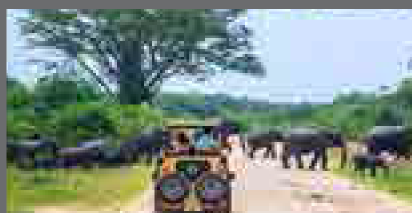
ANNUAL BANKERS CONFERENCE

2022

Bridging Financing Gaps in the Manufacturing, Tourism and Agribusiness Sectors to Catalyze Economic Recovery & Growth Post 2021

Are Financial Institutions up to this Task and Responsibility?



25th & 26th July

Uganda Bankers' Association
Promoting Partnerships. Transforming Banking.

What you need to know about the DPF

1. What is the Deposit Protection Fund of Uganda (DPF)?

The DPF is a legal entity created by the Government of Uganda to ensure that depositors are paid their protected deposits in the unlikely event of failure of a contributing institution.

2. What is the mandate of the DPF?

- Be a deposit insurance scheme for customers of contributing institutions
- May act as a receiver or liquidator of a financial institution, if appointed for that purpose by the Bank of Uganda.

3. What is a contributing institution?

A contributing institution is one, which is licensed by Bank of Uganda and periodically makes a financial contribution to the DPF. These include; Commercial Banks, Microfinance Deposit Taking Institutions and Credit Institutions.

4. Where does the DPF keep the money it receives from contributing institutions?

- The money received from contributing institutions is deposited on an account held at Bank of Uganda.
- These monies are then invested in assets with minimal risks such as Government of Uganda treasury bills and treasury bonds. Income from the investment is reinvested.
- In the event of failure of a contributing institution, and subsequent receivership, a depositor of that contributing institution can lodge a claim with DPF.

5. Who are covered by the Deposit Protection Fund of Uganda?

- All depositors of contributing institutions.
- The coverage is per depositor per contributing institution.
- Joint account holders are treated as separate persons for the purposes of payment of protected deposits.

6. Do all financial institutions make a contribution to the Deposit Protection Fund of Uganda?

No. Only those financial institutions licensed and supervised by Bank of Uganda make a contribution to DPF.

7. How much compensation is one entitled to when a contributing institution closes?

- Currently it is up to UGX 10,000,000 (ten million Uganda shillings only) per depositor per contributing institution.
- It should be noted that DPF determines the 'protected deposit' for payment purposes, by getting the total deposits of an individual in a particular contributing institution and deducting any non—performing loans.

8. How soon can the customer get his/her money from a contributing institution which has been closed?

According to the Financial Institutions Act, 2004 as amended, depositors will be paid within ninety (90) days of closure of the contributing institution. DPF will nevertheless, ensure that depositors get their money earlier than that.

9. Do depositors need to pay money to the Deposit Protection Fund of Uganda?

No. It is only contributing institutions that are required to contribute to the DPF.

10. How do I know if my deposits are insured?

As long as your deposits are with a contributing institution, which is regulated by Bank of Uganda, you will be paid up to Uganda shillings (UGX 10,000,000).

11. What happens to the rest of my money?

Deposits above the insured limit will be paid by the liquidator after the assets of the closed institution have been sold off. The amount paid out will depend on the recoveries made.

12. What kinds of deposits are covered by the Deposit Protection Fund of Uganda?

- All types of deposits received by a contributing institution in the normal course of business are protected. These include savings, current accounts and fixed deposits.
- It also includes foreign currency deposits though these will be converted to Uganda shillings using BoU determined closing mid-exchange rate on the day the institution was closed.

13. How does the DPF contribute to financial sector stability?

- DPF protects a large percentage of retail depositors. More than 90 percent of the depositors in the sector are fully covered by the UGX 10,000,000 limit.
- DPF creates confidence in the financial sector by ensuring that customers are paid their deposits in time in the event a contributing institution is closed.
- Contributing institutions endeavour to put in place adequate risk management systems in order to avoid penalties levied by the DPF.

DPF PUBLIC AWARENESS INITIATIVES




The Fund has held radio talk shows across the Country to sensitize the public about deposit protection and create awareness on its mandate.

AHA Towers
Plot 7 Lourdel Road, Kampala
+256 312 206400
www.dpf.or.ug

Deposit Protection Fund of Uganda @DPFUganda

Reader Guide >>>

Manufacturing

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Tourism





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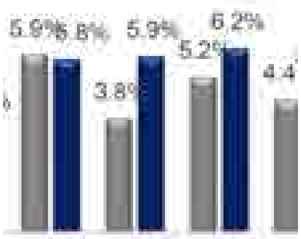


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Welcome to the 5th Edition of the ANNUAL BANKERS CONFERENCE 2022

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The focus of the Green Challenge Fund is to promote a green agri-food system through;

i) supporting SMEs and farmers to increase their resilience to climate change and climate variability
ii) supporting climate mitigation actions to reduce or limit GHG emissions or to enhance GHG sequestration, and
iii) supporting a stronger local environment, including soils, ecosystems and biodiversity.

If you are an agribusiness: SME, NGO, scientist, researcher or start-up ready to enhance your production and processing systems; contribute to a greener and resilient agribusiness sector and transform Uganda into a green economy, then this is an opportunity for you.

Eligibility criteria & how to apply:

Use this link: **https://www.abi.co.ug/abi-development-ltd-welcome/applying-for-an-abi-grant/**

#aBiGreenFund

Deadline for submission of applications is 31st August 2022

For more information about how to apply, please contact **ayub.isabirye@abi.co.ug +256 788 735 866** not later than **1st August 2022** clearly indicating the reference of this CfP (VCD/GCF/2022/01).

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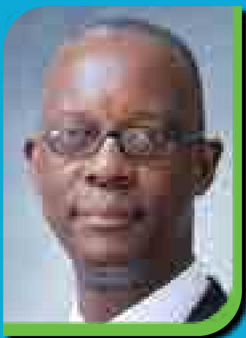

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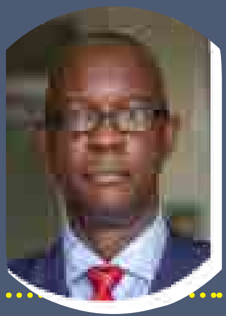
Executive Director
Uganda Bankers' Association

UBA Secretariat Team



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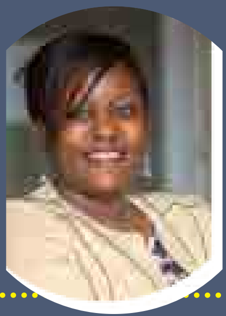
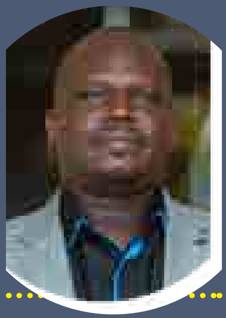


Ms. Patricia Amito Lutwama
Head Communications & Corporate Affairs



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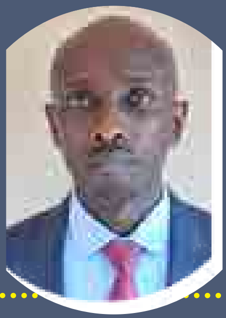
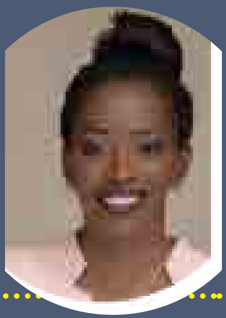


Mr. Ronald Mugisha
Project Manager Cyber Security Operations Center (CSOC)



Ms. Charity Kesiime
Coordinator ACI, Financial Markets Association of Uganda

Ms. Jackie Karatunga
Research Officer

Bank of Uganda Foreword

Dr. Michael Atingi-Ego
Deputy Governor, Bank of Uganda

The Covid-19 pandemic containment measures that included the lockdown of economic activities slowed down the supply and demand for credit in the banking sector. As the pandemic abated, the phased reopening of the economy towards the end of 2021 facilitated a rebound in economic activity. However, growth in several sectors remains subdued due to prolonged closure, supply chain bottlenecks, and the associated spike in commodity prices escalated by geopolitical conflict.

Stimulating a sustainable economic recovery requires a multi-pronged approach involving various stakeholders. Accordingly, the Bank of Uganda (BoU) provided Credit Relief Measures (CRM) to mitigate the negative impact of the pandemic and safeguard financial stability from April 2020 to September 2021. The CRMs are sustained until September 2022 for the education and hospitality sectors that remained under extended lockdown. The credit relief, in the form of a repayment moratorium, extension of tenor, reduction of principal loan instalments, reduction of applicable interest rates, or combination, enabled borrowers to cope with the adverse effects of the pandemic on their ability to repay loans and mitigated the risks faced by lenders from exposure to borrowers affected by the pandemic.

The Government of Uganda established a Small Business Recovery Fund (SBRF) to support small businesses with funding to aid their recovery from the financial distress caused by the pandemic. The Ministry of Finance, Planning & Economic Development provided UGX 100 billion to be matched by the participating financial institutions (commercial banks, credit institutions and microfinance deposit-taking institutions) in affordable loans to eligible small businesses.

The banking sector has supported the economic recovery by implementing the CRMs, participating in the SBRF, and providing additional support to small and medium-sized enterprises (SMEs), including business incubation. Supporting SMEs to survive and thrive is critical to Uganda's economic recovery because they constitute about 90% of the private sector, employing around 2.5 million people and contributing over 25% to the national GDP. In addition, supervised financial institutions have remained resilient and adequately capitalized through the pandemic and are, therefore, positioned to continue supporting the economic recovery.

With the foregoing, we look forward to delving into how the banking sector can spur economic recovery by bridging the financing gaps in the manufacturing, tourism, and agribusiness sectors during the fifth annual bankers' conference 2022.

As a pillar of macroeconomic stability, the BoU will continue fostering price and financial sector stability and promoting financial inclusion and the equitable recovery of the Ugandan economy.

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Foreword by the Chairperson of UBA

I take this opportunity to welcome all our stakeholders, conference followers and the banking & financial sector fraternity to the 5th Annual Bankers Conference which we hold every July, this year's being on 25th & 26th July 2022.

I specifically send warm greetings to participants and stakeholders in the Manufacturing, Tourism & Agribusiness sectors who are our focal point this year under the theme: **Bridging financing gaps in the manufacturing, tourism & agribusiness sectors to catalyze economic recovery & growth post 2021. Are financial institutions up to this task and responsibility?**

Sarah Arapta
Chairperson, Uganda Bankers Association.

Manufacturing

Manufacturing plays a crucial role in economic growth and development, reflected in its contribution to GDP and overall development. In Uganda, the sector consumes a staggering 66.7 percent of all the power generated, employs over 1.3 million people, contributes 15.4% percent to the GDP, 19 percent of the total exports to the global market and 14 percent of the tax revenue collected.

The multiplier effect of manufacturing can be enormous, since every shilling of output in the sector generates several levels of economic activity across society through value chains and job creation. According to the NDP III for the planning period (2020/21 – 2024/25), manufacturing is essential for growth. It has a high potential for enhanced economies of scale for factor productivity and deeper, more dynamic, and stronger forward and backward linkages with other sectors.

A strong and competitive industrial base is important to create more employment, advance technology, and ensure a resilient economy. A robust manufacturing sector is expected to accelerate Uganda's industrialization & export agenda.

The National Industrial Policy which was published in December 2020 by The Ministry of Trade, Industry and Cooperative focuses on four result areas, namely:

a. **Increased value addition of local raw materials and products with comparative advantage for social-economic transformation.**
b. **Increased exports of manufactured products by facilitating industries to increase production and match market demands in terms of both quality and quantity.**
c. **Increased employment in the industrial sector**

through establishment and promotion of industries that create large-scale employment opportunities through backward/forward linkages and value chains therein, ensuring inclusive growth and sustainable development.

d. **Increased adoption of environmentally sustainable technologies by manufacturing sub-sectors.**

This has forced manufacturers to rethink risk management and contingency plans, workforce safety protocols, manufacturing operations and new ways of working, all at the same time.

The manufacturing sector accounted for 14.1% of total bank lending in 2007, and dropped to 13.1% of total bank lending by the end of September 2021.

Direct loan manufacturing exposure to financial institutions regulated by BOU currently stands at Ugx 2.4 trillion or 13.2 % of total loan exposure.

The expected role of the financial sector is to ensure sustainable delivery and access to well-structured and affordable financial services for manufacturers, other industrialists and key stakeholders across the whole value chain, and to facilitate delivery of credit that has been enabled by government and development partners to the relevant businesses in the sector at concessionary terms using the frameworks as have been agreed with the providers of the said finance.

Some of the key identified financing opportunities for the manufacturing sector include

a. **Continue supporting manufacturing as the sector recovers from effects of the covid pandemic**
b. **Provision of appropriate financing mechanisms to support manufacturing (long term, medium term and working capital (short term)**
c. **Establishing a sliding scale export financing mechanism.**
d. **Sourcing for and provision of better priced financing, supported by risk guarantees to enable the development of key manufacturing sub-sectors and connecting SMEs to large scale manufacturing firms for subcontracting.**

The expected outcomes to be realized over the ten-year period of implementation include,

- Increased contribution of manufacturing to GDP from 15.4% in 2018/19 to 26% in 2029/30.

- Increased ratio of manufactured products exported to total exports from 22.5% in 2018/19 to 46.8% by 2029/30.

Tourism & Hospitality Sector

Turning to tourism, Uganda has unique untapped potential in the form of eco-tourism, bird life, cultural and heritage sites, contrasting scenery and substantial game populations.

The hospitality and tourism sector is also a major source of employment, government revenue and foreign exchange earnings and with vitality in this sector, our economy is capable of experiencing dramatic expansion. The tourism industry in Uganda accounts for 7.8% of GDP and 6.7% of total employment - creating close to 700,000 jobs. Before the virus struck, tourism was the country's biggest foreign exchange earner raking in

> >>>
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> <<<

about $1.45bn annually. Tourist exports amounted to US$431 million in 2019, representing 6.3 percent of total exports.

Tourism resources in Uganda are however still modestly exploited and less commercialized compared to many other countries in the region or even more developed economies in Asia, Europe, or America.

In January 2022, The Uganda Tourism Board (UTB) launched a new brand identity that seeks to sustainably promote Uganda as competitive tourism destination for inclusive development. The new identity "Explore Uganda, the Pearl of Africa" launched by the President is part of UTB's 2021-2025 strategic plan that seeks to realign tourism marketing as well as sustainably increase the volume & value of tourism by uplifting investment and job creation, grow arrivals, increase competitiveness of tourism destinations, collection and access to tourism information as well as improve internal efficiency.

With the diversification and development of tourism products, creative marketing, expansion of tourism source markets beyond traditional ones and significantly improved infrastructure, the country can double or even triple the number of tourist arrivals, as well generate more domestic tourism and create more jobs in the process.

The new plan is expected to contribute over $3bn to GDP, increase arrivals to at least 1.6 million visitors, increase inbound revenues per visitor from $1,036 to $1,500, increase the proportion of leisure to total tourists from 20.1% to 30%, increase visitor length of stay from 8.3 nights to 11 nights as well as increase the number of direct flight routes to Europe & Asia from six (6) to thirty (30) targeting key source markets like Germany, North America, UK, China, Japan and UAE among others

MSMEs are active in all parts of the tourism value chain made up of among others, tour operators, transporters, accommodation, restaurants, gift sales, excursions and supporting communities.

The above sectors & their value chains will require timely, well structured & tailored competitive financing to anchor their recovery or growth as the case may be, especially after the devastating effects of the COVID-19 Pandemic.

Direct loan tourism & hospitality sector exposure to financial institutions regulated by BOU currently stands at Ugx 435bn.

Some of the key identified financing opportunities for the Tourism and Hospitality sector include,

The new plan is expected to contribute over $3bn to GDP, increase arrivals to at least 1.6 million visitors, increase inbound revenues per visitor from $1,036 to $1,500,

a. **Working capital & medium-term debt support of 24 –48 months to ease the settlement of the debt burden, cushioning the businesses and individual players during the recovery period.**
b. **Medium term business recovery support of 60 – 72 months to enable competitiveness in the hospitality and tourism industry on a national and regional level including marketing and information materials, staff training**

and retraining.

c. Sourcing for and provision of better priced financing supported by risk guarantees to enable the development of key tourism and hospitality sub-sectors.
d. Provision of other appropriate financing mechanisms to support the tourism and hospitality sector and the related ecosystem (Long term, medium term and working capital (short term)

ABC 2022

This year's conference therefore aims to facilitate a focused discussion between financial service providers and players in the manufacturing and tourism/hospitality sectors coupled with key stakeholders and other facilitators of economic development as to how best to narrow or bridge financing gaps constraining growth, recovery and flourishment in the current and future environment.

The conference will specifically focus on

a. Taking stock of the financing gaps and other funding challenges therein constraining the manufacturing and tourism/hospitality sectors in Uganda in accessing finance and very importantly how to ready players in these sectors for different types and combinations of financing.
b. How best, financial sector players and institutions can competitively and sustainably bridge the gap and make available the much-needed financing required to support both recovery & growth of the above two sectors.
c. Formulating specific banking and financial sector approaches and initiatives to respond to and promote the flourishment of the supporting businesses (backward and forward) linkages and related value chains (SMEs/ MSMEs) arising thereof, while maintaining the resilience & growth of the banking sector itself.
d. Highlight the critical roles that need to be played by other key stakeholders including the Government, regulators, legislators, development partners, other sector players and private sector actors in the respective ecosystems.

Conclusion:

I therefore look forward to rich deliberations and recommendations aimed at helping the financial sector to position itself better to respond to the needs of these two key sectors and but more importantly help players in the said sectors to ready themselves for different types and combinations of financing.

I welcome and thank Afreximbank and the European Union Delegation to Uganda respectively for accepting to deliver the keynote address in each of the two days of the conference and all our resource persons by way of panelists, moderators and writers who have contributed to the magazine, and all of you participants for gracing our conference.

Special thanks to our co-host Bank of Uganda led by the Deputy Governor for joining us in delivering this conference, our gold sponsor Mastercard for the unwavering support, this being the 5th year in a row that they are walking this journey with us and indeed all other sponsors and partners both in government, civil society and private sector who are making this conference happen.

Sarah Arapta
Chairperson.
July 2022

Foreword by the PS. Ministry of Trade, Industry and Cooperatives

Status of Manufacturing Sector in Uganda

Ms. Geraldine Ssali Busuulwa
PS. Ministry of Trade, industry and Cooperatives
BSc(Stat), CIMA, CGMA,MBA (Finance)

The National Development Program III highlights development of the Manufacturing sector as one of the key strategic areas to foster import substitution, export promotion, sustainable wealth creation, employment and inclusive growth in the next 5 to 10 years.

The manufacturing sub sector is currently the largest component of the industrial sector, contributing 57.2% of the industrial sector output in 2018/19. The Industrial Sector contribution to GDP has grown from about 25.1% in 2008 to 27.3% in 2020 while contributing to about 6.8% to total employment. Manufacturing in Uganda is largely concentrated in agro-processing (coffee, tea, cotton, tobacco, grains/ cereals, meat, dairy, leather and fish) and mineral processing of relatively low value products like cement, ceramics, marble, sand, iron and steel, fertilizer, and lead acid batteries among others. The manufacturing subsector's contribution to total exports has varied between 24% to 26% of the total exports for the period 2008-2018.

Manufacturing which is largely composed of MSMEs, is faced with a number of challenges that call for strategic attention from private sector players, specifically, the Financial Services Sector. This sector will play a pivotal role in growing the agro-processing value chain. Challenges include among others low productivity; low-capacity utilisation (52% of installed capacity), insufficient raw materials and poor technology, inadequate and costly financing and lack of enabling infrastructure.

In recognition of the sub sector's significancy to economic growth, Government has put in place strategic interventions to fast-track the development of the manufacturing sector. The interventions are articulated in **Vision 2040, NDP III, and the National Industrial Policy 2020 all integrated under the Parish Development Model (PDM) at the grass roots of production centres.**

These include:

1. Developing reliable infrastructure to aid manufacturing within the planned growth corridors (triangle) to ease movement of factors of production and facilitate trade;
2. Support to value addition enhancement, for instance in **automotive industry** we have the Kiira Motors in advanced operations, the MoU with METU bus industries to assemble and manufacture buses domestically, in **Sugar industry;** the recently commissioned Kinyara industrial sugar and five others recently licensed to produce industrial sugar while in **iron and steel industry;** iron ore smelting to reduce dependence on steel scrap, billets and coils is being promoted among others.
3. Enhance standardization and certification,
4. Develop a strong Policy, Legal and Institutional framework promoting manufacturing and grow local and regional markets
5. Provide alternative inclusive financing that is cheap and affordable.

With interventions such as those aforementioned, and in a bid to meaningfully contribute to employment creation, increase value addition to local raw materials, promote import substitution and exports, the priority industrial value chains below have been identified for investment;

i. **Agro- based Industries:** Fruits, Coffee, Cotton, Textiles and Apparels, Tea, Cassava, Grains, Oil Seeds, Sugar cane, Bananas, Diary, Cocoa Leather and Leather Products
ii. **Extractive based manufacturing industries:** Iron and Steel, Oil and Gas (LPG, synthetics, plastics and petrochemicals),Salt, Cement and Fertilizers
iii. **Knowledge intensive industries:** Pharmaceuticals, Automobiles, Electricals and Electronics Products Assembling.

So it would really help if the Financial Sector focused resources in partnership with government to support these industries

Foreword by the PS. Ministry of Tourism Wildlife and Antiquities

Ms. Doreen Katusiime
Permanent Secretary
Ministry of Tourism, Wildlife and Antiquities

The Government of Uganda has prioritized tourism as one of the primary growth sectors for the economy. The sector is expected to contribute towards job creation, foreign exchange earnings, investment promotion, poverty reduction and conservation promotion. Tourism has wide multiplier effects by developing not only primary industries but also secondary industries through horizontal and vertical linkages.

Currently, the major tourist attraction is nature with the beautiful landscapes and spectacular scenery across the country. The high species richness with unique, rare, and endemic biodiversity, makes Uganda a hot spot for tourists and truly the Pearl of Africa. However, there is a promising emerging market called MICE (Meetings, Incentives, Conferences and Exhibitions) yet to be fully tapped. The MICE sector (also known as business events) is a powerful economic stimulator that has a far-reaching socio-economic multiplier effect. It is a labour-intensive industry that creates jobs; it is a significant earner of foreign exchange, generates substantial tax revenues for governments and stimulates small and medium enterprise development.

As you all know, the tourism sector was hard hit by COVID-19 pandemic. Before the pandemic, tourism was the leading foreign exchange earner bringing in US$1.6 billion, contributing about 6% to GDP, providing approximately 700,000 direct jobs: and over 1 million indirect jobs. Abut all these were reversed with the onset of COVID-19 in 2020 presenting the tourism programme as the most negatively hit.

Although the tourism sector has started seeing some positive signs of recovery, there are still a number of challenges requiring support different stakeholders if we are to return to the growth trajectory that was emerging. I therefore call upon all our partners, especially financial institutions, to work in collaboration and cooperation with the tourism sector players as we strive to revive tourism.

> *"tourism was the leading foreign exchange earner bringing in US$1.6 billion, contributing about 6% to GDP, providing approximately 700,000 direct jobs: and over 1 million indirect jobs.*

ABC 2022 Program

	Monday 25th July 2022	
8.00am	OPENING SESSION (VICTORIA HALL)	
	(PHYSICAL/HYBRID VIRTUAL)	
8.30 am	Welcome (Safety Moment and Rules of Engagement	Mrs. Flavia Tumusiime Kabura
8.35 am	Welcome Remarks from Uganda Bankers' Association	Chairperson: Ms. Sarah Arapta
8.45 am	Remarks from Uganda Manufacturers Association (UMA)	Chairman Mr. Deo Kayemba
8.55 am	Remarks from the Ministry for Trade, Industry & Cooperatives	Permanent Secretary: Ms. Geraldine Ssali
9.15 am	Remarks from Bank of Uganda	Deputy Governor Dr. Michael Atingi-Ego
9.30 am	**Keynote Address** **Topic: The role of financial institutions in bridging financing gaps in the manufacturing & tourism/ hospitality sectors to catalyze economic recovery & growth post 2021** **By** **Mr Hippolyte Fofack, Chief Economist & Director, Research & International Cooperation, Afreximbank**	
10.00am	Q & A session to Key Note Address by Mrs. Flavia Tumusiime Kabura	
10.15am	**Video from Official Sponsor (Mastercard)**	
10.30am	**Panel 1:** **Moderated by Mr. Paul Busharizi** **Topic: The multiplier role manufacturing plays in promoting growth of SMEs, job creation, regional trade and diversification and specific efficiency & funding challenges constraining this role.**	
	PANELISTS **1. Mr. Moses Kaggwa**- Director Economic Affairs, Ministry of Finance Planning and Economic Development **2. Mr. Francis Kamulegeya**- Certified Public Accountant & Chartered Tax Advisor. **3. Mr. Richard Mubiru**- Group Corporate Affairs Director, Picfare Group of Companies **4. Mr. Robert Mukiza**- Executive Director Uganda Investment Authority	
11.30am	Q&A **Session Moderated by Mr. Paul Busharizi**	
	Tea/Health Break- Video from Raxio Data Center	
12.00pm	**Panel Session II:** **Moderated by Mr. David Ofungi** **Topic: Expectations from banking and financial service institutions in the growth & development of the manufacturing sector and how to ready players in the value chains therein.**	
	PANELISTS **1. Dr. Edward Isingoma**- Managing Partner, Pearl Capital Partners **2. Mr. Richard Wairegi** – Manager Export Development FinanceRepresentative, Afreximbank **3. Mr. Jonan Kisakye**- Chief Executive Officer, Uganda Insurers Association **4. Mr. Anthony Kituuka**, Executive Director Equity Bank Uganda	
1.30p.m	**Q & A Session moderated by Mr. David Ofungi**	
1.45 pm	End of Day 1/Awards Ceremony and Closing remarks by Mr. Raj Kumar Meena, CEO Bank of Baroda	
2.00p.m	**Lunch**	

ABC 2022 Program

Tuesday 26th July 2022		
8.00am	OPENING SESSION (VICTORIA HALL)	
	(HYBRID VIRTUAL/PHYSICAL)	
8.30 am	Welcome (Safety Moment and Rules of Engagement	Mrs. Flavia Tumusiime Kabura
8.35 am	Welcome Remarks from Uganda Bankers' Association	Vice Chairman: Mr. Julius Kakeeto
8.45 am	Remarks from Official Sponsor	Mr. Shehryar Ali, Country Manager East Africa, Mastercard
8.55 am	Remarks by Uganda Tourism Board	Chairman , Hon. Daudi Migereko
9.15 am	Remarks from the Ministry for Tourism, Wildlife and Antiquities	Permanent Secretary, Ms. Doreen S. Katusiime
9.30 am	**Keynote Address:** **Topic: The Potential in tourism for economic growth and development: Experiences & lessons** **European Union Delegation to Uganda**	
10.00am	**Q & A Session moderated by Mrs. Flavia Tumusiime Kabura**	
10.15am	**Video on Tourism MTWA**	
10.30am	**PANEL SESSION I** **Moderated by Mr. Maurice Mugisha** **TOPIC: The unexploited potential in tourism for economic growth and development of Uganda**	
	PANELISTS: 1. **Mr. Julius Mukunda,** Executive Director Civil Society Budget Advocacy Group (CSBAG) 2. **Mr. Stephen Asiimwe,** Executive Director, Private Sector Foundation Uganda 3. **Mr. Herbert Byaruhanga,** President, Uganda Tourism Association 4. **Mr. Basil Ajer,** Director Tourism, Ministry of Tourism Wildlife and Antiquities.	
11.30am	**Q&A Session moderated by Mr. Maurice Mugisha**	
	Tea/Health Break-Video from BPC on enabling payments in Tourism	
12.00pm	**PANEL SESSION II** **Moderated by Ms. Mildred Tuhaise** **TOPIC: Alternative financing options including Syndications for Scale, Blended Financing, Climate Finance (Green Finance), Responsible Banking for Sustainability and what is required of financial institutions as well as beneficiary end users to leverage on.**	
	PANELISTS 1. **Ms. Patricia Ojangole,** Chief Executive Officer, Uganda Development Bank 2. **Mr. Noah Owumugisha,** Head of Investment, BDS & Green Growth, aBi Finance Holdings Ltd 3. **Mr. Robert Kakande,** Executive Director, FINCA Uganda Limited MDI 4. **Mr. Victor Ndlovu** - Director - Business Development Lead - Mastercard, East Africa	
1.30p.m	**Q & A Session moderated by Ms. Mildred Tuhaise**	
1.45 pm	Awards Ceremony and Closing Remarks by Ms. Mona Muguma Ssebuliba, CEO aBi Finance Holdings Ltd	
2.00p.m	**Lunch**	

Keynote Speakers

Mr Hippolyte Fofack

Chief Economist & Director, Research & International Cooperation, African Export- Import Bank (Afreximbank)

Dr Hippolyte Fofack, has more than 20 years of experience in the areas of development economics, international trade, banking and international finance and academia. Prior to joining the African Export-Import Bank, he was with the World Bank Group in Washington DC, where he served in several capacities, including as Head of the Macroeconomic and Growth Program.

