFU, NPA, the PSWG	MFPED in collaboration with main Public/government institutions such as OPM, PSFU, NPA, among others identifies and follows up on main issues raised in the NSPSD for private competitiveness.
Weaknesses	**How Weaknesses have been addressed**
1. Delays in Project start up and Implementation.	Improved Dialogue between the Private and Public Sector through PIRT, DBTF, PSWG, BLRRC, among others to expedite execution of set out policies and strategies.
2. Limited Capacity at MDA level leading to poor data reporting mechanisms which has affected development of the NSPSD performance report.	Improved MDA coordination through the PSWG and use of TAs and Consultants to improve MDA capacity
3. Lack of Budgeting and implementation Plan: The Drafting of the NSPSD did not include a Budget to MDAs and an implementation Plan.	This is to be addressed in the next NSPSD to realign with NDPIII.

Source: MoFPED, Dec 2020

As shown in Table 5.5, the implementation of the NSPSD has exploited a number of opportunities, which have led to significant benefits to private business enterprises. Similarly, a number of interventions implemented under the NSPSD have been constrained by a number of weaknesses. However, it is positive that most threats have been mitigated through various interventions as presented in table 5.6 and it is expected that their impacts would be minimized.

Table 5.6: Threats and mitigation measures

Threat	Mitigation measure
1. **High Interest rates.** The major impact has been the failure for borrowers to repay loans, resulting into liquidation of business enterprises	The Central Bank has mitigated this threat through reduction of CBR, currently set at 7%. The aim is to influence commercial banks to reduce their prime lending rates, corresponding to the decline in CBR. However, the latter have only slightly reduced prime lending rates which still constrains private sector credit[26] to only 13.8% of GDP (BOU 2021)
2. **Civil conflicts, manifested in demonstrations and insurrection.** Political instability is the greatest threat to business enterprise development in most African Countries. Since 2010, there has been growing discontent among opposition politicians in Uganda. Their main discontent is that elections that have been held have not been free and fair. This has indeed been reflected in observed violence in the period of electioneering and subsequent failure for those defeated at presidential level to concede. Instead, they have on all occasions petitioned the Supreme Court[27]	The Supreme Court made declarations aimed at streaming the electoral process and these include among others; ensuring equal use of state media, prohibiting giving donations during campaign period by public officials, increasing the number of days for filing and disposing presidential petition, providing for use of oral evidence in hearing election petitions, increasing time for fresh presidential elections in case of annulment. However, most of these declarations have not been implemented, leading to increased tensions in the election period. These tensions have negatively affected both domestic and foreign direct investment (FDI) in Uganda (UIA, 2020).
3. **Changing weather conditions** Climate change has caused significant deleterious effects to business enterprise development. The effects are more apparent in the agricultural sector where rainfall partners are critical for production. Changes in weather result in low yields, increase of pests and diseases, which all result in low productivity and declining incomes.	The government of Uganda has attempted to address these supply side constraints through: a) Liberalization of importation of agricultural inputs. The argument here is that this would create more competition, efficiency and availability of agricultural inputs. b) Undertaking public investment in irrigation infrastructure. However, the level of investment here has been low, resulting in persistent droughts with subsequent low production and

[26] Credit extended by commercial banks and other deposit taking institutions to private non-financial firms and households. Financial institutions include domestic and foreign owned as well as private and public ones

[27] 2001, 2011, 2016 and 2020 elections have witnessed election dispute with petitions to Supreme Court. However, on all occasions, the Supreme Court's verdict was that elections were free and fair and that the malpractices observed did not substantially affect the results of elections. (Supreme Court 2016)

	declining profitability of farmers and agribusiness entrepreneurs.
4. **External shocks such as COVID-19 pandemic.** Most business enterprises in Uganda have suffered the full brunt of Covid-19, pandemic. The most affected include: tourism sector enterprises, restaurants, hotels, among others. The closure of these enterprises meant loss of jobs which in turn resulted in dwindled aggregate demand (UNDP, 2019).	The government responded to COVID-19 pandemic with a number of fiscal and monetary policy measures which included: • Waver of interest on tax arrears • Moratorium on loan repayments • Moratorium on statutory obligations such as NSSF contributions. The government also promised a stimulus package[28] to private enterprises, to be administered by Uganda Development Bank (UDB). However, the review of the NSPSD revealed that many private sector operations had not accessed this facility. The problem was that the facility was not readily available[29]. Secondly, the procedures required for loan applications from UDB are so rigorous that most SMEs will not manage to access the facility.

[28] The proposed amount was UGX 1tn to be controlled by Uganda Development Bank- UDB (MoFPED 2019)
[29] It was not clear whether actually government provided the funds (UDB January, 2020).

5.5 Sustainability

Sustainability refers to the extent to which the benefits from particular interventions can outlive the project/programme life time. Sustainability of the interventions implemented under the NSPSD was measured using three dimensions namely;

a) Level of ownership of NSPSD interventions:

The level of ownership of interventions implemented under the NSPSD was measured through assessment of the participation of targeted private business entrepreneurs in needs assessment. The business enterprises across the country were requested to indicate their level of participation in problem identification/needs assessment, and it was established that the private sector was not effectively engaged to appreciate the efficacy of set indicators[30].

b) Contribution of private business enterprises towards implementation of NSPSD:

One critical element in sustaining an intervention is to ensure that the target beneficiaries of the given intervention, contribute to implementation of the intervention. The private business enterprises were therefore requested to indicate their contribution in the implementation of NSPSD and Table 5.6 shows the contribution.

Table 5.7: Contribution of private business enterprises in the implementation of NSPSD

Private Business Enterprise	Contribution towards implementation of NSPSD
1. Commercial Banks	Provision of private sector credit, performance bonds and bid security guarantees, also act as primary dealers for treasury bills and bonds
2. Insurance Companies	Provide security from business risks, life assurance and pension fund management
3. Skills training institutions	Provision of skilled workforce for private sector enterprises.
4. Consulting Firms	Production of feasibility studies, output to purpose reviews and monitoring and evaluations

Source: Private Business Enterprises, Dec 2020

As indicated in Table 5.6, a cross-section of private business enterprises significantly contributed to the implementation of NSPSD. However, one glaring constraint has been weak implementation of the PPP policy[31]. The PPP policy was developed in 2014 and based on two principles:

i. both parties (public and private) entities to invest in projects – financial, material and expertise;
ii. the parties contribute to a societal and commercial purpose.

In addition, in March 2017, the Uganda government developed a BUBU Policy. While this policy was well articulated, most public investments have overlooked the policy and the implementation of the local content close[32] has been weak. All the infrastructure projects (HEP plants and road

[30] For instance, improvement to 5% share of COMESA exports require tremendous inputs in value addition, quality products which is not easy to achieve. Also, 80% geographical coverage of electricity distribution network is not easy to achieve on the ground yet it was agreed

[31] The main goals in establishing the PPP policy were: better utilization and allocation of public funds; public infrastructure; provision of good quality public services; and increased economic growth and Foreign Direct Investment (FDI).

[32] The local content clause provide that "any public investment must ensure o 30% value to domestic suppliers" (Parliament of Uganda, 2020)

construction) have been implemented without consideration of the local content close as defined in the BUBU policy. Table 5.7 shows the major infrastructure projects and the value that could have accrued from complying with the local content close

Table 5.8: Major infrastructure projects and the loss from lack of implementing the local content clause.

Project	Value of Investment (US)	Value lost accruing from lack of compliance to local content clause (30% of investment value)
1. Karuma HEP	US$ 1.7 Bn	US$ 510M
2. Isimba HEP	US$ 567.7M	US$ 120M
3. Entebbe Express Highway	US$ 600M	US$ 180M
4. Construction of 11 markets under Markets and Agriculture Trade Improvement Project (MATIP II)	US$ 93.73M	US$ 27.12M
5. Albertine region airport at Kabaale in Hoima	GBP 215M	GBP64.5M
6. Albertine region roads project	US$ 400M	US$ 120M
7. Entebbe Airport Rehabilitation	US$ 200M	US$ 60M

Source: MoFPED 2020; World Bank 2020

As illustrated in Table 5.7, there has been significant public infrastructure projects particularly Hydro Electricity Power Plants. However, due to lack of compliance to BUBU policy and local content clause, the local private business enterprises have not benefited from these infrastructure projects. It should be noted that in countries like Singapore and South Korea, the local content close in such investments is arguably one off the major drivers of economic transformation of these countries (NPA, 2019).

c) Involvement of MDAs in implementation

The fact that the NSPSD was structurally conceived, mainstreamed and implemented under the plans of the respective MDAs means that the interventions are well mainstreamed on the rolling plans of the MDAs with a buy-in and continuity. This is a big positive for sustainability prospects beyond the life of the NSPSD.

The issue of sustainability is crucial for the long-term benefits stream to the private sector. It is however important that the private sector is fully engaged in initial planning, target setting, implementation, monitoring and evaluation of performance of the strategy. This is because the private sector is the target beneficiary of the strategy.

5.6 Coherence

Coherence focuses on how appropriate the interventions of NSPSD fit and are compatible with other National interventions including policies and action plans. This analysis focuses on the extent to which government interventions support or undermine success of implementation of NSPSD interventions. The NSPSD is an effort towards fulfillment of Uganda's Vision 2040 and it was conceived within the ambits of the National Development Plan II. A detailed discussion on the extent of alignment of the NSPSD to the NDP II is presented in Chapter 6 of this report. This

section presents analysis of coherence of NSPSD to selected government interventions and policies.

5.6.1 Liberal Economic Policy for Private Sector development

It should be noted that Uganda government has continued to base her economic growth and transformation initiatives on liberal economic policy. The major tool is the Public-Private Partnership (PPP) framework Policy established in 2010 and the Public- Private Partnership Act 2015. Table 5.8 shows the projects that have been implemented under PPP arrangement

Table 5.9: Projects implemented under PPP

Project	Efficacy of the Project
1. Green field limited access expressway between Kampala and Jinja • The PPP model is design, build, finance operate and transfer • The estimated cost is USD 1.2 Bn with government contributing USD 400M	• The Project will ease transport (cost/ fuel, time) between Kampala and Jinja • The model is efficacious as it is financed through a partnership that guarantees financing without a loan
2. Mulago Car Parking Project • The PPP model covers cost of execution of the works covering a total of 26,331 square meters	The facility will offer other services including: parking blocks, automatic pay stations, automated entry and exit check points, lifts and emergency stairs, elevated pedestrian walkways, police station and shopping centre. All these aim at providing efficient services
3. Kampala waste management project • Under this arrangement, KCCA has acquired 135 acres of land in Anudu-Mukono, under PPP. • The project seeks to establish a state of the art mitigated waste disposal treatment and resource recovery facility • The cost of the facility is USD 20M	Waste disposal has been a "thorn-in-the flesh" of Urban managers, but the PPP arrangement will go a long way in addressing this problem
4. Redevelopment of National Council of sports complex The estimated cost is USD 19M	The project comprises of redevelopment of the existing sports facilities, health club, shopping centers and restaurants
5. Redevelopment of Uganda Post Limited Properties • The project involves development of the existing properties of Uganda Posts Limited at a project cost of USD 400M	The project aims at creating capacity of Uganda Posts Limited Properties, which will enhance efficiency and competitiveness of the organization

Source: MoFPED, 2021

However, the implementation of the PPP policy has not been without challenges and these include:

1. Lack of human resources to effectively apply PPP principles
2. The Public-Private institutions in Uganda are weak
3. Many of the Private sector companies lack adequate financial, technical and managerial capabilities to enable the growth in PPP
4. There is often political interference which often bars effective implementation of private participation

5. There is lack of awareness of PPPs as a means of implementing projects
6. Lack of necessary infrastructure like power, reads to support projects
7. Civil servants often fear to lose power under PPP arrangements

5.6.2 Cost of doing business

5.6.2.1 Road Infrastructure

One of the major focus of the NPSDS was to ensure ease of doing business. Focus was to enhance access to markets through road infrastructure. Indeed, the government has constructed trunk roads which have greatly improved transport connection in the country. Table 5.9 shows major roads constructed between 2018 and 2020

Table 5.10: Roads constructed between 2018 and 2020

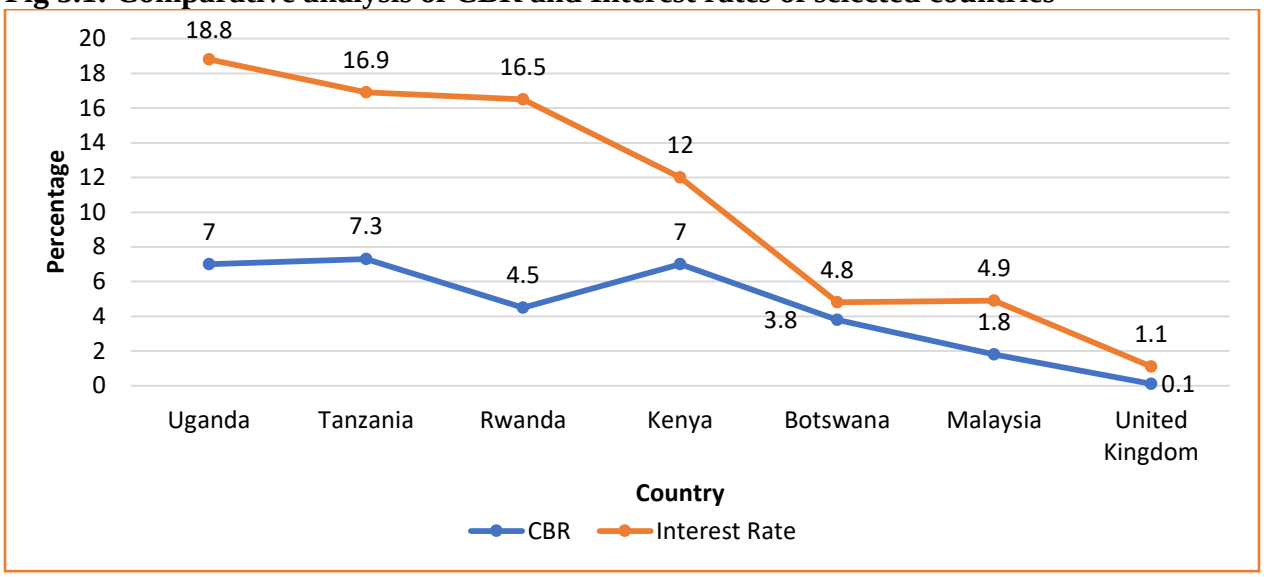
Road Project	Remarks
1. Kampala-Northern by-pass	The project has significantly improved the flow of traffic in the city
2.Kampala-Entebbe Express way	The express way has reduced the time between Kampala Entebbe by 1 hour
3.Soroti-Katakwi-Moroto	The road has greatly enhanced the interconnection of markets between Karamoja region and Mbale

Source: UNRA 2021

5.6.2.2 Cost of borrowing

One of the major impediments in private sector competitiveness is the cost of credit. The NPSDS sought to ensure that private business enterprises access private credit with ease. Indeed, the Uganda government has attempted to ensure the stability of the financial sector (BOU 2019). This has been achieved through implementation of monetary policy transmission mechanisms by the Central Bank. The major tool used since 2011 is the Central Bank Rate (CBR) which Bank of Uganda has used to control prime lending up rates by commercial banks. A comparative analysis of CBR and prime lending rates of selected countries was done as shown in Fig 5.1.

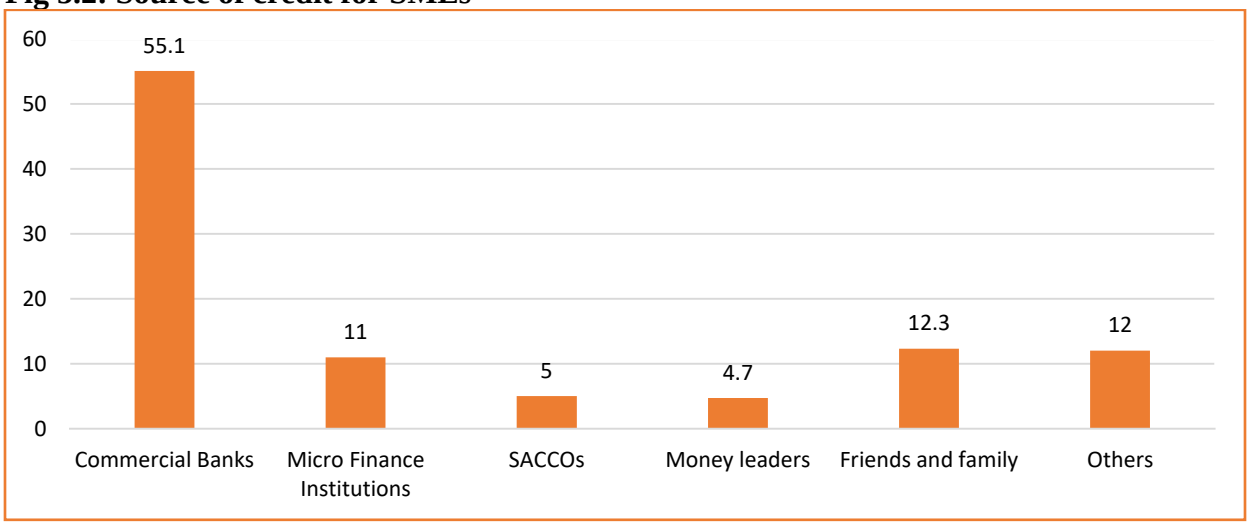
Fig 5.1: Comparative analysis of CBR and Interest rates of selected countries



Source: Central Banks Uganda, Tanzania, Rwanda, Kenya, Botswana, Malaysia and United Kingdom, 2019

The major implication from Fig 5.1 is that Uganda continues to display a comparatively uncompetitive economic environment characterized by higher prime lending rates as compared to countries even in the African Region. While the Central Banks have significantly reduced CBR, commercial banks particularly in East Africa have failed to respond to the reduced CBR. They have instead remained with high prime lending rates above 10, Uganda having the highest (18.8%) with Kenya having the lowest (12) am ong East African Countries. On the other hand, countries such as UK, Malaysia and surprisingly Botswana have prime lending rates of less than 5% corresponding appropriately to the Bank Rate which is less than 4% among these countries. The survey of 383 SMEs conducted across the country revealed that majority (55.1%) secure credit from commercial banks, hence suffer the full blunt of high interest as shown in Fig 5.2.

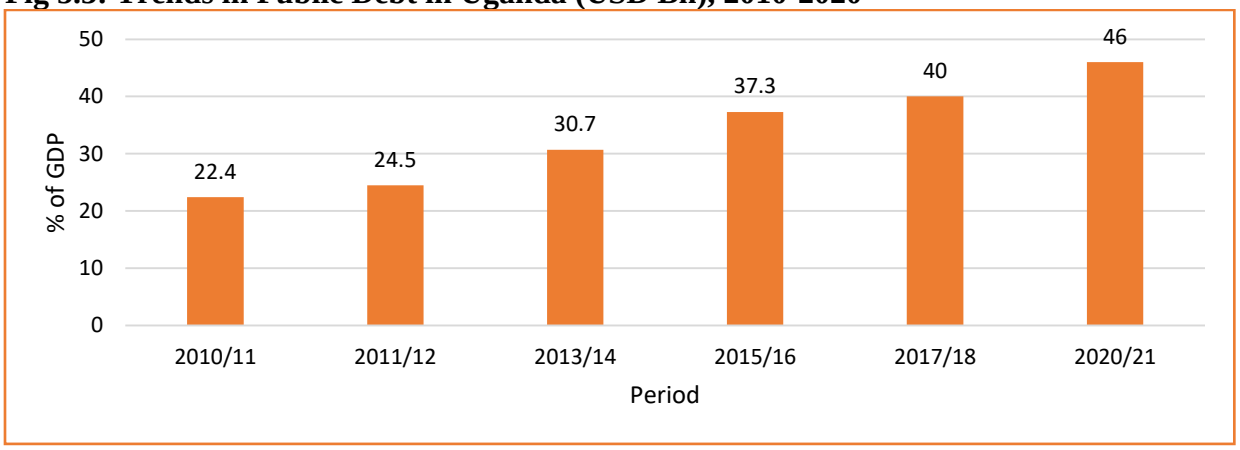
Fig 5.2: Source of credit for SMEs



Source: SMEs survey, 2021

As shown in Fig 5.2, majority (55.1%) of SMEs access credit from commercial banks, followed by a small percentage (12.3%) who get credit from friends and family. The drivers of high interest rate in Uganda in particular and East Africa in general is high government borrowing which currently stands at USD 15.4 Bn, (40.8% of GDP) having increased from USD 6.3 Bn and USD 12.1 Bn in 2018. Fig 5.3 shows the trends in Public Debt

Fig 5.3: Trends in Public Debt in Uganda (USD Bn), 2010-2020



Source: MoFPED, 2021

As shown in Fig 5.3, there has been astronomic growth in Public debt from 22.4% of GDP in 2011 to 46% in 2020. It is partly positive that most of the Foreign Debt is for infrastructure projects mainly roads and hydro-electricity power generation[33] which are essential for industry and business enterprise growth. Similarly, domestic date has drastically increased from 12 Tn in 2010 to 56 Tn in 2021 (MOFPED 2021). The implication of high domestic borrowing is that government crowds out the private sector.

As shown in Fig 5.1, Uganda has the very high interest rates which is a deterrent to private sector borrowing and indeed, the Ease of doing business Report (2020) shows that Uganda is currently number 116th in the Ease of doing business, having improved from number 127th position in 2019. Table 5.10 shows comparative analysis of ease of doing business in selected countries.