Dr Fofack holds a master's degree in economics from the University of Lille, France, and an Advanced Degree in International Economics and Finance from the University of Bordeaux, France. After completing his dissertation, "Distribution of Parallel Market Premium Under Stable Alternative Modeling," he was awarded a Ph.D. from American University in Washington DC, USA in 1998. Dr Fofack is a fellow of the African Academy of Sciences and a member of several other leading professional and scientific organizations, including the American Economic Association, the African Finance and Economic Association.

Dr Fofack has been a Guest Editor of several prominent journals, including the World Bank Economic Review, Economic History of Developing Regions and Journal of African Trade. Dr Fofack has published extensively and is Editor-in-Chief of Contemporary Issues in African Trade and Trade Finance, and member of several editorial Boards, including the Journal of African Development, the Journal of African Trade, and the Gulf Economics Journal. Dr Fofack has taught and given lectures in several universities and research institutions.

Mr. Luis Lechiguero

European Union Delegation to Uganda

Luis Lechiguero is a Spanish national involved in International Cooperation and Development for the last 30 years working in countries of the Global South with agencies of the United Nations, Red Cross and others. For the last 16 years he has been working in the Delegations of the European Union in India, Indonesia, El Salvador, Ethiopia and currently in Uganda since 2021.

His academic background is labour law and sociology but his interest and experience has expanded to sectors related to disaster risk management, peace processes, social protection, employment, food security, and economic development. At present he is the focal person at the EU in Uganda for sustainable Tourism and manages several projects related to the sector, including the "EU-UDB Tourism Facility" with the aim to mitigate the impact of the COVID pandemic in Uganda.

Speaker & Presenter Profiles

Dr. Michael Atingi-Ego
Deputy Governor, Bank of Uganda

Michael Atingi-Ego is the Deputy Governor of the Bank of Uganda, following his appointment on 29 March 2020. At the time of his appointment, he served as the Executive Director of the Macroeconomics and Financial Management Institute of Eastern and Southern Africa (MEFMI), based in Harare, Zimbabwe.

He holds a Bachelor's Degree in Economics from Makerere University, a Master's of Arts Degree in Economics from Cardiff Business School, United Kingdom (UK) and a Doctor of Philosophy (PhD) in Economics from the University of Liverpool (UK).

Michael started his banking career at the Bank of Uganda and rose through the ranks to become the Executive Director, Research.

In 2008 he was appointed the Deputy Director of the African Department (AFR) by the International Monetary Fund (IMF) based in Washington, DC, The United States of America.

In September 2018, Atingi-Ego got appointed as the Executive Director of the Macroeconomics and Financial Management Institute of Eastern and Southern Africa (MEFMI), based in Harare, Zimbabwe's capital city.

He's very much lauded for adding a wealth of regional and international experience to BoU.
While at the IMF, Atingi-Ego contributed a lot by increasing the effectiveness of capacity development and modernizing monetary policy frameworks in developing countries.

Atingi-Ego has authored and co-written several books and whitepapers that remain to be a point of reference in assessing economic trends in Eastern, Central and Southern Africa.

Ms. Geraldine Ssali
Permanent Secretary, Ministry of Trade, Industry & Cooperatives

Geraldine is the Permanent Secretary in the Ministry of Trade, Industry and Co-operatives. She is a director on the Board of Hous-ing Finance Bank for the last 8 years. She is on the Board of Uganda Development Corporation, Uganda Revenue Authority, Nget-ta Tropical Holdings Ltd.

Geraldine is the Chairperson of the Gayaza Old Girls Association, GOGA, the alumni body of Gayaza High School where she at-tended both her O and A levels.

Geraldine has a wealth of financial management experience both global and local cutting across different sectors ranging from Government, Banking, pensions, transport, retail and service industry.

She's is a former Deputy Managing Director of the National Social Security Fund, a position she held for 7 years and acted as Managing Director of the Fund for a year in 2014. She has held a number of high profile finance positions in the United Kingdom: Heading the Corporate Services Unit at Her Majes-ty's Treasury (Ministry of Finance, UK); Monopolies and Mergers Commission (Now Competition Commission), Transport for Lon-don, to mention but a few.

Geraldine is a Fellow of the Chartered Institute of Management accountants, (CIMA). She is also a fellow of Chartered Global Management Accountant (CGMA).

Geraldine holds a Master of Business Administration degree in Finance and Finance professionals from the University of Man-chester -Manchester Business School, with sixteen (16) years' post masters work experience in internationally reputable financial organisations. Geraldine is proudly an alumnus of Makerere University, Kampala, where she obtained a Bachelor of Science degree in Maths, Economics and Statistics. She was also the LC 1 Chairperson at CCE Hall.

Ms. Doreen Katusiime
Permanent Secretary
Ministry of Tourism, Wildlife and Antiquities

Doreen Katusiime is the Permanent Secretary in the Ministry of Tourism, Wildlife and Antiquities, a position that she was appointed to on the 15th July 2021.

As the Permanent Secretary, the following statutory institutions fall under her docket: Uganda Tourism Board, Uganda Wildlife Authority, Uganda Wildlife Education Center, and Hotel and Tourism Training Institute.

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Mr. Shehryar Ali
Country Manager for East Africa at Mastercard

Shehryar is an experienced payments and digital financial solutions expert with over 19 years of experience working for well reputed banks in Africa & Asia. He started his career at Citibank Pakistan, followed by a decade at Barclays and Mashreq Bank in Egypt. More recently, he was heading the Retail and SME Banking business at Bank One, Mauritius.

Shehryar is a graduate of University of Texas at Austin, specializing in Computer Sciences. Over his career, he has launched many firsts and successfully led Credit Card issuing/acquiring, Ecommerce, Mcommerce, consumer lending, Retail and SME business. He has designed open payments platforms and launched X-border propositions through Partnerships with FIs and third-party service providers.

Shehryar is a Tech Enthusiast and enjoys staying at the forefront of developments in the digital space while actively participating in African and Asian Fintech forums.

Hon. Daudi Migereko
Chairman, Uganda Tourism Board

Hon. Daudi Migereko, is the chairman of the Uganda Tourism Board of directors, a position he was appointed to in 2017.

Prior, Hon Migereko was the minister of lands, housing and urban development in the cabinet of Uganda. He was appointed to that position on 27 May 2011.

From February 2009 until May 2011, he served as the government's chief whip in the parliament of Uganda. Before that, he was the minister of energy and mineral development in the cabinet. Migereko also represented Butembe County, Jinja District in the parliament from 2006 to 2016.

He graduated from Makerere University with a Bachelor of Arts and a Diploma in Education. His Master of Arts in transport planning and marketing was obtained from the University of California, Santa Barbara, in the United States

Between 1986 and 2001, he was the director of operations at Intraco Uganda Limited, a private business. During the same period, he also served as a director on the board of FINCA, a Ugandan microfinance company.

In 2001, Daudi Migereko served as the deputy director in the Office of the National Political Commissar in the government. Between 2001 and 2005, he served as the state minister for energy and minerals. In 2005, he was appointed the minister of trade, tourism and industry, where he served until 2006.

In 2006, he was appointed minister of energy and minerals, a position he kept until 16 February 2009 when he was appointed chief whip. In the cabinet reshuffle of 27 May 2011, he was reassigned to the Lands and Urban Development Ministry as a full cabinet minister.

Ms. Sarah Arapta
UBA Chairperson

Sarah Arapta is the Chairperson Uganda Bankers' Association, having been elected in May 2022.

She is the Chief Executive Officer for Citibank Uganda, a position she was appointed to in January 2016. Sarah has an extensive and illustrious career in Corporate and Investment Banking of over 20 years, 12 of which have been spent in Citibank; She has held a number of senior positions in Barclay's Bank of Uganda (now Absa Bank) as Director, CIB and prior to that as Head Corporate Banking and Head Investment Banking in Stanbic Bank Uganda.

Sarah is the first woman and indeed first Ugandan to be appointed Chief Executive and Managing Director of Citibank in Uganda. Sarah holds an MBA from Herriot-Watt University Edinburgh Business School Scotland and a B.A Economics from Makerere University Kampala.

Sarah has previous served as the Vice Chairperson of the Uganda Bankers' Association (UBA) 2021/2022

She is an advocate of women empowerment and is passionate about delivering with impact. Sarah is an ardent jogger and swimmer.

Mr. Julius Kakeeto
Vice Chairman, UBA

Julius Kakeeto, is currently the Vice Chairman Uganda Bankers' Association, a position he was elected to in May 2022. He is the managing director and chief executive officer of Post Bank Uganda.

He holds a Master of Business Administration, from Manchester Business School, in the United Kingdom. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) of the United Kingdom. He is also a member of the Institute of Certified Public Accountants of Uganda (ICPAU)

Kakeeto worked with Ernst & Young from 1998 to 2000. He joined Citibank Uganda in 2000 rising to the role of Chief Financial Officer in the new subsidiary. Following that, he worked at the headquarters of Citibank's Africa Division in Johannesburg, South Africa. He then transferred to Citibank's offices in London initially in the Strategy and Planning team before transferring to the Investment Banking Division where he worked as a Vice President focusing on Emerging Markets.[4] Before joining Orient Bank, he served as the Finance Director at Equity Bank (Uganda). In 2015, he was appointed the Chief Executive Officer at Orient Bank, having headed the institution in an acting capacity since 2014. Since then, he improved Orient Bank from being the highest loss making bank in Uganda to the top half of the industry.

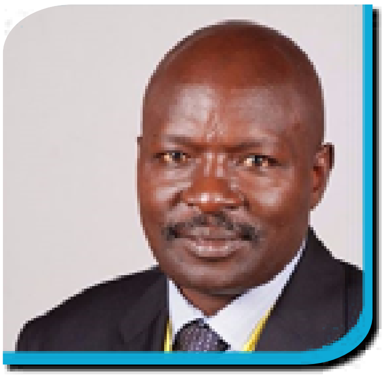
In 2019, Kakeeto was hired by Post Bank Uganda, as the new managing director and chief executive officer where he is still serving to date

Since his appointment, he has led a restructuring process to reorganise the operations of the bank resulting in the Central Bank granting Post Bank with a Class 1 licence that allows it to operate as a fully-fledged Tier 1 commercial bank.

Mr. Deo Kayemba
Executive Board Chairiman, Uganda Manufacturers Association

Mr Deo Kayemba is the chairman of the Uganda Manufacturers Association (UMA) and the Proprietor and Managing Director of East African Roofing Systems Ltd (EARs), a steel manufacturing company that was established in 2001.

Deo was previously the Vice Chairman of the Uganda Manufacturers Association since 2017 and served as the Chairman of the Finance and Administration Committee of the board over the period.



Mr. Herbert Byaruhanga
President, Uganda Tourism Association

Herbert Byaruhanga is the President of the Uganda Tourism Association.

His litany of portfolios speaks of his ambition including doubling as Secretary General of the Association of Uganda Tour Operators and longtime Secretary General of Uganda Safari Guides Association (USAGA) where he was instrumental in founding and pioneering birding as a mainstream product in Uganda.

Mr. Moses Kaggwa
Director Economic Affairs
Ministry of Finance Planning and Economic Development

Mr. Moses Kaggwa is the Ag. Director of Economic Affairs in the Ministry of Finance, Planning and Economic Development. He joined the Ministry as an officer in the Tax Policy Department after completing his Bachelors of Law degree from Makerere University. He also obtained a Masters of Law majoring in tax from the University of Florida. He has studied financial programming, He progressed to the rank of Commissioner Tax Policy where he has been instrumental in the reform of income taxation, excise taxation, VAT and customs duties. He was instrumental in the formulation of the Domestic Revenue Mobilization Strategy of Uganda. He also worked as Commissioner in the Micro finance department where he was instrumental in the financial inclusion strategy and the formation of the Microfinance Regulatory Authority. He has been involved in various regional development initiatives like the EAC Common Market and the EAC Financial Sector Development Strategy. He is also involved in policy formulation, analysis and evaluation in various areas of the economy.

Mr. Francis Kamulegeya
Certified Public Accountant & Chartered Tax Advisor

Francis Kamulegeya is a Certified Public Accountant & Chartered Tax Adviser. He is a member of the PwC Africa Governance Board and has worked with PwC for 22 years served as a Partner / Director in PwC and retired in June 2022.

After graduating from Makerere University in 1990, Francis joined Blythe & Co Chartered Accountants in London where he trained and qualified as Chartered Certified Accountant (ACCA) in 1994. He then joined PwC London office in 1996 where he trained and qualified as a Chartered Tax Advisor (CTA) in 1999. He relocated to PwC Uganda in 2000 and was later transferred to PwC Kenya in 2003 where he worked for five years until 2007, after which he returned to PwC Uganda to lead the PwC Uganda firm as the Country Senior Partner.

Francis' professional work extends to both corporate and personal taxation, financial, commercial and investment advice working mainly with a range of clients which include PwC's global multinational clients with operations in East Africa, in the manufacturing, telecoms, financial services, retail and trade, and the emerging oil and gas sector.

Mr. Jonan Kisakye, ACII, ACSI – Chartered Insurer
Chief Executive Officer, Uganda Insurers Association

Jonan is currently the Chief Executive Officer (CEO) at the Uganda Insurers' Association (UIA), prior to this he was the Deputy Principal (DP) at the Insurance Training College (ITC) Uganda, Head of Training and Research at the Insurance Institute of Uganda (IIU) and ITC. He has worked in the short-term and long-term insurance industry for over 15 years with experience and expertise in strategy, training, business growth, development and managing partnerships.

Jonan has both public and private sector experience having been one of the key drivers in transforming the then Insurance Institute of Uganda (IIU) a private member-based organization into the Insurance Training College (ITC) of Uganda, a public institution under a new strategic plan. He has consulted widely and led major projects in insurance, microinsurance, risk management, bancassurance and development of relevant industry specific programmes for regulators like URBRA.

Jonan holds an MBA from Makerere University, is a Chartered Member of both the Insurance Training College (ITC) Uganda and the Chartered Insurance Institute (CII) UK – ACII and an Associate of the Chartered Institute for Securities and Investment (CISI).

Mr. Victor Ndlovu
Director - Business Development Lead - Mastercard, East Africa

Victor is an experienced Senior Business Leader in payments with a demonstrated history of working in the Banking Industry, Fintech's and Global Payment Networks.

Victor joined Mastercard East Africa in 2021 from Ukheshe Technologies in Johannesburg. Prior to Ukheshe he worked at Visa International for 12 years, looking after East African Markets of Kenya, Tanzania, Uganda, Rwanda, Somalia, South Sudan and Comoros. Victor has also held roles at Commercial Bank of Zimbabwe as Head of Card and Electronic Services (7 years) and at Standard Chartered Bank Zimbabwe (10 Years) as Credit Manager in the Consumer Banking Division and Credit Control Manager within the Card Division.

Victor holds a Bachelor of Commerce Degree from the University of South Africa.

Mr. Noah Owomugisha
Head of Investment, BDS & Green Growth,
aBi Finance Holdings Ltd

Noah Owomugisha is the Head of Investments, Business Development Services and Green Growth at aBi, leading initiatives aimed at preparing Financial Institutions and SMEs for Investment,

Prior to joining aBi , he worked with Chemonics International Inc. , as the Regional Business Manager, USAID Feed the Future Uganda

Noah has progressive transformative technical experience in developing and managing multi-donor agribusiness and market systems development, climate smart, socially responsible 'green' investing (SRI), and food security programmes / projects and associated partnerships. He has participated in engagements with the host governments' policy makers, managed portfolios of partnerships supporting interventions aimed at improving food security, incomes, gender equality / equity, and natural resources for sustainable livelihoods.

Noah holds Masters Degrees in; Business Administration (MBA) – majoring in Marketing and Management Studies(MMS) – majoring in Project Management, Post Graduate Diplomas in; Agribusiness and Post-Harvest Management, and Project Management. He has a Bachelors of Science degree in Agricultural Land use and Management. He has undergone relevant expert trainings in Making Markets work for the Poor (M4P), Climate change and Renewable Energy financing (CECRF) among others.

Mr. Richard D. Mubiru
Group Corporate Affairs Director, Picfare Group of Companies

A Corporate Lawyer cum Trade Policy specialist and Senior Business Management Executive with over 20 years' experience in business management in the manufacturing and real estate development sub sectors in East Africa, 10 years of which have been at a strategic management level in the private and public sector entities.

He is a lawyer by training with a special passion for Trade Policy and Business Management. Post qualification as a lawyer, he attended numerous trainings in Business and Human Resources Management, Financial Management for non-Finance professionals, Communication, Corporate Governance, Strategic Management, Motivation, Trade Policy, Economic Integration, Insurance and Banking, Procurement and Sourcing, Negotiation best practices, Risk Management and many others.

Currently, he is a Member of the Board of Directors of Uganda Manufacturers Association, Chairing the Economic and Policy Board Committee. Other Directorships include: Picfare Group of Companies and Uganda National Bureau of Standards. He is Board Chairman of Mukono Broadcasting Services [MBS-89.8FM]-The Radio for Mukono Anglican Diocese in addition to being a Member of the Synod of Mukono Diocese.

Mr. Anthony Kituuka
Executive Director
Equity Bank Uganda Ltd

Mr. Anthony Kituuka is currently the Executive Director of Equity Bank Uganda Limited a role he has held since 2016. He initially joined Equity Bank Group in Kenya in October 2014 as the Executive Director – Regional Subsidiaries where he was reporting directly to the Group MD and CEO, Dr. James Mwangi and was responsible for coordination of all banking subsidiaries outside Kenya.

Prior to this, Anthony was the Group Head of Global Corporate Banking at KCB Group, Nairobi, Kenya. Before that, for a period of 5 years, he was the Head of Corporate Banking at KCB Bank Uganda Limited. He is one of the leading Ugandan minds in corporate finance and commercial banking in the country and has structured some of the biggest transactions in his 14-year banking career.

Anthony has also garnered a wealth of experience in managing corporate relationships from Barclays Bank of Uganda Limited where he was the Head of Business Banking. Prior to that, he worked in the Commercial Department at Hima Cement, a Lafarge subsidiary, for over 5 years handling senior roles in Information Systems and Business Analysis, Sales and Customer Service. This was preceded by a 3-year stint as an auditor at Deloitte and Touche.

He is an adjunct faculty member at Strathmore University Business School as well as a non-executive director on the boards of Capital One Group (marketing agency), The Innovation Village (entrepreneur and investment hub for tech startups) and is the Chairman of the Board of Advisors of AIESEC Uganda. Anthony is also a member of the League of East African Directors.

Mr. Kituuka is a holder of Bachelor of Statistics and Applied Economics from Makerere University. He is a Fellow of the Association of Chartered Certified Accountants (FCCA). He holds an MBA with merit in Oil and Gas from Middlesex University, London. He has also completed several management and leadership programs and is an alumni of leading business schools such as Strathmore (Kenya), Lagos (Nigeria), Gordon Institute of Business Studies (South Africa), IESE (Spain), INSEAD (France) and Harvard Business School (USA).

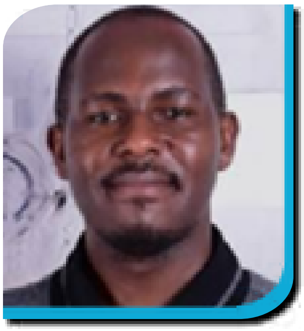
https://ug.linkedin.com/in/anthony-kituuka-b7577250

Dr. Edward Isingoma
Managing Partner, Pearl Capital Partners

Edward has been in the accounting, finance, investment, and administration fields for well over 18 years and developed experience in various areas including SME business operational management over time. He is currently a renown EA regional agri-business impact investing and SME Private equity professional.

He previously worked as the Chief Accountant at Nakasero Soap Works and later as the Financial Controller of both African Agricultural Capital Limited – AAC and Kilimo Trust (www.kilimotrust.org), before being involved in the establishment and formation of Pearl Capital Partners -PCP (www.pearlcapital.net) in 2010 where he is currently the Managing Partner and team lead. He serves on several PCP group managed Investees business boards and mentors young professionals especially in areas of PE/VC.

Edward was a part-time lecturer and has mentored many accountants from MAT Abacus Business School in Kampala for over 15 years until 2016 when he retired from lecturing. He is a Chartered Accountant and also holds a UK MBA from the Edinburgh Business School of Heriot-Watt University (UK) in addition to a PhD in Business Administration from the London Graduate School of the Commonwealth University.



Mr. Richard Wairegi
Manager Export Development Finance, Afreximbank

Richard's career spans over 15 years in the finance industry much of which has been spent in the development finance space offering sustainable financing solutions in a number of subSaharan Africa countries. Richard has been privileged to be leading or being part of transaction teams that have secured over USD 2billion in financial commitments in diversified sectors (Hospitality, Healthcare, Infrastructure, Financial Services, Agribusiness, Manufacturing) with varied funding structures in debt and risk capital (equity and mezzanine).

In his current role, he is heavily skewed towards supporting industrialization and export development activities in Africa in – export services (hospitality and healthcare financing); agro processing; industrial parks and special economic zones and light manufacturing. Richard has been privileged to work with leading DFI's including – Afreximbank (since 2020); Trade and Development Bank (for almost 6 years) and for four years with KfW DEG (Deutsche Investitions- und Entwicklungsgesellschaft; a leading German Development Finance Institution).

Earlier on in his career, Richard spent about four years in Investment Banking and managing pension funds. Part of the unique and award-winning transactions Richard has been involved as: team leader in TDB for 2017 African Power Deal of the year as awarded by Infrastructure Journal Global awards; 2016 Africa's best renewable energy deal as awarded by Project Finance Awards; and Structuring the first Islamic Financing Facility and probably the first by a DFI for a local Bank in East Africa.

Richard holds a masters degree in development finance from the Frankfurt School of Finance and Management, Germany. Earlier on he successfully completed and graduated with a bachelor's degree in business administration specializing in Finance. Richard is a Certified Public Accountant; a Certified Investment and Financial Analyst and a level III candidate in the Chartered Financial Analyst (CFA) qualifications. Additionally, Richard is certified in Climate & Renewable Energy Finance, and Islamic Financing among others.

Mr. Stephen Asiimwe
Executive Director, Private Sector Foundation Uganda(PSFU)

Stephen Asiimwe is the Executive Director, Private Sector Foundation Uganda. He has experience spanning 30 years both in Government, management, business and leadership in Uganda and globally.

Before joining Private Sector Foundation Uganda, Mr. Asiimwe was the Chief Executive Officer (CEO) of the Uganda Tourism Board (UTB), where he took over leadership as Uganda's chief tourism marketing and promotional chief from February, 2014-February, 2019.

Mr. Asiimwe is a graduate of the Development Associates International (DAI) Post Graduate Programme at Uganda Christian University (UCU) and was awarded a masters degree in organizational leadership and management. He is also a graduate of Makerere University with a BA in Social Sciences (Political Science and Sociology).

Mr, Julius Mukunda
Executive Director, Civil Society Budget Advocacy Group (CSBAG)

Mr. Mukunda is the Executive Director, Civil Society Budget Advocacy Group (CSBAG). He is an economist by profession with over 15 years' experience in public finance management issues and economic management. He is a known Gender Budget expert and a budget policy specialist in Uganda. He has extensively participated in advocating for Prudent Public finance reforms in Uganda.

He is a campaigner for social justice and pro poor economic governance.

Twitter Account: @ JuliusMukunda

Mr. Basil Ajer
Director Tourism, Wildlife and Antiquities Ministry of Tourism, Wildlife and Antiquities

Mr. Basil Ajer is the Director Tourism. Wildlife and Antiquities at the Ministry of Tourism. Wildlife and Antiquities. Prior to this he served as Director Technopreneurship at Ministry of Science, Technology and Innovation.

He has a rich blend of both private and public sector work experiences having served at Senior and strategic positions in different institutions before joining the Ministry. Ajer previously worked at the Uganda Investment Authority (UIA) as the Director, Small & Medium Enterprise Division (SME) and later as the Acting Executive Director. Before joining UIA, Ajer worked at DANIDA Coordination Function and Grameen Foundation. Ajer is the current Chairperson Board Busitema University Fund. He has previously served as Board Member Uganda Energy Credit Capitalization Company; Member of National Technical Committee for National Investment Policy; Mentor for FAO and African Agribusiness Incubation Network to support Agri Enterprises; He is a Member of the National Technical Committee for National Industrial Development Policy and Strategy; for Uganda's Industrialization Master Plan 2020 -2040, for Revival of Uganda National Airline among others.

He is currently pursuing a PhD in Agricultural Economics at Kenyatta University, Ajer has Master's degree in Business Administration, MSc. in Agribusiness Management, BSc. Agriculture and PGD in Monitoring and Evaluation. He has also published a number of papers including a paper on: Influence of Non-Financial Factors on the Growth of Small and Medium Enterprises in Kira Municipality – Uganda, 2017; Contribution of Uganda Cooperative Alliance to Farmers Adoption of Improved Agricultural Technologies. Journal of Agriculture and Social Sciences. Vol. 8, No. 1, 2012, among others.

Mr. Robert Mukiza
Executive Director Uganda Investment Authority

Robert Mukiza is the Director General, Uganda Investment Authority (UIA). Prior to joining the UIA in July 2021, Mr. Mukiza was the Deputy Director for the Global Green Growth Institute (GGGI) and Representative to Ethiopia, the African Union and United Nations Economic Commission for Africa (ECA).

Robert served as a Director of Hong Kong-based Acadia Energy; Head of the United Nations Country Team Coordination Unit in Botswana; Lead Economist for the United Nations in the Maldives; and a researcher at the United Nations Research Institute for Social Development in Switzerland.

He has vast experience in international investment and the private sector and holds a Master of Science degree in International Finance and Economic Development from the University of Kent; a Bachelor of Science degree in Quantitative Economics from Makerere University; and has studied Strategic Leadership at the Said Business School of Oxford University.

Mrs. Patricia Adongo Ojangole
Managing Director
Uganda Development Bank Ltd

Patricia is a professional accountant with 20 years international experience in banking and finance. She is currently the Managing Director of Uganda Development Bank Limited where she has been instrumental in turning around the Bank to become the preferred and trusted partner to the Government of Uganda in achieving socio-economic development aspirations.

Patricia holds a Master of Philosophy in Development Finance from the University of Stellenbosch, South Africa. She also holds an Executive Master's Degree in Business Administration from Eastern and Southern Africa Management Institute, Arusha, Tanzania; a Bachelor of Commerce (Hons) Degree from Makerere University, Uganda and has completed a number of leadership and management programs.

Patricia is a Fellow of the Association of the Certified Chartered Accountants (UK); the Certified Public Accountants of Uganda (ICPAU), as well as The Institute of Internal Auditors Uganda (IIA).

She is a member of the Board of Uganda Development Bank Ltd, Trademark East Africa, Liberty Life Assurance, Uganda; and Busitema University Fund Ltd. She is on the Management Board of European Union funded START facility and serves on the boards of the Associations of Development Finance Institutions (DFIs) in Africa and the Association of DFIs in member countries of Islamic Development Bank in capacity of Vice President and Audit Board member respectively.

Mr. Robert Kakande
Executive Director, FINCA Uganda Limited MDI

Robert is the Executive Director of FINCA Uganda, the very first MDI to be licensed and regulated by the Central Bank of Uganda. He has a wealth of practical experience in Accounting, Finance, Banking and Leadership spanning over 20 years, 15 of which have been at the C-Suite level. Prior to joining FINCA Uganda, Robert worked with Quality Chemicals Ltd as Chief Executive Officer where he was responsible for key positive changes in strategic direction and was the Chief Finance Officer with the same organization.

Robert has also worked with Finance Trust currently Finance Trust Bank as Head of Finance and Administration where he made tremendous contribution towards turning around the company and mapping a new strategic direction to its current status as a commercial bank.

Robert has also worked at Centenary Bank and practiced Accountancy. He has lectured at the University and has research publications under his name.

Robert has undergone Advanced Executive Leadership training at the Wharton Business School (University of Pennsylvania), Strathmore University Business School and Graduate Business School (University of Cape Town). He holds a Master of Science degree in Accounting and Finance and a Bachelor of Commerce Honors degree. Robert also holds a Higher Diploma in Marketing in addition to being a member of the Institute of Certified Public Accountants of Uganda and a Fellow of ACCA-UK.

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Key Highlights from ABC 2021

Annual Bankers' Conference 2021

Uganda Bankers' Association held the 4th edition of the Annual Bankers' Conference under the theme "Bend but do not break: How the financial sector can thrive in the era of the 4th industrial revolution", as the first hybrid conference. Majority of the participants were enabled to join and follow the discussions during the conference virtually with a few attending the event physically.

At the conference, the speakers emphasized the need for collaborative frameworks among stakeholders to support significant improvement in financial inclusion by expanding access to a range of quality financial services and strengthening their capacity to be able to address fraud and cyber security risks.

In his remarks, the UBA Chairman, Mathias Katamba, noted that the proliferation of disruptive technology had impacted the financial services sector most especially in terms of delivery of services and called for collaborative innovations that brings the need to design services with the customer in mind.

The late Governor, Bank of Uganda, Prof. Emmanuel Tumusiime Mutebile, noted that technology innovations worldwide had been critical in navigating the hurdles of COVID-19 in the financial sector. He further attributed the seamless access of financial services and sustained continuity to technology developments and the enabling policy and regulatory environment.

Dr. Patrick Ngugi Njoroge, the Governor, Central Bank of Kenya delivered the keynote address that emphasized how technology and innovations were being adopted at an exponential rate and this had made the developers compromise on the quality of their products. He called upon stakeholders to identify ways to navigate and ensure that people centricity takes place in products and services development.

The conference comprised four panel sessions within which the speakers/ discussions focused on;

1. **Redefining financial inclusion and deepening access to financial services.**

2. **Driving insights through data analytics and harnessing opportunities from the unprecedented processing power & storage capacity in the**

CBK Governor speaking virtually at ABC 2021

The late BOU Governor speaking virtually at ABC 2021

4th industrial revolution.

3. **Trending developments in the payments space: emerging trends & future outlook.**
4. **Confronting fraud & cyber security risks.**

Key Take Outs From The Deliberations At The Annual Bankers' Conference 2021 Held On 26th And 27th July 2021

1. Financial Institutions should re-engineer their business models and adopt new efficient business operational frameworks in order to ensure seamless accessibility of financial services and their continued sustainability. A key recommendation was investment in shared digital infrastructure that will contribute to a reduction in the cost of financial services to the customers especially in the digital era.
2. Environment Social and Governance (ESG) considerations must be paramount in any organization's strategy and operations. With the wide appreciation that businesses can only be as successful as the societies that they operate in and draw their existence from, financial institutions were called upon to embrace ESG considerations within their strategies and operational framework.
3. Supporting the recovery of businesses and the wider economy should be at the heart of financial institutions that will thrive in the new digital era. Targeted financial services to MSMEs and other vulnerable groups particularly women and the youth is an imperative. This will need to be supplemented by business advisory services and upskilling, as MSMEs pivot their business models to fit in the new normal.
4. E-Commerce has exploded as businesses are pivoted to the digital market place. Businesses in diverse sectors have to a large extent transformed their businesses riding on digital rails and platforms. The banking sector should explore opportunities and partnerships that will support e-commerce.

Unlocking the Potential of Uganda's Manufacturing Sector

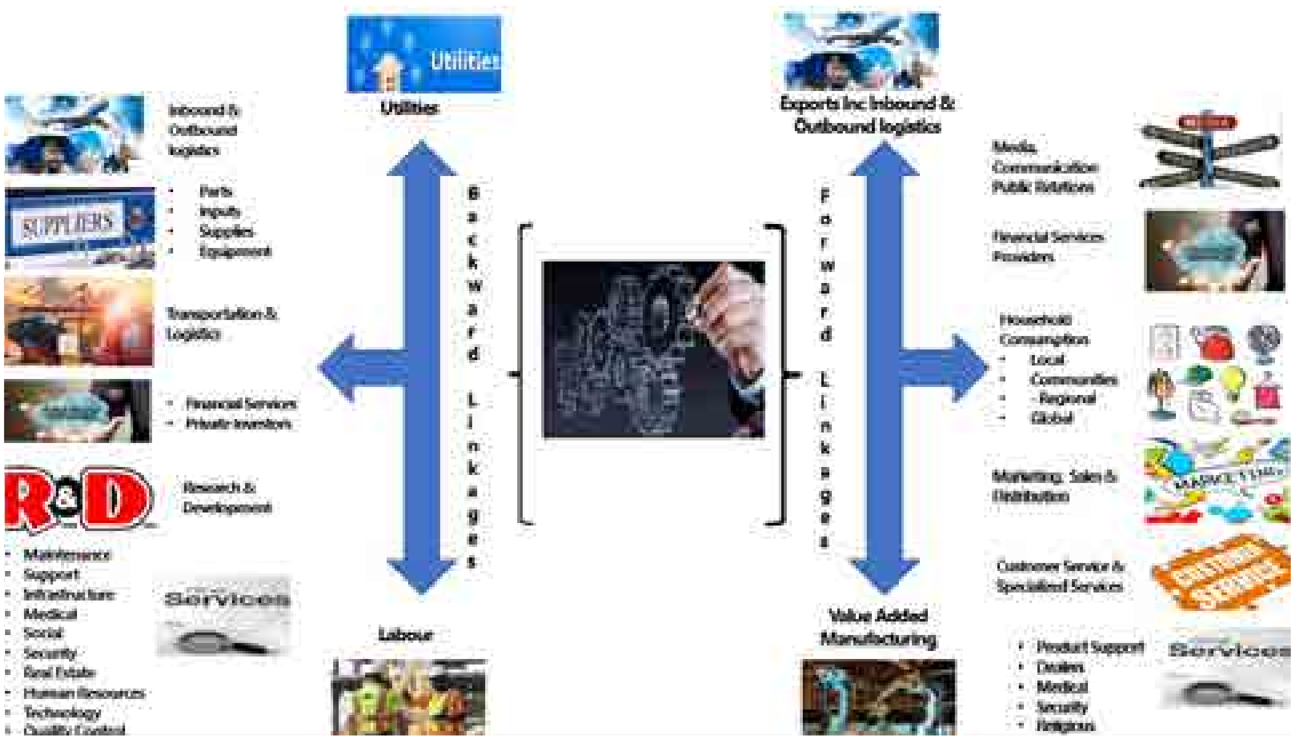
Eva Ssewagudde Jjagwe
Director Research, Innovation & Strategy
Uganda Bankers' Association

1.0 Introduction

Manufacturing plays a crucial role in economic growth and development, reflected in its contribution to Gross Domestic Product (GDP) and overall development. This will only grow over the next few years given its steady recovery from effects of COVID-19. The multiplier effect of manufacturing is exciting – every shilling of output in the sector generates levels of economic activity across society through its ecosystem, related value chains and job creation. No sector in Uganda does more to generate broad-scale economic growth and, ultimately, higher living standards than manufacturing.

Below are some of the manufacturing sector's backward and forward linkages.

> *"...every shilling of output in the sector generates levels of economic activity across society through its ecosystem, related value chains and job creation."*



According to the National Development Plan III (NDP III), manufacturing is essential for the growth of the country. It has a high potential for enhanced economies of scale for factor productivity and deeper, more dynamic, and stronger forward and backward linkages with other sectors. In addition, it has a greater diversification into a variety of economic activities - a robust manufacturing sector is expected to accelerate Uganda's industrialization agenda.

The manufacturing sector is a key engine of growth in Uganda due to its strong linkages and spill-over effects. In Uganda, the sector consumes a staggering 66.7 percent of all the power generated, contributes 18.6 percent to the GDP, 19 percent of the total exports to the global market and 14 percent of the tax revenue collected. The number of industrial establishments in Uganda increased from 80 in 1986 to 4,920 in 2019 and over 1.3 million people are employed in the Industrial Sector.

The number of industrial establishments in Uganda increased from 80 in 1986 to 4,920 in 2019 and over 1.3 million people are employed in the Industrial Sector.

According to a report by the Uganda Manufacturers Association, the manufacturing sector is dominated by small and medium enterprises (SMEs), which make up 93.5% of firms operating in the sector. SMEs are the drivers of the Ugandan economy for they make up close to 90% of the businesses in Uganda. When the SMEs in Uganda, especially those in the manufacturing sector ecosystem are well supported and enabled to realize their potential, the employment levels of the country will improve, economic development of the country will be enabled, and financial inclusion as a goal will be achieved.

Despite the high growth rate, industrialization in Africa has barely taken root. For Africa to grow to the next level, it is critical to examine the reasons why the continent does not seem able to gather momentum for high value-added manufacturing activities – The sector has the potential to do better but needs to be deliberately supported in its efforts and on its journey. Although the manufacturing sector in Uganda has undoubtedly gone through a leap of developments in the last three decades, it has the potential to do better and needs to be supported to thrive leading to economic growth, job creation and poverty eradication which are key priorities in Uganda's social and economic development plan, "Vision 2040" (Rodrick, 2007, Szirmai 2016).

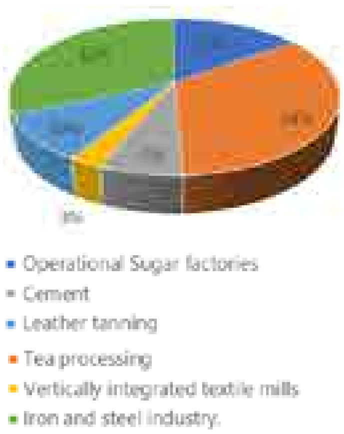
By addressing the ten strategic bottlenecks articulated in the National Industrial Policy (NIP), the government will enable and support industrialization in Uganda. The NIP goal is "increasing the manufacturing value-added as a percentage of GDP" and is designed to foster growth of the industrial sector anchored on inspiring structural transformation, with a principle focus on four result areas, namely:

a. **Increased value addition of local raw materials and products with comparative advantage for social-economic transformation.**
b. **Increased exports of manufactured products by facilitating industries to increase production and match market demands in terms of both quality and quantity.**
c. **Increased employment in the industrial sector through establishment and promotion of industries that create large-scale employment opportunities, ensuring inclusive growth and sustainable development.**
d. **Increased adoption of environmentally sustainable technologies by manufacturing sub-sectors.**

2.0 Composition of Uganda's Manufacturing Sector

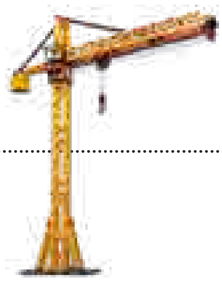
Uganda's manufacturing sector is composed mainly of food processing, beverages, and tobacco, saw milling, paper and printing, bricks and cement, steel and metal products, textile clothing and footwear, chemicals, petroleum and other chemical products, non-metallic minerals, among others.

Composition of Uganda's Industries



The manufacturing sector in Uganda mainly engages in end-product value addition, assembly, raw materials processing, producing low value-added goods such as food and beverages, wood & wood products, textiles, leathers, and metallic and non-metallic fabrication - Agro-processing accounts for 60% of the manufacturing sector in Uganda. The food processing, drinks, and beverages sub-sector alone accounts for nearly two-thirds of the total manufacturing output. This is again a common characteristic of the manufacturing sector across the East African Community (EAC), where food and beverages sectors account for approximately two-thirds of the total manufacturing capacity (Mold, 2017, UMA Business Directory 2019).

According to the Food and Agriculture Organization, Uganda's fertile agricultural land has the potential to feed 200 million people. 80% of Uganda's land is arable but only 35% is being cultivated. This confirms Uganda's potential as the regional food basket, and its ability to produce relevantly to the wider developed world. As a predominately agricultural country (agriculture accounting for about 22% of GDP, and 34% of export earnings in 2018/2019), for widespread development to occur, the agricultural economy including its value chains must be appropriately supported to ensure the country is well positioned as a supply base for the region, and use proceeds and income to improve services, households' income and livelihoods across the country.



3.0 Manufacturing Sector Development Priorities and Support in NDP III

The goal is to increase product range and scale for import replacement and improved terms of trade by increasing the share of manufactured exports to total exports from 12.3% to 18%; the contribution of the industry to GDP from 18.6% to 25%, the share of manufacturing jobs to total formal jobs from 9.8% to 10%; the share of labour force employed in the industrial sector from 7.4% to 10%; and the manufacturing value added as a percentage of GDP from 8.3% to 10%.

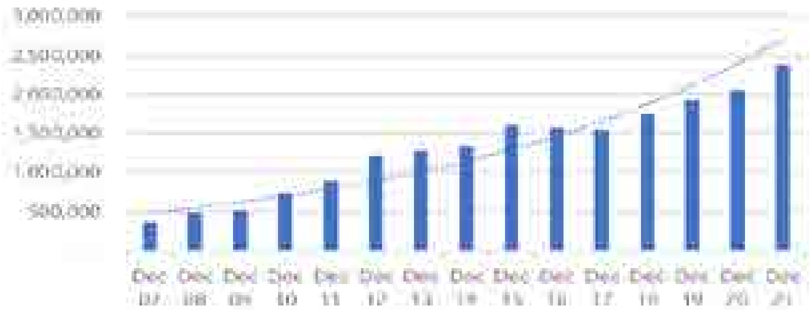
Further, the key areas of support as articulated by NDP III include:

a. Nurturing manufacturing which requires affordable long-term financing in order to produce products at competitive prices.
b. Support system to nurture innovations to commercialization which is key to manufacturing.
c. Progress in ease of doing business to unlock the manufacturing potential.
d. Ensure a conducive legal framework to support and promote manufacturing.
e. Construction of 4 fully fledged industrial parks to foster industrialization.

4.0 Financial Institutions Lending to the Manufacturing Sector in Uganda

According to the Bank of Uganda (BOU) reports, in the 15 years period, credit to the manufacturing sector grew from Ugx. 364bn to Ugx. 2.4tn; a 553% growth. The manufacturing sector accounted for 12% of total bank lending by the end of December 2022.

Growth of Credit to the Manufacturing Sector



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in the 15 years period, credit to the manufacturing sector grew from Ugx. 364bn to Ugx. 2.4tn; a 553% growth.
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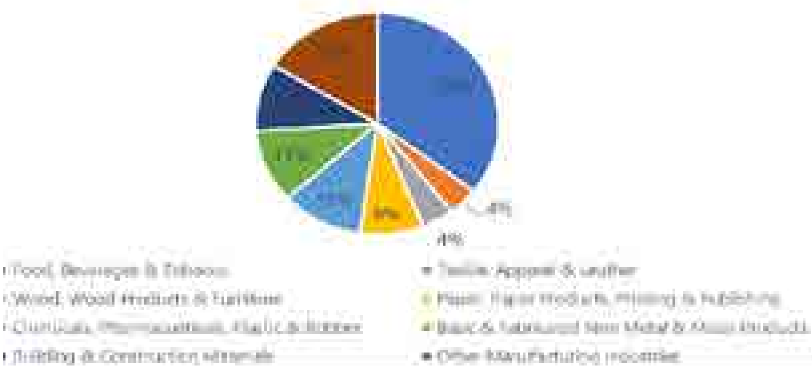
Food, beverages, and tobacco account for 35% of the total bank lending to the manufacturing sector, followed by chemicals, pharmaceuticals, plastic & rubber products and basic & fabricated non-metal and metal Products which account for 11% each of the total lending to the manufacturing sector, as shown in the figure below.

% of Manufacturing Budget



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5.0 Unlocking the Potential of the Manufacturing Sector during the covid-19 recovery period

The manufacturing sector was devasted by extended impact of Covid-19 across its value chain. There were disruptions in manufacturing leading to severe operational, social, and financial consequences. This forced manufacturers to rethink risk management and contingency plans, workforce safety protocols, manufacturing operations and new ways of working opportunities, all at the same time. Given that most companies in Uganda import their raw materials in the form of semi-finished goods, production stage inputs or even capital goods that aid production, they were greatly affected since production was scaled or stopped altogether due to supply chain challenges.

The manufacturing sector is still recovering from production shocks caused by supply chain disruptions, limited access to materials, repayment of loans with no production, shifting production patterns due to disruption of workplans for factory work, cost of transporting staff and safety measures undertaken by staff, and above all, a reduction in the addressable market for manufactured products.

The financial sector can support the unleashing of the potential of the manufacturing sector through engaging, understanding the sector better, and providing the required support, products and services in the way and manner they are most needed and impactful, to the customers and businesses that are ready, willing to ready themselves and are available to receive the said credit and support.

The support that Supervised Financial Institutions (SFIs) can offer the manufacturing sector can be both during normal business operations or when the businesses are distressed or facing financial and operational challenges.

Below are some of the support and interventions being provided by SFIs to businesses in distress and need support in recovery.

a. Provision of debt financing, top up financing (short term, medium term and long term), lower cost funding in partnership government and development partners e.g., the Small Business Recovery Fund.
b. Debt restructuring, monitoring, and recovery support.
c. Review of interest rates, interest and cost waivers, removal or suspension of penalties and provision of concessions
d. Provision of training, coaching, mentoring, advisory, and business development services.
e. Regular customer engagements and candid, guided communication and feedback aimed at business recovery.
f. Provision of the right products and appropriate credit structures for the different customer segments.
g. Lobbying for financing and risk guarantee support and funds from government and development partners.
h. Partnering with other funders, risk mitigation agencies, for alternative modes of financing.

4.0 Potential areas for further support to enable recovery of the Manufacturing Sector

The potential areas for further financial sector engagement and support to the manufacturing sector are shown below:

Focus	Details
Product Development	With the better understanding of the manufacturing sector and the risks thereto, development of appropriate financial products that will support the relevant sub sectors, seasonality, and peculiarities, when and how they are needed.
Loan Provision	Provision of affordable well-structured loan products to players within the manufacturing value chain with a focus on development and sustainability.
Data collection, collation, and analytics	Deliberate collection, dissemination and sharing of information that will enable better decision making, understanding and improvements in respect of sector. Better data enables better understanding, building of risk profiles and better and different ways of lending (Markets, Production dynamics, etc).
Capacity Building and Business Development Services	The manufacturing sector can benefit from capacity building and business development services purposed to sustainably improve the way the businesses are run. Key development initiatives include business planning, governance, compliance, bookkeeping, networking, among others.
Technology and Digitisation	The financial sector has significantly improved in the number and quality of digital channels over the last few years. This improvement will allow the businesses in the manufacturing sector to access the bank services and get the relevant information they need digitally, removing the need to access the banks physically. Going forward, physical visits will be used for value added & advisory services to the businesses rather the mundane activities like statement requests, cheque banking, withdrawals, payments etc.
Capital Market Development	Collaboration to ensure the expansion and deepening of the financial sector which will enable the access to a wider variety of funds including equity funding to the economy and sector, as well as patient capital which is instrumental to the development of the manufacturing sector.
Sustainable Industrialisation	The manufacturing sector has a potentially large impact on climate change. Supporting the sector through responsible financing will ensure climate resilience, reduction on the environmental impact and sustainable manufacturing.

Financial Services Providers that successfully build the capabilities for the long term to foster relationships with their customers and help them manage their obligations will be better equipped to reduce credit losses while helping their clients navigate the most volatile economic crisis in recent decades. Across all options for providing debt relief, the ability to tailor solutions to individual customers will need to be balanced with the associated operational complexity. Finding the right balance between offering flexibility vs organizational demands, will be essential for success.

5.0 Global Manufacturing Outlook and Trends

The manufacturing sector is eyeing growth with optimism in 2022 onwards...
There is global optimism for a sector, which has shown itself to be resilient and nimble and has weathered the challenges occasioned by the COVID-19 pandemic including increased and changing risk, changes in ways of work, skilled labour shortages, and digital transformation & innovation. Key observations in the outlook include:

a. **Global manufacturing will rebound - The key factor governing how quickly the manufacturing sector recovers is the ability of** companies to re-mobilize complex multi-country supply chains, which in turn will depend on their supply chain mapping and risk management.

b. Re-making Supply Chains beyond the next disruption - Supply chain strategies will need to become multi-pronged, adding, and diversifying suppliers in existing markets. Digital supply networks and data analytics are powerful enablers for more flexible multitiered responses.

c. More resources and rigor in advancing sustainability – including rise in environmental, social and governance factors which are redefining and elevating sustainability than before. There is a need for increased engagement with a wider set of stakeholders through disclosure, increased environmental accountability, performance reporting, and close monitoring of manufacturers.

d. Rising Threats and New Levels of Preparedness – With the increasing automation in the manufacturing sector, there has been an increased threat of cyber-attacks. Relevant investments in cyber security for internal and external security should be made to ensure the relevant manufacturers are well protected.

e. Turning Risks into Advantages - Manufacturers are consistently building back despite challenges and are adapting the challenges to the future of work. There is increasing supply chain resilience and digital maturity which will help manufacturers keep pace and drive performance whilst navigating elevated risks and advancing sustainability priorities for the longer term.

f. Acceleration in Digital Technology Adoption - Need to embrace digital capabilities in order to capture growth and protect long-term profitability and visibility of big data. There is a call to scale up from isolated in-house technology projects to full production lines or factories including advanced manufacturing and use of robots & cobots, and increased investment in artificial intelligence.

g. Increased focus on customer service - The continued integration of technology with manufacturing makes service more important. As data collection and monitoring tools become more commonplace, customers will have more visibility into production status via dashboards - push for ever-improving performance and quality will increase tenfold.

h. Workforce Shortage – Unfilled specialized jobs will limit productivity, growth, and efficiency, making reskilling and rebranding key result areas. Executives will need to balance goals for retention, culture, employee safety and innovation whilst engaging with wider talent ecosystem partners.

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Experiences and Contribution of The Food and Business Incubation Centre to the Development of the Food Manufacturing Sector in Uganda

By Yusuf B. Byaruhanga PhD
Makerere University
June 2022

1.0 Background

In both developed and developing countries, Micro, Small and Medium Enterprises (MSMEs) improve the standard of living by creating employment opportunities and providing incomes to households. The role of business incubators is crucial in supporting entrepreneurs on the entrepreneurial journey and essentially in increasing their survival rates. This is through stimulating innovation and providing services which may include co-working space, technical expertise and support, management and business mentoring, assistance in business planning, shared administrative services, business networking, advice on intellectual property, business registration and compliance, sourcing of financing, and markets.

An incubator concentrates its effort on helping innovative and fast-growth start-ups and MSMEs that are likely to have a significant impact on the local economy.

Some of the functions of the incubators include:

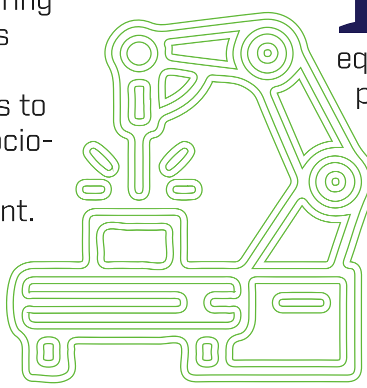
The second objective of the National Development Plan III focuses on strengthening the organisational and institutional capacity of the private sector to drive growth. The actions under this objective include strengthening system capacities to enable and harness benefits of coordinated private sector activities which include:

- To establish and strengthen research and innovation facilities that are accessible to Micro, Small, and Medium Scale Enterprises (MSMEs).
- To develop product and market information systems.
- To strengthen the system of incubation centres to support growth of SMEs in strategic areas.
- To establish a one stop centre for business registration and licensing.

2.0 The Makerere University Food and Business Incubation Centre (MAK-FTBIC)

The MAK-FTBIC, hereafter also referred to as The Centre, is hosted at the School of Food Technology Nutrition and Bioengineering, Makerere University. The Centre is Uganda's premier and pioneer University based business incubation centre and traces its origins in 2006 when it started as a program under the I@mak project under the Rockefeller Foundation. The Centre was initiated in 2008 under the then Department of Food Science & Technology and was commissioned in 2009, by H.E The President of the Republic of Uganda as its Patron. Government funding under the Presidential funding to scientists Initiative and direct government funding enabled the expansion of both space and equipment for the Centre.

The initiation of technology and business incubation services at Makerere University arises from the recognition of the need for the University to not only continue generating knowledge, but to also deliver real products, technologies, and services to accelerate growth in the food manufacturing sector. This directly contributes to national socio-economic development.



Furthermore, there is a need for the University to shift from graduating job seekers to job makers.

For most agricultural value chains, value addition has remained extremely limited, yet about 70%-80% of the value of food on the market is added post-harvest. The low level of value addition to agricultural produce has been partly due to lack of skills, knowledge, technologies, and leadership to support and guide the development of the value-addition industry. Additionally, there have been limited efforts toward harnessing technological innovations, entrepreneurship, and business development services to develop viable enterprises to deliver tangible socio-economic gains to the greater society. The FTBIC seeks to strengthen and exploit its human and infrastructure capacity in agro processing to accelerate value addition through processing of food and its use in developing viable enterprises that contribute to job and wealth creation.

The FTBIC boasts of Pilot Plant space of over 500m^2 equipped with several food processing lines for fruits and vegetables; milk and dairy; meat; baking and cereal processing. The testing laboratories at the school are recognized by the Uganda National Bureau of Standards (UNBS).

The FTBIC draws its human resources from the School of Food Technology, Nutrition and Bioengineering. This gives the centre access to Uganda's most highly trained, experienced, and motivated staff in the area of food, food processing and nutrition. These facilities and resources form the nucleus and foundation of Centre's activities aimed at transforming Uganda's food manufacturing into a modern and highly competitive sector.

Core business activities The core activities are aimed at building a strong and robust techno-economic foundation for the Centre's incubatee enterprises cognizant of the dynamic nature of the domestic and regional markets as influenced by global events and business trends. The recent and current global trends and events such as increased global food trade, supply chains, COVID-19 and wars have provided the Centre with both lessons and opportunities for further innovation to address local problems in a global context. Thus, the Centre's core activities are designed and implement as such.

A. Skills Development

The centre facilitates food processing and agri-business skills development, especially among students, youth, and women. This is done through the Centre's skills development programs such as:

i. Skills Development Program for SMEs delivered in form of short courses designed and targeted to meet the needs of clients interested in and ready to start small and medium food processing enterprises.
ii. Specialized retooling and refresher short courses custom designed to meet the need for specialized and/or advanced skills in the food industry.
iii. Internship Programs that support the development of skills among students from other institutions of higher learning.
iv. Support Programs for Skills training for both the Bachelor of Science and postgraduate programs run in the school.

B. Innovations & Research-for-Development

This is aimed at products, processes and technologies that are relevant and responsive to the consumer and manufacturing industry needs. The centre facilitates research-for-development in food processing and agribusiness innovations development through providing research and testing facilities for:

i. Graduate research students
ii. Commissioned research
iii. Technology transfer and adoption to SMEs
iv. Product and process development

C. Technology Incubation

Technology incubation is aimed at transforming the developed product, processes and technologies into pilot and industrial scale operations that can be profitably used at commercial level. This is designed to build a strong production technology foundation for the budding incubatee enterprises. This involves piloting and scale-up of the developed products and processes including but not limited to:

i. **Process scale-up, optimization and fine-tuning**
ii. **Development of production, quality, and safety management systems**
iii. **Product testing and preparing enterprises for product and process certification**
iv. **Techno-economic feasibility**
v. **Linkages and access to different technology options**
vi. **Technical support to incubatee enterprises and industries aimed at addressing specific challenges or problems**

D. Business Incubation

Business incubation aims at building a strong foundation for finance and business management as well as marketing focused on organic business and market growth and acceleration. The Centre's business development services offer the following;

i. Business model development testing and validation
ii. Bookkeeping, sales and supply forecasting and decision making
iii. Exhibitions and trade fairs
iv. A showroom
v. Market linkages
vi. Linkages to supply chains
vii. A mentoring and coaching program for corporate governance and management culture

E. Intellectual Property development and management

The Centre helps students, researchers and incubatee enterprises to identify intellectual property (IP) of commercial value and supports them to protect and exploit the IP according to university and national guidelines and policies.

F. Current incubatees

Currently, the centre is supporting 18 start-up enterprises. The enterprises are at different stages of development ranging from ideation to business acceleration. The incubatee enterprises are by both male and female students and non-students. The current incubatee enterprises are working on dairy - yoghurt, meat, juices, flours, "obushera", baked products, snack foods, precooked beans, and pulses.

G. Achievements of the Makerere University Food & Business Incubation Centre

Over time, the Centre's achievements include:

- Support for the development of over fifty novel products and processes.
- Graduated seven food processing enterprises.
- Assisted over twelve existing SMEs to solve problems in their production, quality, and safety processes.
- Equipped over 360 undergraduate and post graduate students of Makerere University with hands-on skills in food processing and research.
- Trained over 2000 youths, women and men in various food processing technologies and aspects of food processing, many of whom started small enterprises in food processing.
- Hosted over 2000 internship students from other public and private institutions in Uganda.