Table 5.11: Comparative analysis of Ease of doing business

	Country	Position (2020)	Remarks
1	Uganda	116th	• High interest rates • High electricity costs
2	Kenya	50th	• Low interest rates • Low cost of electricity
3	Ghana	60th	• Efficient business registration and other operational services
4	Singapore	2nd	• High efficient public service
5	Rwanda	38th	• High digital applications in business enterprise development

Source: World Bank, 2021

[33] Most of the debt comprise Karuma dam construction (USD 1.7 Bn), Isimba (USD 568 M) among others

Table 5.10 shows that Uganda displays a very high cost of doing business, which indeed, is a deterrent to private sector growth. The implication is that countries with low cost of doing business will attract both high foreign and domestic direct investment.

5.6.2.3 Cost of electricity

Since 2010, Uganda government has implemented a strategic flagship budget with energy (electricity generation) taking a "lions share" of the budget. The government has constructed major Hydro Electricity power stations with a combined capacity of 1,207mw: Nalubale (180 MW); Karuma (600 MW), Kiira (200 MW), Muzizi (44.7MW), Isimba (183 MW). This is critical because private sector requires sufficient and reliable power supply. However, the major challenge is the cost of electricity as show in Table 5.11.

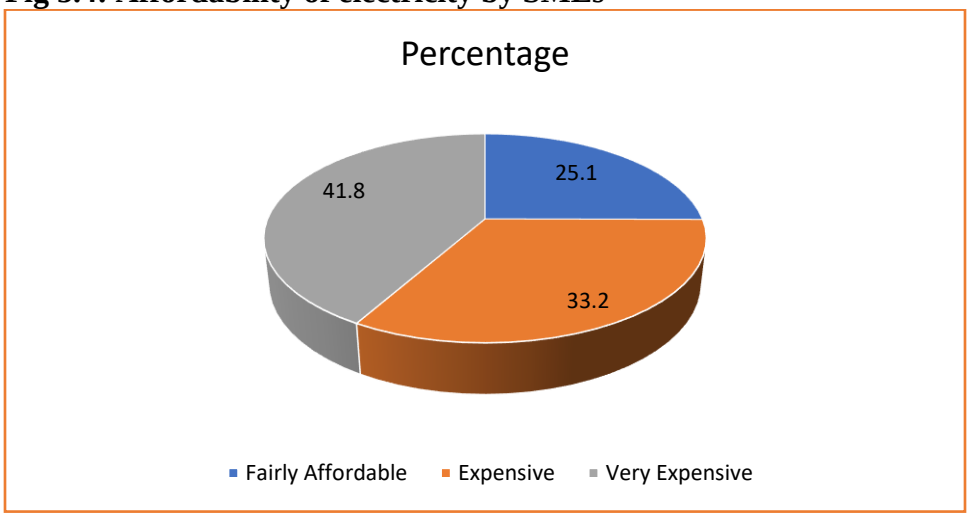
Table 5.12: Comparative cost of electricity

Hydro Power Plant	Cost of electricity
Uganda	USD 0.155
Ghana	USD 0.137
Kenya	USD 0.03
Ethiopia	USD 0.021
Rwanda	USD 0.096

Source: World Bank 2021

As shown in the table, Uganda experiences the highest cost of electricity, which is a major deterrent for running a business, hence less competitiveness of business enterprises. Indeed, the survey of SMEs across the country established that the cost of electricity is an uphill task as many SMEs struggle to meet the cost of electricity as shown in Fig 5.4.

Fig 5.4: Affordability of electricity by SMEs



Source: SME survey, 2021

According to Fig 5.4, majority (58.3%) of SMEs indicated that electricity is expensive. This is consistent with the findings from secondary data regarding cost of electricity.

5.6.2.4 Tax Regime

The tax regime in Uganda places a heavy burden on the private sector. The findings secondary data obtained from URA are presented in Table 5.12

Table 5.13: Taxes charged on private enterprises

Tax	Description
Value Added Tax (VAT)	18% on all taxable supplies which increases the price of commodities hence reducing demand which reduces business turnover.
Withholding Tax (WHT)	6% charge on persons that supply goods and services to government
Income Tax **a)** Individuals **b)** Corporate bodies	• 30% on taxable income earned by individuals • 30% on taxable income earned by corporate agencies
Pay As You Earn (PAYE)	All employees (Public or Private) who earn more than UGX 235,000 per month
Excise duty	A tax levy on companies that produce excisable products such as beverages, breweries among others
Stamp duty	A tax levied on transactions such as land
Import duty	A tax levied on imports. The tax ranges from (0%-100%) depending on classification of goods for example 0% for raw materials

Source: Uganda Revenue Authority, 2020

As shown in Table 5.12, the private sector operates under a heavy tax burden. The problem is exacerbated the already high cost of electricity tariff and astronomical interest rates from commercial banks all which combine to make private enterprises uncompetitive. When this issue was further analyzed, it was established that the government operates on a narrow tax base. There is a large informal sector economy, employing over 66% of the population (MoFPED 2019).
The implication is that such a large informal sector does not pay tax,[34] hence rendering a heavy tax burden on formal entities such as corporate bodies. A narrow tax base creates two major challenges:

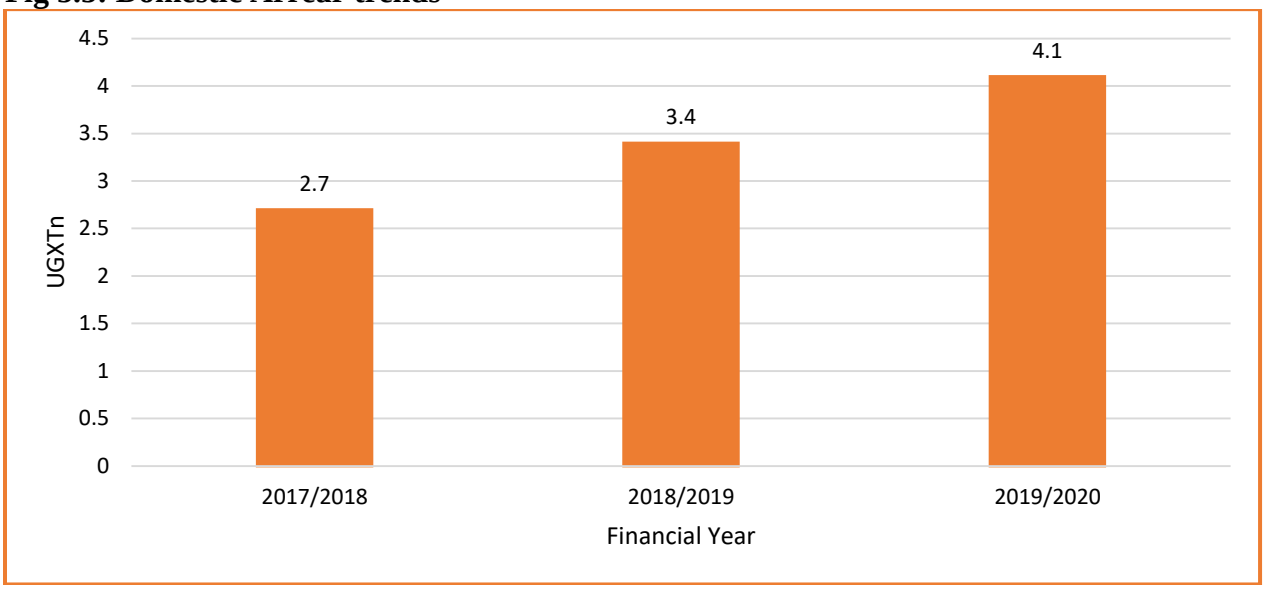
a) Tax fatigue: The tax burden creates fatigue on few tax payers who eventually are demotivated to pay taxes.
b) Tax evasion and avoidance. These are vices which become apparent as private enterprises attempt to circumvent payments of taxes.

5.6.2.5 Domestic Arrears

Domestic arrears refer to failure of government to pay for goods and supplies of goods and services in agreed time. The current trends in domestic arrears is shown in Fig: 5.5

[34] Uganda Revenue Authority (URA) since 2014 established a presumptive tax for small businesses but still, many small informal sector enterprises operate outside the tax bracket.

Fig 5.5: Domestic Arrear trends



Source: MoFPED 2020

As shown in Fig 5.5, domestic arrears have increased from UGX 2.7Tn in FY 2017/18 to UGX 4.1Tn in FY 2019/20 (MoFPED 2020). Domestic arrears is a major impediment to private sector performance as it reduces on operating capital. Indeed, it was established that many business enterprises[35] had significantly reduced operations due to domestic arrears by government.

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5.6.2.6 Human Capital Development

Human development involves the process of ensuring a healthy, multi-skilled and professional population. It also comprises widening people's choices and the platform for making such choices, especially through expanded human capabilities and is measured by the Human Development Index (HDI) which embraces health status, education and training; and purchasing power parity. This presents a composite measure of human capital and its quality as most critical factor of production. Increasing the relevance of the state in ensuring quality social services- health and skills development is paramount. The greatest resource to any country is its population. However, in order to turn this population into an asset, one needs investment into the population. This will be the only way to reap a demographic dividend. Skills-mix building is necessary to produce multi-skilled persons who are productive and competitive. It is through this skills-mix development that the population will evolve to human capital. Health, education and training, water, sanitation, and access to information have a significant role in making an individual better. They are the most critical tools of empowerment and capacity development through creating civic consciousness. Human capital derives from high levels of productivity and capacity for such a population to stimulate economic activity.

A healthy population determines the levels of the economy by facilitating creative thinking and individual output. Investing in health is also essential in reducing morbidity and mortality leading to significant reduction in public expenditure on health. It is paradoxical that developing countries that have the highest disease burden and poor health indicators, facilities and services spend less on Health and health research and development. Most poor countries in Africa instead prefer to

[35] These include supplies of motor vehicles, spare parts, lubricants, office equipment and consultancy services.

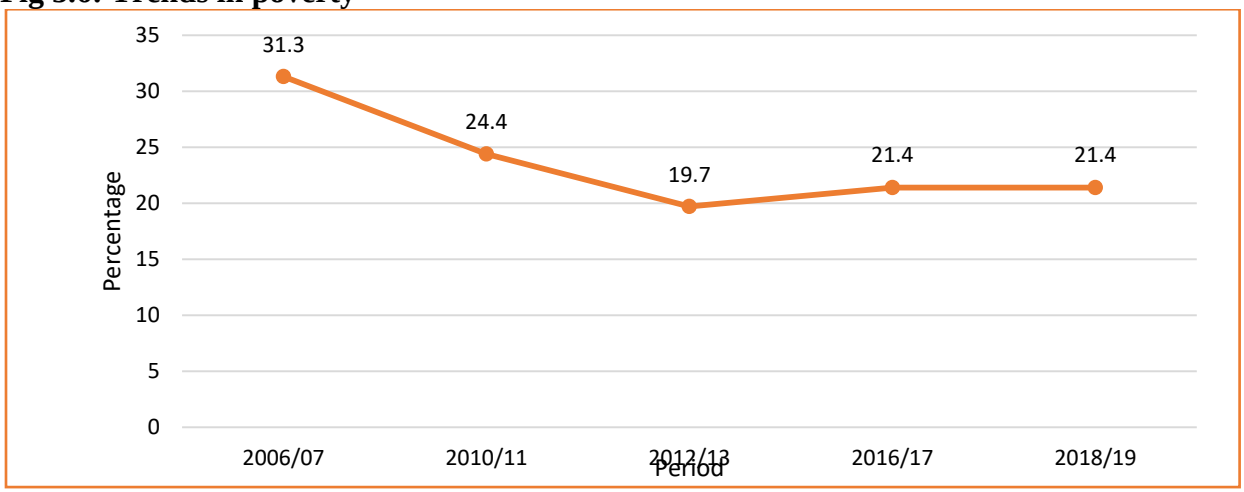
spend relatively high on defense as indicated by an average of 20% of the National Budget (World Bank, 2010). It is not the people available in a country but their effective demand that will stimulate economic growth and it is the level of competitiveness of this population that will generate the *demographic gift*. The Asian Tigers and Cobs (China, India, Malaysia, Singapore, and South Korea) have been able to turn around their economies basically through investment in their population with subsequent highly skilled and productive human resources. China with its 1.3 Billion people is a pointer to the power of investing in people. Similarly, Malaysia has been able to benefit phenomenally from demographic window of opportunity as the Malaysians are highly competitive in foreign employment markets. Why? Because of the highly demanded skills of the Malaysians in microchips development; financial systems management; and other highly skilled areas. In most of Africa, there have been political arguments that there is need for a big population where 70% is substance (non-monetary) stimulate economic activity? If most of the people are living in chronic poverty, how can such a population stimulate development?

The higher the level of human capital development in a country, the higher the level of productivity and people's welfare. The only way of breaking the vicious cycle of poverty is funding education and skills development through strategic planning to build a strong human resource base. This involves skills-mix development that focuses on training in competitive skills which will equip individuals with required human capital that Amartya Sen refers to as "entitlement and bundle of rights". This will accelerate poverty eradication. The main challenge here is lack of vision and strategic planning and the attendant institutional framework to deliver skills-mix development.

5.6.3 Poverty trends

The growth of private sector is driven by household incomes. The latter is the "oil" that enables people's ability to demand goods and services, hence enhancing aggregate demand. The higher the aggregate demand, the more the attraction of private sector investment. However, a significant proportion (68%) of households in Uganda continues to operate outside the monetary economy (UBOS 2019). Fig 5.6 shows the trends in poverty between the period 2010-2020

Fig 5.6: Trends in poverty



Source: UBOS 2021

The major challenges to poverty reduction in Uganda include the following:

1. Vulnerability to external shocks-these include intermittent weather conditions which negatively affect agricultural production.
2. Low human capital- Uganda's limited capital index (HCI) is low, estimated at only 38% level of productivity. (World Bank 2021)
3. High population growth (3%) is among the highest in the world and is estimated at 100 million by 2050(UBOS 2021)
4. Refugee population estimated at 1.4 million- the continued influx is straining host communities and service delivery(OPM 2021)
5. Unfavourable international trade architecture-here, constraining factors are rules of origin; unviable standards demanded from developed countries and limited availability of counter cyclical liquidity in international capital markets. This has been worsened by agricultural subsides, thus making African products to have no breakthrough to world markets.

5.6.4 Market access, Penetration and Global trade architecture

While the NPSDS is premised on the liberal economic framework, the current global trade architecture is characterized by market imperfections (subsidies, quotas, non-tariff barriers, standards, PTAs etc). This is a major impediment to accessing markets by many African countries such as Uganda. There is a conspicuous inadequate voice of African countries in key global economic institutions like World Bank, IMF, and WTO. This exclusion constrains poor African Countries to favorably compete in global trade. However, the potential of African Countries can be harnessed collectively to increase their voice and market access through actions such as; expanding and maintaining the existing market access opportunities through Regional Blocks like EAC, ECOWAS, SADC etc; investing in value addition and developing competitive standards; investing in market systems such as transport, storage, telecommunications, and e-commerce; laying strategies to penetrate world markets and maintaining a significant market share; and lobbying for increased representation in key global economic instruments like setting rules of origin and standards.

5.6.5 Access to land

It is pertinent that land is a critical factor of production. However, in Uganda, the land market is heavily constrained by multiplicity of tenurial patterns, widespread incumbrances, culminating into unending disputes. The problem has of recent been exacerbated by land grabbing purportedly spearheaded by the highly "connected[36]" individuals

5.6.6 Small and Medium Enterprise (SMEs) Performance

The NPSDS envisaged propelling the private sector as a driver of growth, employing over 60% of the population (UBOS 2017). However, private business enterprises in Uganda continue to be dominated by SMEs which comprise 90% of the entire private sector enterprises (Bank of Uganda, 2020). Secondly, most business enterprises (72%) are informal (FSME, 2020).

5.6.6.1 Informality of SMEs

The challenges of informal enterprises include the following:

[36] The Newspapers in Uganda have been awash with cases of land grabbing allegedly by those linked to State Machinery (Daily Monitor, Wednesday January 17 2018; Thursday, May, 09, 2019;)

1. The sector is viewed as an "illegality" -Informal enterprises are viewed as illegal entities, rather than as complementary effort to the economy. They are market-based business units but with no Tax Identification Number (TIN)
2. The sector is regarded as temporary phenomenon
3. Over regulation and taxation which most informal enterprises cannot afford
4. Undocumented cash transactions, unlicensed services, hence difficulty in enforcing production of quality goods and services
5. Access to finance is a major impending factor. This is largely explained by the nature of their formation (unlicensed) which makes it difficult to access credit from financial institutions.
6. The informal sector is fraught with a labour force that lacks skills- production is based on "on job" training. This explains the relatively low quality goods and services from institutional enterprises.

5.6.7 Digitization of Business processes

One critical driver of business enterprise development is the application of ICTs in business operations. ICTs a big role in m- finance, e-finance, global connectivity and online trade.

1. The ICT sector has grown by an average of 19.7% since 2013
2. The improved legal, technical and regulatory environment has encouraged a growing number of Ugandans to embrace ICT and automated business
3. Uganda's e-immigration system has reduced the number of processing work permit from 30 to 4 days
4. More than 3 million work hours have been saved due to automated ordering and "last mile" delivery
5. e-tax management has significantly improved tax administration with significant efficiency gains in time wastage and documentation
6. Emerging technologies such as block chain, tele medicine, cloud computing and robotics have created opportunities for Ugandan ICT companies to expand both at home and abroad

Digitization of business processes of MSMEs

A survey conducted among selected MSMEs investigated the use of internet and online services. The findings indicated that there was low utilization of internet services by MSMEs. The results are presented in Fig 5.7.

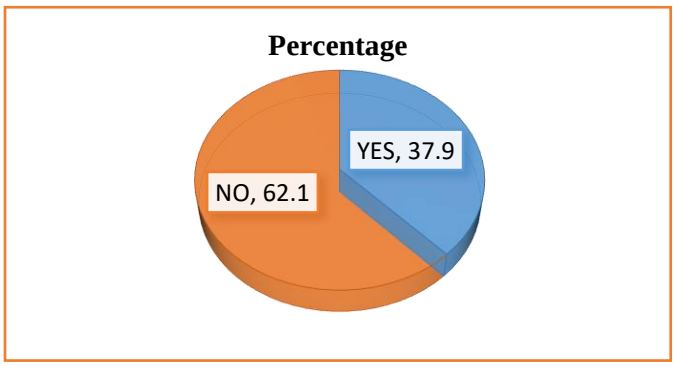


Fig 5.7: level of utilization of internet by MSMEs

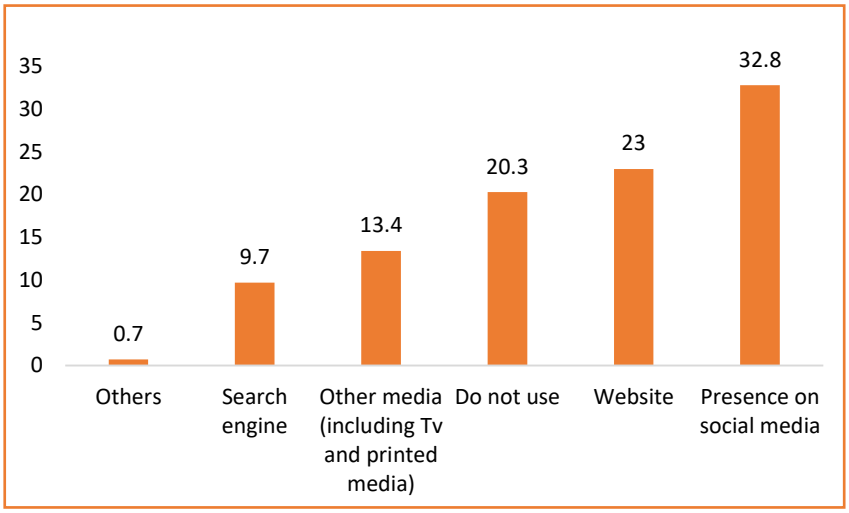
According to Fig 5.7, 37.9% of the respondents indicated that they use internet in their business operations. The bigger proportion (62.1%) of MSMEs do not utilize any internet services in their business. This implies that majority of SMEs are unable to access services such as URA online return filling which

undermines tax compliance levels of MSMEs.

Online platforms used by MSMEs

MSMEs were asked to indicate the online platforms that they employed or utilized in their business operations. This was a multiple-choice question and respondents were free to mention more than one platform. Fig 5.8 shows the online platforms used by MSMEs.