3.0 Contribution to the Recovery of the Manufacturing Sector

The recovery of the economy and businesses especially MSMEs from the challenges occasioned by COVID-19 and the Russia-Ukraine conflict as it relates to the manufacturing sector is a process and not an event and will take time; and needs the engagement and commitment of all the stakeholders in the value chain. The centre is strategically positioned and prepared to contribute to the recovery process in the manufacturing sector by supporting the startups commence business in a sustainable way, and support the micro, small and medium size enterprises recover and flourish.

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The centre has built the capacity and resilience to support enterprise and business growth from ideas to viable enterprises and will continue to do so. Through the Centre's programs for skills training, mentorship, business modeling, business development services, culture, attitude and mindset change, and innovations and strategic networks built, it will enable businesses to address the current challenges and ultimately contribute to the recovery of the manufacturing sector.

Through collaboration with the banking sector, the centre will enable its members understand and access appropriate funding including debt, venture, development, and equity funding that will enable them to solve current operational and capacity challenges and grow out of the incubation centre to sustainably establish their own facilities and businesses in different parts of the country. Further, the banking sector can partner with the Centre to assist its current incubates and businesses that have graduated or are coming onboard in respect of the following:

- Business development services.
- Managing debt challenges for struggling businesses.
- Linkages to other sources of funds including equity capital, venture capital and affordable development credit for incubatee enterprises.

The nature, challenges, and business environment in which MSMEs in Uganda operate is not fully understood by the various players in their ecosystem. The centre and its incubatee enterprises offer a good opportunity on which the banking sector and Uganda Banker' Association (UBA) can partner to do an in-depth cohort study aimed at obtaining a better understanding of Uganda's MSMEs. The results of the study will inform the design and development of appropriate banking sector products for this category of clients.

Industrial Parks Development Division Mandate and Achievements

Hamza Galiwango
Director – Industrial Parks Development Division

1.0 Introduction

The Development of Industrial Parks is in line with the Uganda Vision 2040 and the National Development Plan III (NDP III). In order to fulfill its mandate and the objective of the Public Investment Management for Agro-Industrialization (PIMA) strategy; it is one of the key priority projects aimed at increasing sustainable production, productivity, and value addition in key growth opportunities by developing industrial parks strategically across the country around specific areas of production to act as supply chains for raw materials.

1. Purpose of Industrial Parks

The current Uganda Investment Authority (UIA) Strategic Plan 2020/21-2024/25 founded on the 5-year strategic theme of 'Accelerating Domestic and Foreign Direct Investment for Accelerated Industrialization' focuses on five strategic areas, namely;

1. To promote Uganda as the preferred Foreign Direct Investment (FDI) destination;
2. To promote domestic Investment and innovation;
3. To improve domestic and international competitiveness and doing business rankings through an efficient One Stop Centre;
4. To accelerate Uganda's industrialization through serviced industrial parks and
5. To enhance institutional capacity to deliver its mandate.

The purpose of industrial parks is partly to support the above strategy as shown below:

1. In line with the Vision 2040 overall strategic goal of transforming Uganda's society to a modern economy, the Industrialization strategy was adopted.
2. The Strategy is targeting over 1 million new jobs for the locals created (350,000 Direct and 650,000 Indirect). According to Uganda Bureau of Statistics (UBOS) World Population Celebrations of 2020, the youth in Uganda constitute 19.4% (approximately 6.7 million) of the total population and their biggest challenge is unemployment. The Industrial Parks strategy across the country was envisaged to absorb the biggest number into the factories within the industrial parks.
3. To increase the contribution of Foreign Direct Investment to the country's GDP, projected to increase from 3.68% to 5% and Domestic Direct Investment estimated to increase from 24.5% to 50%.
4. Knowledge transfer through skills and knowledge to the local Ugandans.

Mandate and activities of UIA in respect of Industrial Parks Development

1. To acquire, develop and manage serviced

land for investment through development and management of industrial and business parks.
2. To assist investors access land for investment purposes.
3. To manage the UIA owned agricultural lands.
4. To advise Government on the national land policies.

The activities of the Industrial Park Development include:

1. Acquisition of land for both agricultural projects and Industrial Parks Development.
2. Provision of infrastructure in the acquired land i.e., roads and utilities.
3. Surveying and installation of border markers on the acquired land.
4. Issuing survey instructions to the Investors to enable them survey off their allocated lands.
5. Undertaking Environment and Social Impact Assessment (ESIA) studies for the acquired lands and also doing the Master Plans for those lands before development.
6. Routine Maintenance of the roads.
7. Addressing the Investors' needs as they arise.
8. Monitoring of activities within the parks and agricultural lands.
9. Reviewing building plans of the investors before actual construction and recommending these plans for approval at the respective local Authorities.

National Industrial Parks Development Strategy (2020/21 - 2024/25

	Kampala Industrial and Business Park, Namanve	2,200 acres
	Luzira IBP	70 acres
	Bweyogerere II	50 acres
	Mbarara (SME Park)	12 acres
	Kasese IBP (also FOCAC)	216 acres
	Jinja IBP	182 acres
	Soroti IBP	219 acres
	Tian Shan Mbale Park	619 acres
	Karamoja IBP	417 acres
	Liao Shen Industrial Park Co. Ltd	1,200 acres
	Lugazi Industrial Park	150 acres
	MMP Industrial Park Buikwe Ltd	1,000 acres
	Yumbe Industrial Park	
	Jinja Industrial Park	200 acres
	Katosi Industrial Park	10 sq. miles
	Mukono (SGR) Industrial Park	300 acres
	Tororo (SGR) Industrial Park	800 acres
	Oraba Industrial Park	138 acres
	Kaweweta Industrial Park	11,520 acres
	Apaka Industrial Park	3,812.4 acres
	Kabarole Industrial Park	500 acres
	Moroto	
	Nakongin	
	Koboko	
	Arua, Adjumani, Gulu, Pader, Madi-Okollo, Zombo, Pakwach, Nebbi, Oyam, Lira, Dokolo, Buliisa, Bushenyi, Kabale, Kisoro, Nakasongola, Mubende, Luwero, Rakai, Iganga.	

Map of Uganda showing proposed regional distribution of the industrial parks

Benefits of Industrial Parks to the Manufacturers

1. One of the key **incentives that government industrial parks offer to the investors is the free land for them to put up their investments.**
2. **The industrial parks across the country have master plans including being serviced with infrastructure services including access roads, water, power, Information and Communications Technology (ICT) services, to mention but a few. With these services in one location, the burden of accessing these services is eased on the investors.**
3. **The presence of the various factories within the industrial parks has potential benefits of backward and forward linkages between the factories and businesses located therein. E.g., some factories' final products are used as raw materials for others.**
4. **The cost of services like water and power are much lower within the industrial parks and this further lowers the cost of production for the manufacturers.**

Major Achievements of Industrial Parks

27 Industrial and STEI Industrial Parks are planned across the country, both Government and Private owned Industrial Parks. The Government owned industrial parks so far developed include:

1. The Kampala Industrial and Business Park (KIBP) is a 2,200 acre facility located 11 km East of Kampala. All the land has been allocated to 348 prospective investors out of which 89 are operational. 40,161 jobs have so far been created with a total capital investment of USD 2,239,532,000.

Roofings Limited – 42 acres, USD 220 million USD employing 2,000 people

Toyota – 5 acres, USD 16 million employing 80 people

East African Medical Vitals, 7.5 acres, USD 14 Million employing 200 people

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2. Luzira Industrial and Business Park is located 5 km East of Kampala and covers 70 acres of land adjacent to the Luzira Women's Prison. The Park is fully allocated with a total number of 13 investors, 11 of whom are operational with a total of 7,000 jobs created and capital investment up to USD 38,000,000.

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Work on-going in Graphic Systems at Luzira Industrial and Business Park (IBP) employing about 350 workers

Quality Chemicals Industries at Luzira IBP employing over 170 workers

3. Bweyogerere Industrial Estate is located 10 km Northeast of Kampala and covers 50 acres of land. The Park is also fully allocated consisting of 10 investors, 8 of whom are operational with 4,800 jobs created and capital investment amounting to USD 31,100,000.

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UNBS (Uganda National Bureau of Standards) Head Office Block with about 190 workers


Crane Paper Bags Limited employing about 200 people

4. Jinja Industrial and Business Park seated on 182 acres, 11 Kms from Jinja Town Centre along Jinja- Kamuli highway. There are 6 investors having taken possession, with Kiira Motors Corporation in its preliminary stages of operations employing 720 workers and so far, capital investment incurred of USD 25,000,000.

Kiira motors vehicle assembling plant in jinja IBP under construction

5. Soroti IBP is 350 km Northeast of Kampala and is 219 acres in size. Out of the 23 investors, Soroti Fruit Factory is the only factory operational creating 850 jobs with capital investment of USD 7,800,000.

Pela commodities-grain processing Soroti Industrial Park

Below are the government industrial parks that are planned, and works are ongoing:

1. Tangshan Mbale Industrial Park is located in Mbale District covering 619 acres of land. The developer will attract a total of 30 projects in this industrial park and currently, 7 companies are operational offering 3,200 jobs.
2. The Karamoja Industrial and Business Park is located 12 kilometers south of Moroto, covering an area of 417 acres. The Park's Master Plan and EIA studies are yet to be finalized.
3. Kasese Industrial and Business Park is 216.96 acres located in Kasese District. Out of the 10 investors who have land in the park, 5 companies have taken possession of their sites. One factory is so far operational, employing 350 workers and has so far invested USD 700,000.
4. Mbarara Small and Medium Enterprise (SME) Park is a 12-acre facility built up to cater for small scale enterprises adjacent to Mbarara Municipality 280 km southwest of Kampala. There are 42 workspace units and out of these, 35 workspaces are so far occupied by 23 entities creating 725 jobs.

The Private owned IBPs so far developed include:

1. Liao Shen Industrial Park situated in Kapeeka, Nakaseke District. It is seated on 5.2 square kilometers (1284.95 acres) of land. It has 16 fully operating factories and projects to have 50-80 factories at full capacity employing. So far, it has 3,500 direct workers and about 10, 000 indirect workers.

2. MMP Buikwe seated on 1,000 acres, located at Kigungu Buwampa in Buikwe district just about 9 km off the Njeru-Nkokonjeru Road and about 20km from Njeru Town. There are 8 projects are being set up and are at different levels of development with 9,200 jobs so far created.

3. Lugazi Industrial Park seated on 120 acres, about half a kilometer from the proposed jinja express highway and one investor has so far applied though not taken possession yet.

4. Tian Tang Industrial Park located in the Mukono area, covering an area of 300 acres. At present, 4 factories have been established in the park directly providing more than 1,500 local jobs and indirectly stimulating 15,000 jobs.

With the operational parks, the following have been achieved:

1. Technology transfer and skills upgrade for Ugandans.

2. New technologies have been innovated in the industrial parks e.g., Quality Chemicals Single HIV Pill at Luzira Park, Roofings Rebar plant, Plascon Anti-malarial paint, Orion GIS transformers, etc.

3. New products have been import substituted e.g., Fridges at Afford, Transformers at Steema and Orion.

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MMP Buikwe seated on 1,000 acres, located at Kigungu Buwampa in Buikwe district just about 9 km off the Njeru-Nkokonjeru Road and about 20km from Njeru Town. There are 8 projects are being set up and are at different levels of development with 9,200 jobs so far created.

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Summarized Land Bank Table Showing available ready land for IBP:

Sub Region	Districts with ready land for IBP		Districts with pending cases	
West Nile	Nebbi	511 acres		
	Madi-Okollo	515 acres		
	Yumbe	1,244 acres		
Acholi	Pader	500 acres	Gulu	65 acres
Lango	Dokolo	200 acres	Dokolo	300 acres
	Oyam	54 acres	Oyam	100 acres
	Lira	300 acres	Lira	200 acres
Ankole	Mbarara	25 acres		
Kigezi	Kabale	6 acres		
	Rukungiri	203 acres		
	Kisoro	620 acres		
Tooro	Kabarore	502 acres		
Central	Nakasongola	640 acres	Butambala	300 acres
Total acreage	5,320 acres		965 acres	

Tax Incentives for Manufacturers

Juliet Najjinda
PWC

Are you aware of the tax incentives available to you as a manufacturer?

The manufacturing sector remains one of the largest contributors to Uganda's tax revenue. According to Uganda Revenue Authority's annual performance report for the financial year 2020/2021, 71% of the tax revenue was collected from four sectors namely wholesale and retail trade, manufacturing, information and communication and financial and insurance services, with the manufacturing sector as the second largest contributor based on a tax revenue of UGX 4.5 trillion. This was a rise from the UGX 3.5 trillion tax contribution of the sector in the financial year 2019/2020.

Consequently, the manufacturing sector is of pivotal interest to, and remains under keen scrutiny by the Uganda Revenue Authority (URA) as they seek to maximise tax collections from this sector. On the other hand, the sector continues to grapple with various challenges majorly driven by the increasing cost of doing business.

As at the end of May 2022, Uganda Bureau of Statists reported that Uganda's annual headline inflation had hit the 6.3% mark, which is above the 5% upper limit of Bank of Uganda's monetary policy target. This was mainly driven by increase of prices for fuel and various foodstuffs.

As inflation volatility persists due to various external triggers such as the Covid-19 pandemic-induced shortages and Russia's invasion of Ukraine among other factors, it becomes imperative for manufacturers to take advantage of the various available tax incentives as a means of mitigating their costs of doing business. The incentives are in form of various tax exemptions under the different tax Acts such as the Income Tax Act, the VAT Act, and the East African Customs Management Acts. Below are some of the available incentives.

1. Corporate income tax

Exemption of income of exporters of finished consumer and capital goods. This exemption is valid for 10 years from the commencement of the investment. The investor must export at least 80% of production. However, the investor must apply for and be issued with a certificate of exemption.

Capital allowance deductions and Industrial building allowance deductions

Taxpayers who acquire an item of eligible property for the first time and the property is placed outside a radius of 50kms from the boundaries of Kampala are entitled to an initial allowance deduction equal to 50% of the cost base of the property at the time it is placed into service. Eligible property includes plant and machinery (computers, machinery, specialized trucks, tractors etc) but does not include passenger vehicles, furniture, fixtures, and fittings. The taxpayers are also entitled to 20% initial allowance deduction on industrial buildings placed in the radius of 50Km outside the boundaries of Kampala.

In addition, taxpayers who place depreciable assets in service e.g., computers, specialized trucks, tractors, industrial buildings, plant, and machinery are entitled to a capital allowance deduction over the life of the asset. Depreciable assets are pooled into four classes with specific rates (40% - 5%). It is worth noting that for depreciable assets that qualify for the 50% initial allowance, the additional capital allowance deduction is deferred to the next year.

Separately, for income tax purposes, manufacturers are entitled to a deduction of expenses incurred in deriving income.

Withholding tax (WHT) exemption

This applies to compliant taxpayers subject to approval by the URA and is renewable annually. The window to apply for the WHT exemption runs between April and June of each year. The exemption saves on cashflow.

2. Value Added Tax incentives:

VAT deferment on importation of plant and machinery costing in excess of USD 4,000.

The VAT deferment incentive grants taxpayers relief from paying VAT on imported plant and machinery for use in their businesses. Under this incentive, the applicable VAT is postponed to a future date and may be discharged completely by the URA upon the taxpayer commissioning the plant and machinery.

Withholding VAT (WHVAT) exemptions

This applies to compliant taxpayers subject to approval by the URA and is renewable annually. The window to apply for the WHVAT exemption runs between April and June of each year. This exemption saves on cashflow.

Zero rating for exports
Taxpayers are not required to pay VAT on exports while on the other hand, the exporter will be entitled to a full refund of input VAT on purchases utilised as part of the production process.

3. Customs duties Duty remission:

Manufacturers are entitled to remission (waiver) of import duty for raw materials imported for use in the manufacturing process. However, the manufacturer is required to lodge an application to the Ministry of Finance for approval of the quantity of the raw materials with respect to which remission will be granted. Manufacturers who use excisable raw materials to produce excisable goods are also entitled to offset the excise duty incurred on purchase/ importation of the raw materials against any excise duty payable on the final goods.

Customs exemption for industrial replacement parts.
Manufacturers are entitled to customs duty exemption for imported industrial replacement parts. For this exemption to apply, the spare parts should be imported by registered manufacturers as replacement parts used exclusively on industrial machinery and should be imported solely for replacement of worn out or obsolete parts of industrial machines.

Packing material of any kind designed for packaging goods for export:

Such packaging is exempted from all taxes when imported for purposes of packaging goods meant for export.

Raw materials used in production of goods meant for export:

Manufacturers are entitled to duty draw backs i.e., customs refunds of all or part of any import duty paid on material inputs imported to produce goods for export.

The above list of tax incentives is not exhaustive. However, from the foregoing, it is clear that manufacturers need to undertake robust tax planning measures in order to benefit from the various incentives within the tax regime as a way of managing business costs to catalyse growth in the sector.

Access to Finance and Export-Oriented Investment in Uganda's Free Zones

By Isaac Musinguzi

1.0 Introduction

Over the past three decades, Free zones have become popular instruments of trade policy globally due to their ability to catalyze economic development . By 1970, there were only a handful of countries which adopted the Free Zones Policy, but all this has changed. By 2019, there were 5,400 zones across 147 economies, up from about 4,000 five years earlier and more than 500 new zones are in the pipeline (UNCTAD World Investment Report, 2019). This boom is part of a new wave of industrial policies and a response to increasing competition for internationally mobile investment. In fact, Uganda has recently also adopted the Free Zones Policy.

According to Section 2 of the Free Zones Act, 2014, a Free Zone is a designated area where goods introduced into the designated area are generally regarded, so far as import duties are concerned, as being outside the customs territory and include an Export Processing Zone or Free Port Zone. They are often offered free trade conditions and a liberal regulatory environment including exemptions from tax customs duties, business –friendly regulations, administrative facilitation, and infrastructural support from the government, among others . These have an impact of lowering their costs of operations and attracting more export-oriented investors.

Export Processing Zones are an important development tool used by governments to largely increase the country's exports. Today's definition of Export Processing Zones extends recognition to not only firms located within an industrial estate, usually a fenced in area of 10–300 hectares that specializes in manufacturing for export, but also those firms outside such geographical constraints but exhibiting characteristics akin to those within the Export Processing Zones (World Bank, 1992). Such characteristics include a distinct regulatory framework and infrastructural support, in which case borderline firms that take up one form or another basing on a country's respective laws (UNCTAD, 2019). Therefore, there are instances where Export Processing Firms may still benefit from the incentives offered in the zones without being physically fenced in.

In addition, several other countries have liberalized domestic sales for these firms, allowing the sale of some of their output in the domestic market depending on their respective policies. Uganda is no exception to this, allowing the sale of utmost 20 percent of output from Export Processing Zones to be sold in the domestic market whereas Mexico also allows 20-40 percent of its zones' output to be sold domestically.

Export Processing Zones are established with three main goals in mind. The first of these goals is to provide the country with foreign exchange earnings by promoting nontraditional exports, secondly, to create jobs and generate income and lastly, to attract foreign direct investment, engendering technology transfer, knowledge spillover,

UGANDA FREE ZONES AUTHORITY
Creating Opportunities for Export-oriented Investment

demonstration effects, and backward linkages (Madani, 2003).

Export Processing Zones exhibit a number of characteristics which may include (but are not limited to).

i. They are allowed duty-free imports of raw and intermediate inputs and capital goods for export production.
ii. Government red tape is streamlined, allowing "one-stop shopping" for permits, investment applications, and the like.
iii. Labor laws are often more flexible than for most firms in the domestic market.
iv. Firms in zones are given generous, long-term tax concessions.
v. Communications services and infrastructure are more advanced than in other parts of the country. Utility and rental subsidies are common.
vi. Zone firms can be domestic, foreign, or joint ventures. Foreign direct investment also plays a prominent role.

Export Processing Zones must be subjects of proper Policy Planning which takes into account their ultimate costs and achievements for them to be a successful tool for Industrialization and economic growth (Warr 1989, 1993; World Bank, 1992). However, it goes without saying that there are instances where the Export Processing Zones have failed to serve the intended purpose due to the absence of such centered planning.

Export processing zones are sensitive to the national economic environment and perform better when the host country pursues sound macroeconomic and realistic exchange rate policies.
If properly managed and availed a favorable policy environment, zones can generate income, create jobs, especially nontraditional employment, and new employment opportunities for women as well as build human capital (Dorsati Madani, 1999). The long-term contributions of a competitive and efficient Export Processing Zone are the provision of industrial infrastructure that many countries lack as well as the building up of human capital either directly or through their catalyst and demonstration effects on host country entrepreneurs (Dorsati Madani, 1999).

Export processing zones build human capital in two ways. Firstly, the previously unskilled workers benefit from job training and learning by doing (Rhee, Katterbach, and White 1990). These benefits are limited, however, because most production is low-skill and low-tech. Still, workers earn income and learn industrial work discipline and routine. Often, training also occurs at the supervisory and managerial levels since local employees establish foreign contacts and learn new organizational and managerial methods, negotiation and marketing skills, general business knowhow, and a spirit of entrepreneurship.

Secondly, Human Capital is built by the catalyst and demonstration effects which are common in the host economy, through backward linkages between zones and domestic firms, which unfortunately do not always occur (Rhee, Katterbach and White 1990; Rhee and Belot 1990). In general, some linkages have occurred in countries that did not already have a solid industrial base. However, these linkages have been spotty and inconsistent, with some Zone Firms complaining of the poor quality or incompatibility of local inputs.

Export Processing Zones have increased gross foreign exchange earnings although net foreign exchange earnings have not always lived up to expectations due to the total foreign exchange expenses incurred in the production of the products.

According to the Uganda Free Zones Authority Enterprise Survey for Financial Year 2020/21, there were twenty-Seventy (27) licensed Free Zones Developers and Operators registered in Uganda. Total exports of goods in Free Zones stood at US$1,247,370,226 during the FY2020/21, an increase by 709 percent from

US$154,172,592 registered in FY2019/20. The increase was driven by export of high value processed mineral products. Total employment in Free Zones stood at 8,389 jobs, an increase by 31 percent from 6,382 jobs, generated in FY2019/20. The Capital investment increased to US$586.28 million in FY2020/21 from the FY2019/20 levels of US$71.28 million.

Uganda's strategic location coupled with the relative stability makes it a gateway for regional trade and investments into the East African sub region. The economy of Uganda has experienced a steady and positive growth as a result of policy reforms, resulting into improved macroeconomic performance and the creation of a conducive environment for business. These reforms have been characterized by reduction in inflation, fairly stable exchange rates, relatively low interest rates and economic growth.

This study aims at identifying the barriers to entry of Free Zones in Uganda by assessing current policies and practices, identifying strategies for overcoming the constraints of development on these Free Zones and finding ways to help in improving the implementation mechanism of the Free Zones scheme.

2.0 Motivation for the review

With the current challenges of job creation for the increasing number of youths in Uganda, the industrial sector must solution this by generating the much-needed employment. For increased industrialisation to happen in the Country, numerous resources have to be mobilized to finance infrastructure as well as factories, industries, and their operations; that add value to the raw materials in order to increase exports. These are majorly financed using private finance, given that public finance is increasingly focused on infrastructure development. Furthermore, most Zone investments are made by Private Investors .

The role of the financial sector is very significant for the level of industrialisation in Uganda, in terms of provision of credit to finance industrial projects and their operations. These credit facilities include both short- and long-term loans from commercial and development banks. Inadequate access to finance remains a major obstacle for many aspiring entrepreneurs and businesses especially Micro, Small and Medium-sized Enterprises (MSMEs), which are the bulk of Uganda's manufacturing sector. As recent studies confirm, the global financing gap for Micro, Small and Medium-sized Enterprises remains enormous. Entrepreneurs of all types and sizes require a variety of financial services, including facilities for making deposits and payments as well as accessing credit, equity and guarantees.

3.0 Objective Of The Review

The overall purpose of this review is to identify barriers to access to Finance and Export-oriented Investment in Uganda's Free Zones. Specifically, the review looks at the following:

i. **To examine the availability of financial services to support Export-oriented Investment in Uganda's Free Zones.**
ii. **To find out the affordability and Cost of Credit on Export-oriented Investment in Uganda's Free Zones.**

4.0 Literature Review

4.1 Access to Finance

Access to finance is the ability of individuals or enterprises to obtain financial services, including credit, deposit, payment, insurance, and other risk management services. Such financing is intended to support and stimulate economic growth by providing financing to firms where the market is failing to do so. Access to finance policies are intended to impact on firm growth,

productivity, and employment. Access to finance includes access to deposits (internal financing) and credit (external financing).

Credit constraints, whether from bank financing or other means of financing, negatively affect investment in fixed assets, investments and working capital as well as the firms' growth in terms of investment and employment . The competitiveness and growth of the Firm is ultimately hampered.

4.2 Export-Oriented Investments

Export oriented investments including industrialization are the investments mainly concerned with increasing the volume of production of goods and services for export. Export-oriented Industrialization (EOI), sometimes called Export Substitution Industrialization (ESI), Export Led Industrialization (ELI) or Export-led Growth is a trade and economic policy aiming to speed up the industrialization process of a country by exporting goods for which the nation has a comparative advantage. Export-led growth implies opening domestic markets to foreign competition in exchange for market access in other countries.

The investment decisions of Transnational Corporations (TNCs) are today increasingly linked to international trade patterns and the growth of Global Value Chains (GVCs), which now contribute to 80 percent of global trade. Government policymakers and their Investment Promotion Agencies (IPAs) have therefore been keen to bring export-oriented investment – often related to GVCs – to their shores. Such investment can help countries to broaden their participation in GVCs and to capture higher-value activities and upgrade their exports.

4.3 Mixed International Experience with Special Economic Zones (SEZs)

While SEZ programmes have been implemented in a number of developing countries, evidence of the effectiveness of SEZ policy is mixed. While in some countries, SEZs have proved to be catalytic to growth, in others, they have become expensive 'white elephant' projects with limited contribution to economic development .

The clearest success story of using special economic zones to drive growth can be found in China. In 1979, four SEZs were established as an experimental policy with the aim of spurring growth in the country (Manwaring and Teachout, 2022). By addressing significant distortions in the economy regarding firm ownership, trade and taxation, these zones soon accounted for over 60% of Foreign Direct Investment (FDI) into the country. By 2010, there were over 2000 zones in the country, accounting for 30 million jobs, 60% of exports, and 46% of FDI.

Similar successes have been observed in other countries such as Korea, Malaysia, Mauritius, Dubai, and Poland. However, there have also been notable failures in the implementation of industrial parks and SEZs, in particular in India, some countries in Latin America and sub-Saharan Africa (Manwaring and Teachout, 2022). Four (4) SEZs in Kenya and Ghana have generated 10-15 percent less employment per capita than those in Honduras and the Dominican Republic (Manwaring and Teachout, 2022).

5.0 Findings from the Review

5.1 Availability of financial services to support Export-oriented Investment in Uganda's Free Zones

According to Elinorah Tumushabe (2018), availability of credit is of great importance in encouraging Foreign Direct Investment which in turn greatly influences Export-oriented investment.

In Uganda, the Ministry of Finance, Planning and Economic Development reports that most firms are internally financed or obtain credit from domestic savings and commercial credit providers like Banks

. Limited access to finance is a key constraint to Small and Medium Enterprise (SME) growth and it is the second most cited obstacle faced by SMEs in growing their businesses in emerging markets and developing countries. SMEs are less likely to be able to obtain bank loans than large firms; instead, they rely on internal funds, or cash from friends and family to launch and initially run their enterprises. This is because commercial bank loans are hard to pay back and have laborious requirements to fulfil before the loan application is approved.

For SMEs to grow and contribute to economic development, access to adequate credit finance is critical (Hasnah et al., 2013). This is because SMEs cannot raise adequate equity finance through informal savings and retained earnings to sustain their operations and growth. Several studies have established that credit finance obtained at affordable interest rates and well utilized have a positive significant effect on growth of SMEs. Further, the high costs of credit, bank charges and fees hamper growth of SMEs.

Banks perceive the SME segment to be profitable, but macroeconomic instability in developing economies and competition in the SME segment in developed economies were identified as the main obstacles to them providing financing to SMEs. Banks are less exposed to SMEs than to large firms, provide a lower share of investment loans to SMEs and charge them higher fees and interest rates, especially in developing economies.