Fig 5.8 Digital platforms used by MSMEs

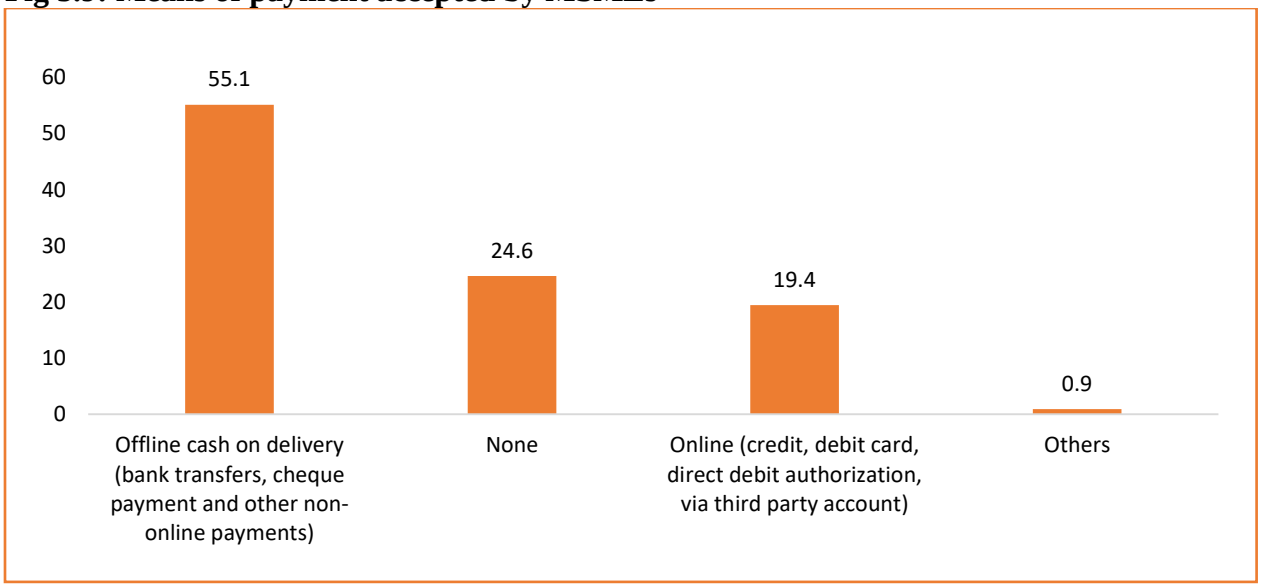


Whereas MSMEs are largely informal as already discussed, Fig 5.8 reveals that majority (32.8) of those that access internet have presence on social media, 23% have a website, 13.4% utilize other media including TV and print. Interestingly, 20.3% of the MSMEs that utilize internet do not employ any digital platform in running their business operations. This implies that there is still need for sensitization of SMEs to enable them take advantage of the internet to facilitate business growth.

Means of payment accepted by MSMEs

The MSME survey also sought to establish the preferred modes of payment by MSMEs. The findings indicate a preference for offline means. Figure 5.9 shows the means of payment accepted by MSMEs.

Fig 5.9: Means of payment accepted by MSMEs



The results in Figure 5.9 show that majority (55.1%) of the respondents use offline cash on delivery method of payment which includes bank transfers, cheque payment, and other offline payments. Only 19.4% of the respondents accept online payments which include credit cards, debit cards, direct debit authorization via third party account. This implies that there is still high need for sensitization and capacity building for MSMEs to adopt digitalization of their business processes. The ICT sector has encountered a number of challenges which include the following:

1. Inadequate ICT infrastructure facilities
2. Duplicate of tech systems
3. Inadequate application of Public-Private Partnership
4. Expensive data due to poor internet connectivity
5. Skills gaps caused by misalignment of academia and industry

5.6.8 Establishment of a "One-Stop-Center" for business enterprise development

As a major intervention to facilitate business development, the government of Uganda established a "One-Stop-Centre"[37]

The One-Stop-Centre is housed at Uganda Investment Authority (UIA). The services offered include:

1. Investment advisory services
2. Tax Registration and compliance advisory services
3. Environmental Impact Assessment Certificate application
4. Insurance of Trading license and application for building permits
5. Banking services and online payments
6. Distinctive mark applications and purchase of standards from UNBS
7. The One-Stop-Centre has enabled investors, consultants and other users to exchange data with a number of government agencies. This has significantly reduced the cost of doing business-time initially wasted moving from office-to-office seeking for different services.

[37] This is an inter-institutional project that brings together all players that make it easy for both local and foreign investors and operate a profitable business in Uganda

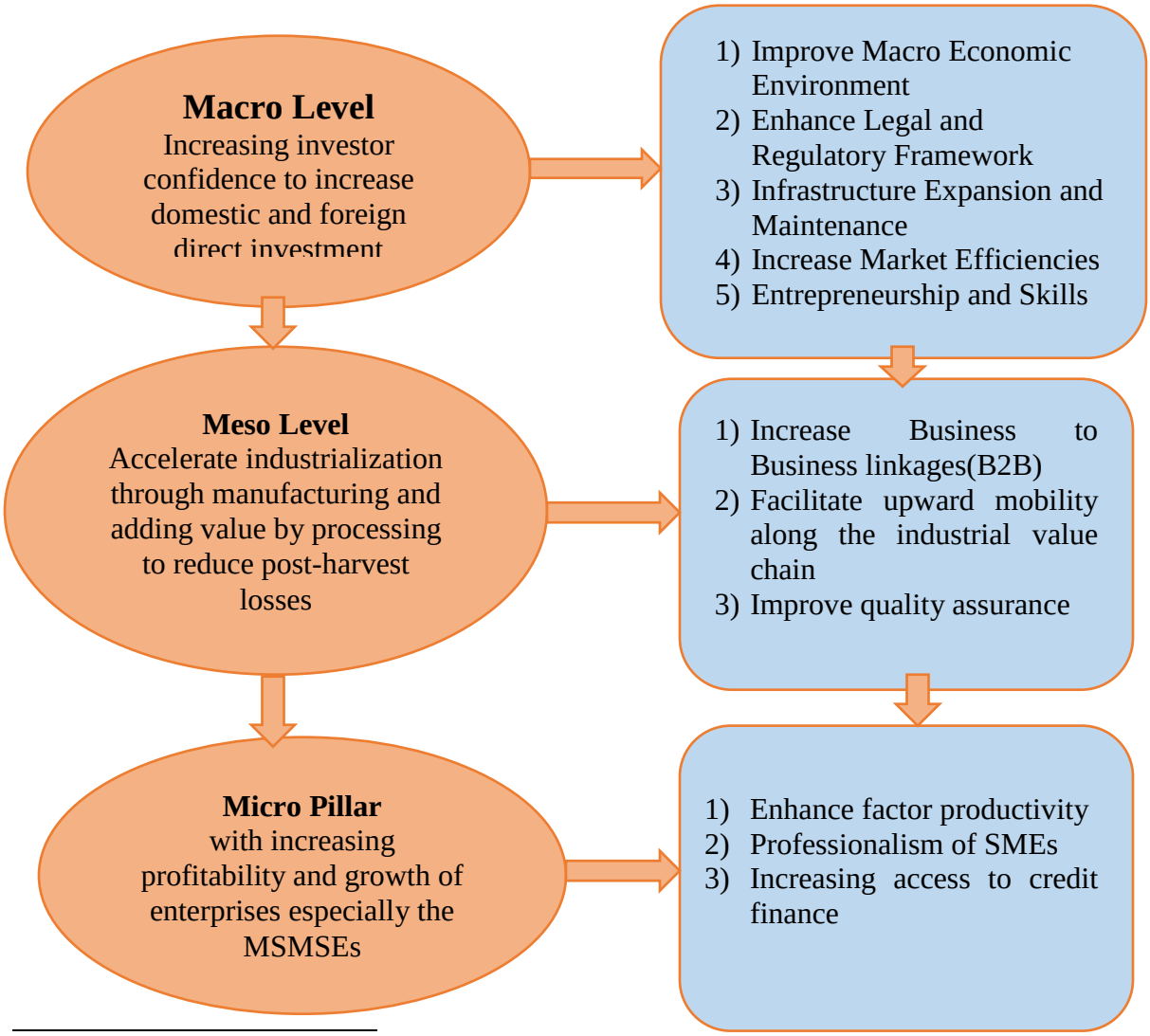
6 ALIGNMENT OF NSPSD TO NATIONAL DEVELOPMENT PLANNING

This Chapter presents analysis of the level of the alignment of NSPSD to second National Development Plan (NDP II).

6.1 Alignment of NSPSD to NDP II

The NSPSD was anchored on the NDPII goal of attaining middle income status by 2020 through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth. The strategy was also found to be consistent with SDGs[38], Sector development and investment plans. The NSPSD aims to increase competitiveness of Uganda's business environment and speed up the process of strengthening the links between agriculture and industry. The objectives of the NSPSD focused on realizing achievements at Macro, Meso and Micro levels. Fig 6.1 shows the Conceptual model.

Fig 6.1: Conceptual Model of the NSPSD



[38] The convergency here was manifest in SDG 8, 9 and 12 about decent work and economic growth, industry, innovation and infrastructure and responsible consumption and production respectively.

The strategy set out to achieve the objectives presented in Fig 6.1 above through the following;

1) Enhance coordination of Government and Non-Government efforts that promote private sector growth and competitiveness. By specifying the roles of Government and Non-Government actors in creating synergies that enhance the contribution of the private sector to Uganda's economic development and transformation;
2) Identify and address barriers that impede the Private Sector's capacity to exploit market opportunities.
3) Foster competitiveness of the Ugandan markets and attract increased domestic investment and FDI.
4) Harness the Private Sector's potential to foster socioeconomic transformation, particularly through increased entrepreneurship, innovation, productivity, employment creation, and value addition and skills development.

6.1.1 Overview of NDP II

The NDP II 2015/16-2019/20 was the second of the six five-year development plans provided under the Comprehensive National Development Planning Framework (CNDPF) that was drawn towards achievement of the Uganda Vision 2040. The goal of the NDP II was to attain middle income status by 2020 through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth. It was envisaged that Government would pursue a private sector-led, export oriented, quasi-market approach, fast tracking infrastructure, industrialization and skills development strategies in order to achieve the objectives and targets of the plan.

This plan had four objectives, namely:

1. Increase Sustainable Production, Productivity and Value Addition in Key Growth Opportunities,
2. Increase the Stock and Quality of Strategic Infrastructure to Accelerate the Country's Competitiveness,
3. Enhance Human Capital Development
4. Strengthen Mechanisms for Quality, Effective and Efficient Service Delivery

6.1.2 Linkage of NSPSD to NDP II

The NSPSD was developed during the implementation period of the NDP II (2015/16 to 2019/20). The NSPSD was therefore anchored on the NDP II. Table 6.1 presents the extent to which the NSPSD is linked to NDP II.

Table 6.1: Linkage of NSPSD to NDP II

NDP II Strategies	Description	Linkage of NSPSD to NDP II Strategies
1. Fiscal Expansion for Frontloading infrastructure Investment:	Government set out to harness concessional and semi concessional financing and other development support facilities that are targeted to accelerate investment in infrastructure and human development, among others. These are essential for the success of the private sector.	The NSPSD seeks to increase foreign exchange earnings through adoption of export led development strategy, ensuring prudent fiscal and macroeconomic management for ensuring adequate resources for financing infrastructure projects such as SGR, energy, and road construction projects. The aim is to reduce debt financing of infrastructure projects[39].
2. Industrialization:	The country will promote value addition through agro-processing and mineral beneficiation as well as light manufacturing which have a higher multiplier effect on wealth creation. Particular effort will be made to transfer value addition technologies and offer agri-business skills to women. The private sector will be supported to establish technology incubation centers to enable promotion of technological innovation as well as importation and adoption of low-cost technology.	The Meso Pillar of the NSPSD is anchored on accelerating industrialization. The NSPSD recognizes that Industrialization is an integral part of Uganda's development agenda. In tandem with the NDP II strategy of industrialization, the NSPSD targeted to promote agro-processing and value addition to ensure creation of wealth and jobs
3. Fast tracking Skills Development:	In order to plug the current skills gap, government will establish five centres of excellence to rapidly build the necessary skills required in the key priority areas. Government will partner with the private sector to identify and train specialized expertise especially in the mineral, oil and gas, energy and transport infrastructure areas. In the medium to long term, government will partner with relevant non-state actors to enact	The NSPSD has a dedicated objective of promoting entrepreneurship and skills. The Strategy recognizes the skills gap as identified by the NDP II created by the education system especially primary and secondary education, which do not equip learners with necessary skills and competences for business performance. The NSPSD therefore set out to improve the quality of vocational training and creating awareness of BTVET

[39] Uganda's public debt is estimated at USD 15.3Bn of which 68% is held by external creditors. The public debt is 40.8% of GDP (Bank of Uganda, 2020)

NDP II Strategies	Description	Linkage of NSPSD to NDP II Strategies
	reforms in education and training curricula in order to bridge the gap between the skills acquired at school and those required in the labour market.	opportunities. Also, under the Micro Pillar, enhancing *factor productivity* is one of the objectives of the NSPSD. Among other strategies, the NSPSD set out to train and mentor a skilled labor force through the education system curriculum and by the private sector in case of mentorship and promote research and development of appropriate technology. To this extent, the NSPSD is aligned to the NDP II.
4. Export Oriented Growth:	Uganda's strategic location at the heart of East Africa makes it well placed to exploit the regional market. The region is increasingly becoming a fertile ground for small scale exporters, diversifying the export market and adding value to traditional export commodities. The establishment of the EAC common market and expected formation of the EAC monetary union will increase investment in the region as well as create a bigger single market with free movement of all factors of production. In this regard, the country will prioritize investment in key energy, ICT and transport infrastructure to lower the cost of doing business so as to increase the competitiveness of its private sector in the region and beyond. In addition, the country will diversify its export basket to include processed commodities.	The NSPSD undertook to promote infrastructure development and maintenance especially road network and electricity. This was taking cognizance of the large infrastructure deficit in Uganda which resulted to high costs of doing business. The expansion of infrastructure was envisaged to accelerate exploitation of trade, agriculture and business opportunities within the economy and stimulate export growth.
5. A Quasi-Market Approach:	This quasi-market approach was pursued in order to increase efficiency of the public sector and competitiveness of the private sector. With this approach, Uganda government undertook to invest in key strategic	The Strategy set out to increase market efficiency by fast tracking effort to eliminate Non-Tariff Barriers (NTBs) in the EAC which were identified as one of the areas that increase the cost of doing business. This will enable Uganda

NDP II Strategies	Description	Linkage of NSPSD to NDP II Strategies
	infrastructure in order to remove the barriers of entry and increase private sector participation in the key growth areas. Government will create strategic partnerships with the private sector through Public, Private, Partnerships (PPPs) for investment in infrastructure, human capital, minerals, oil and gas, tourism and agriculture.	take full advantage of the benefits of East African Common Market. Government also set out to embark on harmonization of the standards locally and at Regional level. The elimination of counterfeits will be through the Counterfeit law and implementation of the commodity market exchange.
6. Harnessing the Demographic Dividend:	Uganda will implement policies aimed at accelerating a rapid decline in fertility and ensure the resulting surplus labour force is well educated, skilled, healthy and economically engaged in order to reap the demographic dividend. In this regard, emphasis will be put on improving access to family planning services, improving nutrition and reforming the education system to increase the years of schooling and quality of education critical for enhancing the level of skill and innovation of the labour force.	NSPSD focused on improving profitability of business enterprises. However, this depends on enhanced aggregate demand arising from a competitive and productive population. The challenge is that the Ugandan population remains largely unskilled/semi-skilled with minimum capabilities for gainful employment (NPA, 2020)
7. Urbanization:	Uganda will implement a tripartite strategic policy aimed at accelerating planned and controlled urbanization; ensuring a critical link between urbanization and modernization of agriculture where the urbanizing community frees land for commercial agriculture as well as create a market for the increased output and quality of agro products; and the reorganization of these communities into cooperatives to utilize their increased incomes to contribute to the creation of	The private sector players are expected to seize opportunity brought about by urbanization to invest their resources in order to benefit from urbanization. The assumption is that urbanization frees land for agriculture in rural areas. The private sector players are envisaged to invest in agro-processing in order to add value to the agricultural products for the increasingly urbanizing population that is; 23.8% of the population in 2017 to 24.4% in 2019[40] thereby creating employment and contribution to National

[40] https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=UG

NDP II Strategies	Description	Linkage of NSPSD to NDP II Strategies
	vibrant provident funds. These will help to fund housing in the urbanizing conurbations and modernized farmer settlements.	Development through forward and backward linkages.
8. Strengthening Governance:	The key development results cannot be achieved without the necessary enabling environment. Meeting good governance principles will be important for creating the required legal and socio-political environment to accelerate economic and social transformation. These include: constitutional democracy; protection of human rights; rule of law; free and fair political and electoral processes; transparency and accountability; government effectiveness and regulatory quality; effective citizen participation in development processes; and peace, defence and security of the citizens and the country indicators.	The key underlying assumption of the NSPSD is presence of an environment of peace and stability that allows businesses to operate and thrive. It is positive that the government has invested heavily in maintaining peace and security with 8.2% of the budget for FY2018/19 and 11.1% of FY2019/2020. The review did not register any evidence of instability in any part of the country that could have had a negative effect on investment and business enterprise development.
9. Integrating Key Cross-Cutting Issues into Programmes and Projects:	The key cross-cutting issues of; Gender, HIV/AIDS, environment, nutrition, climate change, human rights, social protection, child welfare among others will be mainstreamed in government programmes and projects during the implementation, monitoring and evaluation of the Plan.	The NSPSD in the same vein targets to address cross cutting issues specifically HIV/ AIDS with prevalence rate of 7.3% in 2014, malaria, gender and environment through relevant MDAs

Source: National Planning Authority and NSPSD

As is evident from Table 6.1, the NSPSD was highly aligned to the NDP II and is one of the key strategies through which the country seeks to actualize the aspirations of Vision 2040. It is hoped that the next NSPSD will also be aligned to NDP III particularly the private sector development program[41] .

[41] The private sector development program is one of the 18 program areas under NDP III. The specific objectives of the private sector development program are to 1) Sustainably lower the costs of doing business; 2) Promote local content in public programmes; 3) Strengthen the enabling environment and enforcement of standards; 4) Strengthen the role of government in unlocking

7 EMERGING ISSUES

The private sector in Uganda has encountered shocks over the period under review which have significantly affected business operations, aggregate demand and subsequent ability for consumers to purchase goods and services:

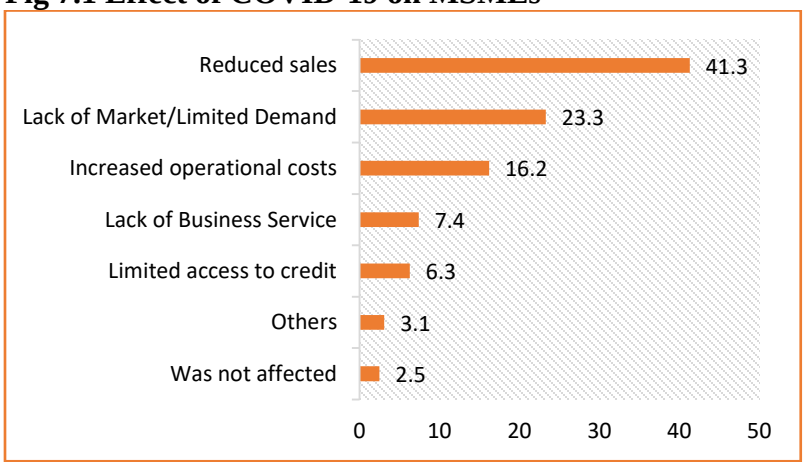
7.1 COVID-19

COVID-19 has had devastating effects on private sector development and business operations in particular. When COVID-19 was declared a Global Pandemic in March 2020, various countries undertook drastic measures to contain its spread. The commonest was the lockdown which saw inter alia; several cities shutdown, international travels suspended, and business enterprises such as restaurants, hotels and markets closed. The ripple effect of COVID-19 and measures to stop its spread are still being felt worldwide. This section discusses the effect of COVID-19 on MSMEs, tourism, and manufacturing including forward and backward linkages.

7.1.1 The effect of COVID-19 on MSMES

COVID-19 has had deleterious effects on economies worldwide. The measures adopted to contain the spread of the virus had far reaching effects. For this evaluation, the MSME survey sought to understand the effect of COVID-19 and related measures on MSMEs. Figure 7.1 shows the effect of COVID-19 on MSMEs.

Fig 7.1 Effect of COVID-19 on MSMEs



Source; SME survey, 2021

According to Fig 7.1, the results show that the major effect of COVID-19 on MSMEs was reduced sales as reported by 41.3% of respondents followed by reduced demand 23.3%. The implication of reduced sales is that it reduces revenues and the enterprises rates of savings for investment. It is not surprising that only 2.5% of the enterprises reported to have not been affected.

When the issue was further analyzed to ascertain the coping mechanisms of these enterprises, it was established that 31.4% of the enterprises reduced employees which increases the levels of unemployment and savings. This unemployment deprives households of the disposable income thus negatively affecting aggregate demand for goods and services. Furthermore, according to economic models, it is from household's savings that entrepreneurs borrow through commercial banks to invest. New innovations (15.3%) and introduction of new products (15.5%) accounted for 30.8% of the coping mechanisms among

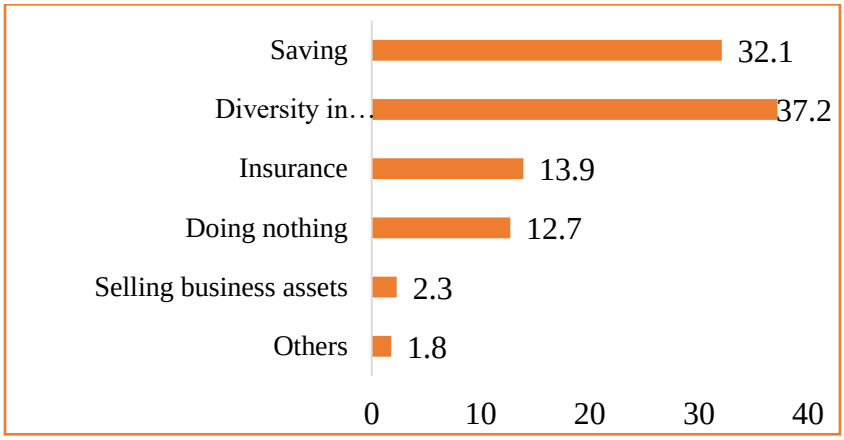
investment in strategic economic sectors; 5) Strengthen the organizational and institutional capacity of the private sector to drive growth.

MSMES. In mitigation of risks and uncertainties, households and firms are encouraged to engage in product diversification and this should be commended.

Preparedness of MSMES to withstand shocks such as COVID-19 in future

From the experience of COVID-19, enterprises were asked on how they envisage withstanding related economic shocks in the near future. Figure 7.2, shows the envisaged coping mechanisms for SMES on economic shocks in future.

Fig 7.2: Envisaged coping mechanisms for SMES on economic shocks in future.



As shown in fig 7.2, 37.2% of the respondents indicated that were doing product / business diversification and 32.1% of the MSMEs were capitalizing on their savings. 13.9% noted that procuring insurance policy will be their way of withstanding the shocks while 12.7% were not doing anything in preparation for shocks

. **Tourism**

Prior to COVID-19 pandemic, the tourism sector was on an upward growth trajectory as a result of numerous interventions that had been implemented. Available data reveals that there had been considerable increase in the number of tourist arrivals and tourism receipts in Uganda. Fig 7.1 and 6.2 illustrate this growth

Fig 7.3: Tourism Receipts (UGX BN)

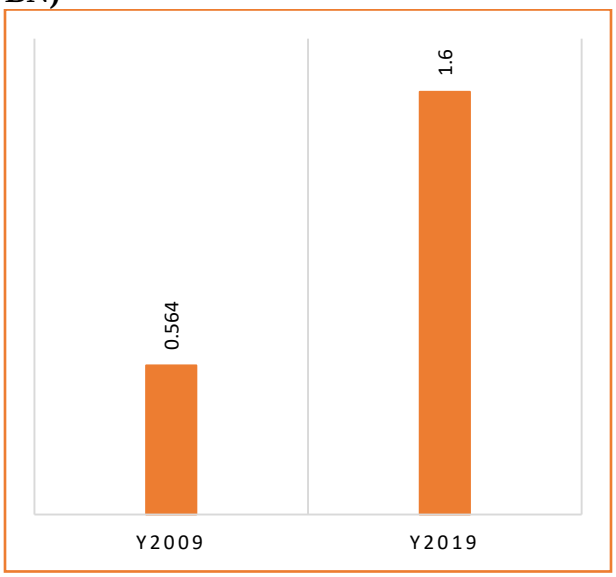
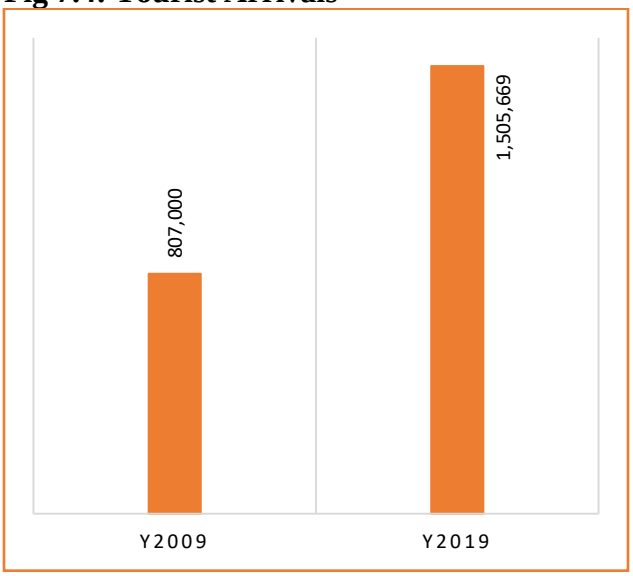


Fig 7.4: Tourist Arrivals



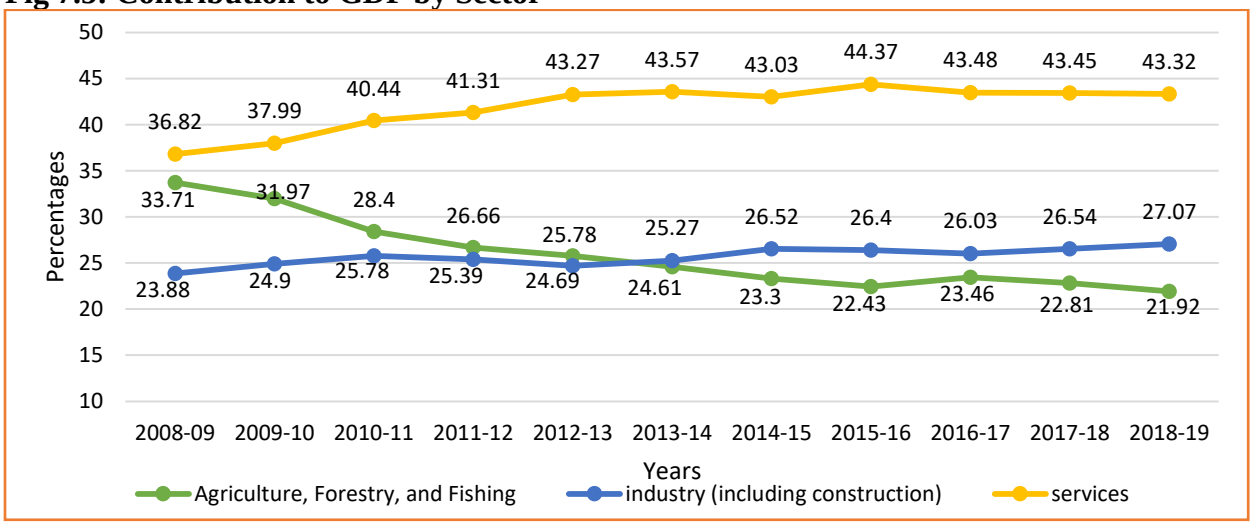
Source (World Bank, 2020)

As illustrated in Fig 7.1 and 7.2, tourist arrivals grew from 807,000 tourists in 2009 to 1,505,669 tourists by 2019 and tourist receipts increased fromUS$0.564 Bn in 2009 to US$1.6Bn in 2019 (World Bank, 2020). However, with the advent of COVID-19, the sector was arguably the most affected. The suspension of international travel as a result of lockdown instituted by countries to curb the spread of the virus had a direct impact on various tourism sub-sectors. Tour operators suddenly lost business and consequently thousands of people were pushed out of employment. Annex II shows the various subsectors under the tourism sector and the extent of loss as a result of COVID-19 pandemic.

7.1.2 Manufacturing

Manufacturing in Uganda is largely dependent on imported raw materials and intermediate supplies. This was significantly affected by the COVID-19 measures undertaken by governments in source countries that put in place various restrictions while other countries suspended cross-border trade, which brought to a standstill some manufacturing plants in Uganda. For example, the closure of China cities "the world's factory" hurt the global economy. China is the 2nd biggest economy in the world with a GDP of USD 18.2T n, just next to USA –USD 22.4Tn, 20% of Global trade in manufacturing inter mediate products originate from China. Covid-19 unleashed shocks in the supply chain for both finished and intermediate goods. This was significant because the manufacturing sector contributes 27% of Uganda's GDP (World Bank, 2020).

Fig 7.5: Contribution to GDP by Sector



As illustrated in Fig 7.3, the contribution of the manufacturing sector (industry) to Uganda's GDP is 27%. It is interesting to note that Agriculture which is the source of raw materials for manufacturing sector has been declining in terms of its contribution to GDP currently estimated at about 21.9% (BOU, 2020). This is despite the fact that agriculture employs 70% of the population of Uganda (World Bank, 2020). The contradiction is that the sector which provides the largest employment opportunities is not the one that contributes significantly to GDP. Instead, the services sector which provides minimum employment opportunities is the sector that contributes significantly (43%) to GDP. This does not augur well for private sector development because the decline in agriculture means that those engaged in agriculture and agribusiness are not gainfully employed

7.1.3 Impact of COVID -19 on investment

COVID-19 pandemic has caused significant disruption to business enterprises. Many entrepreneurs in real estate have lost tenants who are unable to pay rent as well as expatriates who have since relocated to their home countries and are working online. This was particularly apparent among proprietors of education institutions who suffered a close to twelve months[42] lockdown. Most of the buildings housing schools were running loan facilities with commercial banks which unfortunately need repayment of loans and other financial facilities earlier provided to school proprietors. This issue has created too much distress among both the proprietors of education institutions as well as the owners of buildings. Those operating shops have suffered the same fate, as aggregate demand dwindled under the heavy weight of COVID-19 restrictions.

7.2 Refugee Situation

Uganda has been internationally recognized as a country with the best refugee response policy. Refugees currently estimated at 1,450,317[43] (OPM, UNHCR, GOU 2021) have been provided with land[44] for settlement where refugees are involved in economic activities such as agricultural production and business enterprises. Government operates an "open refugee policy" under which refugees from all corners of the world are welcomed with open arms as a result, Uganda is one of the largest Refugee host countries. As a result of heavy influx of refugees, significant assets (schools, hospitals, roads, business hubs -maize aggregation centers) have been accumulated. However, the persistent conflicts in the great lakes region have negatively affected Uganda's export trade. It should be noted that South Sudan was initially the destination for Ugandan goods worth USD 700 annually (BOU, 2020).

7.3 Non-Tariff Barriers

The NSPSD seeks address barriers other than taxes, that impede the private sectors capacity to exploit market opportunities. Table 7.1 presents the non-tariff barriers.

Table 7.1: Non-Tariff Barriers

NTB	What does it mean
Infrastructure The major impediment to trade is an underdevelopment infrastructure especially railway and road networks linking Uganda to its regional partner states remain in poor condition. For example, Uganda lacks railway connection to Tanzania, Burundi, Rwanda, the DRC, Sudan and Ethiopia.	Poor infrastructure in terms of roads and railway line lead to delay in transporting of goods and services and consequently increasing the cost of doing business
Closure of boarders On the 27th of February, 2019, the Uganda-Rwanda boarder was closed at Gatuna-Katuna, Buhita in Rubaya County and Kamwezi border and Cyanika border	The closure of the border affects the free-flow of goods and services, which affects private business enterprises in affected countries. It should also be noted that the closure of the boarder also affected and continues to affect trade with other countries such as Burundi.

[42] The government enforced a national lockdown which closed all education institutions.
[43] Majority of the Refugees originate from South Sudan (61.4%) and DRC (29.2%) (OPM, UNHCR, 2021).
[44] The challenge is that land is a finite resource- increasingly shrinking as a result of more land being allocated to Refugees, yet land is a major factor of production.

NTB	What does it mean
	This undermines the East African Common Market protocol.
Insecurity Uganda has been an island of peace in a region that has had widespread insecurity. There has been instability in South Sudan, and DRC. Which have negatively affected cross border trade.	Political instability and insecurity disrupt markets and inhibit business investments in the affected areas. The effect of this is that Ugandan goods produced by the private sector lack sufficient markets. This explains, for example, the surplus sugar in Uganda and the loss that initially accrued from export of goods to South Sudan worth USD 700 annually (MoFPED, 2019)
Technical barrier The Uganda Revenue Authority recently launched a Digital Tracking Solutions which requires manufacturers of selected items (Beverages, Cigarettes) to attach digital stamps on the products out the production line.	This introduces additional costs to the business and consequently discourages business growth
Import Controls These include restrictions on rules of origin of specific products.	In 2016, the government of the United Republic of Tanzania effectively banned importation of sugar from Uganda. This was premised on the claim that most of the Sugar that was imported from Uganda into Tanzania was not originally produced in Uganda. The allegation was that Ugandan traders would import sugar from countries like Kenya and others, repackage it and then export it as Ugandan manufactured. These import controls significantly impede business growth.
Finance measures Measures such as pre-deposits of foreign exchange, pre-payment of import dues	The requirement that traders should make pre-deposits of foreign exchange and prepayment of import dues in some cases has been noted as a barrier to trade. This is because it ties up cash that would otherwise have been used to import more goods and services in the country.

8 CROSSCUTING ISSUES

This Chapter focuses on analysis of cross cutting issues that are critical for consideration in the implementation of NSPSD. The issues include HIV/AIDs, gender, human rights and sustainable environment management.

8.1 HIV/AIDs

Uganda Government has achieved significant positive results from strengthening multi-sectoral approach to HIV/AIDS control which has kept HIV prevalence low- at an estimated 6.2% (MoH 2020). The implication of cross-cutting issues on private sector is that HIV/AIDs has not affected businesses as it is under effective control. It is hoped that government will sustain and consolidate these achievements.

8.2 Gender Equality Considerations

There has been sustained empowerment of women through women participation in elective politics, resulting in increased number of women in leadership positions. There is evidence of increased economic inclusion of women in income generating activities. However, women are still restricted to traditional enterprises such as saloons, restaurants, and market vending. In addition, there are cultural constraints that discriminate women in regard to property ownership and inheritance rights (UNFPA, 2019). There is need for expediting legislation for protecting the rights of women especially property ownership and inheritance rights.

8.3 Human Rights

Human rights violations are a major repellant of both FDI and DDI. There was evidence of increased violations of human rights by the Uganda Police Force and other security Agencies (Uganda Human Rights Initiative, 2021). This was found to negatively affect the propensity for establishment of business enterprises as entrepreneurs fear to incur losses through demonstrations and civil uprisings. Indeed, for the period 2019 to 2020, the country has experienced widespread demonstrations[45] largely in urban centers which have worsened the already precarious economic situation under the COVID-19 restrictions. There is need for strengthening democratic institutions aimed at creating sustainable peace as well as building strong institutions for conflict resolution.

[45] The main issues under contestation are the mishandling of presidential candidates by security forces during the electioneering period. Other demonstrations in contestation of hiking of rent in shopping arcades in Kampala City

8.4 Environmental sustainability

Environment is a critical issue in business enterprise development. There is a direct conflict between profit motive incentive and sustainable environment as a common good. Most business enterprises have caused deleterious effects on valued environmental components. Many economic activities cause pollution of water sources while others through poor waste management cause terrestrial pollution. In addition, the vehicular and industrial emissions cause air pollution all which are responsible for depletion of the ozone layer culminating into global warming. Its against this background that the issue of environment is discussed in detail. Attention to environmental sustainability does not only involve mitigating and reducing negative impacts, but also an element of restoration. Uganda's Vision 2040 includes the following targets in terms of restoration of environment:

	Current	Target
Forest cover (% land area)	15	24
Wetland cover - % of total area	8	13

Source: NPA, 2010

Uganda's strong commitment to the environment is evident in the national, state and local policies, laws and regulations that address this. Of particular relevance are the following national policies, laws and regulations:

- National Environment Act, No. 5 of 2019
- The Uganda Wildlife Act, 2019
- Mining Act, 2003
- Water Act Cap. 152
- The National Forestry and Tree Planting Act, 8/2003
- National Environment (Audit) Regulation, 2020
- National Environment (Management of Ozone Depleting Substances & Products) Regulations S.I. No. 48 of 2020
- National Environment (Strategic Environmental Assessment) Regulations S.I. No. 50 of 2020
- National Environment (Waste Management) Regulations S.I. No. 49 of 2020, 153-2 3835
- Petroleum (Waste Management) Regulations S.I. No. 3 of 2019
- National Environment (Mountanous and Hilly Areas_Management) Regulations 152-6 3927
- Minimum Standards for Management of Soil
- National Environment (Noise Standards and Control) Regulations
- National Environment (Wetlands, riverbanks and lake Shores Management) Regulations 153-5 3936

There are also policies, laws and regulations at the State and local level that are relevant to the implementation of the Strategy. Legislation that came into force in 2019 introduces measures to improve management of different segments of the environment and to align with international, regional and national commitments. These measures include:

> …the Right of Nature, Special Conservation Areas, Payment for Ecosystem services, Biodiversity and other Offsets, sound management of chemicals, pollution control and liability, management of impacts arising from Oil and Gas developments, climate change, e-waste management, strategic environmental assessments, management of plastics and plastic products, enhanced role and functions of lead agencies, and establishment of the Environment Protection Force, and the mandate to develop guidelines and tools for management of the different aspects of the environment, among others.
>
> National State of The Environment Report 2018-2019 (p 107)

International commitments to which Uganda is a signatory include:

- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
- Bonn Challenge - a global goal to bring 150 million hectares of degraded and deforested landscapes into restoration by 2020 and 350 million hectares by 2030.
- Climate Change - Paris Agreement
- Climate Change-Kyoto Protocol,
- Convention on Biological Diversity
- Convention on Fishing and Conservation of Living Resources of the High Seas
- Convention on the International Trade in Endangered Species of Wild Flora and Fauna (CITES)
- Convention on Wetlands of International Importance Especially As Waterfowl Habitat (Ramsar)
- Montreal Protocol on Substances That Deplete the Ozone Layer
- United Nations Convention on the Law of the Sea (LOS)
- United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa
- United Nations Framework Convention on Climate Change

This policy context provides the reference points for the analysis of cross-cutting environmental issues.

8.4.3 Environmental Relevance

Relevance focuses on evaluating the Strategy in terms of the consistency of the Strategy intent with national, regional and local environmental strategies, policies and regulations as well as international environmental obligations.

Criteria	Definition (from Terms of Reference)	What success looks like in terms of cross-cutting environmental issues
Relevance	The extent to which the strategy is suited to the National Development Plan III especially the Private Sector Development Program, the global and national priorities and other complimentary policies targeting the same actors and beneficiaries.	The goals and implementation of the NSPSD are compatible and harmonize with the Private Sector Development Program in the National Development Plan III and other national plans, strategies and policies and international environmental commitments, especially the Green Growth Strategy.

The NSPSD makes scant reference to environmental issues. Environmental issues are listed as a key issue in the light manufacturing / processing subsector (p 10) and are included as one of a number of cross cutting issues that influence factor productivity (p 32) that will be addressed by the relevant MDA. The only reference to environmental matters in the extensive lists of MDA targets in an appendix to the report is the number of environmentally friendly enterprise grants disbursed through women's enterprises (UWEP)(Ushs) (p 52)

Given Uganda's commitment to green growth and recognition of the value of the natural environment in national strategies as well as international environmental commitments there is a need to strengthen the relevance of the NSPSD to environmental issues. This mid-term evaluation provides an opportunity for the strategy to be revised to explicitly address the need for all types of private sector development to occur in a way that that avoids negative environmental impacts and maximises environmental repair where damage has already occurred.

8.4.4 Impacts

Impact focuses on evaluating the Strategy in terms of direct and indirect, positive and negative environmental impacts. In this mid-term review this includes considering potential impacts and the systems in place to identify, manage and monitor these.

Criteria	Definition	What success looks like
Impacts	The extent to which the benchmark actions of the NSPSD have generated changes or effects, including those resulting from the strategy activities and directly/indirectly impacting local social, economic, environmental and other development indicators	Potential positive environmental impacts are identified and amplified where possible. Potential negative environmental impacts are identified, and risk mitigation strategies put in place. If mitigation is not feasible comparable quality offsets are developed. Actual negative environmental impacts are addressed and monitored.

The focus of this part of the evaluation is whether the strategy generated or is expected to generate significant positive or negative, intended or unintended, environmental effects, and what is in place

to identify and manage risks. Given the broad scope of the NPSDS, three types of activities at macro, meso and micro levels of the NPSDS have been selected as examples to illustrate the application of the criteria. The linked example topics are: electrification, industrial parks and tanneries.

Example Topic	Level of strategy	How linked
Regeneration of previously encroached wetlands	**Macro level** Government has undertaken drastic measures of cancellation of land titles in wetlands[46]and protection of State property resources (Nation Parks, Game and Forest Reserves)	Regeneration of previously encroached wetlands enriches the catchment area for the rain cycle hence reversing adverse effects of climate change
Electrification	**Macro level – Infrastructure Expansion and Maintenance** Building infrastructure (sub-stations and transmission lines) to support industrialisation	Includes supplying electricity to selected Industrial Parks
Industrial Parks	**Meso level – Accelerate industrialisation** Facilitating upward mobility along the industrial value chain	Industrial parks provide infrastructure to enable the industrialization of priority agro-processing sub-sectors. Four of the planned industrial parks are intended to include leather processing facilities
Tanneries	**Meso level - Accelerate industrialization** Facilitating upward mobility along the industrial value chain **Micro level - Increase Profitability and Growth of Enterprises**. Strategies for increasing profitability and growth include the provision of quality inputs and appropriate technology by the private sector and enforcement of standards by the appropriate bodies.	Leather is one of the priorities agro-processing sub-sectors identified in the strategy

Summary of impacts

Electrification may have net positive environmental impacts, if it involves increased use of existing hydro power or increased use of solar power and leads to reduced use of diesel and biomass for energy. Continued or expanded use of non-renewable energy sources will have negative impacts. Industrial parks and tanneries will have negative environmental impacts if they are not appropriately managed – especially in terms of water pollution from effluent, air pollution from poorly managed waste incineration, loss of wetlands and forests from land development, and

[46] For example, encroachers along Kiruruma River in Kabale District have been evicted (NEMA, 2020)

reduction in animal habitat. Consolidation and expansion of industrial parks and tanneries could lead to better management of risks and reduced negative environmental impacts, If consolidation and expansion improve design, siting, construction, operations and compliance monitoring – for example proper waste management, reduced and better located footprints and increased compliance monitoring compared to multiple, smaller sites.