Access to reliable and long-term financing to support export-oriented investments is important in the development of the export market and allows for sustainable growth of the investments. Long term and patient capital in Uganda can be remedied by the Uganda Development Bank and East African Development Bank but the two Banks are under-capitalized and Uganda's Capital market which, however, still remains underdeveloped (Sejjaaka, 2009). Currently, there are no SMEs listed on the Uganda Securities Exchange and yet the bulk of companies in Uganda are SMEs.

5.1 Affordability and Cost of Credit on Export-oriented Investment in Uganda's Free Zones.

Uganda is faced with rather costly credit which negatively impacts not only export-oriented investments but investments in the economy at large. Unlike its neighbouring countries, Uganda has a rather high bank interest rate for loans (on average, 24.7% and 10% for credit obtained in foreign currency as of 2016, which is not sustainable where loan is re-paid in local currency) and when coupled with the loan processing costs and need for collateral, it hinders export companies from accessing credit . Worse yet, the decreasing Income Per Capita further makes financial services largely unaffordable to businesses which eventually liquidate due to inability to pay back the loan and its accompanying interests . Moreover, credit is granted for a shorter loan period than is required for sustainable investment .

In effect, though micro companies, in particular export-oriented companies have greater access to financial services, the

> Access to reliable and long-term financing to support export-oriented investments is important in the development of the export market and allows for sustainable growth of the investments .

services are so costly and not granted on terms that favor sustainable investment, eventually necessitating liquidating due to inability to pay back the loan and interests . Limited access to financing that favors sustainable investment has become a major constraint to companies in Uganda, hindering research, growth and development of new products and better standards.

6.0 Recommendations

The review recommends the following;

i. The Commercial banks should design specific credit packages for the different industries such as agro-processing, light manufacturing, and mineral processing. This should also involve the charges for different interest rates.

ii. The Commercial banks should reduce the time taken to acquire credit through digitisation of processes involved in access to credit.

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The African Continental Free Trade Area: A Historical Moment for Development in Africa

By Vera Songwe, Jamie Alexander Macleod, Stephen Karingi

ABSTRACT

This policy piece surveys the potential of the African Continental Free Trade Area (AfCFTA) as a historical framework for setting Africa on the path toward structural transformation and sustainable development. After evaluating the part that the landmark continental trade integration reform will play in rebuilding better from the pandemic, the paper quantifies the trade-related impacts of the AfCFTA and assesses its contribution beyond trade. It also highlights Economic Commission for Africa's ongoing support to implementation, building on the support the commission has historically provided to regional and continental integration in Africa.

1. INTRODUCTION

The signature of the Agreement Establishing the African Continental Free Trade Area (AfCFTA) by 44 African Union member States at the 10th extraordinary meeting of the Assembly of Heads of State and Government of the African Union, held in Kigali on 21 March 2018, marked a momentous milestone for economic integration in Africa.[1] On 1 January 2021, after some 5 years of technical efforts since the official launch of negotiations in June 2015, this outstanding political accomplishment bore fruit in the official start of trading under the Agreement. The first consignments of goods traded under the AfCFTA—containers of cosmetics and drinks from Ghana to South Africa— were reported to have shipped by 5 January 2021 (Daily Graphic, 2021). As of July 2021, 40 African countries had ratified the AfCFTA.

This achievement crowns a vision of continental trade integration that is over 50 years old (Gérout et al., 2019). In 1963, the Summit Conference of Independent African States, the inaugural meeting of the Organization of African Unity, appointed a 'preparatory economic committee to study ... the possibility of establishing a free trade area between the various African countries'.[2] Previous continental integration attempts have all failed, however. Surveying the missed opportunities of African integration among the economic crises of the 1980s, Adebayo Adedeji lamented that 'when a state finds itself in a crisis, it does not see beyond its nose' (Adedeji, 2002). It is all the more commendable therefore that the African continent achieved the official commencement of trading under the AfCFTA less than 10 months after the World Health Organization declared the Coronavirus Disease 2019 (COVID-19) a pandemic, a blight on global development and prosperity that will be remembered for centuries.[3] It is no under-estimation to say that ECA has been one of the foundational proponents and supporters of the AfCFTA, and African economic integration in general, going back to the very first meetings of ECA in the late 1950s.

Under the leadership of Adebayo Adedeji, from 1975, ECA proactively led in initiatives such as the Lagos Plan of Action and the establishment of the RECs (Gérout et al., 2019). ECA research on the rationale for a continental trade agreement in 2010 foreshadowed the AU's Boosting Intra-African Trade Action Plan in 2012 that formally envisaged for the first time a 'continental free trade area'.[4] A centre-piece of the intellectual groundwork contributed to integration by ECA has been the Assessing

Regional Integration in Africa (ARIA) report series, produced in partnership with the AU and African Development Bank (AfDB) since 2004. The ARIA series have notably built the case for REC rationalization (2006), an African continental trade agreement (2010), the political economy for realizing the AfCFTA (2017) and the effective implementation of the AfCFTA and its phase II protocols (2020), among other contributions to economic development issues on the continent.

At the sub-regional level, ECA has assessed the particular dimensions of the AfCFTA in relation to the Eastern Africa region (ECA and TMEA, 2020). In ensuring that the AfCFTA would be pro-development, ECA led in 2017 a human rights impact assessment of the AfCFTA (ECA et al., 2017). And in 2017, ECA first made the case for including e-commerce and the digital economy as an additional protocol to the AfCFTA, in a briefing note to the African Union Commission (AUC), a decision that would eventually be made by African Heads of State and Government in 2020.
ECA also has had a privileged role in supporting the AfCFTA negotiations directly. The AU Assembly, in its 2015 decision launching the AfCFTA negotiations, called upon the ECA, AfDB and Afreximbank 'to provide the necessary support to the member States, the Commission and the Regional Economic Communities to ensure a timely conclusion of the Negotiations'.5 The role played by ECA, and the other technical partners in the negotiations, goes well beyond their participation in the meetings of the AfCFTA negotiating institutions.
The channels of influence and contribution to the AfCFTA negotiations process range from the analytical work they produced, the technical support they provided to member States and their negotiators, to the AU Commission and related continental organs, as well as to RECs and their Secretariats.

Africa has much further to go, however. Having 'seen so many proclamations remain a dead letter',6 in the words of Moussa Faki Mahamat the Chairperson of the African Union Commission, and recognizing that the 'AfCFTA is going to be difficult',7 in the words of Wamkele Mene the Secretary General of the AfCFTA Secretariat, the focus must now turn to ensuring that the transformative potential of the AfCFTA is actualized.

The present article surveys the role of the AfCFTA in rebuilding the economy of Africa to better serve the developmental goals of the
Agenda 2063 of the African Union and the United Nations Sustainable Development Goals. It also presents an account of the role played; both past and present, by the Economic Commission for Africa in the AfCFTA process.

2. ROLE OF THE AFRICAN CONTINENTAL FREE TRADE AREA IN REBUILDING BETTER FROM THE COVID-19 PANDEMIC

The COVID-19 pandemic represents a significant and possibly long-lasting blow to African economies. Growth in Africa contracted for the first time in more than 20 years, declining by 1.9% in 2020 (IMF, 2021). The continent's fiscal deficits are estimated to have almost doubled, from 4.7% of Gross Domestic Product (GDP) in 2019 to 8.7% in 2020 (ECA, 2021a).

As a consequence, Africa does not have the fiscal space to replicate the multi-trillion-dollar stimulus initiatives of some of the world's richest countries: for example, the stimulus measures enacted by the United States alone, measuring $6 trillion as of May 2021, exceed twice the size of the entire annual GDP of Africa (Statistica, 2021). Africa must instead look to more creative measures for its recovery.

Deepening regional integration through the AfCFTA initiative can support a restructuring of Africa's recovery from the pandemic to rebuild an African economy more conducive to achieving the goals laid out in Agenda 2063 of the African Union and the United Nations 2030 Agenda for Sustainable Development. The COVID-19 crisis has already catalysed such a reordering of global supply chains for greater resilience and production on the continent (ECA and IEC, 2020). The role of the AfCFTA is to build on and accelerate this process of industrialization and diversification of sources of growth and exports.

The creation of the AfCFTA provides a means of leveraging the combined economic size of Africa, fostering export diversification and industrialization and coordinating African trade policy. The AfCFTA also offers an invaluable opportunity to accelerate the twin digital and green transitions which are central to building forward a more sustainable economy.

2.1. Leveraging Africa's Economic Size

Africa accounts for one-sixth of the world's population but is fragmented into 55 member states of the African Union. Many are too small to support economies of scale and attract the investments necessary for industrialization and sustainable growth: 22 countries have populations less than 10 million. Businesses face average tariffs of 6.9% when they trade across the continent's 107 inter-State land borders, but also substantial Non-Tariff Barriers (NTBs), regulatory differences and divergent sanitary, phytosanitary and technical standards that raise costs by an estimated 14.3%.8 The AfCFTA seeks to integrate and consolidate Africa into a $2.5 trillion market of 1.3 billion people.

2.2. Diversifying and Industrializing Exports

The global economic crisis created by the COVID-19 pandemic has already had a relatively predictable impact on trade in Africa: commodity prices fluctuated considerably and with them the continent's foreign exchange, fiscal revenues and economic stability. Most sectors crashed before rebounding strongly in the latter half of 2020 into 2021 (Figures 1 and 2).

Figure 1 | Composition of African exports. Source: Based on data from the International Trade Centre, the Food and Agriculture Organization of the United Nations and the Trading Economics data platform, June 2021. Notes: Metals Index is the London Metals Exchange Index. Cotton prices are included as a very rough proxy for textile prices. Composition of African exports based on a 3-year average from 2016 to 2018

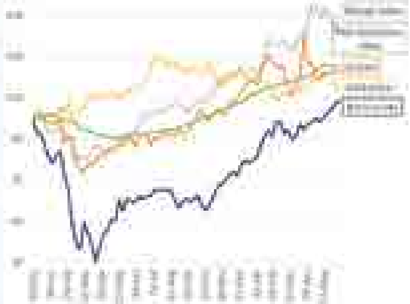
Figure 2 | Price developments for top African exports, December 2020 to June 2021. Source: Based on data from the International Trade Centre, the Food and Agriculture Organization of the United Nations and the Trading Economics data platform, June 2021. Notes: Metals Index is the London Metals Exchange Index. Cotton prices are included as a very rough proxy for textile prices. Composition of African exports based on a 3-year average from 2016 to 2018.

The cumulative result was Africa's total exports falling 16% in the course of 2020, with those from oil-exporting countries falling 40%, as compared to 2019. Africa's gold exporters, on the other hand, saw an 18% increase in export values.

This volatility reflects the limited diversification of trade: petroleum oils, metals (manganese, aluminium, copper, chromium, palladium and others) and gold together account for almost 60% of total exports from Africa. Intra-African trade presents a different configuration: these commodities account for a far lower share (about 30%) of trade within the continent. Instead, manufactured products account for a much larger share of intra-African trade (about 40%, as compared to only 20% of exports to the rest of the world).10

The use of the AfCFTA as a pivot to intra-African trade will thus provide a more secure source of revenues and foreign exchange, less dependent on the fluctuations of commodity prices. It will also catalyse the trade in manufactured products needed to support the long-overdue industrialization of Africa. Industrialization is the tried and tested engine for economic development, historically contributing to secure middle-income status, broader tax bases and diversified export baskets.

2.3. Coordinating Trade Policy

Integrating the African market will help the continent to engage coherently in trading arrangements with the rest of the world. The United States of America, the European Union, emerging market economies and others are looking to establish trade deals with Africa. To use the language of Agenda 2063, in pursuit of 'the Africa we want', Africa can achieve more if it will 'speak with one voice and act collectively to promote our common interests and positions in the international arena' and affirms the importance of 'unity and solidarity in the face of continued external interference'. With a single voice, Africa can negotiate trade deals better than individual countries alone.

An example can be drawn from the Association of Southeast Asian Nations (ASEAN) group of 10 Southeast Asian countries. As a group, it found itself more attractive to partners seeking trade agreements, providing the impetus for negotiating various ASEAN+1 agreements (Mikic and Shang, 2019).
The consolidated economic size of a country grouping in negotiations makes it more attractive to partners, while also giving it more economic clout with which to press for more preferential negotiated outcomes.

Coordinating African trade policy with partners can also better ensure that agreements with third parties do not contain provisions that might undermine regional trade. A counter example here has been the interim Economic Partnership Agreements between individual African countries and the European Union which have frustrated the effectiveness of some of Africa's customs unions by requiring different tariff schedules between members of these unions.

However, it is also in the interest of outside partners to support African integration efforts so that they are then able to invest in a robust and unified African continent that offers greater consolidated opportunities.

2.4. Aligning Digital and Green Transitions

Before the pandemic, digitalization was poised to change the world. COVID-19 marks the historic tipping point into the digital era. Stocks of the so-called 'big tech' concerns (Apple, Amazon, Tesla, Microsoft, Alphabet, Facebook and Netflix) increased in market value by more than 50%—equivalent to $2.5 trillion—over the course of 2020.
In Africa, 61% of a sample of firms surveyed by ECA reported an increase in online sales since the outbreak of the pandemic (ECA, 2021b), while another ECA and IEC survey found that 75% of businesses in the goods sector and 61% of micro-sized enterprises identified online selling as a top new opportunity in reaction to the crisis (ECA and IEC, 2020).

Financial statements data from African digital firms indeed suggest some degree of digital acceleration in Africa in the course of COVID-19, with Nigerian data consumption reported by MTN Group Ltd. up 33% in the first half of 2020, for instance (ECA, 2021c).

Yet, considerable challenges and inequalities persist in the African digital economy. Only a minority—some 29%—of Africans currently use the internet (International Telecommunication Union, 2021); online payment options are generally limited, with most consumers preferring cash on delivery (ECA, 2021c); and, according to a survey of firms by ECA in 2020, low online trust is reported to be the topmost challenge constraining e-commerce (ECA, 2021b). It is however important that in improving the digital market in Africa,

African countries do not merely facilitate a market for e-commerce and digital imports, but also digital value creation on the continent. There is some evidence that suggests that while digitalization can improve the efficiency and market access of African small- and medium-sized firms, it can also risk consolidating control in lead firms outside of the continent (Foster et al., 2017). The most important guard against this is in improving digital literacy and skills on the continent.

In January 2020, the Assembly of Heads of State and Government of the African Union announced negotiations for a protocol on e-commerce to the Agreement Establishing the AfCFTA. This protocol will give the AfCFTA an opportunity to respond to some of the requirements of building an effective digital economy in Africa. In an ECA-supported survey of small- and medium-sized African businesses in 2020, when asked how the AfCFTA could help support their cross-border e-commerce, the priorities identified were in creating harmonized digital economy regulations in areas such as taxation, online consumer protection and electronic trade (ECA, 2021b).

The second major economic transition that Africa faces is in the area of the environment. In 2019, African countries were already spending between 2% and 9% of their GDP in responding to climate events and environmental degradation, such as storms, floods, droughts and landslides (World Meteorological Organization, 2020). The world's environmental emergencies are as pressing as ever, even if they may seem distant during the COVID-19 crisis. Avoiding the worst impacts of climate change will be key to future resilience and stability in Africa. Most climate change discussions are typically constrained within borders and focused on domestic commitments, to avoid issues of non-discrimination. Yet trade offers enormous potential for climate change cooperation that should not be overlooked. 'Greening' the AfCFTA can offer an important platform to deliver progress on climate change. Practical steps here can involve the inclusion of environmental goods and technologies, such as wind turbines and photovoltaic systems, in liberalization schedules as well as prioritizing the harmonization and strengthening of environmental standards and regulations under the African Quality Standards Agenda.

Inaction is a poor option. As the main external markets of Africa rapidly switch to green growth models through initiatives such as the European Union Green Deal, China 2060 and the Biden climate plan, Africa risks being left behind with stranded fossil fuel assets: in limiting global warming to 2°C, as much as 26%, 34% and 90% of the gas, oil and coal reserves, respectively, of Africa may be left unused (Bos and Gupta, 2019). Yet, with 42 of the 63 rare earth elements that are required in low carbon technologies and the digital economy, such as cobalt used in batteries, Africa has opportunities for green regional value chains and products that fit with growing green demand.

3. QUANTIFYING THE TRADE-RELATED IMPACTS OF THE AFRICAN CONTINENTAL FREE TRADE AREA

3.1. GDP and Total Exports

The AfCFTA is estimated by ECA to increase both the continent's GDP and its total exports. Overall African GDP is forecast to increase by 0.5% (equivalent to around $55 billion annually), after full implementation in 2045 and compared to a scenario without the AfCFTA. The choice to present the results in 2045 is justified by the fact that the AfCFTA reform is implemented over time between 2021 and 2035 but also to give enough time for all the variables to adjust following full implementation of the AfCFTA reforms in the model.

Though these overall gains may appear modest in the context of total African GDP, it is how they transform the structure of African trade that is important. The gains are driven by a substantial expansion of intra-African exports by 34% (equivalent to around $133 billion annually), as compared to a scenario without the AfCFTA. Approximately two-thirds of the intra-African trade gains would be realized in the manufacturing sector (Figure 3).

The AfCFTA helps to wean African off an economic structure in which about half of its exports to the rest of the world are energy and mining products of low value-added content but 60% of imports from the rest of the world are industrial goods. It provides invaluable opportunities for the industrialization and diversification needed for development on the continent.

It should also be emphasized that trade gains well may be under-estimated as only formal trade is captured in the analysis, whereas informal trade is believed to account for an additional 11–40% share of intra-African trade (Harding, 2019). Therefore, a non-negligible added benefit from the implementation of the AfCFTA is that through reduction of costs to trade across borders, one can anticipate that informal traders may gradually move toward formal trade which is it becomes less costly and trade operations less cumbersome.

Tariff liberalization entailed by the AfCFTA Agreement would however lower tariff revenues by an estimated 2.9% (or $2 billion) in 2025 and by 8.5% (or $12.2 billion) by 2040 (Figure 4). Although this is not negligible, it is not a gigantic loss either for the continent as a whole and is dwarfed by the expected $55 billion increase in GDP (and $133 billion increase in intra-African trade). Africa's least developed economies, in particular, will be able to delay tariff revenue losses most given their more lenient liberalization schedules (which extend

Figure 3 | Distribution of absolute gains in intra-African trade, by main sectors, with AfCFTA implemented as compared to baseline (i.e. without AfCFTA)—US$ bn and %—2045. Source: ECA and the Centre for International Research and Economic Modelling (CIREM) of the Centre d'Etudes Prospectives et d'Information Internationales (CEPII) calculations based on Modelling International Relationships in Applied General Equilibrium (MIRAGE) Computable General Equilibrium (CGE) model. Notes: The choice to present the results in 2045 is justified by the fact that the AfCFTA reform is implemented over time between 2021 and 2035 but also to give enough time for all the variables to adjust following full implementation of the AfCFTA reforms in the model.

Figure 4 | Changes in Africa's tariff revenues and welfare, following AfCFTA implementation as compared to baseline (i.e. without AfCFTA)—US$ bn and %—2045. Source: ECA and the Centre for International Research and Economic Modelling (CIREM) of the Centre d'Etudes Prospectives et d'Information Internationales (CEPII) calculations based on MIRAGE CGE model.

up to 2033). Governments also have other sources of revenues at their disposal which could be acted upon to compensate such losses and the Afreximbank has already set up the AfCFTA Adjustment Facility which is to serve as a mechanism to provide short- to medium-term financing to vulnerable countries. Afreximbank has already committed $8 billion with the understanding that additional funds would need to be primarily raised from the markets, as required.

The full benefits of the AfCFTA will depend to a large degree on the extent to which NTBs are addressed under the Agreement. Those could be multiplied by 2–4, compared with a situation where only tariffs are liberalized and depending on how ambitious the reduction in those actionable non-tariff measures (NTMs) may effectively translate on the ground under the AfCFTA reform. More ambitious cuts in NTMs are also particularly conducive to stimulating industrial trade. More globally, reducing NTMs within the African continent is most important for maximizing the gains beyond trade and in terms of Africa's GDP, output and welfare.

3.2. Distributional Effects

The least developed countries of Africa are also the continent's least industrialized countries. Manufactured goods accounted for 29% of the intra-African exports of such countries between 2017 and 2019. By disproportionally stimulating the industrial exports of its least developed countries, the AfCFTA will contribute most in helping them to narrow the industrial gap between them and the other countries in the continent (Figure 5).

The industrial gains in intra-African trade are not uniform across countries, however. While for most countries the largest share of the benefits is found in the industrial sectors, there are a few notable exceptions. For example, Ethiopia, Ghana, Guinea and Malawi would see the largest expansion in intra-African trade for agricultural and food products, whereas in Cameroon and Côte d'Ivoire this would take place in energy and mining (Figure 6).

3.3. Top 10 Sectors

Where the individual sectors are concerned, in terms of agrifood the sectors to benefit most are milk and dairy products, processed food, cereals and crops, sugar. In industry, the sectors with the most potential are wood and paper products, chemical, rubber, plastic and pharmaceutical products, vehicles and transport equipment, metals, other manufactured products, and in energy and mining there is scope for refined oil exports. All of these sectors are forecast to experience an increase in intra-African trade in excess of 30% and not less than $1 billion.

In terms of services trade, intra-African trade would increase by over 50% for financial, business and communication services, by around 50% for tourism and transport and by just over a third for health and education (Table 1). Nonetheless, the opportunities for trade in both education and health services should not be ignored. Indeed, although more modest in relative terms as compared to the five priority sectors, gains would still be considerable in both education and health and in fact gains would even be remarkable in many countries.

Figure 5 | Sectoral distribution of intra-African exports, by country groupings, 2017–2019 average. Source: ECA calculations based on figures from the UNCTADstat dissemination platform. SIDS, small island developing states; LDCs, least developed countries; LLDCs, land-locked developing countries.

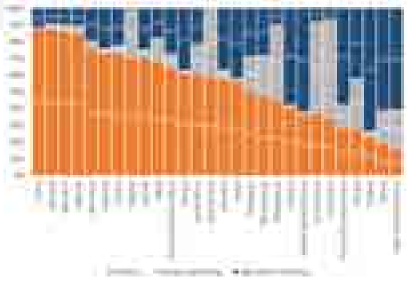

Figure 6 | Distribution of total gains in African countries' exports to Africa, by main sectors. Source: ECA calculations based on MIRAGE CGE model.
Notes: Results apply an intermediate ambition scenario to the lists of products excluded from the liberalization that is approximately consistent with the level of ambition achieved by the AfCFTA modalities for trade in goods. Results express changes in trade over the longer term (i.e. by 2040) in comparison with a scenario in which there is no AfCFTA. These modelling estimates are from an earlier model than that presented elsewhere in this paper, but which focused particularly on distributional issues, so should be considered tentative.

It should also be emphasized that trade in health and education services within the AfCFTA framework, and along with the other five priority sectors, would help somewhat reducing the current heavy dependence of Africa on both exports to and imports from the rest of the world in health and education services. This has become a critical imperative following the COVID-19 crisis, which has further revealed the need for Africa to strengthen its own production and trade capacities in health and education. The two sectors are important vehicles for growth and development and Africa cannot afford missing the trend towards increased digitalization, particularly affecting the education sector.

4. AFRICAN CONTINENTAL FREE TRADE AREA BEYOND TRADE

4.1. Poverty Alleviation

Because of the importance attached to poverty reduction in Africa, the expected effect of the implementation of the Agreement Establishing the AfCFTA on income distribution and poverty is of great interest. Most stakeholders involved in the negotiations and implementation of the Agreement expect that it will be accompanied by a reduction in poverty and income inequality on the continent. Several mechanisms can justify the expected effect of the implementation of the Agreement on poverty and inequality. These include mechanisms related to changes in the remuneration of factors of production and the prices of goods and services; the effects on employment levels induced by economy-wide adjustments; and changes in transfers resulting from changes in the incomes of certain economic agents such as the government and firms (Rivera and Rojas-Romagosa, 2007).

Results from simulations carried out by the World Bank, which include the liberalization of tariffs along with an ambitious reduction of non-tariff measures in Africa and implementation of the World Trade Organization Agreement on Trade Facilitation, suggest that poverty could be reduced across the continent with an estimated 30 million people being lifted out of extreme poverty (World Bank, 2020) (Figure 7). As stated above, however, the true value of the AfCFTA is that it restructures Africa's economy for the industrialization and diversification needed for longer-term development that extends beyond these modelled estimated; the economic transformative potential for poverty reduction is likely to be even more substantial over the longer term.

Table 1 | Changes in intra-African trade, by specific services sectors, with AfCFTA implemented as compared to baseline (i.e. without AfCFTA)—US$ billion and %—2045

	Total services	Business services	TransportE	ducation	Communication	Financial services	Health	Tourism	Other services
US$ billion	4.4	1.91	.2	0.50	.3	0.20	.2	0.10	.0
%3	9.2	69.6	46.6	34.2	57.5	107.03	5.04	9.9	−0.9

Source: ECA and the Centre for International Research and Economic Modelling (CIREM) of the Centre d'Etudes Prospectives et d'Information Internationales (CEPII) calculations based on MIRAGE CGE model.

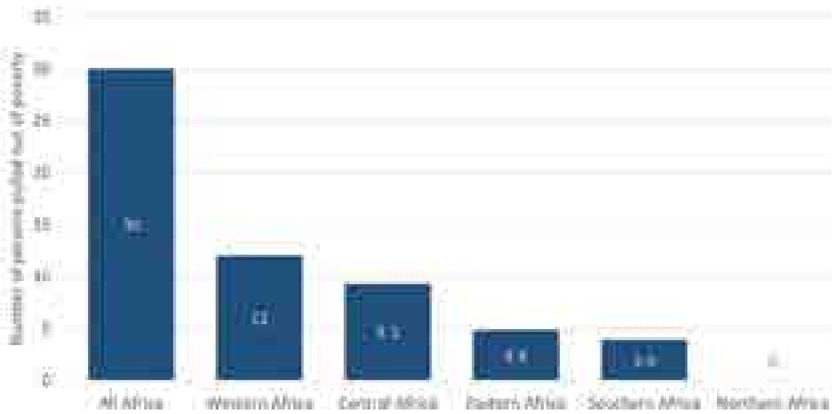

Figure 7 | Impact on poverty in Africa by 2035, millions. Source: Compilation from World Bank (2020). The African Continental Free Trade Area: Economic and Distributional Effects

4.2. Gender and Youth Perspectives

The AfCFTA can promote gender equality and women and youth empowerment, fundamentally driving national, continental and global sustainable development outcomes. The establishment of the AfCFTA will create new trading and entrepreneurship opportunities for women across the key sectors of agriculture, manufacturing and services. The boosted demand for manufactured goods will encourage larger export-oriented industries to source supplies from smaller women-owned businesses across borders, while the opening of borders will increase opportunities for women to participate in trade through reconfigured regional value chains and more easily meet the standards of continental markets.

The above-cited 2020 World Bank study on the economic and distributional effects of the AfCFTA, although it includes reforms which go beyond the parameters agreed upon by African Union member States, estimates that the AfCFTA could make small contributions to closing the gender wage gap, thanks to the resulting increases in wages for women (10.5% by 2035), being marginally larger than those for men (9.9%). Employment gains are expected in agriculture, one of the principal sectors driving African economies, in which women represent about half of the labour force. The projected 1.2% increase in employment expected to result from the establishment of the AfCFTA (although small) will also reduce the high levels of youth unemployment, helping to engage some of the continent's 252 million young people in productive activities. The African Union Protocol on the Free Movement of Persons could help to tackle the skills shortages underlying the under-employment and unemployment of young people. The reduction in the cost of trade will incentivize the creation of small- and medium-sized enterprises for the many young people employed in the informal economy, which accounts for around 90% of jobs in many African countries, and for women working as informal traders, who constitute up to 70% of that sector, through entrepreneurship, e-commerce and trading through formal channels that offer more protection.

Notwithstanding this potential, gains will not be automatic. In order for the benefits of the AfCFTA to be inclusive for women and young people, countries must diversify their exports to build resilience to changes in demand, move to higher-value-added products and services with improved wages, and include small- and medium-sized enterprises in accessing new markets while encouraging innovation and improving productivity. Maximizing the benefits of the free trade area will require an inclusive approach to the implementation of the AfCFTA Agreement. To this end, ECA is supporting the process of gender mainstreaming in the design of national AfCFTA implementation strategies and public–private dialogues to facilitate inclusive implementation of the Agreement. This process is guiding the development of gender-responsive complementary policy reforms to advance women's full participation in the process of rolling out AfCFTA, and as part of the solution to post-pandemic recovery efforts. Digital approaches to trade facilitation will help to reduce the scope for gender or age-based discrimination. Ensuring equal trade and economic opportunities will ensure that the establishment of the AfCFTA serves as a milestone for inclusive socioeconomic development on the continent.

5. CONTINUING ECA SUPPORT TO THE AfCFTA

Supporting the negotiations leading to the Agreement establishing the AfCFTA is only the first step. The most difficult job is now in translating those negotiated texts into meaningful implementation and sustainable outcomes. With ECA's rich history of support to regional and continental integration, there is an imperative and a responsibility for continuing support for the effective implementation of the AfCFTA. ECA support in this area spans four main channels:

(i) research foundations, (ii)

implementation strategies, (iii) operational tools and (iv) complementary initiatives.

The focus of ECA's work on the research foundations for the effective implementation of the AfCFTA is oriented around sustainability, equitable development and addressing the wider gaps that would prevent effective utilization of the AfCFTA. In appreciation of the pressing importance of 'greening' the AfCFTA, ECA has commissioned an environmental impact assessment of the AfCFTA. Following the successful human rights impact assessment of the AfCFTA (ECA et al., 2017), this work will analyze the environmental implications of the AfCFTA while identifying environmentally supportive accompanying measures. ECA's work on trade facilitation currently involves an ongoing study with the AU to ascertain an optimal customs system for improving trade transit in Africa as well as a customs application to limit human contact for safer trade in the context of COVID-19. In recognizing that services trade, despite its potential, continues to lag in regional integration, ECA's upcoming Assessing Regional Integration in Africa report in partnership with the AUC and AfDB focuses on services trade in Africa. ECA's more forward-looking work in the area of research foundations includes a forthcoming report on an African Common Investment Area, identifying measures to level the playing field for intra-African investment. Appreciating that the relationship between Africa's RECs must evolve to embrace the AfCFTA, another forthcoming ECA study assesses the governing interface between RECs and the AfCFTA, identifying an ambitious set of recommendations for leveraging the RECs for effective AfCFTA implementation. Finally, an upcoming study looks at the implications of the AfCFTA for the demand of transport infrastructure and services in Africa, anticipating an overall 28% increase in total intra-African freight demand as a result of the AfCFTA and prioritizing investments in critical bottlenecks in Africa's maritime, road, rail and air infrastructures.

In practice, implementation of the AfCFTA involves the enactment of trade policy at the country level. ECA's second main channel of support to AfCFTA implementation involves support to 40 African countries or their RECs in the preparation of AfCFTA implementation strategies, 13 of which have now been completed. These strategies use an integrated and participatory approach to bring together private sector actors, civil society organizations, academia and government to identify country-specific AfCFTA market opportunities and required institutional, regulatory or capacity reforms for implementation. Each strategy involves nine key components: a macroeconomic framework, situational analysis, risks and mitigating actions, production and trade opportunities, challenges and strategic measures, strategic objectives and monitoring and evaluation frameworks, financing, communications and visibility plans, and cross-cutting issues. ECA is further working with a selected 10 African countries to provide a detailed analysis of the revenue implications of the AfCFTA and support for new fiscal architectures that focuses on revenue replacements, including through improvements to tax administration.

The third channel through which ECA supports AfCFTA implementation is with the development of operational tools. It is businesses that will actually trade under the AfCFTA and its success relies on its utilization by firms across the continent. Accordingly, ECA has piloted and is now rolling out an AfCFTA Country Business Index to ascertain, from the perspectives of

businesses trading in Africa, the remaining obstacles to their trade in the continent and to review the effectiveness of the AfCFTA in addressing their concerns. In partnership with Afreximbank, ECA is developing the African Trade Exchange platform, an online business-to-business marketplace for intra-African trade leads to be established by businesses and supported with logistics and payments options (built on the successes of the African Medical Supplies Platform).

The fourth and final channel through with ECA supports AfCFTA implementation is with complementary initiatives that seek to leverage the opportunities of the AfCFTA. Notable here is ECA's AfCFTA-anchored pharmaceutical initiative. This focuses on two strategies with high potential in 10 target countries: firstly, opportunities arising from pooled procurement and secondly, the potential for local production.

The AfCFTA helps to consolidate a $259 billion health market with the potential to create 16 million jobs and improve health outcomes for Africa's 1.3 billion citizens if health financing gaps can be strategically overcome and production localized.

The implementation of the AfCFTA will take time as African leaders, policymakers and businesses react to harness its opportunities. Assistance from many angles will be required to ensure that the AfCFTA realizes its transformational potential. As through the history of ECA since its formation in 1958, it stands as an institution ready to provide support to the regional and continental integration initiatives of the continent.

6. CONCLUSION AND WAY FORWARD

In the 5 years since the AfCFTA negotiations were launched, in June 2015, considerable efforts have been made to bring about the commencement of trading. To date, 23 AfCFTA negotiating forums have been held, alongside 16 meetings of the African ministers of trade, and dozens of technical working group meetings. Considerable celebration deservedly surrounded the start of trading under the AfCFTA Agreement on 1 January 2021, yet much work remains if the Agreement is to deliver successfully on all its promises for the development of Africa.

At the technical level, negotiators must work harder to reach an agreement on the remaining aspects of the Agreement, including the small number of unsettled rules of origin, further submissions of tariff schedules of concessions from certain countries and services schedules of concessions. Progress here has continued to falter since the AfCFTA was officially launched by the African Union in the Kigali Declaration on 21 March 2018, the Operational Phase of the AfCFTA was initiated in July 2019, and the start of trading approved under the Agreement as 1 January 2021.[12] As noted in the intervention of the Secretary General of the AfCFTA Secretariat at the eighth meeting of the Committee of Senior Trade Officials, the technical finalization of the phase I negotiations is trailing the expectations and ambitions of the African Union Heads of State and Government.

Negotiations for the phase II and III protocols to the Agreement will commence soon. These topics—investment, intellectual property rights, competition policy and e-commerce—may prove difficult and require renewed understanding and compromise among negotiators.

Yet they are critical to the modern and comprehensive undertaking that the AfCFTA aspires to be. The COVID-19 pandemic has dramatically accelerated the potential of e-commerce in Africa—with online selling and the adoption of new technologies cited as top opportunities

by businesses in recent ECA surveys.13

Although 54 African Union member States have signed the AfCFTA Agreement, 40 have ratified it as of July 2021. To be a truly continental initiative, further consultative and technical preparatory and advocacy work is required to bring together each country's ratification of the Agreement. Beyond ratification, the real hard work of implementation will begin.

State parties will need to take deliberate actions to make the AfCFTA a success and create the necessary enabling environment. With this in mind, ECA will continue to support AfCFTA implementation and related reforms across the continent. ECA is working with 40 African countries or their RECs to prepare AfCFTA implementation strategies. The need for these strategies was expressed by the Conference of African Ministers of Finance, Planning and Economic Development at the 51st session of the Economic Commission for Africa in May 2018 in Addis Ababa and was reiterated by the Assembly of Heads of State and Government of the African Union at its 31st session in Nouakchott in July 2018. These strategies identify new opportunities for diversification, industrialization and value chain development and complementary actions needed to overcome the existing constraints to trade and industrialization. The AfCFTA strategies are being drafted through an inclusive and consultative process at the domestic level and therefore reflect the priorities and interests of a range of stakeholders.

ECA has also organized a number of national, regional and continental AfCFTA forums focused on awareness-raising and information-sharing on the content of the Agreement. These forums have targeted a wide range of stakeholders, such as the private sector, civil society, academia and the media. Broadly speaking, stakeholders have indicated a keen interest in engaging in implementation of the AfCFTA Agreement. While the forums contributed to increased understanding among participants of the AfCFTA and its effects, they also demonstrated the need for more targeted engagement and advocacy efforts, including those that reach more remote and vulnerable groups of stakeholders.

Lastly, to ensure that the AfCFTA effectively responds to its primary constituents—the businesses that actually trade across borders in Africa and create most jobs—ECA has begun collecting primary data from trading businesses on the challenges and opportunities lying before them. This information is being packaged within an AfCFTA country business index, to evaluate where policy improvements need to be made to maximize the transformational potential of the AfCFTA.

As demonstrated in the present article, the AfCFTA presents considerable opportunities for Africa. In addition to forming part of the continent's recovery package in response to the COVID-19 pandemic, the AfCFTA can help Africa to rebuild an economy that is more conducive to achieving the aspirations of Agenda 2063 and the Sustainable Development Goals. Now is the moment to seize these opportunities by concluding the remaining technical work and second-phase negotiations and ensuring comprehensive implementation across the African continent.

CONFLICTS OF INTEREST

The authors declare they have no conflicts of interest.

AUTHORS' CONTRIBUTION

SK helped in the study conceptualization and review of the manuscript. VS supervised the project. JAM and SK formal analysis and writing (original draft) the manuscript.

ETHICAL APPROVAL

The paper has not undertaken research involving subjects or covering sensitivities requiring of ethical approval.

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The role of Uganda Export Promotions Board in Promoting Manufactured Exports

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1.0 Introduction

Uganda Export Promotions Board (UEPB) was established by an Act of Parliament in1996 which repealed the Uganda Export Promotion Council (UEPC) Act No. 7 of 1983, (1983 Act which previously repealed Parliamentary Act 17 of 1969).

It is one of the oldest Agencies in Uganda established as a specialized marketing government agency. It is a public Trade Support Institution mandated to facilitate the development, promotion and coordination of all export-related activities that lead to export growth on a sustainable basis for both the merchandise and services sectors. It is the national focal point for export development and promotion under the Ministry of Trade, Industry and Cooperatives under the External Trade Department.

In executing its mandate, UEPB does the following for current and potential exporters including other export stakeholders:

(a) provides trade and market information services.
(b) promotes the development of export.
(c) provides trade promotional services.
(d) provides customized advisory services in various areas.
(e) formulates and recommends to the Government export plans, policies and strategies designed to provide efficient, adequate, and coordinated measures for promotion of Uganda's exports.

2.0 Exports vs imports

Uganda's merchandise export performance over the last 20 years moved from USD 440.90 million in year 2000 to USD 4,516.48 million by the end of 2021, a growth of over 799.2%. This is as shown in the table 1 below.

Table 1. Uganda's export and import performance over the last 20 years (US$ millions)

	2000	2010	2015	2020	2021
Formal	430.80	1,635.64	2,268.06	4,148.63	3,972.64
Informal 0	.00	528.34	399.13	312.67	543.84
Total	**440.9**	**2 ,163.97**	**2,667.19**	**4 ,461.30**	**4,516.48**
Imports	**1,094.43**	**4 ,375.69**	**4,955.39**	**7 ,103.20**	**7,504.83**
POB	**-653.53**	**-2,211.72**	**-2,288.20**	**-2,641.90**	**-2,988.35**

Source: BOU

3.0 Uganda's Export Markets

3.1 Target markets

Uganda's target export markets and products are clearly defined in Uganda Vision 2040, National development plan III (NDP III) and the National Export Development Strategy (NEDS). These markets include the following trading blocs; East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), the European Union (EU), Asia, Middle East, Americas, and the rest of Africa. These markets offer a huge opportunity for Uganda's manufactured, agricultural and services exports. Details of market performance are shown in table 2 below.

Table 2: Uganda's target export markets and their performance (US$ millions)

Region	2000	2010	2018	2019	2020
EAC	73.76	425.18	899.37	604.77	621.01
COMESA	84.82	780.00	1,486.55	1,229.73	1,278.43
EU	145.89	409.39	542.03	496.87	505.43
Asia	31.32	100.53	252.18	282.67	263.36
Middle East	4.62	131.32	599.94	1,229.17	1,865.88
Americas	5.29	23.50	51.84	50.62	57.95
Rest of Africa	12.13	57.21	106.34	103.33	140.03

Source: BOU

3.2 Key products to these markets

The key products that Uganda exports to these markets are shown in the table 3 below:

Table 3: The target regional blocs and the respective products

No.	Region	Products
1.	EAC	Tea, maize, electrical energy, tobacco, milk, sugar, flat-rolled products of iron, animal feeds (Bran, sharps etc.), and beans.
2.	COMESA	
3.	Rest of Africa	
4.	EU	Coffee, fish, cuttings and slips, cocoa, oil seeds, tobacco, cotton, hides & skins, fruits and vegetables, minerals, services and art and crafts.
5.	Asia	
6.	Middle East	
7.	Americas	

4.0 Preparation for Export

In order for a business to engage in exports, there are a number of things that must be in place and done to ensure they are ready and able to sustainably export their merchandise and services. Exporting is a long-term relationship which must be carefully nurtured, handled, and managed. An exporter represents Uganda abroad in the products exported and the services delivered, good or bad. The UEPB thus strives to ensure that Uganda's image is held in high esteem for a job well done. For manufacturers to meet and exceed these expectations, UEPB in collaboration with other stakeholders ensure that the following are in place in preparation for export:

a) Capacity

To engage in exports, a company must be able to be consistent in supplying what it is exporting. Since demand can increase any time, it means that there must be some reserved capacity to be used when need arises or there should be financial resources to invest in the new capacity as and when required.

b) Technology

Production efficiency is driven by technology and therefore the company must have the right technology to produce the right product, in the right amounts, with the right quality and be environment friendly. This aspect of being environmentally compliant is key as customers are becoming greener and demanding green products.

c) Standards

Global consumers are very informed and knowledgeable and as such require products that meet the set standards. It is important to note that standards are not negotiable and must be complied with to maintain the market and satisfy customers.

d) Packaging

Many companies produce very good products but have very poor presentation and/or branding. These companies can be supported to present their goods and services optimally. A brand defines the company and supports its marketing efforts, otherwise, it is value destroying.

e) Skills

For a manufacturing company to produce and grow its export market, it needs skilled staff who are well managed for optimal production. As a sector, there is a need for a deliberate effort to manage and continually upskill staff and owners so as to ensure they are able to produce goods in an optimized and efficient manner.

f) Power and Energy

One of the key drivers of cost of production which is affecting the unit costs of goods and services across the world is the cost of energy. If the cost of energy is low, the usage of power is optimized, and the supply of power is consistent and reliable, the manufacturer will be so much more competitive. Reliability is key in that it not only affects the production time but also affects the efficiency and effectiveness of the technology being used, as well as the ability of the manufacturer to plan and commit to delivery timelines with importers from abroad.

g) Logistics

Logistics is the process of planning and executing the efficient transportation and storage of goods from the point of origin to the point of consumption, including the sourcing of the inputs. For a firm to be competitive, the logistics process must be running smoothly, managed well and any challenges resolved as soon as possible.

h) Finance

The manufacturing sector needs to be able to source low-cost long-term financing to enable the financing of production facilities and the right technology, enabling the sector to increase its speed to market, produce at a lower cost per unit, thus be competitive and meet market requirements.

i) Origin/Traceability

The aspect of traceability of products by way of country of manufacture (origin) has a direct relationship with markets and consumer perceptions. Consumers are interested in knowing the source of the inputs, the nature and type of labour used and standards therein.

j) Product Research and Development

The marketplace is very dynamic, with consumers with changing tastes and preferences all the time. To enable a company and its products remain in the market, there is need for constantly being on the road of improvement. This is possible if the company has an efficient and effective Research and Development (R&D) function.

k) Marketing

To be competitive both in the local and export markets, it is imperative that the company has the right information at the right time and place. For the Micro, Small and Medium Enterprises (MSMEs), this is a challenge that must be addressed with Government support through its trade support institutions such as UEPB, as well as industry associations and partners.

5.0 UEPB Working with the Banking Sector to Support Manufacturing for Export

UEPB and sector associations including the banking sector are trade support institutions which collaborate with other trade facilitating institutions to ensure that manufacturers meet their export requirements and build their export markets.

a) Export promotion

UEPB enables the export ready entities to link up with potential and current importers by supporting them to attend trade fairs and expos of interest to Uganda. Some of the expos and fairs that have been attended by manufacturers include: Intra Africa Trade fair (Egypt and South Africa), Dubai 2020 expo (United Arab Emirates), Tanzania trade forum and exhibition in Dar es Salaam, among others. The banking sector facilitates cross-border transactions, through export finance and trade support services.

b) Access to Key Production Resources and Production Incentives

Access to essential production resources including energy, human resources, finance, technology, etc. are key. It is UEPB's obligation to ensure that such facilities and resources are in place, incentives are available, and that information about the same is widely shared to the relevant and potential exporters and their value chains. UEPB will involve various sectors including the banking fraternity in the export readiness and awareness trainings and foster the relationships that will ultimately result into exporter readiness.

c) Preferential Market Access

Government is involved in negotiating both bilateral and multilateral agreements to enhance cost competitiveness of products in target markets. Various engagements are being done leading to trade missions like the just concluded Democratic

Republic of Congo (DRC) engagement where over 300 deals were signed. In order to actualize the potential market and grow it, there are various trade support services including financial services that need to be provided to the relevant and potential exporters. The UEPB enables these engagements and provides the support to ensure that the expected results are achieved.

d) Economic and Commercial Diplomacy and Presence

The role of the diplomatic mission has changed and a lot of focus is now on economic and commercial diplomacy. This supports the building of effective G2G, G2B and B2B relationships to ease and enhance trade relations. The availability and visibility of Uganda's products and services in the target market is very important in that they support the export pull through for her products. Economic and commercial diplomacy supports exports and as such, UEPB carries out the training of foreign services officers under the Ministry of foreign affairs. One of the training areas is in financial support by the banking sector to exporters. UEPB is desirous to ensure that the Uganda Bankers' Association (UBA) is part of the foreign services officers' trainings.

e) In-market support and export aftercare

Export trade needs in-market support and export aftercare. There are instances were exporters especially the MSMEs supply and end up not being paid. Conversely, there are also instances where exporters are paid in advance, and they do not supply. To manage this, the UEPB has created a team that provides in-market support services remotely through embassies and will be opening up marketing offices in the target markets to undertake the same.

f) Quantity and Standards

All export products must meet the export standards and quality. To this end, the UEPB has published an Export Documentation Guide purposed to help exporters know the key documents required when exporting goods from Uganda. Understanding and preparing the documents required ensures that one's goods are accepted in the destination market without delay.

Issues and challenges faced by the export sector and the appropriate interventions:

	Issue	Government Intervention	UBA and member interventions
1.	Preferential (duty-free, quota free) market access	Market a ccess is i mportant f or t he d evelopment o f exports. Government of Uganda (GOU) through its MDAs has engaged in s everal b ilateral and multilateral agreements t hat give d uty free, quota free a ccess to markets.	Awareness creation, Trainings, joint activities, information sharing, t echnical and financial support.
2.	Payment Systems	AfCFTA working closely with the Government of Uganda and other member s tates has developed the Mansor payment system t o support payment across c ountries and currencies in Africa.	
3.	Other Non-Tariff Barriers (NTBs)	Government is continuously engaging its trade partners to iron Uganda's trade NTBs.	
4.	Security E	xporting n eeds very g ood security. Government h as provided s ecurity both i nternally a nd e xternally t o support the export sector. A good example is the DRC.	
5.	Long-term risk taking	Export t rade i s risky. M SMEs n eed advice a nd s upport from government to reduce the long-term risk.	

Conclusion

Developing the manufacturing and services export sector is a joint effort by both the public and private sector in Uganda. The sustainable development of the manufacturing and export capabilities of the country are critical for the full achievement of the middle-income status as stated in the country's Vision and NDPs. Exports matter for countries to develop as they are the source of the much-needed foreign currency and in the improvement of the overall standard of living Key stakeholders. Their roles and expectations must be clearly articulated to enable them to position themselves and to provide the required support as is expected.

Uganda Manufacturers Association: Question and Answer

Daniel Birungi
Executive Director
Uganda Manufacturers Association

1. Please provide a brief on the Uganda Manufacturers Association, including key milestones and achievements over the last 5 years.

Uganda Manufacturers Association (UMA) is a premium business member organization, and the leading advocate for a policy agenda that helps manufacturers compete in the national, regional, and global economy. UMA represents small, medium, and large enterprises of the manufacturing sector in Uganda.

Over the past five years, UMA has enhanced its relevance through;

1. fast-tracking a more robust and evidence-based approach to policy and advocacy, and;

2. fostering strategic partnerships with development partners and the Government Ministries Agencies and Departments (MDAs)

The UMA Secretariat has, in the last five years, concentrated on addressing the key strategic bottlenecks to the growth of manufacturing in Uganda. This has been achieved by creating a conducive business environment, reducing the cost of production, and developing a level playing field that enables all manufacturers to thrive irrespective of size or, sector, or location.

The key achievements and milestones UMA has registered over the last 5 years include the following,

a) UMA's position of the 35% maximum Common External

Tariff (CET) rate adopted by regional private sector players: The UMA position on Common External Tariff (CET), as defined by a 4-band structure with 35% as the maximum rate, was adopted by the majority of private sector players at the CET consultative meeting organized by the East African Business Council, held in Arusha in March 2022. The private sector representatives from the East African Community (EAC), through the consultative meeting unanimously urged EAC partner states to adopt 35% as the maximum Common External Tariff rate which would be implemented effective 1st July 2022.

The 35% rate, which has since been adopted, will resolve trade distortions that come with incessant Stays of Application of CET as well as a long list of Duty Remission Tariff Lines and a generous Exemption Regime. It will also provide a basis for incentivization and protection of regionally available products from unfair competition from imports.

b) Rebates on power infrastructure development:

In the last five years the Electricity Regulatory Authority (ERA) introduced rebates on power infrastructure that allows manufacturers to not only invest into power supply infrastructure but also recoup the investment through the consumption of power. This rebate on the capital expenditure assures/ allows payment of half of the power bills generated when consumption starts till due full recovery.

c) Resilience in 2020 - A year of turbulence:

Amidst uncertainty, the secretariat remained resilient and provided support to keep the manufacturing sector moving forward. After the World Health Organization (WHO) declared Covid-19 a global pandemic, economies, world over, witnessed devastating effects from the lockdown restrictions instituted to curb its spread.

Industrialists, even when profoundly and adversely affected by the economic crisis, have exhibited a special and essential role in the Covid-19 response and recovery. They have been on the front lines as part of the nation's critical infrastructure, supplying health care workers and the public with essential items (Personal Protective Equipment - PPEs), and producing Ugandans' daily needs.

The following are some of the achievements registered during the pandemic;

a. Loan restructurings to accommodate borrowers to recover and service liabilities.
b. Interim relief by Uganda Revenue Authority (URA) and National Social Security Fund (NSSF) to facilitate cashflow build and business continuity during Covid-19 Lock-downs.
c. Development of a policy framework for a Special Standards Development Regime. UMA worked closely with Uganda National Bureau of Standards (UNBS) and National Drug Authority (NDA) to fast-track the standardization of essential items.

Currently UMA has over 37 certified companies manufacturing different medical supplies aimed at fighting the COVID-19. We applaud manufacturers for their resilience and for the provision of life changing innovations that have made a difference and improved lives.

2. Please share with us key success stories in the manufacturing sector including membership over the last 5 years.

Our success stories can be rooted in the adoption and mainstreaming of local content across a number of government Ministries, Departments and Agencies (MDAs).

Public procurement accounts for over 60% of the total government expenditure. UMA lobbied to the Public Procurement and Disposal Authority (PPDA) for preferential treatment of locally made products. Through reservation guidelines, PPDA accorded preferential treatment to sectors with relatively longer value chains, such as textile, steel, and cement. This initiative has significantly increased the capacity of local manufacturers in the relevant sectors.

Arising from the reservation guidelines, capacity has expanded in many sectors of manufacturing including, furniture, paint, transformers, steel, printing, mattresses, foam products, and tiles among others.

3. What other key pivotal decisions have been made in the country over the last 10 years that have had a great impact on the manufacturers in the country?

The key pivotal decisions that have been made in the last 10 years as they relate to the manufacturing sector include:

a) **The public Procurement reservation guidelines by PPDA:** The Import substitution agenda is being driven among others through public

procurement reservation guidelines and mainstreaming of local content in government procurement. The Buy Uganda Build Uganda (BUBU) Policy has increased capacity & uptake of locally made products.
b) **Ending of the selective administration of incentives in Uganda:** The Uganda Manufacturers Association pushed hard for the passing of the Investment Code Act 2019. This Code created a regime and criteria for incentives accessible by those that fulfill the criteria. Specifics are found in the VAT, Income Tax and Stamp Duty Acts as duly amended in 2018 with very significant UMA engagement of the Parliament of Uganda to ensure no more business distortion on account of selectively implemented incentives.
c) **Adoption of 35% maximum CET rate by regional private sector players:** The 35% maximum CET rate will reinforce national and regional policies on developing priority value chains, expand intra-regional trade, strengthen product diversification, and reduce the use of Stay of Applications on products that can be manufactured in the region.

4. Please Share with us some of the key challenges the manufacturing sector in Uganda faces today.

a) **Access to affordable term financing** – Access to affordable long-term finance still remains the biggest challenge to the manufacturing sector. Manufacturing is a highly capital intensive venture whose bloodline is the access to affordable long finance. In the East African Community, interest rates in Uganda are the highest, ranging between 20 to 25%.

b) **Cost of electricity**: Despite Government's efforts of investing heavily in the energy sector and by extension reducing energy costs in the last 14 years, compared against the rates in the world energy competitiveness reports, it is indicative s that our energy costs are still high per unit compared to the high growth in international trade trends. Currently, industrialists access power at an average rate of US$ 12 cents. This is 5 times higher than the rate for Ethiopia (US$ 2.3cents) and 2 times higher than the rate for Egypt (US$ 6.5 cents) for which Uganda envisages to compete against in the African Continental Free Trade Area (AfCFTA). Considering that the cost of power contributes 20% to 40% of the cost of conversion in a variety of industries in the country, Uganda's move to institute measures to address cost drivers like power are critical in building a sustainable industrial base envisaged under National Development Plan III (NDPIII), especially for agro manufacturing and value addition in the extractives space.

5. What are the key focus areas for the manufacturing sector in the next 3 – 5 years?

Market access is the main area of focus for the Uganda Manufacturers Association. In order to achieve this intent, the association is focusing on the following initiatives over the next 3 to 5 years:

a) Readying our manufacturers for export and enabling them tap into the opportunities presented by the African Continental Free trade Area. The African Continental Free Trade Area (AfCFTA) came into force in July 2019 following the Agreement's ratification by two-thirds of the member states. The agreement promises to create, by 2030, a market of 1.7 billion people with a combined consumer spending of US$ 6.7 trillion by removing trade barriers and enabling the movement of goods and services across all African borders.
b) Facilitating our members through our sensitization drives, targeted export clinics, and trade missions to key markets in order to harness their potential for growth.
c) Exploring competitive financing options.
d) Continuing with engagements aimed at addressing constraints & hinderances to manufacturing like expensive energy costs, unfavourable fiscal regimes and fighting of counterfeit among others.
e) Adopting & embracing

newer technologies to harness economies of scale & efficiency.

6. What are the 3 top asks of government that would help accelerate the recovery and development of the manufacturing sector in Uganda?

a. **Market access to key markets including Kenya, South Sudan, DRC Congo** – This is a key market for Ugandan manufacturers for which access to is constrained by policy and logistical issues which government action and support can help resolve and overcome.

b. **Local Content mainstreaming to facilitate economic recovery post Covid-19:** Globally, the COVID-19 pandemic awakened economies to the importance of import substitution as they navigated the uncertainty. Whereas Uganda had for a long time been heavily relying on imports, the lock down measures that were instituted by the Government of Uganda, such as temporary closure of the borders awakened Uganda to the importance of import substitution.

In a bid to facilitate recovery of the economy, UMA identified public procurement as a key vehicle for the economic recovery of affected industries. Noting that Government is the single largest buyer of goods and services with procurement taking nearly 65% of national budget, UMA has pushed hard for the operationalization of the Buy Uganda Build Uganda policy as well as the Reservations and Preference Schemes, to promote the utilization of local labour, goods, and services in the public sector.

c. **Recapitalization of the Uganda Development Bank** – to enable industrialists access cheaper financing for longer terms, because access to affordable long-term finance still remains the biggest challenge yet manufacturing is a highly capital intensive venture whose bloodline is access to affordable & well-structured financing

7. As a result of COVID-19, many manufacturers, their customers, and suppliers are financially distressed. What are they doing to be able to overcome the challenging times and remain sustainable and profitable?

Now more than ever, a concerted effort across all sectors is required to develop the competitiveness of Uganda as an investment destination. Efforts should be made to continue streamlining government payments for procured items, to ensure a level playing field through robust competition and customer protection law, to support standardization and intellectual property protection, to ensure speedy dispute resolution including use of alternative dispute resolution frameworks like arbitration and to ensure the other macroeconomic policy frameworks send the right signals to those considering investing in Uganda.

In addition, efforts to make financing not only more affordable, but also expanding the range of financial products & services and building in de-risking frameworks would go a long way in supporting the process. Support to de-risking businesses through access to business development services, training opportunities and tailored Small and Medium Enterprise (SME) growth plans provided by partners such as banks and insurance companies significantly helps to ensure that those businesses learn & remain resilient even in difficult times like we are just recovering from.