However, the risks to humans and the environment of tanneries will still present serious threats due to the greater severity and duration of potential negative environmental impacts, especially with climate change (for example in extreme rain events and flooding) and larger-scale operations entail larger scale risks. Tanneries therefore require greater attention to risk than industrial parks, in terms of siting, design, construction and operations. Existing policies and regulations require effective management of these risks, but effective implementation of these will be needed to ensure compliance with existing sustainable development and environmental management policies and legislation and to avoid negative environmental impacts. Adequate monitoring of these risks needs to be undertaken and explicitly connected to implementation of the Strategy. These findings are consistent with recommendations from the State of the Environment report regarding water management, which concluded that better enforcement of regulations was needed (along with remediation):

- Enforcing waste management regulations and protocols is vital to prevent future negative impacts on water resources. (p 74)
- Strengthen enforcement of the existing legal frameworks. (p 74)
- NEMA in collaboration with MWE should enforce waste management regulations, secure field monitoring equipment, and refurbish the Laboratories to enhance management of water quality and quantity in the entire count (p109)

Electrification

Electrification is a major component of the NPSDS. It could have significant positive environmental impacts by reducing GHG emissions, if increased access to electricity is largely through increased usage of existing hydropower, and new solar generation, replacing diesel and biomass generation. Electrification also has risks of negative environmental impacts in terms of harmful effects on right of way land during the construction of transmission lines - restoration of right of way lands impaired during construction especially in agricultural areas (e.g. soil compaction, rutting, change in soil mix, providing openings for invasive species), and ensuring that foliage sprays are certified as not harmful and applied according to appropriate protocols.

There is some evidence that planning for electrification intended to identify and manage the risk of these negative impacts. For example, the *Power Supply to Industrial Parks and Grid Upgrade and Power Transmission Extension Project* includes plans for an Environmental and Social Impact Assessment. It has been recommended that the Uganda Electricity Transmission Company Limited "strictly ensures that the ecological and social issues that will be outlined in the ESIA document are timely mitigated ln accordance with NDMA requirements and other international requirements" [47]

[47] Report Of The Committee On National Economy On The Proposal By Government To Borrow Up To Euro 162,445,694.1 (Us$ 178,276,66l.71 From The Industrial And Commercial Bank Of China To Finance The Power Supply To Industrial Parks And Grid Upgrade And Power Transmission Extension Project, Parliament Of Uganda January 2020 Section 14.6

MWE. (2019). Uganda's First Biennial Update Report to the United Nations Framework Convention on Climate Change. Ministry of Water and Environment, Kampala.

Industrial Parks

Industrial parks can have net positive environmental impacts if they lead to better management of environmental risks[48] [49] especially in terms of:

- Improved waste and effluent management, including increased recycling and reduced incineration of waste resulting in less pollution and improved air and water quality
- Reduced CO2 generation through decreased reliance on diesel generators if industrial parks improved access to reliable electricity from renewable sources.

Industrial parks could have net positive or negative impacts in terms of CO2 generation from transport and storage (eg refrigeration) of goods.

If not properly managed, industrial parks risk significant negative environmental impacts including:

- Biodiversity, deforestation and wetland degradation - where land acquired (for park and access roads) leads to adverse effects such as adding to deforestation or degrading wetlands or impairing ecosystem services
- Water pollution – including treatment of effluent and management of runoff during rain events
- Water, soil and air pollution (from incineration) from waste including hazardous waste

The investment land allocation guidelines[50] require that anticipated environmental impacts of proposed developments within Industrial parks are considered, applications for land include: :

> *"The anticipated impact of the project on the environment and whether an EIA shall be necessary". (p 1)*

There is also some evidence of intentions to reduce pollution and improve waste management. For example, the Kampala Industrial Business Park bans incinerators except where a special permit has been granted and the Business Park Zoning and Physical Development Guidelines[51] state that:

> *"Each project for which land is allocated in the KIBP is required to carry out a project specific Environment Impact Assessment (EIA) and approval got from the National Environment Management Authority (NEMA); a project specific solid waste management plan will be part of the project specific EIA. The KIBP Solid Waste / Effluent Management Plan will be adhered to. No activity will commence in the KIBP land without approval from NEMA and KIBP Environment office." (p 4)*

However, it is not clear whether land acquisition processes for establishing industrial parks and access roads have included environmental impact assessments.

[48] UNIDO (2019) International Guidelines for Industrial Parks https://www.academia.edu/43581486/UNIDO_International_Guidelines_for_Industrial_Parks

[49] UNIDO news 'Industrial Parks: rejecting the trade-off between economic growth and the environment' https://www.unido.org/news/industrial-parks-rejecting-trade-between-economic-growth-and-environment

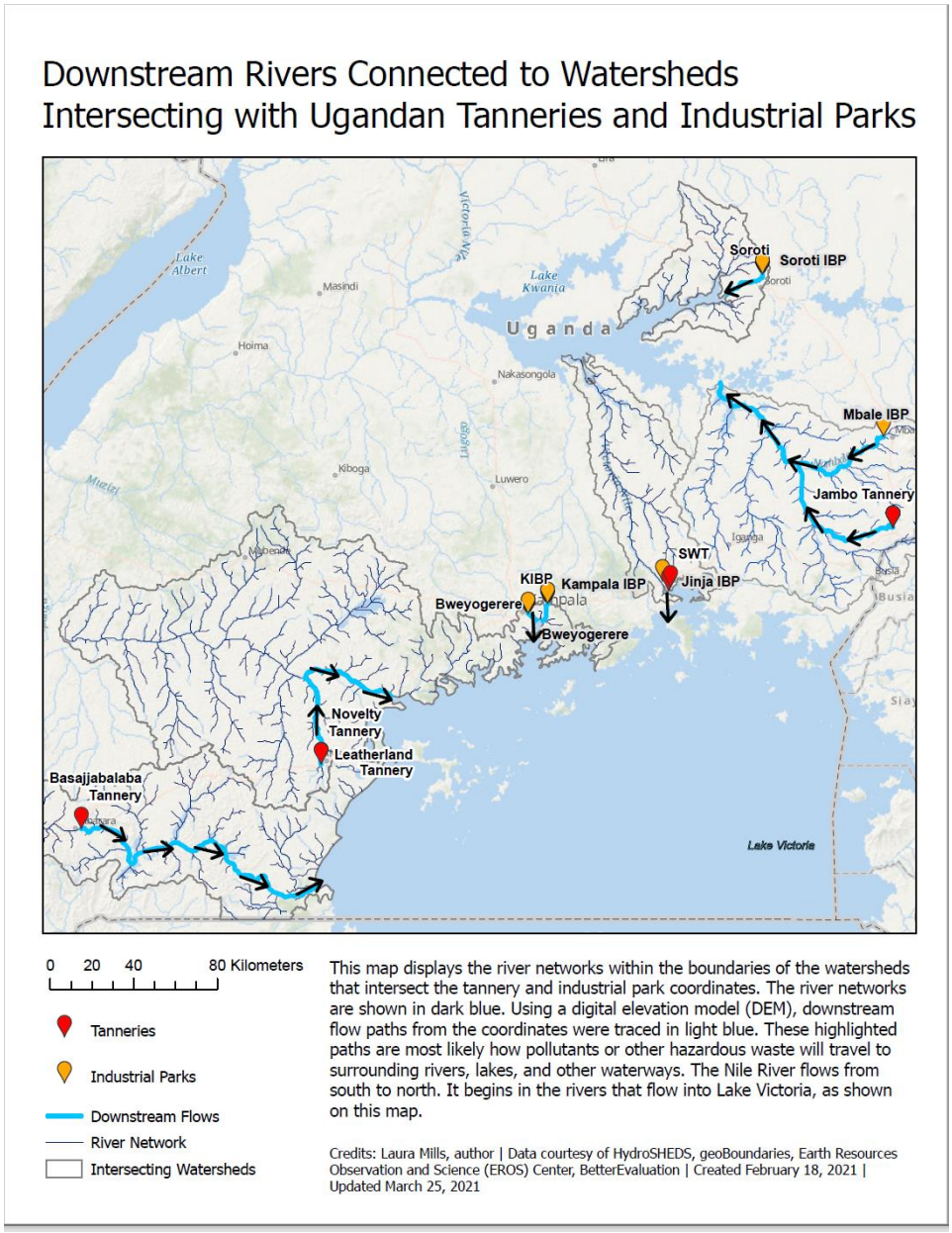
[50] Uganda Investment Authority Guidelines For Allocation Of Investment Land By UIA

[51] Industrial And Business Park Zoning And Physical Development Guidelines

Tanneries

Previous studies[52] have identified the risk of serious negative environmental impacts from tanneries including:

- Hazardous waste and subsequent water, soil and/or air pollution (especially heavy metals) and subsequent negative impacts on human health and the health of wildlife
- Degradation of wetlands and biodiversity through development of new sites



Using GIS we have identified that the location of tanneries poses risks to the environment (and to humans) based on water flows, prevailing winds and population densities. The image shown illustrates risk from water flows from the location of tanneries and industrial parks.

[52] UNIDO Introduction to treatment of tannery effluents https://www.unido.org/resources/publications/creating-shared-prosperity/agribusiness-and-rural-entrepreneurship/introduction-treatment-tannery-effluents

There is evidence of relatively recent (2018) non-compliance with National Environment Standards[53]. Research in 2018 found that the Skyfat tannery in Jinja released effluent with high concentrations of BOD, Sulphides COD, TSS, pH and Total Chromium into the environment[54]. Another research study reported that tannery effluent discharge has a significant and direct negative impact on both the physico-chemical quality and macroinvertebrate characteristics along the Nabajjuzi Wetland.[55] The Strategy does not include attention to managing environmental risks as part of the focus on value-added agro-businesses such as tanneries. While there are regulations covering the discharge of effluent these regulations have not always been met. The strategy does not refer to the need for agro-processing industries in general to comply with existing environmental safeguards and standards.

8.4.5 Sustainability of benefits

The Strategy aims to produce sustained positive impacts in terms of economic development and poverty reduction. The sustainability of these impacts could be at risk because of the effects of climate change and other environmental changes. As recognised in by the National Environment Management Authority: "Environmental sustainability is thus a critical determinant of sustainable economic development." [56] (p2) The anticipated effects of climate change in Uganda are increases in the frequency of extreme events such as flooding, drought and landslides and temperature increases. While no significant change in average annual rainfall is projected some months will have increased rain, dry periods will last longer and heavy rainfall events are likely to occur more frequently [57].

> "The floods experienced today are more destructive than before and are associated with increases in water quantity, pollution of water and increased water table."

Other environmental risks identified in the National State of the Environment Report include air and water pollution, wetland degradation that impedes natural drainage patterns leading to more frequent floods in most urban centres, and a lack of land use planning to guide infrastructure development including roads, schools, industry, and agriculture for effective environmental management. All private sector development needs to build in resilience to environmental changes especially climate change risks. Some of the particular risks that need to be addressed include:

1. Water levels and their impact on hydropower generation, for example, power generation at the Kiira-Nalubaale facilities has been below installed capacity because of low lake levels in recent years and the subsequent reduction in the volume of water released from Lake Victoria[58]
2. Flooding – potential inundation of urban areas, industrial park sites and access roads, bridges, tanneries and the infrastructure needed to increase resilience to flooding including solid and liquid waste management that reduces the environmental impact of flooding.

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[53] The National Environment (Standards for Discharge of Effluent into Water or on Land) Regulations, S.I. No 5/1999

[54] Semanda, K. 2018-07-16, Wastewater treatment practices by tanneries : Case of Skyfat Tannery and Leather Industries of Uganda Tanneries, Jinja, Uganda

[55] Ssekajja, P.2018-12, Impact of Tannery effluent discharge on the Nabajjuzi Wetland Ecosystem

[56] National State Of The Environment Report 2018-2019, National Environment Management Authority (NEMA) 2019

[57] Uganda Country Climate Risk Assessment Report, Irish Aid, Resilience and Economic Inclusion Team, Policy Unit, February, 2018

[58] The Uganda Green Growth Development Strategy 2017/18 – 2030/31

3. Changes in water tables due to changing rain distribution – a significant part of the Strategy relates to increasing irrigation of agriculture and hence productivity and profitability, which could be at risk due to changes in water tables meaning that wells are no longer viable
4. Agricultural viability due to changes in temperature – eg threat to coffee crops[59]

Recommendations relating to cross-cutting environmental issues

Revise the current strategy and develop the next NSPSD to:

1. Explicitly state that the requirement for all types of private sector development to occur in a way that that avoids negative environmental impacts and maximises environmental repair where damage has already occurred.
2. Explicitly address environmental risks and require that interventions funded or encouraged under the Strategy (particularly industrial parks and tanneries) are done in such a way to:
    a. be compliant with existing sustainable development and environmental management policies and legislation,
    b. adequately manage the risk of negative environmental impacts and maximise environmental repair where damage has already occurred,
    c. develop and use compliance and emission monitoring to identify adverse environmental occurrences and inspection of responses to these, and where threats to humans and the environment are severe (such as with tanneries) implement additional regular good-practice inspections of risk management and containment practices and infrastructure and strong enforcement of required improvements
    d. ensure infrastructure developed under the Strategy is resilient to climate change so that economic, environmental and social benefits can be sustained.
3. Build in adequate monitoring, evaluation and reporting systems for the Strategy to ensure compliance with the requirements outlined in recommendation 2.

[59] Jassogne, l., Laderach, P and Van Astem P. (2013) The impact of climate change on coffee in Uganda. Oxfam Research Reports. http://worldcoffee.info/MEDIA/docs/UGANDA-climate/OXFAM%20impact-climate-change-coffee-uganda-Rwenzory.pdf

9 LESSONS LEARNT AND RECOMMENDATIONS FOR NEXT NSPSD

9.1 Lessons learnt

The lessons learnt have been derived from the analysis based on the terms of reference. The analysis focused on systems and procedures adopted in implementation of the strategy, the outputs generated, achievements registered and challenges encountered.

1. All the National Development Plans60 (NDPs I, II and III) have mainly focused on accelerating private sector led industrialization. NSPSD emphasizes private sector led industrialization in line with all the NDPs. However, there have been serious gaps in the enabling environment namely: the failure to effectively roll out and operationalise the Public-Private Partnership Policy and Legislation. It had been hoped that the BUBU Policy would facilitate the operationalisation of "local content" clause in public investments, but available evidence showed that many public investments especially infrastructure projects have not adhered to BUBU (NPA 2020).

2. External shocks are a major disruption to private sector performance. This was manifested in the growing challenge of refugees with challenges of access to land, water resources and other services such as health and education. Similarly, COVID-19 pandemic was a major blow to business enterprises such as tourism which have suffered the full blunt of COVID-19 pandemic through loss of jobs, drastic decline in aggregate demand which combined to negatively affect profitability of private business enterprise. The lesson here is that business enterprises must develop Business Continuity Plans (BCPs) to boost their resilience against such shocks. Another lesson is the need for adoption and constant innovations to cope with changes in the operating environment.

3. Uganda's Private sector business enterprises are disproportionately more encumbered by higher costs of power and capital making business enterprises less competitive with low profitability and subsequent high mortality of enterprises. The implication is the urgent need to address the cost of doing business as a measure to enhance business enterprise competitiveness.

4. The implementation of the NSPSD is a positive effort toward positioning the private sector as an engine of growth. However, the assumption that the set targets would be prioritized by the different MDAs, without a locus for monitoring performance was a gap that needs plugging, if the NSPSD is to realize its objectives. Any strategy must have a monitoring system for tracking progress.

[60] NDP I was for the period 2010/11-2014/15
NDP II was for the period 2015/16-2020/21
NDP III is for the period 2021/22-2024/25

5. The NSPSD is a positive intervention aimed at enhancing growth and economic transformation, but there are structural impediments which include:
    - The agrarian nature of the Ugandan economy, characterized by 68% of the population engaged in subsistence (non-monetary) economy (UBOS 2019). This is a major deterrent for business enterprise development.
    - High levels of household poverty estimated at 21.4% of the population (UBOS 2019). High household poverty means lack of ability to purchase goods and services which is a discounting factor to business enterprise growth.
    - Mind set of many Ugandans which prefer foreign products to domestically produced goods. It has been argued that locally produced products are of less quality (UNBS 2018), but there is need for deliberate efforts to market locally produced products.
    - International trade architecture is skewed against local producers. There are a number of hurdles that constrain local manufacturing, which include: rules of origin, high quality standards, quotas and subsides. These have greatly prohibited local entrepreneurs from competing with foreign firms in global markets.
    - Civil conflicts in the region have significantly affected business enterprises. For example, the trade between Uganda and South Sudan was worth USD 700 annually, but this halted due to the war in South Sudan (MOFPED 2019).

9.2 Recommendations for the next NSPSD

The evaluation established gaps and strengths in the NSPSD. Structurally, the next Strategy should consider the same approach under three pillars of Macro, Meso and Micro. The recommendations have been categorized into seven clusters as shown below:

8. Coherence of the NSPSD

8.1 Ensure coherence of strategic objectives, key outcomes and interventions

The current NSPSD's results framework is not explicitly aligned to the strategic objectives. It is not explicitly clear how specific objectives under the three pillars (macro, meso and micro) align with the key objectives of the strategy. Similarly, the results framework of the NSPSD does not refer to the key objectives of the strategy. This makes performance measurement in relation to the level of achievement of the key objectives difficult. Therefore, the next NSPSD should draw a clear nexus between the strategic objectives of the strategy and the specific objectives and interventions under the three pillars.

8.2 Implementation plan and budget for next strategy

One glaring gap in the implementation of the NPSDS was the assumption that the strategy interventions would be implemented by the relevant sectors according to planned interventions. Ideally, this was a logical undertaking, but the reality was that sectors have their own priorities, hence, could not pay that extra attention required for flag shipping the NPSDS strategy interventions. It is therefore recommended that the next strategy should entail an implementation plan and clear locus for coordination and monitoring of planned interventions.

8.3 Settlement of domestic arrears

Given the negative impact of domestic arrears to business enterprise capitalization, it is recommended that government prioritizes the payment of domestic suppliers of goods and services in National budgets. This would enhance not only the capitalization of business enterprises, but it would also enhance velocity of money which in turn would improve liquidity, a major driver of aggregate demand

9. Legal and Regulatory Framework

9.1 Enhance measurers to promote enterprise growth and development through reducing costs of doing business

The next strategy should prioritize reducing the cost of electricity, increase investment in infrastructure particularly roads and railway, and lower the cost of borrowing for business enterprises, including: the heavy tax burden on private sector enterprises; and high cost of borrowing among others. This can be done through revising the tax regime, and accessing cheaper financing capital for infrastructure projects through concessional sources, exploiting capital markets, and public, private partnership arrangements.

9.2 Strengthen Legal and regulatory framework particularly streamlining Commercial Laws

Uganda has enacted a number of laws with the aim of promoting business growth and competitiveness. These include inter alia; PPP policy, BUBU policy, and Commercial laws, particularly operationalization of the local content clause to increase the number of domestic firms that compete for contracts. In addition, there is need to undertake interventions geared toward formalizing SMEs- the starting point here is business registration of SMEs, inculcating in them the benefits[61] of formalization. The next strategy should target prioritizing implementation of these policies and laws so as to harness the dividends that accrue from the policies and commercial laws.

10. Value Addition and product Development

10.1 Support agro-industrialization and measures to reduce poverty

The Ugandan economy remains agrarian with over 76% of the population engaged in agriculture. However, contribution of agriculture to GDP is only 23% and the major reason is that majority of the farmers are engaged in subsistence and smallholder production which is devoid of value addition. The result is low returns. It is therefore recommended that the next NSPSD should prioritize interventions aimed at supporting agro-industrialisation.

10.2 Enhance quality assurance mechanisms for products on the market

The evaluation established widespread proliferation of substandard products across the country. This has resulted in NTBs by trading partner states arising from poor quality products particularly sugar, milk and maize exports to Kenya and Tanzania. It was claimed Ugandan maize exports had aflatoxins. It is absolutely critical that Government ensures quality control of products exported as restrictions on such products lead to more losses to farmers and business enterprises.

10.3 Measures to enhance aggregate Demand

One critical driver of any economic activity is availability of aggregate demand, which determines people's ability to pay for goods and services. Efforts to enhance aggregate demand should focus

[61] These for example include access to Government interventions such as stimulus package during shocks like COVID-19 pandemic.

on improving household income generation, through micro projects support services such as establishment of SMEs fund, and expanding the tax base. This can be done through reducing the tax burden through expanding the tax bracket. Other fiscal measures should include increase in remuneration which will directly enhance disposable incomes.

11. Regional Blocks for export competitiveness

11.1 Export Promotion and Import Substitution Strategies

It is recognized that Government follows liberal economic policy, but it is also understood that over liberalization negatively affects domestic industrial production and local enterprise initiatives may suffer unfair trade practices such as dumping. Therefore, there is need to put in place strategies for protecting nascent industries so as to enable them to grow.

11.2 Exploit the benefits of economic blocks

The expanded markets through economic blocks such as EAC common market and AfCFTA provide significant leverage for export sector performance. However, there is need to enhance quality of products to enable export competitiveness. Such economic blocks require strategic product positioning to ensure that Uganda secures a niche for products in such markets. The next strategy should focus on value addition on agricultural products particularly organic.

12. Support and strengthen Digitalization for Innovation, Incubation for Industrialization

The next strategy should focus to promote digitization of systems and business processes as well as incubation for industrialization. This will spur innovation and creativity and improve Uganda's ease of doing business position.

13. Addressing Emergencies and Shocks

13.1 Addressing emerging issues of Covid 19 pandemic and refugee challenges

In a bid to address the negative effects of COVID-19 on the economy, Uganda government put in place several fiscal measures including: waiver of interest on tax arrears and a moratorium on loan repayments among others. On SMEs, government promised a stimulus package amounting to UGX 1 Tn to be managed by Uganda Development Bank (MoFPED, 2020). However, it was established that SMEs were unable to access this fund due to rigorous administrative procedures for accessing this facility. It is proposed that government establishes a friendly stimulus package that SMEs can easily access. It would have been probably easier if such a fund was managed by the Microfinance Support Centre (MSC)

13.2 Refugee challenges

Given the persistent civil conflicts in the great lakes' region, it is not possible to address the refugee question from the supply side. It is however feasible to enhance the capacity of refugees to generate income, engage in productive activities such as farming and technical skills building, but also ensuring stable prices of agricultural produce such as maize. The aim is to increase their effective demand which drives business enterprise development as long as they are still in Uganda.