8. What expectations does the Uganda Manufacturers Association have from the banking and financial service institutions in the growth & development of the sector?

While recognizing the work already done to make banking and financial services more accessible for SMEs, UMA believes more work remains to be done by players in the financial sector to support the growth & development of the manufacturing sector.

The manufacturing sector needs innovative financial products that address their various needs both short and long term. Relatedly, banks need to walk the talk on de-risking by investing in business support services for our manufacturing value chain who are SMEs.

Financial institutions should draw on the experiences & solutions available in the other jurisdictions they operate in to provide tailored products that support participants here to enter new markets beyond our borders.

a. **What are the manufacturers doing to prepare and ready themselves for credit and any other support from financial services providers?** Significant improvement work is going on among our membership to address issues to that bring about profiling of certain enterprises as risky. These include issues like ownership, governance, recording keeping, diversion, standards, quality control, tax compliance etc. Regulatory compliance has quickly become a key area of effort for the manufacturing sector since noncompliance drives significant negatives often including crippling penalties.

b. Increasingly, efforts to quantify and address enterprise level ESG risks are rising in the radar of focus, with an understanding that sustainable business practices is not only good for the environment but also good for business. As an association we have partnered with both local and international partners to deliver tailor made sustainability trainings for our members and we are glad to report that over 30 companies have certified sustainability reports with the number expected to rise by the end of 2022. The eventual aim is to continually increase the level of sustainability compliance of the sector beyond the 50% mark.

9. What advice do you have for the manufacturers to enable them to develop and benefit from the opportunities that are opening up during this period of recovery?

It is imperative that manufacturers gain a 360-degree view of the risks that could impact their operations in the short to medium term. COVID has taught us that even in difficult times, there can be ways & means of navigating & re-inventing yourself to meet new demands & opportunities

Relatedly, it is important for manufacturers to pay attention to developments in the operating environment such as the move towards the African Continental Free Trade Area. ACFTA not only presents opportunities spanning multiple countries, but also exposes us to competition from across the continent. This should be an opportunity for a candid self-reflection on our levels of competitiveness as a sector and as an economy. Associations such as the UMA exist to support efforts to address bottlenecks to competitiveness that may be identified or even to exploit the competitive advantages that emerge out of this self-reflection.

Lastly, focus on data driven decision making as a key differentiator between success and failure in manufacturing must become a norm. The more successful entities across the world are relying heavily on data analytics to understand their areas of strength and to plug any areas of weakness. Manufacturers must invest in data analytics to better appreciate their business and to model the impact of their decisions today on the future sustainability of the businesses. This coupled with effective and professional management comes close to the ultimate recipe for success in the sector.


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EXIM BANK UGANDA LIGHTS UP

Mr. Henry Kyanjo Lugemwa – CEO

1. Mr Henry Kyanjo could you outline the highlights of the Bank's performance for the year 2021?

2021 was a challenging year given the Covid Pandemic. We however focused on supporting our customer base. We grew our Net Interest Income by 15%, Forex Income and other nonfunded income by over 20%. We reduced our operating expenses by over 15% thus turning the company to profit for the first time since 2017. We have improved our customer experience with positive Net Promoter Scores.

2. What is the Bank's business model and major sources of income and profit?

We are a commercial bank mainly targeting the Small and Medium Enterprises and mid corporates. We provide Cash management solutions, Deposit and investment options, trade solutions and lending solutions among others. We thus generate both funded and none funded income.

3. What is the focus this year to sustain the growth that the Bank has registered?

The focus this year is to support our customers to recover from the Covid challenges. In line with Government strategy, we will support the manufacturers and agro-processing industries plus other critical industries to the economy.

5. The economic climate remains unpredictable after the COVID 19 pandemic, where do you see challenges and opportunities for EXIM BANK?

The economic climate remains unpredictable, but our duty is to keep in constant engagement with our clients to enable us understand the challenges and agree a way forward together. Key challenges are the increased cost of doing business, the logistical challenges, cybercrime, and delayed receivables from key employers. However, opportunities exist in the Oil and Gas sector especially supporting clients ready to exploit these opportunities. There are other opportunities given a larger East African Community market given the addition of DRC. There are also opportunities to partner with Fintech companies to improve the customer experience and grow customer numbers.

4. How has Exim Bank's customer base evolved over the past few years and how does this impact on new business including products and services?

In the past, we mainly had customers in the real estate business. This has however changed to diversify the customer base to cover different industries including manufacturing, trade, service among others. We have put focus on serving the value chain of our corporate customers so that we service the entire eco system including the employees of the corporate clients. We have subsequently had to tailor products to meet the customers' needs as exemplified by the Chap Chap bid bond focusing on contractors and strategic suppliers.

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REQUIREMENTS

- Two passport Photos (Parent/Sponsor and Child).
- Photocopy of parents National ID cards
- Photocopy of Childs Immunisation card passport, Birth certificate
- Initial deposit of Ugx 50,000

Account Features

Interest rate	UGX 50k - 10M 3.5% Pa 10M - 50M 4% Pa 50M - 100M 5% Pa > 100M 5.5% Pa USD < 10,000 1.5% Pa > 10,000 2.5% Pa
Interest Bonus	365 Treasury Bill rate (on average deposits) for an account with no withdrawals in a full year
Assurance Cover	25% (of 6 months' deposits) to be credited on the childs' account in the event of death or permanent disability of parent or guardian. Upper limit of Ugx 10,000,000 Incase of loss of job (3 months' instalments based on 6 Months average deposits) to be credited on the childs' account. Upper limit Ugx 5,000,000
Transactional Charges	Nil
Collateral for Finance	70% Savings
Statements	Free
Funeral cover	Ugx 1,000,000 (Death of a parent / guardian)

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- Medical Insurance
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- Personal and group accident cover
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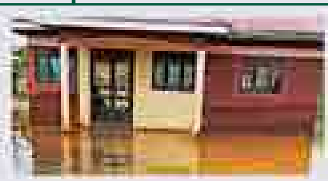
- Liability insurance
- Marine and Goods in transit insurance
- All risks insurance



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Q&A

Accelerating Economic Recovery - UDB approves UGX402B, disburses UGX 257B and on track to deploy targeted UGX612B in 2022

The Uganda Development Bank Ltd (UDB) is proud to provide its partial Year-to-Date performance. The figures herein reflect the Bank's full commitment to supporting the country's economic recovery and are indeed a testament that Uganda's economy is on track to full recovery.

The lesson that can be drawn from the impact of the COVID-19 Pandemic and the associated disruption of global supply chains is that local production in strategic commodities, as well as national self-supply to meet demand in certain commodities, can sustain economic production, job creation, utilization of domestically sourced raw materials, efficient use in technology and the deepening of market access within the East African Community and COMESA.

In the period January – May 2022, UDB has improved its capacity to deliver financing quickly and efficiently. Approval periods for loan requests continued to improve and the Bank implemented landmark services including; Special Programs, a dedicated lending service for Small, Medium Scale and growing enterprises, and Business Advisory Services, to assist applicants to be credit-ready as well as improve the sustainability of their businesses. Together with other facilities such as the Tourism Facility being implemented in conjunction with the European Union, the Year-to-Date figures indicate growth across the Bank's portfolio but also provide positive outlook for the government policy of import substitution, manufacturing for export, and added emphasis on agro-processing.

Below is a Q&A that explains the numbers in greater detail

Patricia Ojangole,
Managing Director Uganda Development Bank

Question; The economy is currently undergoing a slowdown partly due to the ripple effects of Covid-19 and the on-going Ukraine-Russia war. This has hurt growth in many sectors of the economy and increased prices. What does UDB mean when it says the economy is on a path to recovery?

Answer: The evidence of recovery is in the response of strategic sectors such as primary agriculture, Agro-processing and manufacturing. In the Year-to-Date figures for example we see that the greater percentage of projects funded by the Bank are in Agriculture and Industry; the largest number of approvals were in primary agriculture, followed by agro-processing and manufacturing. These often form one interlocking value chain where farm produce is increased (primary agriculture) providing raw material for processed and finished products (agro-processing and manufacturing). In terms of value, UGX176 Billion was disbursed to these three sectors (representing 69 percent of disbursements in the period). The increase in output in these areas has the most effect in job growth and support to other sectors of the economy such as trade, marketing etc. Uganda currently trades in surplus with all the East African countries in products mainly from these sectors.

QN: What is the difference between approval and disbursement?

Answer: Approvals relate to funding that has been allocated to a project. However, disbursements relate to the component of these approvals that has been made available to the borrower as per the schedule agreed with the Bank. Some projects whose implementation cycle is phased may require to access/utilize their approved funding in stages. Because of this, amounts disbursed may be less than the amounts approved. Nonetheless, the full amount approved shall however be available to the borrower in line with agreed implementation and disbursement timelines and following project supervision by the Bank.

QN: How does UDB lending directly impact on development?

Answer: UDB is a development finance institution tasked with providing financial services to generate economic activity especially in areas where other financial institutions are unable or unwilling to lend or where the private sector has a need not met by the financial industry. As such, progress is measured in what the money UDB provides does in the economy. As illustrated below the projects approved between January and May 2022 (YTD) will create significant impact on development. A total of 13,238 new direct jobs is expected to be created by these projects in their life cycle while the firms financed shall have a projected combined output/turnover of UGX4.0 Trillion. These are further expected to generate UGX 40.59 Billion in tax revenue for the government and attract foreign exchange earnings of UGX129 Billion.

	Total Loan Amount (UGX Bn)	Jobs	Output value (UGX Bn)	Tax (UGX Bn)	Forex (UGX Bn)
Total	402.70	13,238	3,963.99	40.59	128.39

QN: How does UDB ensure that the impact of these projects is not concentrated in a few parts of the country?

Answer: Several factors but particularly economic activity determine lending by region. However, UDB has a policy to prioritize projects by region. What this means is UDB staff work to identify, prepare and fund deserving projects from all regions of the country to spread economic development. Regions outside Kampala and sectors that are dominated by youth and women are of particular interest to the Bank. Consistent with this aspiration, the YTD approvals show a wide spread of lending per region. For example, UGX30 billion was approved for Acholi, UGX 20 billion for Ankole, UGX18 billion for Karamoja and UGX11 billion for Teso. On the other hand, in the economically active central regions, North Buganda netted UGX45 billion in approvals.

QN: UDB has in the past been accused of having very slow processes or holding back funds. Some investors have reported being frustrated by the Bank. How do you respond?

Answer: UDB strictly adheres to its terms and conditions as stipulated in the mandate and strategy to ensure that the projects will be able to repay the loans. While we are responsive to the varied needs and applications of our customers, the Bank has a duty to protect taxpayers' money by ensuring that funds lent out are repaid. We therefore undertake a comprehensive assessment on all applications received, to ensure the Bank funds only those businesses that demonstrate not only financial viability but also the promise to create socio-economic impact in the economy. This assessment, depending on the promoters' readiness, at times takes longer than the Bank's desired standard. The Bank funds largely long-term projects that may be start-ups, whose assessments are different from the usual commercial bank loans whose assessments can take a shorter time. However, Bank is in final stages of developing its customer experience strategy that will help the bank provide a superior service across all fonts including turnaround time.

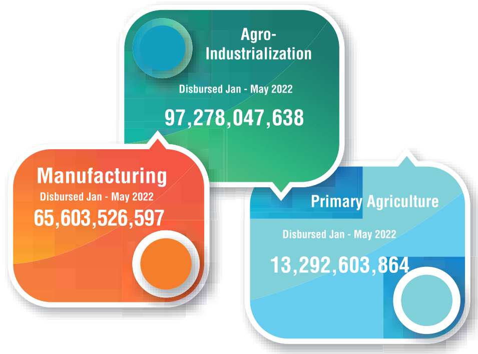
Although the Bank is disbursing funding daily, it also collects funds daily through its banks as it is not a deposit taking institution. The cash that the Bank holds is mainly collections that will be redeployed. The cash held is also in line with the Bank's liquidity ratios.

QN: Who is eligible for UDB funding, can anyone apply?

Answer: Every Ugandan registered business enterprise engaged in an existing or start-up business qualifies for UDB products and services if the business falls in the UDB policy, strategy and priority sectors. Applicants must be incorporated entities, Co-operatives, or registered farmer groups.

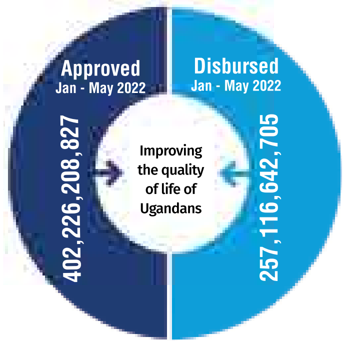
QN: Ugandans complain of having to bear the expensive cost of money. Interest rates are high. Now inflation has risen, and prices of inputs have gone up. The government says this is in part caused by the effect of the war between Ukraine and Russia. What is UDB doing to ensure access to finance at affordable rates?

Answer: UDB is a Development Finance Institution therefore a Policy Bank that is used by the government to address specific market gaps in the financial system. The current policy direction through UDB is to reduce the cost of credit to the private sector to spur private sector growth, provide long term financing, provide financing to key economic sectors that are perceived risky by other lenders and provide financing to start-ups that may not be funded by other lenders. Over time, the Bank's lending rate has significantly reduced, from highs of 21% to the current range of 10 - 12%. Relatedly, the Bank is exploring partnerships and initiatives to de-risk lending to some of the key sectors, the benefit of which will be further reductions in cost of credit. UDB will not increase its lending rates due to the current circumstances.



QN: Any last remarks?

Answer: At UDB, we have a broad mandate, but we are resolute in accomplishing every task with utmost professionalism. To do so, we will continue to act with agility, resilience, and innovation as we create sustainable financial solutions for the everyday Ugandan. As we do so, we remain committed to our mandate to improve the quality of life of Ugandans, and at the same time to remain steadfast in defending what makes us Uganda Development Bank.



Allow me to take this opportunity to thank the Government of Uganda for the support and commitment to strengthening the Bank's capital base as it delivers its mandate to improve the quality of life of Ugandans. To date, the Government has made capital contributions amounting to UGX1.073 Trillion. It is this support that provides the firm foundation against which the Bank has become a model for development financing in the region and globally. UDB is recognized as the most transformed national development bank on the continent and was in December 2021 awarded "The Sustainability Leader of the Year Award" at the Karlsruhe Sustainable Awards.

I reaffirm the commitment of the Board, Management and Staff of the Bank, to continue making a meaningful contribution towards the development of our country.

Uganda Development Bank Ltd is a Development Finance Institution (DFI) focused on Accelerating socio-economic development through sustainable financial interventions in line with the country's development priorities. We provide innovative financial solutions with emphasis on value chain development in the Primary Agriculture, Agro-industrialization, Manufacturing, Infrastructure, Tourism & Hospitality, Human Capital Development.

For more information, please contact **0414-355509** or email address; **info@udbl.co.ug**

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Co-Funding of the Agricultural Finance Year Book

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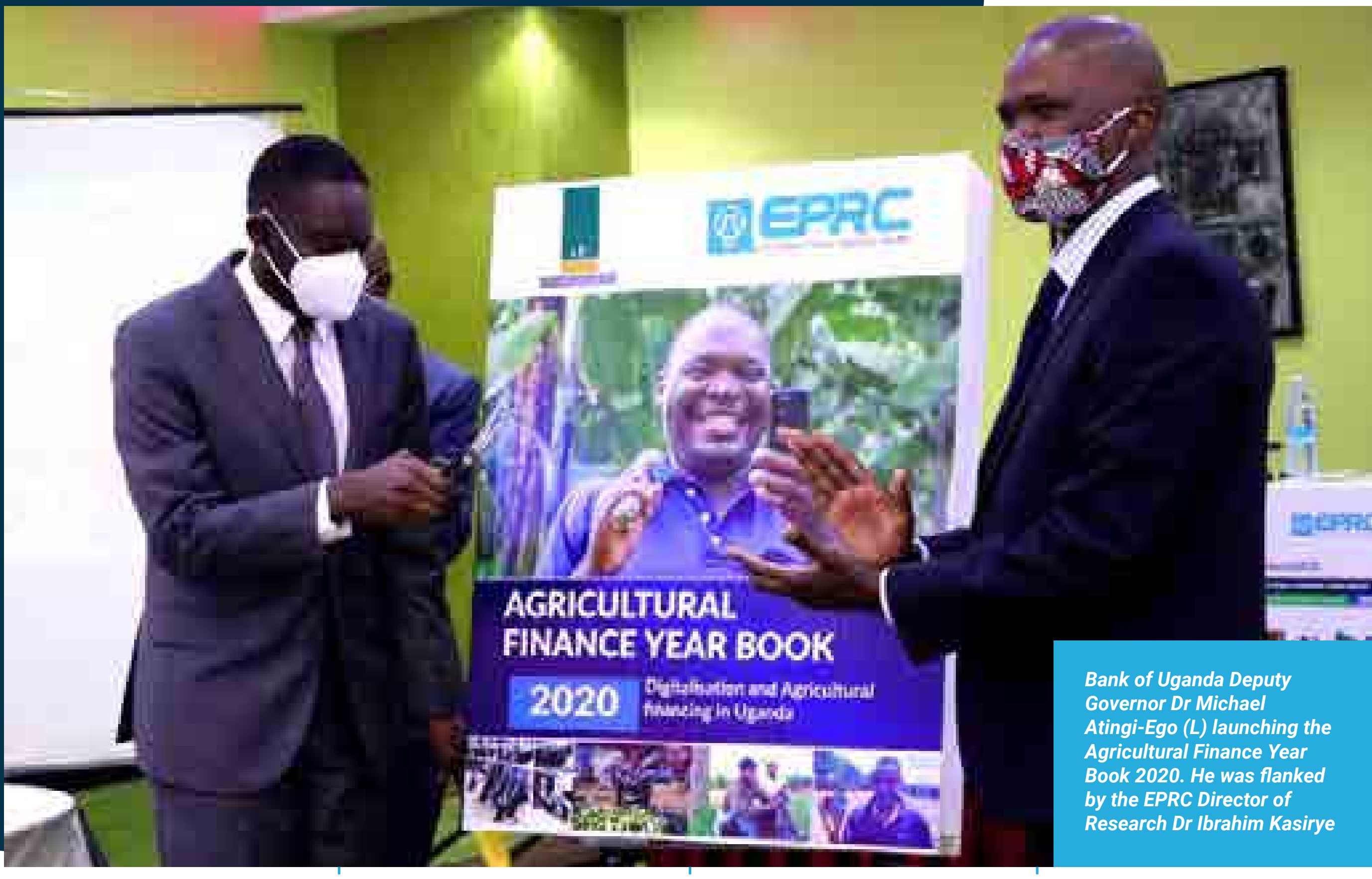


Bank of Uganda Deputy Governor Dr Michael Atingi-Ego (L) launching the Agricultural Finance Year Book 2020. He was flanked by the EPRC Director of Research Dr Ibrahim Kasirye

Co-Funding of the Agricultural Finance Year Book

The agriculture sector is a key pillar of Uganda's economy. It is a critical driver of economic growth and poverty reduction. It accounts for approximately 24 percent of the country's GDP, 34.5 percent of the country's export earnings and employs approximately 70 percent of the nation's labour force (UBoS, 2021). Despite its importance, the agriculture sector in Uganda is still dominated by small holder farmers, whose access to finance remains a major constraint due to the varying risks that include weather, pests and diseases, and price fluctuations among others. These risks have subdued the appetite for investment in the sector.

To address these challenges and risks there is a need to generate and share knowledge on developments in agricultural finance and avenues for deepening credit access to smallholder farmers. Information is also critical to facilitate evidence-based policy formulation.

Genesis of the Agricultural Finance Year Book

Recognising the critical role of knowledge generation and sharing to agriculture financing, the Bank of Uganda (BOU) through the GIZ Agricultural and Rural Finance Programme embarked on production of the Agricultural Finance Yearbook (AFYB) series on an annual basis.

The AFYB was launched in 2008 to; i) disseminate innovations in agricultural finance; and ii) communicate policy messages on emerging agricultural finance issues to policymakers and agricultural value chain stakeholders. The book, now in its 12th edition, has proved to be a valuable source of evidence based agricultural finance information to a wide range of stakeholders including; policy makers, financial institutions (banks and insurance companies) Fintechs, media, academia, farmers, and development partners. Electronic copies of the AFYB are accessible at https://eprcug.org/publications/books/

Production and Funding of Yearbook

Since 2014, EPRC has been the institutional home for the AFYB, taking over from Bank of Uganda. In this role, EPRC is responsible for managing the quality of the technical content of the yearbook, fundraising for the production and launch activities, distributing the book to stakeholders, and using the evidence generated to influence agricultural finance policy processes.

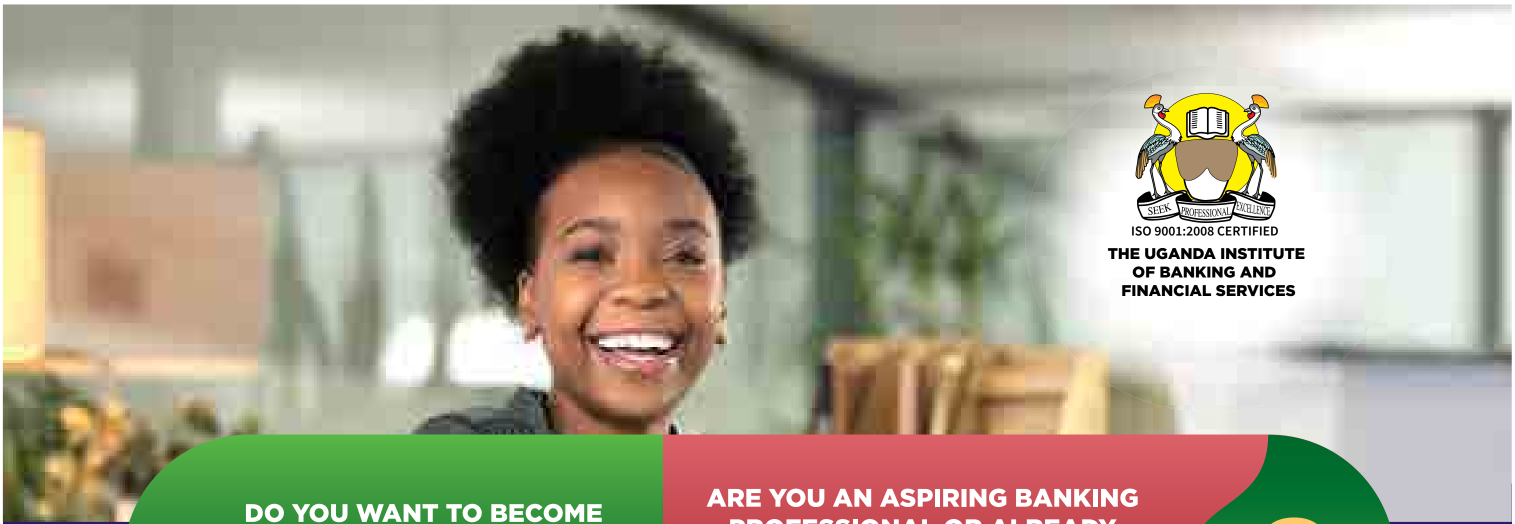
In the past, EPRC received generous contribution towards the production of the AFYB series from GIZ, Financial System Development Programme, the USAID Feed the Future Enabling Environment for Agriculture Activity, Ministry of Finance Planning and Economic Development and more recently from aBi Finance Limited. Despite the continued support from aBi Finance Limited, financing gaps still exist.

EPRC is hence seeking for additional partners to co-fund the production, launch, dissemination and distribution of the yearbook. The funding can be provided through direct budget support or through purchase of advertising space within the book.

Minister of State for Finance (General Duties) Mr. Henry Musasizi launching the Agricultural Finance Year Book 2021. He was flanked by the EPRC Director of Research Dr Ibrahim Kasirye

For more information contact:

Dr. Sserunjogi Brian (bsserunjogibrian@eprcug.org, +256778095897)
Ms. Elizabeth Birabwa Aliro (ebirabwa@eprcug.org, +256772589002)



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1 CHARTERED BANKER PROGRAM (UGANDA'S PREMIUM BANKING AND FINANCIAL SERVICES QUALIFICATION)

3 – Level Certificated Professional Programme (1 Year for Each Level)

Application Deadline: 30th August 2022

DELIVERY MODE & FEES

- Available Online instructor led / Face to Face (Evening) **@ UGX 1,800,000 Per Semester**
- Online Self Study @ **UGX 1,110,000 per Semester**
- Functional Fees: **UGX 225,000 per year**

LEARNING OUTCOMES / BENEFITS

Professional knowledge and skills to progress your career from entry / officer level to Exco / Board level

- Level 1 (Certified Professional Banker) : Attainment of a firm foundation of technical banking
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- Level 3 (Full Chartered Banker Status): Gain strategic level analytical skills necessary to address country and global financial challenges

2 CERTIFIED CREDIT MANAGEMENT

Duration: 9 Months (2 Semesters)

Application Deadline: 30th August 2022

DELIVERY MODE & FEES

- Available Online instructor led / Face to Face (Evening) @ **UGX 1,250,000 per Semester**
- Online Self Study @ **UGX 720,000 per Semester**
- Functional Fees: **UGX 960,000 per year**

TARGET AUDIENCE

Credit Officers , Credit, Analysts, Credit Managers, Credit Monitoring and Evaluation Officers, Credit Supervisors / Administrators, Audit, retail and Corporate Banking Executives, Branch Managers , Board Risk and Credit approval Committee members

LEARNING OUTCOME / BENEFIT

Graduate will be equipped with key skills set putting them at the pinnacle of credit business management in the financial services sector

3 DIPLOMA IN MICROFINANCE

Duration: 2 Years (4 Semesters)

Application Deadline: 30th August 2022

DELIVERY MODE & FEES

- Available Online instructor led @ **UGX 750,000 per Semester**
- Online Self Study @ **UGX 600,000 per Semester**
- Functional Fees: **UGX 225,000 per year**

TARGET AUDIENCE:

Bank staff, Microfinance Practitioners, Sacco staff, fresh graduates and S.6 Leavers seeking a career in the microfinance sector

LEARNING OUTCOME / BENEFIT

Understanding of the Microfinance industry and attainment of skills needed to acquire, manage and grow business

4 MICROFINANCE APPRENTICESHIP PROGRAM

Provider: UIBFS in partnership with German Sparkassenstiftung – Uganda (DSIK)

Duration: 1 Year (2 Semesters)

Application Deadline: 30th August 2022

DELIVERY MODE & FEES

- Available in blended Mode (Online instructor led @ Face to face) @ **UGX 1,774,000**
- OR **UGX 887,000 per Semester**

TARGET AUDIENCE

Existing Microfinance Institutions staff, sacco staff, fresh graduates and Individuals seeking for a career change into the microfinance sector

LEARNING OUTCOME / BENEFIT

Acquisition of hands on training, skills, knowledge guided by a dedicated supervisor / mentor who monitors the learning and progress of the apprentice.

ACADEMIC / POST GRADUATE PROGRAMS

1

MASTER OF ARTS IN FINANCIAL SERVICES (MAFS)
Provider: UIBFS in affiliation with Makerere University
2023 intake Application timelines: 1st Jan – 31st Mar 2023
Duration: 2 Years (4 Semesters)

DELIVERY MODE & FEES

- Available in Blended Mode (Online instructor led @ Face to face) @ **UGX 2,500,000 per Semester**
- Functional Fees: **UGX 805,000 per year**

LEARNING OUTCOME / BENEFIT

Graduates of MAFS will be equipped with analytical skills with focus on strategic issues in banking, microfinance, securities and capital markets and be able to examine the impact of global financial management including information technology (IT) on the business environment

2

POST GRADUATE DIPLOMA IN AGRICULTURAL RISK MANAGEMENT AND FINANCE
Provider: UIBFS in affiliation with Mountains of the Moon University
Duration: 1 Year
Application Deadline: 30thAugust 2022

DELIVERY MODE & FEES

- Available Face to Face (Only Weekends) @ **UGX 2,990,000**
- Functional Fees: 1,175,000

LEARNING OUTCOME / BENEFIT

Attainment of analytical business skills required to meet the unique demands of the agribusiness industry while preparing graduates for managerial careers in the banking and financial services sector, government or private sector.