14. Skilling and Mindset change

All the above will require mindset change based on a highly skilled population. Given the skills gap for private sector development in the country, there is need to develop training and skills development programs based on business enterprise needs. This would require a curriculum focusing on entrepreneurship development, mentorship in industrial establishment and customer

care for services sector. This should be achieved through private sector participation in training institutions as a form of providing practical internship and apprenticeship.

Annex I: List of stakeholders interviewed

	Name	Institution/MDA	Contact
1.	Polycarp Musinguzi	UNRA	
2.	Patrick Kaweesa	KCCA	0794660386
3.	Charles Ocici	Enterprise Uganda	0772699808
4.	Opio Robert	MLHUD	0751914846
5.	Eric Sempambo	PSFU	0776949745
6.	Francis Abibi	UDB	0772639227
7.	Isaac Musinguzi	UFZA	0774424490
8.	Isaac Sserunkuma	High Court of Uganda	0754753579
9.	Stella Kobusingye	NITA-U	0787967037
10.	Kalmax	MoGLSD	0780751397
11.	Charles Kizito	UNRA	0777383620
12.	Bagombeka	MoES	0772578133
13.	Ian Tumuhimbise	URA	0782193612
14.	Angellah Nalugo	UTB	0772529959
15.	Mark Asingwire	UNRA	0782041488
16.	Akiza Britin Newton	MTWA	0777239419
17.	Kasirye Julius	MOTIC	0774543712
18.	Mukiibi Benjamin	Uganda Retirement Benefits Regulatory Authority	0417304500
19.	Sarah K. Kabenge	MoFPED	0772986520
20.	Turyatemba Baingana	Kiryandongo Technical Institute	0701415003
21.	Timothy Lubanga	Office of the Prime Minister	0772451852
22.	Peter Ngategize	MoFPED	0772824718
23.	Moses Dhizala	NPA	0772409547
24.	Byron Twesigye	UBOS	0772456112
25.	Monne Micheal	URA	0772423646
26.	Ruth Chebet	URA	0772140404
27.	Richard Byarugaba	BoU	0772468335
28.	Enock Tumusiime	NSSF	0772669030
29.	Patrick Ochialap	MoFPED	0752700004
30.	Kenneth Mugabe	MoFPED	0772408061
31.	Pamela Mbabazi	NPA	0772490676
32.	Sylivia Kirabo	UNBS	0703196903
33.	Julius Edson	MTN	0772122737 072120117
34.	Micheal Tukacungurwa	BoU	0701333377
35.	Gloria Bariyo	UIRI	0754852405
36.	Gideon Badgawa	Private Sector Foundation	0772601646
37.	Patrick Birungi	UDC	0772358076
38.	Hariet Tino	Stanbic Bank (U) Ltd	0786039297
39.	Moses Mwesigwa	Sanlam Insurance Co (U) Ltd	0782514690
40.	Angela Joy	Kakira Sugar Works (U) Ltd	0702919881 0776660916

41.	Morison Rwakakamba	UIA	0754070181
42.	JOHN Walugembe	Federation of Small-Scale Enterprises (SMEs)	
43.	Sheila	UIA	0755053304
44.	Godwin Kakama	MoFPED	0772455679
45.	Atwijukire Goerge	ULRC	0776485548

Annex II: Impact of COVID-19 on Tourism sub-sectors

Subsector	Impact	Remarks
Tourism Sector	a) Before COVID-19, Each Tourism establishment, on average registered an average of 152.7 and 113.9 bookings. By the end of December 2019 and February 2020 respectively. By end of June 2020, Tourist Bookings had declined by 93% from the number recorded at the end of December 2019. b) At least 7 in 10 of all tourism enterprises registered cancellation in Bookings. Losses due to cancellations just in the months of March to June 2020 are estimated at US$ 367.2 million (UGX 1.37 trillion). c) Foreign bookings declined by 97.8% and likewise domestic bookings declined by 88.7% between the end of December 2019 and end of June 2020. In the 6 months' period, the tourism sector has virtually lost both current and future businesses due to the coronavirus pandemic.	There Government needs to urgently intervene to help businesses in the tourism sector to rebound
Hotel	a) Bookings within the Hotel and Accommodation Sector had declined by 92.1% by the end of June 2020. b) At least 8 in 10 accommodation establishments registered cancellation of bookings between March 2020 and June 2020. c) A total of 448,996 hotel room bookings during the period March 2020 until 30th June 2020 had been cancelled, which caused a loss of revenue amounting to US$ 320.8 million (UGX 1.19 trillion). The loss was directly attributable to the outbreak of COVID-19. d) The spate of cancellations in hotel bookings is expected to continue at least until end of September 2020. The hotel sector is projected to lose US$ 0.50 billion in revenue by December 2020, as a result of COVID-19. e) The Hotel Industry that employed an average of 18 workers had to downsize to at least an average of 5 workers per establishment, a reduction of 72.2% in jobs in the hotel sector f) Before the Pandemic struck, hotels boasted an occupancy rate of 58.2%. However, between March 2020 and June 2020, hotels have operated at an average occupancy rate of 5.3%. Occupancy levels are expected to fluctuate between 10% to 20% until the end of December 2020	These losses place tremendous pressure on tourism entities to refund clients. While some of these funds could have already been spent on paying other service providers along the tourism value
Travel Agencies and Tour Operators	a) Bookings in the Tour and Travel sector declined by 99.8% by the end of June 2020.	

Subsector	Impact	Remarks
	b) More than 9 in 10 Tour Businesses registered Client Cancellation of bookings between March 2020 and June 2020 c) As a result, Revenues over US$ 30.4 million (UGX 0.11 trillion) have been lost as a result of in the period March 2020 through to June 2020 d) It is projected that the Tour Business will lose up to US$ 0.35 billion by December 2020 as a result of COVID-19. e) At least 9 in 10 workers in tour and travel business have been affected and at least 5 in 10 workers have lost their jobs. Employment in the Tour and Travel Agencies had declined by 97.1 percent by June 2020 as literally all the Tour guides, agents were asked to take unpaid leave.	
Foreign Exchange Earnings	a) Tourist Arrivals were predicted by the Ministry to increase to 1,663,568 visitors in 2020 from 1,505,669 recorded in 2018. b) Given the freezing of economic activity in march and closure of Borders. It's estimated that the country is most likely to lose up to 1 million foreign tourist arrivals by end of December 2020 due to the COVID-19 pandemic c) The above loss in arrivals would translate into loss in foreign exchange earnings of up to US$ 1.06 billion (UGX 3.91 trillion in 2020 d) It's projected that Tourism arrivals and Tourism earnings will return to their 2019 level by 2023	
Meetings, Incentives, Conferences and Events (MICE)	a) at least 3 in 10 tourism establishments were expecting to host a conference in the year 2020. b) Due to the COVID-19 pandemic, 85% of booked conferences to be hosted in Uganda in 2020 were reported to have been cancelled. c) Among the big events affected by the cancellations, include; UN G77 summit that was scheduled in Uganda from April 16-19, 2020 at Speke Resort Munyonyo and attracting participants from 136 member states, and the World Health Summit Regional Meeting which was scheduled for 27th and 28th April 2020. d) These two summits were being held for the first time in Africa and would be a major boost to Uganda's international image and tourism sector.	
Art and Craft Enterprises	a) At least 7 out of 10 artisan jobs have been lost due to the pandemic.	

Annex III: Aappropriateness of indicators

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 1: Improve Macroeconomic Environment							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
Ministry of Finance Planning and Economic Development	Annual currency depreciation rate	11.40%	2.10%	Absorption rate	96%	N/A	1. Service Indicator and target are appropriate. 2. Routine Indicator is not appropriate and should be dropped.
	Debt to GDP ratio	30.2%	42.50%	Share of budget financed domestically	-3.3%	77.50%	1. Service Indicator is appropriate but the target is low given big investment projects in the oil and gas sector (oil pipeline, refinery, oil roads, SGR). 2. Routine indicator is appropriate however the baseline value is unclear
	Government Expenditure (% of GDP)	21.5%	21.10%				
	Loan disbursement rate	39%	N/A	Average annual loan disbursement rate	39%	N/A	Service indicator is not clear. Hence, both indicators need recasting. Suggestion: Private sector credit (% of GDP)

							a) Domestic credit to private sector by banks b) Foreign credit to private sector
				Average annual loan absorption rate			
	Tax to GDP ratio	13%	16%	Percentage of unresolved tax complaints to total cases in tax appeals tribunal	29%	21%	Both service and Routine Indicators and Targets are appropriate
	Fiscal deficit outturns	6.7%	4.70%	Budget outturns	4.50%	4.70%	1) Service Indicator Target is not realistic. The realistic one should be around 9% 2) Routine indicator baseline and target values are wrong.

Bank of Uganda	Annual core inflation target of 5% (+/- 2%)	4.6%	5%	Inflation targeting	N/A	N/A	1) Service Indicator and Target are appropriate. 2) The routine indicator is not appropriate, should be replaced with CBR

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 2. Enhance legal and regulatory framework							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
Ministry of Justice and Constitutional Affairs	Ratio of brought forward and disposed cases to registered	35%	N/A	Number of pending cases in commercial division.	2,861	N/A	1) Service indicator appropriate. But need to set target for Service indicator, suggested 30%. 2) For routine indicator-Change Number to Percentage
	Disposal rate % of filed cases	82.35%		Ratio of completed cases to registered cases	75%	125%	Set target for service indicator- suggested target 90%. Routine indicator is appropriate however the target should be revised to 85%
Uganda Law Reform Commission	Annual change in no. of outdated laws in the	44	10% pa	Percentage of commercial laws reviewed	63%	100%	Service Indicator and target are appropriate.

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 2. Enhance legal and regulatory framework							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
	inventory commercial laws)						For Routine indicator, replaced "share" with "%"
Parliamentary commission of Uganda	Number of Commercial Bills pending in Parliament	45%	50%	No. of Bills passed		N/A	Revised service indicator from % to number.
				No. of EAC Laws domesticated	N/A	N/A	Indicator is appropriate
Ministry of Finance, Planning and Economic Development	Number of Commercial Bills pending issuance of Certificate of Financial Implication	N/A	0%	Lead Time to secure the certificate	N/A	N/A	Replaced percent with number Revised routine indicator as shown
	% of Internal Audit recommendations implemented	63%	79%	No. of audit cases rating	1	N/A	Service Indicator and target appropriate. Routine Indicators are appropriate and targets have been suggested
				No. of audit cases with needs improvement rating	44	20	
				No. of audit cases with unsatisfactory rating	12	4	
Uganda Investment Authority	No. of Investors licensed through One-stop Center	300	400	Lead time to secure license	N/A	1 Day	Service indicator and target are appropriate Routine indicator should be revised as shown

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 3: Infrastructure Expansion and Maintenance							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
Ministry of Works and Transport	Proportion of Cargo Freight conveyed by water	2%	N/A	Cargo freight conveyed by water (MTS)	8,100	N/A	Both service and routine indicators are appropriate
				Average Port/inland bonds capacity	N/A	N/A	Revised indicator as shown
	Proportion of Metre Railway operation	56%	95%				Indicator and target inappropriate
	Proportion of Cargo Freight conveyed by meter Rail	6%	8%	No. of km of rail constructed No of Km maintained.	0	1,736	Service Indicator appropriate however, the target is grossly exaggerated. Target should be revised to 8% SGR project has not commenced
	Proportion of Cargo Freight conveyed by Road	95%	95%	No. of Km of road constructed	129,469	131,469	Indicator appropriate. Need to set target. Suggested target 131,469
	Percentage of Air passengers on business	87%	95%	Cargo freight conveyed by air (metric tonnes)			Service indicator not appropriate, revise as shown. Routine Indicator is appropriate
UNRA	Percentage of paved National roads in fair to good condition	77%	85%	No. of Km of National Roads constructed per Annum	250	1000	Service indicator should be revised as shown. Routine Indicator and target are appropriate

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 3: Infrastructure Expansion and Maintenance							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
	Percentage of unpaved National roads in fair to good condition	54%	65%	No. of Km of roads maintained per annum	2,500	11,000	Indicator and target appropriate.
KCCA	Percentage of City roads in fair to good condition	64%	N/A	No. of Km of paved city roads constructed Per Annum	575	1,055	Indicator appropriate.
				No. of Km of city roads maintained Per Annum	480	1,200	Indicator and target are appropriate
	Proportion of Commuters using mass Public transport (Buses, Matatus, Mass Transits, Bodaboda)	21% 42% 37%	60% 3% N/A	Average time spent in traffic jam hrs./day	24,0007	N/A	Both service and Routine indicators and targets are appropriate .
Local Governments	Percentage of DUCAR roads in fair to good condition	60%	80%	No. of Km of DUCAR roads constructed per year	5,000	15,000	Indicator and target appropriate. Revise wording as shown
	Proportion of kms of LG roads to Total number of Kms of roads constructed.			Percentage of km of DUCAR roads maintained	50%	75%	Indicators should be revised as shown
	No of businesses enterprises that received Extension services	297	2,000	No. of business enterprises that adopted the services provided	297	2,000	Both service and routine indicator targets should be revised as shown.
NITA-U	Tele density	50%	90%	No: Kms of NBI cables laid	1,589	2,299	Indicator and target appropriate

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 3: Infrastructure Expansion and Maintenance							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
	Access index	1.96	3.5				Indicator and target appropriate
	Percentage of Local Governments and LLG connected to the NBI	22%	50%				Indicator and target appropriate. Indicator wording changed from share to percentage
				Average annual downtime of NBI service (Days)	5	3.65	Indicator and target appropriate
	Percentage of MDAs connected to the NBI	57%	80%	Average Internet Speed of NBI service (GBPs)	2.5	N/A	Indicator and target inappropriate. Change number to percentage at target
MINISTRY OF NERGY	Share of oil production	0	N/A	No.km of pipeline constructed.			Oil and Gas production not yet commenced
	Proportion of minerals to exports	0	N/A	Oil Refinery construction			
		0	N/A	Storage capacity for oil national oil reserves			
				Mineral development			
Uganda Electricity Generation Company Limited (UEGCL)	Electricity generation capacity (in MW/HR)	380	1,163	Average Construction progress rate for public dams	57%	N/A	Indicators and targets are appropriate
			1,163		94%	N/A	
						N/A	
				Variance between installed and generation capacity	67%	94% - 97%	Indicator appropriate. But targets need to be

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 3: Infrastructure Expansion and Maintenance							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
							revised: the variance should be about 8%
Electricity Regulatory Authority	Average disposal rate of license applications (days)	180	N/A	Projects with minimum generation capacity of 49.7 MW	8	N/A	Indicators are not clear- need revision
	Percentage of resolved complaints: Total complaints	70%	90%	No. of complaints	314	N/A	Indicator and targets are appropriate
Uganda Electricity Transmission Company Limited (UETCL)	Annual growth in density of high voltage electricity grid by model	2015	2020	Energy percentage loss in transmission	3.60%	2.70%	Indicator and target appropriate
Uganda Electricity Distribution Company Limited (UEDCL)	Geographical coverage of electricity distribution network	40%	80%	Energy loss in distribution	18.8%	14%	Indicator and target appropriate
				No of KWTs distributed (to the business community)	7,470,518	11,952,828	Indicator and target appropriate
	Annual increase in the number of connections to the electricity grid	11,794,35	10%		12.80%	11.00%	Service indicator appropriate, but routine indicator not stated
	Percentage of population connected to the electricity grid	14.8%	15%	Annual connections to the Grid			Indicator and target appropriate.

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 3: Infrastructure Expansion and Maintenance							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
							Routine indicator has been revised as shown
	No. of Customers on the Grid	9,526					Indicator not necessary: Delete
		100,000	140,000				Values not necessary: Delete

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 4: Increase goods Market efficiencies in Uganda							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of indicators**
Ministry of Trade, Industry and Cooperatives	National Commodity Exchange Market operationalized	0	1	Number of boarder markets constructed and operational	1	20	Indicators and targets appropriate **Infrastructure not clearly defined**
	Number of Infrastructure developed	1	20				
	Ranking of Goods Market Efficiency (GCI rank)	120	100				
	No. of traders	0	N/A	No. of one stop border posts established with ICT	4	20	

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 4: Increase goods Market efficiencies in Uganda							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of indicators**
	accessing national trade information system			No. of NTBs identified and eliminated	1,500	3,000	Indicators and targets appropriate
				Number of users of the System	5,000	100,000	
				Number of trade information desks established.	5	N/A	
Ministry of Gender, Labor and Social Development	Occupation Safety and Health	N/A	N/A	No: of statutory inspections conducted.	630	630	Routine indicators and targets are appropriate
		N/A	N/A	No. of non-statutory inspections conducted.	646	800	
	Labor Market efficiency (GCI)	2713	N/A	Updated operational Database	1	1	
				No. of bilateral agreement to export labour	-	7	
				No. of employment bureaus licensed	30	100	
	Number of cases handled in the Industrial Court	N/A	N/A	Percentage of registered cases handled in Industrial Court	90%	95%	Ministry does not adjudicate cases. Revise as shown
	Case backlog in industrial Court.			Percentage of registered cases disposed off in the Industrial Court	5%	40%	**Baseline value is questionable: too low.**
				No. of inspections conducted	197	300	Indicator and target appropriate
Uganda Warehouse Receipt Authority	National Warehousing storage capacity (Metric Tons)	165,400	550,000	No. of warehouses registered	N/A	26	Indicator and target appropriate.
		146,500		Percentage of licensed Warehouses	N/A	N/A	

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 4: Increase goods Market efficiencies in Uganda							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of indicators**
				No. of participants sensitized	800	3,200	Indicator and target appropriate, but, warehousing receipt system has not been operationalized
				No. of Warehouses Inspected	26	N/A	
				No. of Banks discounting receipts	N/A	N/A	
				No. of Personnel/ Handlers trained	130	N/A	
	Number of traders/ Depositors registered under the Warehouse receipting system	800	4,000	No. of warehouse receipts issued	N/A	N/A	Service Indicator and target appropriate. **Routine Indicator has no target**
CMA	No. of Institutions under regulation	28	N/A	No. of licenses issued and renewed	114	N/A	Routine Indicator baseline value overstated: the number is not more than 20
				No. of annual licenses issued	4	N/A	
	Percentage change in equity turnover USE	7%	NA	Funds under management licensed by CMA(Trillions)	1.24	N/A	Indicator appropriate

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 4: Increase goods Market efficiencies in Uganda							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of indicators**
	Volume of Trade through USE (Million Ugx)	1.848,05			N/A	N/A	

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE							
Objective 5: Entrepreneurship and Skills Development							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
UIRI	Value Added Products developed			No of new incubations	**20.00**	200.00	Service indicator is appropriate Routine Indicator and target appropriate
				Number of new products developed			
				Industrial Research Reports	40	250	Indicator and target appropriate
	Product range maturing from Incubation	800	33,800	No of Incubation Products developed	22.00	N/A	Service indicator and targets need to be clarified. Baseline and target values are hanging
		10	100				
		20	200				
		10	130				
		4	39				
MoES	Annual BTVET Enrolment	42,000	103,000	No of operational training site centres	1,000	N/A	Indicator and target appropriate
	Annual BTVET Pass rate	31%	90%	No of students trained	42,000	103,000	Indicator and target appropriate
MoGLSD	Annual grants disbursed through Youth Livelihood Programme (Ushs)	35bn	85bn	No of Youth beneficiaries	50,743	90,000.	Indicator and target appropriate
				No. of environmentally friendly enterprises under youth	3,872	7,000	Indicator and target appropriate

	Annual grants disbursed through Women enterprises (UWEP) (Ushs)	35bn	40bn	No. of beneficiaries under women Entrepreneurship programme.		26,000	Indicator is appropriate
	Annual number of certified apprentices			No.of environmentally friendly enterprises under UWEP		2,600	Indicator difficult to determine because UWEP projects are not verified by NEMA
	Non-formal Vocational and life Skill training.			No of apprentice's graduates		1,500	Indicator is appropriate
				No. of Youth equipped with non- formal vocational and life skills.	1,111	2,011	Indicator is appropriate
				Percentage of trained youth equipped with tool kits in relevant areas	50%	N/A	Indicator is appropriate

Meso Pillar: Accelerating Industrialization

MESO PILLAR: ACCELERATING INDUSTRIALISATION							
Objective 1: Increase Business to Business Linkages							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY21/22**	**Target FY21/22**	**Appropriateness of Indicators**
Ministry of Trade, Industry and Cooperatives				No. of trade fairs organized	1	10	Indicator and target are appropriate
	Percentage of micro enterprises in business register.	94%	N/A				Indicator is appropriate
	Percentage of micro enterprises linked for business transactions	N/A	N/A				Indicator not clear: should be revised to define specific linkage
	Percentage of MSMEs per subsector operational and updated database	N/A	N/A	No of MSMEs per subsector	N/A	N/A	Indicator is not appropriate: very difficult to ascertain because of the erratic nature MSMEs in Uganda
Uganda Investment Authority	Proportion of SMEs linked to Transnational Corporation (TNC)-SME).	8	16	No of networking events and platforms	8	16	Indicator is appropriate
	Proportion of SMEs operators trained in business skills and	384	480				Indicator appropriate: but the target is very small given the number of SMEs in Uganda estimated over 1m

MESO PILLAR: ACCELERATING INDUSTRIALISATION							
Objective 1: Increase Business to Business Linkages							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY21/22**	**Target FY21/22**	**Appropriateness of Indicators**
	Entrepreneurship.						
	Business participation rate	70%	90%	No. of SME cluster established	8	16	Indicators not clearly defined
				No. of joint ventures	60	16	Indicator not clearly defined. Target should be much higher than the baseline value.
Uganda Export Promotion Board	Updated and operational database	0	12	No of studies published about market opportunities	2	10	Service indicator is appropriate: target should be 1 updated database but not 12
	Annual exports statistical abstracts	1	1	Annual number of trainings conducted in value addition and business markets.	10	50	Service indicator is appropriate. Routine indicator should revise to annual number of trainings as shown. Routine indicator target has been revised from 250 to 50.
	Uganda's share in COMESA export market	3%	5%	No. of Exporters trained in value addition and Export marketing	30	50	Indicators and targets are appropriate: the wording of the indicators has been changed slightly from participants to exporters and and COMESA export market instead of COMESA exports
	Uganda's Annual share in EAC export market per annum	22%	30%	No of Exporters trained	N/A	N/A	Indicators appropriate

MESO PILLAR: ACCELERATING INDUSTRIALISATION							
Objective 1: Increase Business to Business Linkages							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY21/22**	**Target FY21/22**	**Appropriateness of Indicators**
				Update frequency of export statistics/annum	1	4	Indicator and targets appropriate
				No. of IEC campaigns	6	30	Indicator not clear: should be revised to No of annual IEC campaigns conducted for exporters
				No. of certificates of origin issued per annum (for all seven preferential trade regimes)	18,000	30,000	Indicator is not appropriate: revised to No. of certificates of origin issued per annum
Uganda Investment Authority	Number of Businesses licensed through UIA			No. of industrial parks whose land is secured	4	9	Service indicator not appropriate: has been revised from proportion to number of Businesses licensed through UIA. Routine indicator and target are appropriate
	Percentage of UIA land for Industrial Parks that is serviced	44%	100%	No. of companies in operational industrial parks	67	355	Service indicator not appropriate; revised to Percentage of UIA land for Industrial Parks that is serviced
				Lead Time to acquire land in	3	1	Indicator appropriate: revised indicator wording

MESO PILLAR: ACCELERATING INDUSTRIALISATION							
Objective 1: Increase Business to Business Linkages							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY21/22**	**Target FY21/22**	**Appropriateness of Indicators**
				industrial parks (months)			
	Value of investment inflows	N/A		Number of jobs created per annum	0.8M		Indicators is not appropriate: Divide into a) FDI b) Domestic Investment
	Percentage of Industrial Park serviced plots that are operational	10%	85%	**Number of companies allocated industrial plots per annum**	**355**	**60**	Both indicators not appropriate: Service indicator was revised to Percentage of Industrial Park serviced plots that are operational; while Routine indicator was changed to **Number of companies allocated industrial plots per annum**
Uganda Free Zones Authority	Number of enterprises operating in free zones	0	100	Actual Investments in Free Zones	0	$ 1.5 Bn	Indicators are appropriate
	No. of operational EPZs	0	10	No. of operators and developers licensed	0	10	Indicators are appropriate
	No. of jobs created	0	2,500	No. of jobs created pa	0	500	Indicators are appropriate: Routine indicator target revised to 500 pa which will generate a total of 2,500 jobs at the end of the NSPSD implementation
	Value of enterprises operating in the free zones	0	$ 1Bn	Value of exports in the Free Zones	0	$1Bn	1)Service indicator is not appropriate and unnecessary. 2)Routine indicator target not appropriate: value of exports cannot be equal to value

MESO PILLAR: ACCELERATING INDUSTRIALISATION							
Objective 1: Increase Business to Business Linkages							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY21/22**	**Target FY21/22**	**Appropriateness of Indicators**
							of enterprises, the target should be revised to $3.5Bn
Ministry of Trade, Industry and Cooperatives	No. of operational boarder market	3	161	No. of progress reports (M&E)	**40**		Service indicator is appropriate but target is over ambitious Routine indicator not clear
Uganda Development Corporation	Feasibility studies conducted	5	15				Indicator and target are appropriate
	Number of strategic Investments undertaken by UDC	4	15	Annual number of investments undertaken			Both Service and routine indicators are inappropriate: they should be revised as indicated
	Joint ventures and or PPPs formed.			Number of Investment negotiations.			Both Service and Routine indicators are appropriate
MTWA				No. of expos	4	10	
	Number of Tourists arrivals	**1.3m**	**2.4m**	Annual Tourist in-flows	$1.5Bn	$2.3Bn	Service and Routine indicators not appropriate: have been revised to Number of Tourists-arrivals; and Annual Tourist in-flows in US$Bn

MESO PILLAR: ACCELERATING INDUSTRIALISATION							
Objective 3: Improve Quality Assurance							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
Uganda National Bureau of Standards	Product coverage by standard registry	12023	250	No. of standards developed	120	250	Indicator and target appropriate
				No. of new standards for local products	120	250	Indicator and target appropriate
	No. of substandard products identified	7,500	4,000	No. of quality inspections	200	800	Indicator and target appropriate
	No. of imported goods consignment inspected	50,000	90,000	No. of staff in border posts	30	150	Indicator and target are appropriate
	No of certified domestic products	500	900	Applications disposed	100	1000	Indicator and target appropriate
	No of laboratories set up						**Service indicator requires baseline and target values**
	No. of Samples Tested	7,200	12, 000				Indicator and target appropriate
	Conformity rates			No. of instruments tested	1,200	3,000	
	Market and factory surveillance: **I.** No of inspections	1000	18,000				Indicator and target appropriate
	II. Operational lab equipment	540,000	656,373				Indicator and target appropriate
UTB	Proportion of hotel that meet the required standards.	N/A	N/A	Regions Monitored	1	5	Service indicator needs baseline and target values
				No of hotels and restaurants graded/ classified	42	200	

				Hotels sensitized for classification	200	2,000	Routine Indicators and targets appropriate.
				Number of hotels inspected.	320	20,000	

MICRO PILLAR: ACCELERATING INDUSTRIALISATION							
Objective 1:	**Enhance Factor Productivity**						
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	**Appropriateness of Indicators**
MoES	Percentage of Tertiary enrollment by BTVET	70,000	120,000	No. of formal training centres established	144	289	Indicator and target appropriate
	Completion rate in BTVET	N/A	N/A	No. of enrolled students graduating	N/A	N/A	Indicators need target values
				No. of informal training centres established	300	300	The target needs to be higher than baseline, otherwise indicator shows stagnation
				No. of Public Centres of excellence	0	40	Indicator is appropriate but target is too high which may dilute the essence of "excellence"
MoLHUD	Percentage of titled land	20%	32%	Annual growth in the proportion of titled land	40%	100%	Indicator and target appropriate: with change of wording from "share" to percentage/proportion
				No. of computerized land registries (Ministry Zonal Offices MZOs)[62]	6	21	Indicator and target are appropriate
	Average title search time(days)	23	14	No. of title searches conducted pa	500,000	1m	Indicator and target appropriate with addition of searches per annum on routine indicator

[62] The country is divided into 21 zonal offices with mandate to carry out land surveying and titling processes

				Percent of country mapped	30%	50%	Indicator is appropriate but the baseline value is questionable and target is too ambitious. hence, target revised to 50% but needs review of baseline
MAAIF	Ratio of extension workers: farmers	1 to 5000	1 to 3000	No. of extension workers recruited per annum			Indicators are appropriate: only change of routine indicator to extension workers recruited pa. target has been revised from 1:5000 to 1:3000
				Number of agricultural schools constructed and maintained.	2	2	The target needs to be higher than baseline, otherwise indicator shows stagnation
				No. of demonstration sites operational			Indicator appropriate but needs target
	Percentage of farmers accessing quality inputs	40%	80%	Input distributed by type pa	N/A	N/A	Service Indicator and target are appropriate Routine indicator has been revised as shown
	Ratio of registered and certified input suppliers to farming households.	Seeds 1 to 500,000 Seedlings 1 to 20,000	1:10000	No. of suppliers Certified			Indicators not clear, need revision. Change service indicators to: percentage of farmers that have used substandard inputs

	Unmet need for certified inputs to demand (crops, aquaculture, livestock)	40%, 20%,50%					Indicator not clear: should be changed to unmet need.
	Percentage of farmers using irrigation.	1%	5%	No. of irrigation schemes established and operational	1%	5%	Service indicator and target appropriate. Routine indicator is appropriate; however, target and baseline values need to be changed to numbers and not percentage
	% of farmers with access to agricultural mechanization.	10%	20%	% of farmers with access to tractors.	10%	20%	Both Indicators are appropriate: however, baseline and target values are questionable
	% of arable land under irrigation	1%	**5%**	Acreage of new arable land under irrigation	1%	5%	Indicator and target appropriate
				No. of farmers registered and demand assessed			Indicator not clear and should be dropped
				No. Water resources assessment reports			Indicator is appropriate
				No. Feasibility study reports			Indicator unnecessary
				No. Engineering design reports			Indicator appropriate
				No. of new reservoirs Constructed			Indicator appropriate
				No of reservoirs rehabilitated			Indicator appropriate

				No. of Water Users' Associations (WUAs) formed and trained			Indicator is appropriate
				Community Based Operation and Maintenance (CBOM) system in Place			Indicator appropriate
	Water storage capacity for production (Cubic Meters)	11.5	20	No. of new valley tanks and dams constructed in cattle corridor (cubic meters)	11.5	20	Indicator and target appropriate: but baseline and target values are in millions of cubic meters per year
NARO	High yielding varieties developed and brought to the market	126	136	No of new varieties released	0	10	Indicators are appropriate; but the target values
	Percentage of Agro practitioners that have adopted New Technology, Innovations & management practices		120	Efficiency gains by the new technology			Indicators not appropriate: revise them as shown
		30		Number of researchers trained			Indicator appropriate
NAGRC&DB	Breeds developed and distributed	12			6%S	50%	Indicator appropriate
					N/A	N/A	

MICRO PILLAR: ACCELERATING INDUSTRIALISATION							
Objective 2: Formalization and strengthening capacity of SMEs							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY 21/22**	**Appropriateness of Indicators**
Enterprise Uganda	Annual change in client Registry Survival rate of BDS graduate	30%	65%	No of client registered	34,857	N/A	Indicator is appropriate
				No of participants trained in Business and Entrepreneurship			Indicator appropriate
				No. of businesses accessing BDS from enterprise Uganda	9,000	11,000	Indicator and target appropriate
URSB	Annual change in the Business register.	53%	70%	Average time taken to register a Company (hrs.)	6	1	Indicator and target appropriate
				No. of companies registered	18,336	N/A	Indicator appropriate
				No. of business names registered	11,482	N/A	Indicator appropriate
				Average time taken to Register business name and other documents	< 4hr	< 1 hour	Indicator and target appropriate
				Number of Registration Centres	5	37	Indicator and target appropriate
URA	Average time taken to receive a TIN (hrs)	48	4	Number of IEC campaigns carried out	122	180	Indicator and target are appropriate
	Annual growth in tax register	23%	25%	Number of new taxpayers registered			Indicators are appropriate
MoLG	No of days to issue a trading license	5	1	No. of businesses licensed by region.			Indicator appropriate

MICRO PILLAR: ACCELERATING INDUSTRIALISATION							
Objective 3: Increase Access to Finance							
MDA	**Service Indicator**	**Baseline FY14/15**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Target FY21/22**	
MoTIC	Cooperatives with unqualified audits	40%	**90%**	Total number of Cooperatives	37,853		Indicators appropriate: service target set at 90%
	Cooperatives audited	10		No. of cooperatives Audited per annum	15,000		
	Rate of compliance with audit recommendations.	60%	90%	Offsite inspection schemes	10		
				Onsite Inspection Schemes			
					20		
	Regulations and sets of Guidelines developed	7	10				Indicator and target are appropriate
	Schemes & Service providers licensed	64	100				
		25	34				
	Sector complaints addressed	N/A	70%	Due Diligence on Service Providers	25 service providers		
URBRA	Pension Asset to GDP ratio	9%	15%	Researchers and Sector Surveys	0	1	Indicator and target appropriate
	Pension coverage ratio	12%	20%	No. of trainings and workshops	2	2	Service indicator and target are appropriate
NIRA	Proportion of the population with ID.	49%		Percentage of population registered	16.4%		Indicators are appropriate. Need to set targets. Suggestion: Proportion of population with ID 60%, Percentage of population registered 50%

	Share of registered Births (within year of occurrence)			No of Cards issued (Millions):	14.6		Indicator appropriate
MoFPED	Annual change in UDB Capitalization	1.2%29	83%				Indicator and target appropriate
Uganda Developme nt Bank	Share of long term credit in total credit	93%	95%	Non- performing loans At (UDB)	28%	15%	Indicator and target appropriate

Annex IV: Indicator Performance

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 1: Improve Macroeconomic Environment								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
Ministry of Finance Planning and Economic Development	Annual currency depreciation rate	11.40%1		2.10%A	Absorption rate	96% B		N/A
	Debt to GDP ratio	30.2%2	**46.98%**	42.50%B	Share of budget financed domestically	-3.3%B		77.50%B
	Government Expenditure (% of GDP)	21.5%B	**25.8%**	21.10%B				
	Loan disbursement rate	39%	**25%**	N/A	Average annual loan disbursement rate	39%B		N/A
					Average annual loan absorption rate			
	Tax to GDP ratio	13%B	**13.4%**	16%B	Percentage of unresolved tax complaints to total cases in tax appeals tribunal	29%B		21%B
	Fiscal deficit outturns	6.7%B	**7.5%**	4.70%B	Budget outturns	4.50%B		4.70%B
Bank of Uganda	Annual core inflation target of 5% (+/- 2%)	4.6%B	**5.8%**	5%B	Inflation targeting	N/A		N/A
MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 2. Enhance legal and regulatory framework								

MDA	Service Indicator	Baseline FY14/15		Target FY 21/22	Routine Indicators	Baseline FY 14/15		Target FY21/22
Ministry of Justice and Constitutional Affairs	Ratio of brought forward and disposed cases to registered	35%3		N/A	Number of pending cases in commercial division.	2,861C		N/A
	Disposal rate % of filed cases	82.35%C			Ratio of completed cases to registered cases	75%C		125%C
Uganda Law Reform Commission	Annual change in no. of outdated laws in the inventory commercial laws)	444		10% pa	f	63%c		100%
Parliamentary commission of Uganda	% of Commercial Bills pending in Parliament	45%C		50%	No. of Bills passed			N/A
					No. of EAC Laws domesticated	N/A		N/A
Ministry of Finance, Planning and Economic Development	% of Commercial Bills pending issuance of Certificate of Financial Implication	N/A		0%	Time taken to dispose off the requests	N/A		N/A
	% of Internal Audit recommendations implemented	63%5		79%	No. of audit cases rating	1D		N/A
					No. of audit cases cases with needs improvement rating	44D		
					No. of audit cases with unsatisfactory rating	12D		
Uganda Investment Authority	No. of Investors licensed through One-stop Center	300C		400	Average time taken to process request	N/A		N/A

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 3: Infrastructure Expansion and Maintenance								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
Ministry of Works and Transport	Proportion of Cargo Freight conveyed by water	2%6		N/A	Cargo freight conveyed by water (MTS)	8,100E		N/A
					Average Port capacity	N/A		N/A
	Proportion of Metre Railway operation	56%		95%				
	Proportion of Cargo Freight conveyed by Rail	6%		95%	No. of km of rail constructed No of Km maintained.	0		1,736E
	Proportion of Cargo Freight conveyed by Road	95%	**More than 90%**		No. of Km of road constructed	129,469E		
	Proportion of Commercial Air Craft movements	87%		95%	Cargo freight conveyed by air (metric tonnes)			
UNRA	Share of paved National roads in fair to good condition	77%	**92%**	85%	No. of Km of National Roads constructed per Annum	250E		1000E

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 3: Infrastructure Expansion and Maintenance								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
	Share of unpaved National roads in fair to good condition	54%	**79%**	65%	No. of Km of roads maintained Per Annum	11,000		2,500E
KCCA	Share of City roads in fair to good condition	64%	**73.52%**	N/A	No. of Km of paved city roads constructed Per Annum	575		1,055E
					No. of Km of city roads maintained Per Annum	480		1,200E
	Proportion of Commuters using mass Public transport (Buses, Matatus, Mass Transits, Bodaboda)	21%		60%	Average time spent in traffic jam hrs./day	24,0007		N/A
		42%		3%				
		37%		N/A				
Local Governments	Share of DUCAR roads in fair to good condition	60%		80%	No. of Km of DUCAR roads newly constructed	5,000		15,000E
	Proportion of LG roads to Total number of roads constructed.				No. of km of DUCAR roads maintained	50%		75%E
	Extension services to businesses.	297		650	No. of Agro-processing and value addition	297		650E

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 3: Infrastructure Expansion and Maintenance								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
					facilities perationalized.			
NITA-U	Tele density	50%8	**61%**	90%F	No: Kms of NBI cables laid	1,589	**3,394**	2,299F
	Access index	1.96F		3.5F				
	Share of Local Governments and LLG connected to the NBI	22%F	**34.7%**	50%F				
					Average annual downtime of NBI service (Days)	5	**99.8% (Uptime)**	3.65F
	No. of MDAs connected to the NBI	57%F	**597**	250F	Average Internet Speed of NBI service (GBPs)	2.5	**5mbps**	N/A
MINISTRY OF NERGY	Share of oil production	0		N/A	No.km of pipeline constructed.			
	Proportion of minerals to exports	0		N/A	Oil Refinery construction			
		0		N/A	Storage capacity for oil national oil reserves			

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 3: Infrastructure Expansion and Maintenance								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
					Mineral development			
Uganda Electricity Generation Company Limited (UEGCL)	Electricity generation capacity (in MW/HR)	380G		1,163G	Average Construction progress rate for public dams	57%G		N/A
				1,163G		94%G		N/A
								N/A
					Variance between installed and generation capacity	67%G		94% - 97%G
Electricity Regulatory Authority	Average disposal rate of license applications(days)	180G		N/A	Projects with minimum generation capacity of 49.7 MW	8G		N/A
	Ratio of resolved complaints: Total complaints	70%G		N/A	No. of complaints	314G		N/A
Uganda Electricity Transmission Company Limited (UETCL)	Annual growth in density of high voltage electricity grid by model	2015G		2020G	Energy percentage loss in transmission	3.60% G		2.70%G
Uganda Electricity Distribution	Geographical coverage of electricity	40%G		80%G	Energy loss in distribution	18.8%G		14%G

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 3: Infrastructure Expansion and Maintenance								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
Company Limited (UEDCL)	distribution network							
					No of KWTs distributed (to the business community)	7,470,518G		11,952,828G
	Annual increase in the number of connections to the electricity grid	11,794,35G		N/A		12.80%G		11.00%G
	Share of population connected to the electricity grid	14.8%G		15%G	Technical and commercial losses			
	No. of Customers on the Grid	9,526G						
		100,000G		140,000G				

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 4: Increase goods Market efficiencies in Uganda								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
Ministry of Trade, Industry and Cooperatives	National Commodity Exchange Market operationalized	0		1	Number of boarder markets constructed and operational	1		20H
	Number of	1		20				

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 4: Increase goods Market efficiencies in Uganda								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
	Infrastructure developed							
	Ranking of Goods Market Efficiency (GCI rank)	12011						
	No. of traders accessing national trade information system	0		N/A	No. of one stop border posts established with ICT	4		20H
					No. of NTBs identified and eliminated	1,500H		3,000H
					Number of users of the System	5,000H		100,000H
					Number of trade information desks established.	5H		N/A
Ministry of Gender, Labour and Social Development	Occupation Safety and Health	N/A		N/A	No: of statutory inspections conducted.	630 12		630C
		N/A		N/A	No. of non-statutory inspections conducted.	646C		800C
	Labor Market efficiency (GCI)	2713		N/A	Updated operational Database	1	**1**	1
					No.of bilateral	-	**5**	7

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 4: Increase goods Market efficiencies in Uganda								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
					agreement to export labour			
					No. of employment bureaus licensed	30C	**277**	100C
	Number of cases handled in the Industrial Court	N/A		N/A	Percentage of registered cases handled in MoGLSD	90%C		95%C
	Case backlog in industrial Court.				Percentage of registered cases resolved in the Industrial Court	5%C		40%C
					No. of inspections conducted	197C	**698**	300C
Uganda Warehouse Receipt Authority	National Warehousing storage capacity (Metric Tons)	165,40014		550,000C	No. of warehouses registered	N/A		26C
		146,500C			Share of licensed warehouses	N/A		N/A
					No. of participants sensitized	800C		3,200C
					No. of Warehouses Inspected	26C		N/A
						N/A		N/A
					No. of Personnel/	130C		N/A

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 4: Increase goods Market efficiencies in Uganda								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
					Handlers trained			
CMA	Number of traders/ Depositors registered under the Warehouse receipting system	800C		4,000C	No. of warehouse receipts issued	N/A		N/A
					No. of licenses issued and renewed	114C		N/A
	No. of Institutions under regulation	2815		N/A	No. of new providers licensed	4C		N/A
	Percentage change in equity turnover USE	7%C		NA	Funds under management licensed by CMA(Trillions)	1,24C		N/A
	Share Volume of Trade through USE (Million Ugx)	1.848,05C				N/A		N/A

MACRO PILLAR: BOOSTING INVESTOR CONFIDENCE								
Objective 5: Entrepreneurship and Skills Development								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
UIRI	Value Added Products developed		**75**		No of new incubations	**20.00**		200.00C
					Number of new Samples developed			
					Industrial Research Reports	40C	**2**	250C
	Product range maturing from Incubation	800C		33,800C	No of Incubation Products developed	22.00C	**20**	N/A
		10C		100C				
		20C		200C				
		10C		130C				
		4C		39C				
MoES	Annual BTVET Enrolment	42,00016		103,000I	No of operational training site centres	1,000I		N/A
	Annual BTVET Pass rate	31%I	**70%**	90%I	No of students trained	42,000I	**60,000**	103,000I
MoGLSD	Annual grants disbursed through Youth Livelihood Programme (Ushs)	35bnC	**162.972bn**	85bnC	No of Youth beneficiaries	50,743C	**245,870**	90,000C.
					No.of environmentally friendly enterprises under youth	3,872C		7,000C
	Annual grants disbursed through Women enterprises (UWEP) (Ushs)	35bnC	**71.5bn**	40bnC	No. of beneficiaries under women Entrepreneurship programme.		**145,633**	26,000C

	Annual number of certified apprentices				No.of environmentally friendly enterprises under UWEP			2,600C
	Non-formal Vocational and life Skill training.				No of apprentice's graduates			1,500.00
					No.of Youth equipped with non- formal vocational and life skills.	1,111.00I		2,011.00I
					Percentage of trained youth equipped with tool kits in relevant areas	50%I		N/A

MESO PILLAR: ACCELERATING INDUSTRIALISATION								
Objective 1: Increase Business to Business Linkages								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
Ministry of Trade, Industry and Cooperatives					No. of trade fairs organized	1[H]		10H
	Share of micro enterprises in business register.	94%17		N/A				
	Share of micro enterprises linked for business transactions	N/A		N/A				
	Proportion of MSMEs per subsector operational and updated database	N/A		N/A	No of MSMEs per subsector	N/A		N/A
Uganda Investment Authority	Proportion of SMEs linked to Transnational Corporation (TNC)-SME).	8[C]		16	No of networking events and platforms	8C		16C
	Proportion of SMEs trained in business skills and Entrepreneurship.	384C		480				
	Business participation rate	70%C		90%	No. of SME cluster established	8C		16C
					No. of joint ventures	60C		16C
MESO PILLAR: ACCELERATING INDUSTRIALISATION								
Objective 2: Upward Mobility along Industrial Value Chain								

MDA	Service Indicator	Baseline FY14/15	Achieved FY19/20	Target FY 21/22	Routine Indicators	Baseline FY 14/15	Achieved FY19/20	Target FY21/22
Uganda Export Promotion Board	Updated and operational database	0		1218	No of studies published about market opportunities	219		10K
	Annual exports statistical abstracts	1K		1K	No of trainings conducted in value addition and business markets.	10K		250K
	Uganda's share in COMESA exports	3%K		5%K	No. of participants trained in value addition and business marketing	30K		50K
	Uganda's share in EAC exports per annum	22%K		30%K	No of beneficiaries from trainings	N/A		N/A
					Update frequency of export statistics/annum	1K		4JK
					No. of IEC campaigns	6K		30K
					No. of certificates of origin issued (for all seven preferential trade regimes)	18,000C		30,000C

Uganda Investment Authority	Proportion of Businesses licensed through **UIA**				No. of industrial parks whose land is secured	4		9
	Share of serviced plots	44%		100%	No. of company in operational industrial parks	67		355
					Time (Months) taken to acquire land in industrial parks	3		1
	Value of investment inflows	N/A			Number of jobs created	0.8m		
	Share of operational service plots	10%		85%	Operational capacity of functional industrial and business parks	355		355
Uganda Free Zones Authority	Number of enterprises operating in free zones	0	**26**	10020	Actual Investments in Free Zones	0	**$ 316,069,061**	$ 1.5 bn
	No. of operational EPZs	0	**22**	10	No. of operators and developers licensed	0	**26**	10
	No. of jobs created	0	**8,611**	2,500	No. of jobs created	0	**8,611**	2,500
	Value of enterprises operating in the free zones	0	**$ 316,069,061**	$ 1b	Value of exports in the Free Zones	0	**$275, 400,903**	$1b

Ministry of Trade, Industry and Cooperatives	No. of operational boarder market	3		161	No. of progress reports (M&E)	40		
Uganda Development Corporation	Feasibility studies conducted	5		15				
	Proportion of strategic Investments undertaken by UDC	4		15	Number of Feasibility studies undertaken			
	Joint ventures and or PPPs formed.				Number of Investment negotiations.			
MTWA					No. of expos	4		10
	Proportion of Tourists arrivals				Tourists reached in target markets	10,000		20m

MESO PILLAR: ACCELERATING INDUSTRIALISATION								
Objective 3: Improve Quality Assurance								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
Uganda National Bureau of Standards	Product coverage by standard registry	12023		250	No. of standards developed	120	3948	250
					No. of new standards for local products	120		250
	No. of substandard products identified	7,500	232 metric tons	4,000	No. of quality inspections	200		800
	No. of imported goods consignment inspected	50,000	153,250	90,000	No. of staff in border posts	30		150
	No of certified domestic products	500	2705	900	Applications disposed	100		1000
	No of laboratories set up		**5**					
	No. of Samples Tested	7,200		12, 000				
	Conformity rates				No. of instruments tested	1,200		3,000
	Market and factory surveillance: **III.** No of inspections	1000		18,000				
	IV. Operational lab equipment	540,000		656,373				
UTB	Proportion of hotels that meet the required	N/A	**68%**	N/A	Regions Monitored	1	5	5
					No of hotels and restaurants graded/ classified	42		200

	standards.				Hotels sensitized for classification	20024		2,000
					Number of hotels inspected.	320	**6,124**	20,000

MICRO PILLAR: ACCELERATING INDUSTRIALISATION								
Objective 1: Enhance Factor Productivity								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
MoES	Percentage of Tertiary enrollment by BTVET	70,000		120,000	No. of formal training centres established	144		289
	Completion rate in BTVET	N/A		N/A	No. of enrolled students graduating	N/A		N/A
					No. of informal training centres established	300		300
					No. of Public Centres of excellence	0		40
MAAIF	Share of titled land	20%		32%	Annual growth in the share of titled land	40%P		100%
					No. of computerized land registries	6P		21
	Average title search time(days)	23		14	No. of title searches conducted	500,000		1m
					Percent of country mapped	30%		100%
	Ratio of extension workers: farmers	1 to 500026		1 to 5000	No. of extension workers recruited			
					Number of agricultural schools constructed and maintained.	2		2
					No. of demonstration sites operational			

	Percentage of farmers accessing quality inputs	40%R		80%	Input volumes distributed by type (crops, agriculture, livestock)	N/A		N/A
	Ratio of registered and certified input suppliers to farming households.	Seeds 1 to 500,000 Seedlings 1 to 20,000		1:10000	No. of suppliers Certified			
	Share of certified inputs to demand (crops, aquaculture, livestock)	40%, 20%,50%						
	Share of farmers using irrigation.	1%		5%	No. of irrigation schemes established and operational	1%		5%
	% of farmers with access to agricultural mechanization.	10%		20%	% of farmers with access to tractors.	10%		20%
	% of arable land under irrigation	1% 27		**5%**	Acreage of new arable land under irrigation	1%		5%
					No. of farmers registered and demand assessed			
					No. Water resources assessment reports			
					No. Feasibility study reports			
					No. Engineering design reports			
					No. of new reservoirs Constructed			

					No of reservoirs rehabilitated			
					No. of Water Users' Associations (WUAs) formed and trained			
					Community Based Operation and Maintenance (CBOM) system in Place			
	Water storage capacity (Cubic Meters)	11.5		20	No. of new valley tanks and dams constructed in cattle corridor (cubic millimeters)	11.5		20
NARO	Varieties developed	126		105	No of new varieties released	126		105
	New Technology, Innovations &management practices			120	Trained at MSc and PhD Level.			
		30			Number of researchers trained			
NAGRC&DB	Breeds developed and distributed	12				6%		50%
						N/A		N/A

MICRO PILLAR: ACCELERATING INDUSTRIALISATION								
Objective 2: Formalization and strengthening capacity of SMEs								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
Enterprise Uganda	Annual change in client Registry Survival rate of BDS graduate	30%		65%	No of client registered	34,857		N/A
					No of participants trained in Business and Entrepreneurship			
					No. of businesses accessing BDS from enterprise Uganda	9,000		11,000
URSB	Annual change in the Business register.	53%		70%	Average time taken to register a Company (hrs.)	6		1
					No. of companies registered	18,336		N/A
					No. of business names registered	11,482 C		N/A
					Average time taken to Register business name and other documents	< 4hr		< 1 hour
					Number of Registration Centres	5		37
URA	average time taken to receive a TIN (hrs)	48	**24-48hrs**	4	Number of campaigns carried out	122		180
	Annual growth in tax register	23%	**12%**	25%	Number of new taxpayers registered		**589344**	
MoLG	No of days to issue a trading license	5	**1**	1	No. of businesses licensed by region.			

MICRO PILLAR: ACCELERATING INDUSTRIALISATION								
Objective 3: Increase Access to Finance								
MDA	**Service Indicator**	**Baseline FY14/15**	**Achieved FY19/20**	**Target FY 21/22**	**Routine Indicators**	**Baseline FY 14/15**	**Achieved FY19/20**	**Target FY21/22**
MoTIC	cooperatives with unqualified audits	40%		N/A	Total number of Cooperatives	37,853		
	Cooperatives audited	10			No. of cooperatives audited	15,000		
	Rate of compliance with audit recommendations.	60%		90%	Offsite inspection schemes	10		
					Onsite Inspection Schemes			
					Due Diligence on Service Providers	20		
	Regulations and sets of Guidelines developed	7		10				
	Schemes & Service providers licensed	64		100		25 service providers		
		25		34				
	Sector complaints addressed	N/A		70%				
URBRA	Pension Asset to GDP ratio	9%	**10.3**	15%	Researchers and Sector Surveys	0		1
	Pension coverage ratio	12%	**16%**	20%	No. of trainings and workshops	2		2
NIRA	Proportion of the population with ID.	49%	**83%**		Percentage of population registered	16.4%		
	Share of registered Births (within year of occurrence)		**18%**		No of Cards issued (Millions):	14.6		
MoFPED	Annual change in UDB Capitalization	1.2%	**89.5%**	83%				

Uganda Developme nt Bank	Share of long term credit in total credit30	93%C	**74%**	95%	Non- performing loans At (UDB)	28%	**15%**	15%

Annex V: MSME Survey Questionnaire

Hello, my names are _____, and I am working with REEV Consult International. REEV was contracted by the Office of the Prime Minister to undertake a Process Evaluation of Government of Uganda's (GOU) National Strategy for Private Sector Development 2017/18-2021/22. The NSPSD was envisioned to foster creation of a competitive and developing private sector as a means of promoting inclusive growth for sustainable economic development.

Purpose and Objectives of the Evaluation

The overall purpose of the evaluation is to assess whether or not the National Strategy for Private Sector Development (NSPSD) is working, what is/isn't working, how, why and how it can be strengthened.

Specific objectives

Specifically, the evaluation seeks to undertake the following:

(vii) To determine the appropriateness of the NSPSD provisions, whether its objectives are being met, the efficiency of delivery strategies, the impact on the country's competitiveness, and the sustainability of the strategy.

(viii) To assess implementation fidelity and quality, and effectiveness of the management modalities in use in the implementation of the NSPSD.

(ix) To document the lessons learned emerging from a synthesis of major challenges affecting aspects of the strategy's implementation and performance.

(x) To stipulate the recommended priority areas for action, highlight areas for further research and/or impact evaluation.

Region	1. Kigezi 2. Bugisu 3. Acholi 4. Kampala
Selected business centre	1. Kabale 2. Mbale City 3. Gulu City 4. KCCA
Sub-county /Division	
Location of the Business	Rural Urban
Enumerator Name	
Field supervisors name	

100	PARTICLULARS OF BUSINESS ENTITY	CODING CATEGORIES	SKIP TO
101	Name of Business Entity		

100	PARTICLULARS OF BUSINESS ENTITY	CODING CATEGORIES	SKIP TO
102	Business category	1. Electricity, gas and air conditioning supply 2. Manufacturing 3. Agriculture, forestry and fishing 4. Water supply; sewerage, waste management and remediation activities 5. Construction 6. Wholesale and retail trade; repair of motor vehicles and motorcycles services 7. Transport and storage 8. Accommodation and food service activities 9. Information and communication 10. Finance and insurance activities covered above 11. Real estate activities 12. Professional, scientific and technical activities 13. Administration and support service activities 14. Education 15. Human health and social work activities 16. Arts, Entertainment and recreation 17. Other services 18. Other	
103	Position of person interviewed		
104	Physical Address of the Enterprise		
105	Telephone		
106	Email		
107	Year of Commencement of Business		
108	Is your business registered	1. Yes 2. No	**If no go to Q110**
109	Year of Business registration		
110	Is your business currently licensed	1. Yes 2. No	

200	SALES REVENUE	CODING CATEGORIES	SKIP
201	What products do you deal in?	1. Agriculture/ agri-business 2. Metal Fabrication 3. Whole sale 4. Retail Trade 5. Services 6. Others (Specify	
202	What are your monthly gross sales?	……..	
203	What is the source of market for business products	1. Community 2. National 3. International	
300	**HUMAN RESOURCE, MATERIALS AND EQUIPMENT**		
300	How many employees do you have?	……	

301	How many of your employees are female	……	
302	As a business, what changes have you experienced since 2017 to date?	1. Reduction in sales 2. Increase in sales 3. Stagnant in sales 4. Reduction in unit cost of production 5. Increased cost of production 6. None 7. Others specify	
303	What do you attribute the above trends to?		
304	a) How available is skilled labor for your enterprise?	1. Readily Available 2. Fairly available 3. Difficult to obtain	
	b) Give reasons for your answer	1. Cheap labour costs 2. Expensive labour costs 3. Availability of skilled personnel 4. Others specify	
305	Where do you source raw materials or Stock?	1. Local 2. Regional 3. International	
306	Where do you source your capital equipment /machines?	1. Local 2. Regional 3. International	
307	What is your view on the cost of equipment	1. Fairly Affordable 2. Expensive 3. Very Expensive	
308	How affordable is electricity for your business operations?	1. Fairly Affordable 2. Expensive 3. Very Expensive	
309	On average, how much does your enterprise spend on water **per month**?	……..	
310	On average, how much does your enterprise spend on electricity **per month**?	……..	
311	On average, how much tax does your enterprise incur **per month**?	……..	
400	**ACCESS TO CREDIT AND OPERATING ENVIRONMENT**		
401	What is your source of credit for your business enterprises?	1. Commercial Banks 2. Micro Finance Institutions 3. SACCOs 4. Money lenders 5. Friends and family 6. Others (Specify)	
402	How affordable is the cost of credit (interest rate)?	1. Fairly Affordable 2. Expensive 3. Very Expensive	
403	What is your view in regard to accessing credit from the following;		

	a) Government financial institution (UDB, post bank, etc)	1. Have a complex Procedures to understand 2. Require feasibility Studies which are expensive to conduct 3. Require Collateral which are difficult to get 4. Affordable because interest rates are favorable 5. Others (Specify	
	b) Private financial institution (commercial banks, money lenders)	1. Have a complex Procedures to understand 2. Require feasibility Studies which are expensive to conduct 3. Require Collateral which are difficult to get 4. Affordable because interest rates are favorable 5. Others (Specify	
404	What is your view on the services provided by the following?		1.
	a) URSB	1. Good 2. Fair 3. Poor	
	b) KCCA	1. Good 2. Fair 3. Poor	
	c) URA	1. Good 2. Fair 3. Poor	
	d) PPDA	1. Good 2. Fair 3. Poor	
	e) Local Government Authorities	1. Good 2. Fair 3. Poor	
	f) UIA One stop Center	1. Good 2. Fair 3. Poor	
405	Are you aware of trade agreements/opportunities available in the following international/ regional markets?	1. Economic Partnership Agreement (EPA) – EU 2. Everything But Arms (EBA)-EU 3. African Growth Opportunity (AGOA) USA 4. COMESA-Free Trade Area (FTA) 5. East African Community Customs union (EAC) 6. SADC/SACU 7. African Continental Free Trade Area-AfCOFTA 8. Other (specify) 9. None	
406	What is your view in regard to different regulations and constraints for the operation and growth of your business **(Tick appropriate column)**		
407	a) Business Licensing	1. Major Obstacle 2. Moderate Obstacle 3. Minor Obstacle 4. No Obstacle	
	b) Customs/Foreign Trade	1. Major Obstacle 2. Moderate Obstacle 3. Minor Obstacle	

		4. No Obstacle	
	c) Labour regulations	1. Major Obstacle 2. Moderate Obstacle 3. Minor Obstacle 4. No Obstacle	
	d) Foreign Currency/Exchange regulations	1. Major Obstacle 2. Moderate Obstacle 3. Minor Obstacle 4. No Obstacle	
	e) Environmental Regulations	1. Major Obstacle 2. Moderate Obstacle 3. Minor Obstacle 4. No Obstacle	
	f) Fire, Safety Regulations	1. Major Obstacle 2. Moderate Obstacle 3. Minor Obstacle 4. No Obstacle	
	g) Tax regulations/ Administration	1. Major Obstacle 2. Moderate Obstacle 3. Minor Obstacle 4. No Obstacle	
	h) Bureaucracy and Business	1. Major Obstacle 2. Moderate Obstacle 3. Minor Obstacle 4. No Obstacle	
	i) Others (Specify)	1. Major Obstacle 2. Moderate Obstacle 3. Minor Obstacle 4. No Obstacle	
408	On a scale of 1 to 5, where: 1=High positive Effect, 2=High Negative Effect 3=Moderate Effect, 4=Low Effect and 5=No Effect; How did each of these economic and financial factors affect your business operations in the last 2 years?		
	a)Domestic market size	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	b) Smuggling	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	c)Corruption	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	d) Competition of imports	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	e)Corporate tax	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and	

		5. No Effect;	
	f) Customs and excise duty	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	g) Exchange rate	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	h) Interest rate	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	i) Inflation rate	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	j) Access to regional business finance	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	k) Access to local business finance/credit	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5. No Effect;	
	l) Others (specify)	1. High positive Effect, 2. High Negative Effect 3. Moderate Effect, 4. Low Effect and 5.No Effect;	
409	How has the following affected your business activities in the last 2 years?		
	Interest rate and inflation rate _BoU	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
	Cost of Power_ UMEME	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
	Business disputes _Judicial Services	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
	License _Local Authorities	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and	

		5. Strong negative effect	
	National Environmental Management Authority	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
	Business sensitization and training _ PSFU	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
	Taxes_ URA	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
	Business registration_ URSB	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
	Internet and Broadcasting services _ UCC	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
	Industrial license _ UIA	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
	Quality of products_ UNBS	1. Strong positive effect; 2. Limited positive effect; 3. No effect; 4. Limited negative effect and 5. Strong negative effect	
500	**ECONOMIC SHOCKS AND EXTERNALITIES**		
501	How has COVID-19 affected your business?	1. Was not affected 2. Reduced sales 3. Increased operational costs 4. Limited access to Credit 5. Lack of Market/Limited Demand 6. Lack of Business Service 7. Other Specify	
502	What coping mechanisms have you adopted to continue your business operations amidst COVID19?	1. None 2. Introduced new innovations 3. Reduced employees 4. Found New suppliers 5. Introduced new products 6. Other (Specify)	
503	What is your view on the level of taxes levied on your business?	1. Favorable 2. Moderate 3. Unfavorable	

504	How are you prepared to withstand shocks such as COVID 19, drought, floods, conflict, unfavorable terms of trade, policy reforms?	1. We are doing nothing in preparation for shocks 2. Saving 3. Insurance 4. Diversity in products/ businesses 5. Operating many branches 6. Selling business assets 7. Others (Specify	
505	What form of waste do you generate	1. Liquid Waste e.g dirty water, organic liquids, wash water, waste detergents 2. Solid and recyclable Rubbish e.g Plastic waste; Paper/card waste; Tins and metals; Ceramics and glass 3. Organic Waste e.g food waste, garden waste, manure and rotten meat are classified as organic waste 4. Hazardous Waste e.g flammable, toxic, corrosive and reactive 5. None 6. Others (specify)	
506	How do you dispose of the waste	1. Burying the waste in the land 2. Collect by private business enterprise 3. Recovery and Recycling 4. Use a composite pit 5. Incinerator /Combustion 6. Avoidance/Waste Minimization 7. Others (specify)	
507	In your view, how does the waste generated by your business affect the environmental resources and its resources	1. Does not affect the environment 2. Water Contamination 3. Air Contamination 4. Soil Contamination 5. Extreme Weather Caused By Climate Change 6. Harm Towards Animal and Marine Life 7. Human Damage 8. Others specify	
508	Give reason for your answer above	……	
600	**E- COMMERCE AND MARKETING**		
601	Are your employees routinely using computers	1. Yes 2. No	
602	Does your businesses use Internet	1. Yes 2. No	
603	Which ICT platforms do you use in your business?	1. Websites, 2. Search engines, 3. Other media (including TV and printed media), or 4. Presence on social media 5. Others specify 6. Do not use any	
604	Do you advertise your products?	1. Yes 2. No	If <yes, go to 606

605	If you do not advertise, What is your reasons for not advertising	1. No need; 2. High set up and maintenance costs, 1. Lack of internal technical expertise	
606	Which means of e-payment are accepted with your internet sales	2. Online (e.g. credit, debit card, direct debit authorisation, *via* third party accounts) 3. Offline cash on delivery (bank transfer, cheque payment and other non-online payment) 1. None	
607	Which barriers do you encounter with internet sales	2. products unsuited for web-sales, 3. logistics, 4. payments, 5. security, 6. legal issues, and 7. low expected returns. 8. Others specify 9. None	