UIBFS NEW SHORT SKILLS PROGRAMS ON OFFER

1

21st CENTURY CORE SKILLS TRAINING

DATE

8 - 9 Sept 2022

FEES

UGX350,000/ UGX500,000
(Per module)

DELIVERY MODE

Online Instructor led/ Face to Face

DURATION

16 Hours per Module

FACILITATOR

Ms. Susan Luswata

2

DATA ANALYTICS FOR MANAGERIAL DECISION MAKING Level 1 (Beginners course)

DATE

27 - 28 Aug 2022

FEES

UGX480,000/ UGX750,000

DELIVERY MODE

Online Instructor led/ Face to Face

DURATION

16 Hours

3

SALES MASTERY PROGRAM

DATE

15 - 18 Aug 2022

FEES

USD1200

DELIVERY MODE

Face to Face

DURATION

4 Days

VENUE

Mestil Hotel, Nsambya Kampala

FACILITATOR

Mr. Rougen Naidoo

SIYASARAN LEARNING DESIGN

4

TRAIN THE TRAINER SERIES: CERTIFIED VIRTUAL FACILITATOR

DATE

14 - 16 Sep 2022

FEES

USD300

DELIVERY MODE

Online

DURATION

3 days – 5 hours per day

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ABOUT MUBS

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The benchmark for Business and Management Education, Research and Training

MISSION:
To enable the future of our clients through creation and provision of knowledge

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2. Masters of Human Resource Management
3. Masters of Procurement and Supply Management
4. Postgraduate Diploma in Business Administration
5. Postgraduate Diploma in Public Administration
6. Bachelor of Commerce (Day)
7. Bachelor of Commerce (Eve)
8. Bachelor of Business Administration (Day)
9. Bachelor of Business Administration (Eve)
10. Bachelor of Human Resource Management (Day)
11. Bachelor of Human Resource Management (Eve)
12. Bachelor of Procurement and Supply Management (Day)
13. Bachelor of Procurement and Supply Management (Eve)
14. Bachelor of Catering and Hotel Management (Day)
15. Bachelor of Entrepreneurship & Small Business Mgt (Day)
16. Bachelor of Entrepreneurship and Small Business Mgt (Eve)
17. Bachelor of Science in Accounting (Day)
18. Bachelor of Business Computing (Day)
19. Bachelor of Business Computing (Eve)
20. Diploma in Business Administration
21. Diploma in Hotel & Restaurant Business Management
22. Diploma in Accounting and Finance
23. National Certificate in Business (UBTEB)
24. Higher Education Certificate in Business Studies

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ARUA CAMPUS

1. Master of Business Administration
2. Master of Human Resource Management
3. Postgraduate Diploma in Public Administration
4. Postgraduate Diploma in Project Planning and Mgt
5. Bachelor of Procurement and Supply Chain Mgt (Eve)
6. Bachelor of Business Administration
7. Diploma of Business Administration
8. Diploma in Accounting ad Finance
9. National Certificate in Business Administration (UBTEB)
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2. Bachelor of Procurement and supply Chain Mgt(Day)
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6. Bachelor of Business Administration (Day)
7. Bachelor of Business Administration (Eve)
8. Bachelor of Science in Accounting (Day)
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The Potential of Uganda's Tourism Sector

Jackie Karatunga
Research Analyst
Uganda Bankers' Association

1.0 Introduction

Tourism is one of the largest and fastest growing industries globally and will play a significant role in regaining the socio-economic recovery post the covid-19 pandemic. Tourism promotes trade and investment and significantly contributes to the development of other sectors and players in the tourism ecosystem including the construction sector, manufacturing sector, retail sector, transport and logistics, food services and financial services, among others.

Prior to the pandemic, the Travel and Tourism industry directly contributed 3.3 percent of the total global Gross Domestic Product (GDP) and contributed about $8.9 trillion to the global GDP in 2019. In Uganda, the tourism sector is a major source of employment, government revenue and foreign exchange earnings. In FY 2018/19, Travel and Tourism was the number one foreign exchange earner in Uganda, generating over US$ 1.6 billion in foreign exchange, contributing approximately 7.7 percent to GDP and employing close to 700,000 men, women, and youth. Tourist exports amounted to about US$ 431 million in 2019, representing 6.3 percent of total exports.

Due to the covid-19 pandemic, the country was estimated to have lost up to 1 million foreign tourist arrivals by the end of December 2020, which translated into a loss in foreign exchange earnings of up to US$ 1.06 billion (UGX 3.91 trillion). However, the sector is steadily recovering with the removal of restrictions put in place to curb the spread of Covid-19. Tourist bookings countrywide tripled in 9 months increasing from 27,542 bookings recorded by end of August 2020 to 83,464 by end March 2021, which was a great leap of recovery from the lowest level of 3,534 tourist bookings in June 2020.

Due to covid-19, there are potential long-term changes in the behaviour of tourists and travelers, as people have become more cautious about travelling. Covid-19 had positive impact on local tourism since it encouraged many Ugandans and regional residents to visit different domestic tourist attractions because they could not travel to other countries – Uganda is the number one source of tourists for countries like Kenya and Rwanda.

The key strengths of Uganda's tourism sector include the unique untapped potential in the form of eco-tourism, bird life, contrasting scenery and substantial game populations; tourism resources that are only modestly exploited and less commercialized; competition among players in the sector is less intense than in other countries; and Uganda has unique attractions can be marketed both as a long-haul destination and as part of a regional package with other East African countries.

2.0 Composition of Uganda's Tourism Sector

Uganda's tourism sector is mainly based on her natural endowments which include the abundant and diverse wildlife, culture, landscapes, and water bodies. Uganda has favourable climate and rich culture including captivating dances and exquisite cuisines in the different parts of the country. Ugandans are well known for being very friendly, open, and hospitable. The country is strategically located at the heart of Africa, making it easily accessible to tourists from different African countries. Uganda is only 0.02% of total dry surface of the world but accounts for about 7% and 11% of the known world's mammals and birds respectively. 25 percent of the country's surface area is covered by water including freshwater lakes, crater lakes and rivers, despite being a landlocked country.

Picture of a Traditional Dance

Picture of Owen Falls on the Nile

Uganda has more than 50% of the world's remaining population of mountain gorillas in the world, over 1,060 species of birds which constitute about 11% of the global population of bird species and 50% of Africa's bird species, 345 species of mammals which constitute about 7% of the world's mammal species and 39% of Africa's mammals, 86 species of amphibians which constitute 19% of Africa's Amphibian species, 142 species of reptiles which constitutes 14% of Africa's reptile species, 1,249 species of butterflies, over 600 species of fish and over 5,406 species of flora. However, it is also estimated that between 50% and 60% of Uganda's biodiversity still remains outside protected areas thus neither protected nor well known if at all.

Picture of Snakes

Picture of a Crocodile

Uganda is home to the source of River Nile, which is the longest river in the world, Lake Victoria, which is the largest freshwater lake in Africa, Mountain Rwenzori, also known as the legendary mountains of the moon, which is the only mountain in the world with a snow cap on the equator, and Lake Bunyonyi, a crater lake, which is also the third deepest lake in the world. Uganda has 10 national parks, 12 wildlife reserves, 10 wildlife sanctuaries, 5 community wildlife management areas and 506 central forest reserves, each with unique endowments, attributes, and activities.

Picture of a Crater Lake

Picture of River Nile

Examples of tourism activities in national parks include game drives, nature walks, night walks, forest walks, primate walks, hiking, bird watching, gorilla tracking, boat cruises, entertainment from local communities and indigenous groups of people, among others. Mountains including Mountain Rwenzori and Elgon are available for year-round hiking and mountaineering. The source of the Nile in Jinja is a hub for adventure sports including white water rafting, bungee jumping, kayaking, mountain biking, off-road driving, motor and squad biking, international triathlons, among others. The traditional customs and lifestyles of the different groups of people in Uganda are still alive in several parts of the country, which adds spice and entertainment to the tourist experience for example through spontaneous dancing and music. Tourists can also get souvenirs from several local traditional art pieces and handcrafts which are sold in most villages, along roadsides, at specific tourist curio shops, among other areas.

Examples of tourism activities in national parks include game drives, nature walks, night walks, forest walks, primate walks, hiking, bird watching, gorilla tracking, boat cruises, entertainment from local communities and indigenous groups of people, among others.

Picture of White River Rafting on the Nie

Picture of Bungee Jumping on the Nile

3.0 Public Sector, Private Sector and Development Partners in the Tourism Sector

The tourism sector in Uganda is mainly public sector led and private sector driven, with private sector players also managing several tourist attractions and recreational facilities.

3.1 Public Sector

The sector is coordinated and superintended by the Ministry of Tourism, Wildlife and Antiquities. The implementing Agencies under the ministry include Uganda Tourism Board (UTB) for tourism promotion and marketing, Uganda Wildlife Authority (UWA) for the management of wildlife and wildlife protected areas, Uganda Wildlife Conservation Education Centre (UWEC) for conservation, education and public awareness, Uganda Hotel and Tourism Training Institute (UHTTI) for tourism and hospitality training and Uganda Wildlife Research and Training Institute (UWRTI) for wildlife management training and research. The Ministry also oversees a number of program institutions including Chimpanzee Sanctuary and Wildlife Conservation Trust (CSWCT), Rhino Fund Uganda (RFU) and Bwindi-Mgahinga Conservation Trust (BMCT).

3.2 Private Sector

The Private Sector also plays a key role in the development and management of the tourism sector and is an important entry point in fostering public private sector dialogue, advocacy, and development initiatives for the sector. The Ministry and Agencies coordinate with the private sector through associations including Uganda Tourism Association (UTA), which is the tourism private sector umbrella body.

3.2.1 Key players in the private sector

The private firms involved in the tourism industry are classified into four broad categories;

a) Tour operators and Travel Agents and other reservation services industry

Tour operators and travel agents play an important function in linking potential tourists to various tourism services within the value chain. Tour operators contribute to destination marketing and bridge the elements of supply side services to those of the consumption or demand side of the business. They provide information about the tour destination and make tour arrangements by organizing the required facilities to the tourist's satisfaction including tour guiding, hotel bookings, ticketing, and transport, among others. In Uganda, there are over 350 registered tour companies and tourist bookings through tour operators grew eleven-fold from about 1,000 bookings to over 11,000 between August 2020 and March 2021.

b) Hotel and accommodation services

Over 90% of the accommodation services in Uganda are owned by private investors. Uganda has about 6,291 hotels, 97,511 rooms and 103,261 beds and for any hotel to breakeven in Uganda, it must operate at an average of 40% occupancy rate (UHOA, 2020).

c) Tourism Auxiliary Service Providers

These include producers of promotional materials and examples include Uganda Tourist Board, organizers of international and internal travel markets and trade fairs, local craft shops selling items from the various cultural groups in Uganda, among others.

d) Airlines and overland transport service providers

Air travel is important for international tourism given that tourism is a leading foreign exchange earner. Overland transport is also key for both international and domestic tourists.

3.3 Development Partners

Development partners and civil society organizations play a significant role in supporting the sector through tourism related activities including mobilization of technical and financial resources to support government efforts, preservation of the resources upon which tourism is based, influencing policy development, marketing, public sensitization and awareness about tourism potential and opportunities, research and advocacy for community and capacity enhancement.

4.0 Opportunities for Private Investors

4.1 Tour Operators

International contacts can enable tour operators to market Uganda internationally, support in positioning of its brand so as to attract more tourists and exploit multi-destination packages locally and regionally.

4.2 Water Sports and other related Activities

Given the various water bodies that Uganda has, there is potential to attract tourists to undertake water sports, including luxury boat cruises and boating services, as well as water sports like white water rafting, skiing, and boat racing.

4.3 Accommodation

For hotels in Uganda, the average occupancy rate for the "low-end" accommodation is very high compared to "high-end" accommodation. There are opportunities in the mid-range accommodation facilities and the high-end facilities in the basic tourist circuits. Serviced apartments offer fairly lower accommodation rates for visitors who visit for relatively longer durations, including those in the Visit Friends & Relatives (VFR) category.

4.4 Conferences and Incentives Travel sector

To diversify Uganda's tourist appeal, the non-resource-based tourist market which is growing significantly should be targeted. On average, business travelers stay twice as long and spend three times as much as regular tourists, according to several studies. Uganda is constrained by lack of adequate facilities in terms of accommodation and exhibition, which are opportunities for investors to tap into including establishing event planning operations to run the major international conferences and events. The Meetings, Incentives, Conventions and Exhibitions (MICE) Industry is an important and growing segment of the tourism sector with great potential.

4.5 National Park Concessions

The National Parks still have various untapped long-term concessions including rehabilitation of existing tourist facilities and properties; and the construction of new ones including rest camps and lodges inside the parks.

5.0 Factors Enabling Growth of the Tourism Sector in Uganda

5.1 Tourism Campaigns

Campaigns are intended to boost tourism in and enable the linkages between travel agents, tour operators, hoteliers, destination managers and other service providers in the tourism business e.g., Pearl of African Tourism Expo (POATE 2021). Local tourism promotional drives for example "Take on the Pearl" campaign, "Pearl of Africa talent star search" and "Tulambule" (let's explore) campaign" have also created awareness about several tourist destinations in Uganda and promoted domestic tourism.

5.2 Opportunistic Achievements

Some of the opportunistic achievements include performances of athletes like Joshua Cheptegei and Moses Kipsiro whose excellence at the Olympics gave Uganda recognition, visibility and also increased her media profile internationally. Visits of iconic figures for example Akon, a global music star and social media kingpins Emirati and Vlogger Khalid Al Ameri, among others increased social media and internet awareness about Uganda.

5.3 New Tourist Products and Protection of Cultural Heritage Sites

Development of new tourist products and protection of cultural heritage sites is instrumental to the tourism sector. The construction and renovation of regional museums for example Mugaba Palace and processing land titles for a number of heritage sites which include Bukwa, Nyabusosi, Napak, Moroto, Kapir, Kasonko, Mpumudde, Kigezi site, Lyingo landing site, Lamogi/Guruguru (Amuru), Lotuturu (Lamwor), Bishop Hannington Kyando, Buvuma Island, Mutanda caves, Fort Thurston Bukaleeba and Mauta hill in Mayuge has supported this development.

5.4 Infrastructure Development

Several roads leading to tourism sites have been constructed and rehabilitated, improving and increasing access by tourists. Infrastructure in terms of accommodation and facilities has also been developed including a "floating restaurant" at the Uganda Wildlife Conservation Education Centre (UWEC). Improvement of infrastructure has also been done at academic institutions intended for capacity building in the tourism sector for example Uganda Hotel and Tourism Training Institute (UHTTI) and Uganda Wildlife Research and Training Institute (UWRTI).

6.0 Government's Role in Boosting the Tourism Sector in Uganda

Government support, investment and commitment is instrumental in the development of the Tourism sector in Uganda. Below are expectations of the support from government that will further the development of the tourism sector in the medium term:

Government Intervention	Details to the Intervention
Provision of Tax and fees Waivers	Several taxes and fees are paid by tourism businesses including VAT, PAYE, income tax, property rights taxes, trading license fees, hotel taxes, among others. It is necessary to review these taxes and provide tax relief and holidays in this period of recovery.
Intensify marketing	Maintaining international advertising campaigns is very crucial for marketing and promoting the Tourism Industry in Uganda including on social media and international media in key markets including China, USA, UK, and Europe, among others.
Diversify tourism products	There is need to boost domestic tourism and encourage Ugandans to tour their country as well as diversify the tourism products, tap into other opportunities besides wildlife and thus expand the product range.
Provision of low interest rate funding	Low interest terms loans are crucial especially for tourism enterprises during this period of recovery
Restoration of traveler confidence	It is important to continue to restore traveler confidence and stimulate demand, for despite the fact that travel and tourism has resumed, tourists and travelers are still skeptical.
Infrastructural development	This includes roads, internet fiber, electricity, backbone network and other accommodation facilities, are key to encourage tourism since they reduce travel time, make the tours comfortable and enjoyable, and grant easy access to the tourism sites.

7.0 Challenges and Constraints of the Tourism Sector

Despite its potential, the tourism sector is constrained and challenged severally. Removal or management of these constraints will ensure that the potential of the sector is harnessed and that the expected role of the tourism sector in national development, employment, improvement in livelihoods is realized.

Below are the challenges and constraints of the tourism sector,

Challenges & Constraints	Details of the Challenges & Constraints
Tourism marketing and promotion	• The country needs to invest more appropriately and extensively in promoting tourism. The CEO of UTA in meeting parliament asked that government needs to invest more in the promotion of tourism. He advised that whilst Kenya invests USD 30mn in marketing tourism, Rwanda invests over USD 40mn whilst Uganda invests USD 2mn annually in the promotion of tourism.
Tourism product development and Maintenance thereof	• Decline in wildlife stocks due to poaching, climate change effects, human-wildlife conflicts, massive invasion of alien species, etc. • Underdeveloped tourism on Uganda's large water bodies, diverse avian life, and entertainment sector. • Delivery of tourism products by fragmented service providers, making it expensive.
Tourism human resource development	• Low level of tourism skills throughout the national tourism value chain. • Domination of the sector by SMEs and family-owned businesses employing unskilled family members at low pay, compromising quality visitor experiences. • Tourism education and training are fragmented across various stakeholders with weak instructional infrastructure.
Tourism financing	• Gross underfunding of the sector's core activities compared to the major competing countries resulting into limited destination marketing, limited product development, weak human capital development and undermined conservation efforts
Tourism statistics	• There is a need for more investment in tourism research and studies to enable reliable, consistent, and appropriate data and information on Uganda's tourism sector, tourism related businesses and tourism markets.
Quality assurance	• Weak enforcement of the regulations and quality standard in the sector. • Limited awareness on the quality guidelines and standards by both the public and private sector.
Infrastructure development	• Poor road access to and between some of the key tourist sites. • Shortage of affordable quality accommodation capacity in and around National Parks and other sites. • Inadequate supply of energy, water, ICT in key tourism sites. • Lack of tourist stopover facilities. • Single international air access route to Uganda (Entebbe) which limits tourism.
Private sector development	• Fragmented and weak private sector to effectively harness the potential. • Limited access to affordable credit financing for investment • Investors in the tourism sector lack adequate technical guidance on investment guidelines for facilities.
Heritage conservation	• Limited institutional capacity to manage wildlife conflicts and limited training and research in natural heritage monitoring, management and conservation leading to human wildlife conflicts and degradation of cultural heritage sites. • Increasing population and the competing land uses are increasingly threatening heritage resources both within and outside protected areas e.g., construction of HEP dams, oil, and gas exploration. • Weak laws and or inadequate implementation of the existing laws to conserve the heritage resources

8.0 Conclusion

The potential of the tourism sector in Uganda is very large supported by the natural resources available in the country. NDP III articulates the importance of the tourism sector in Uganda as being important for increasing forex earnings, creating jobs and alleviating poverty. The aspiration of Agenda 2030 is to devise and implement policies to promote sustainable tourism which creates jobs, promotes local culture and products. Further, the goal of NDP III as it relates to tourism is to increase Uganda's attractiveness as a preferred tourism destination.

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Exploring Uganda - The National Parks of Uganda

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Introduction

According to the Uganda Wildlife Authority (UWA), Uganda has ten (10) National Parks, and these include Kidepo Valley National Park, Bwindi Impenetrable National Park, Queen Elizabeth National Park, Lake Mburo National Park, Murchison Falls National Park, Mgahinga Gorilla National Park, Semuliki National Park, Rwenzori Mountains National Park, Mountain Elgon National Park, and Kibaale National Park. Each of the national parks is known for certain types of animals and or bird species, as well as unique attributes as profiled below.

1. Kidepo Valley National Park

Kidepo Valley National Park, which was gazetted as a national park in 1962, lies between Uganda's borders with South Sudan and the eastern boarder of Kenya. it is Uganda's most isolated park and ranks among Africa's finest wildernesses. It is home to over 77 mammal species including elephants, buffalos, lions, the Rothschild giraffe, among others and over 476 bird species like the common ostrich, secretary bird, northern carmine bee eater, little green bee eater, Abyssinian scimitar bill, among others.

The park's elephant population has grown from about 200 in the mid 1990's to between 650 and 1000 currently and the African buffalo population now ranges between 10,000 and 15,000. The National Park has two rivers, Kidepo and Narus, which disappear during the dry season and leave only pools for the wildlife. Some of the local communities in the park include the pastoral Karamojong and the IK. Activities in the park include guided night drives, Lonyii Summit hike, bird watching, game drive, nature walks, among others.

A photo of buffalos in Kidepo Valley National Park (UWA)

Lonyii summit that has hiking activities

A photo of Zebras in Kidepo Valley National Park (UWA)

The National Park has two rivers, Kidepo and Narus, which disappear during the dry season and leave only pools for the wildlife. Some of the local communities in the park include the pastoral Karamojong and the IK.
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2. Bwindi Impenetrable National Park

Bwindi Impenetrable National Park located in Southwestern Uganda is famous for the "impenetrable forest" and for being home to approximately 459 gorillas, which is roughly half of the world's gorilla population. The Mubare gorilla group was the first to become available for tourism in Uganda in 1993 and nine groups are now habituated for tourism and one group for research. It is also home to about 120 mammals including baboons, chimpanzees, elephants, antelopes, 350 bird species including 23 Albertine Rift endemics, over 200 butterfly species including the eight Albertine rift endemics, several reptiles, among others. The park is a source of five major rivers which flow into lake Edward. Some of the local communities include the Bakiga and the Batwa pygmies. The activities in the park include gorilla tracking, gorilla habituation, nature walks and the Batwa trail.

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Gorilla habituation at Bwindi Impenetrable National Park

Batwa trail

3. Queen Elizabeth National Park

Queen Elizabeth National Park is located in the western region of Uganda and spans the equator line, with monuments on either side of the road, marking the exact point where the equator crosses latitude 0 degrees. It was founded in 1952 as Kazinga National Park and it was renamed two years later to commemorate a visit by Queen Elizabeth II of England. It is home to over 95 mammal species, over 600 bird species and over 20 carnivores like the lions, leopards, side stripped jackal, spotted hyena, among others. The park has diverse ecosystems including the sprawling savanna, shady, humid forests, sparkling lakes, and fertile wetlands, which make it an ideal habitat for classic big game. The park has magnificent vistas including dozens of enormous craters carved dramatically into rolling green hills, panoramic views of the Kazinga Channel whose banks are lined with hippos, buffaloes, elephants, endless Ishasha plains, the jagged Rwenzori mountains backdrop, among others. The park also has opportunities for visitors to meet the local communities and enjoy storytelling, dance, night game drives, among other things.

Lions in Queen Elizabeth National Park

A nature walk path in Queen Elizabeth National Park

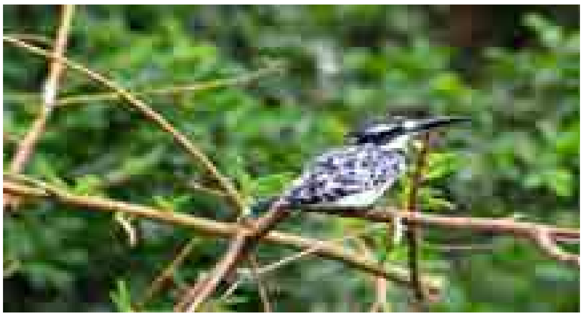
Birding in Queen Elizabeth National Park

The park has magnificent vistas including dozens of enormous craters carved dramatically into rolling green hills, panoramic views of the Kazinga Channel whose banks are lined with hippos, buffaloes, elephants, endless Ishasha plains, the jagged Rwenzori mountains backdrop, among others.

4. Lake Mburo National Park

Lake Mburo National Park is the smallest of Uganda's savannah national parks and is located in the western region of Uganda. It is underlain by ancient Precambrian metamorphic rocks that date back more than 500 million years. Its wildlife has been eliminated in several attempts to get rid of tsetse flies, to make way for ranches and due to subsistence poaching. It is home to 350 bird species and animals including zebras, impalas, elands, buffalos, oribi, Defassa waterbuck, leopards, hippos, hyenas, topi, and reedbuck. Since it has open savanna, the park has a healthy population of buffalos, warthogs, bushpigs and hippopotamus. Since the park has no elephants, there is a lot of woodland since the vegetation is not tamed. The park is the best place to view acacia associated birds, the mosque swallow, black bellied bustard, bare-faced-go away bird, Ruppell's starling and birds including the southern ground hornbill and black throated barbet.

A photo of giraffes in Lake Mburo NP.



A photo of a bird in Lake Mburo National Park

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Since it has open savanna, the park has a healthy population of buffalos, warthogs, bushpigs and hippopotamus.

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Bespoke Safaris in Lake Mburo National Park

5. Murchison Falls National Park

Murchison Falls National Park is Uganda's largest and oldest conservation area and was first gazetted as a game reserve in 1926. It is located in northwestern Uganda, at the northern end of the Albertine Rift Valley, where the Victoria Nile squeezes through an 8m wide gorge and plunges 45m over the remnant rift valley wall with a thunderous roar into the "Devil's Cauldron", creating a trademark rainbow and the dramatic Murchison falls, which falls are the centre piece of the National Park and then the final event in an 80km stretch of rapids. The falls then transform into a broad, placid stream that flows quietly across the rift valley into Lake Albert and forms a trademark rainbow. The National Park has over 144 mammals, 556 bird species, 51 reptiles and 51 amphibians. The riverbanks attract several animals including elephants, giraffes, buffaloes, while hippos, Nile crocodiles and aquatic birds. Buffalo populations are over 10,000 and Uganda kobs are over 35,000. The park is famous for the 1951 film, "The African Queen" which was filmed in the park and on lake Albert.

Top of the Murchison falls

Tourists on a boat cruise in Murchison Falls NP

A photo of a elephants in Murchison Falls NP.

6. Mgahinga Gorilla National Park

Mgahinga Gorilla National Park is located in the southwest corner of Uganda, and it takes its name from the local word "Gahinga", which means piles of volcanic stones cleared from farmland at the foot of the volcanoes. It was declared a game sanctuary in 1930 and a National Park in 1991. It is famous for its one habituated trans-boundary gorilla group, the endangered golden monkey, and an indigenous group of self-sufficient people, the Batwa pygmies, who were the forest's "first people" whose ancient knowledge of the forest's secrets remain unrivalled. It has over 76 mammals including elephants, giant forest hogs, bush pigs, bush backs, buffaloes, leopards and over 180 species including the 14 endemic Albertine rift especially the Kivu ground thrush and turaco. Some of its most striking features are the three conical, extinct volcanoes which are part of the spectacular Virunga Range along the border region of Uganda, Congo and Rwanda and the NP forms part of the much larger Virunga conservation area which includes adjacent parks in these countries. The slopes of the volcanoes contain various ecosystems and are biologically diverse, with their peaks providing a striking backdrop to the amazing scenery.

A photo of mountain Gorillas in Mgahinga NP

Batwa community doing a dance for tourists in Mgahinga National Park

A photo of a golden monkey in Mgahinga National Park

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Mgahinga Gorilla National Park is located in the southwest corner of Uganda, and it takes its name from the local word "Gahinga", which means piles of volcanic stones cleared from farmland at the foot of the volcanoes.

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7. Semuliki National Park

Semuliki National Park is across the floor of Semuliki valley on the western side of Rwenzori Mountain. It was a forest reserve in 1932, upgraded to a National Park in 1993 and is the only tract of true lowland tropical forest in East Africa. It is dominated by the easternmost extension of the great Ituri forest of the Congo basin, which is one of Africa's most ancient and bio-diverse forest, one of the few to survive the last ice age, 12 – 18,000 years ago. The park provides a taste of central Africa because of its many features that are associated with central Africa yet is in East Africa. The flooding of large areas of the park during the wet season is a reminder of the time when the entire valley lay at the bottom of a lake for seven million years. The distinct ethnic groups that live near the park include Bwamba farmers, Bankonjo, Batuku cattle keepers and the Batwa pygmies who are traditionally hunter gathers. It is home to120 mammals including primates like baboons, chimpanzees, elephants, and antelopes and over 435 species of birds including 23 Albertine rift endemics, 35 Guinea-Congo Forest biome bird species, spot-breasted ibis, Haartlaub's duck, Congo serpent eagle, chestnut flaned goshawk, red thighed sparrowhawk. Other 12 species with little distribution found in the NP include the western bronze-naped pigeon and the yellow throated cuckoo. It also has hippos and crocodiles at the riverbanks, over 300 butterfly species including 46 species of forest swallowtail and 235 moth species. The Park also has hot springs which bubble up from the depths, demonstrating the powerful subterranean forces that have been shaping the rift valley for the past 14 million years.

A photo of a Piping Hornbill in Semuliki NP

Hot springs at Semuliki NP.

A photo of a butterfly in Semuliki NP.

8. Rwenzori Mountain National Park

Rwenzori Mountain National Park was gazetted in 1991, recognized as a world Heritage site in 1994 and a Ramsar site in 2008. The mountain has its highest peak as Margherita, which is 5,109m above sea level. The mountains are in western Uganda, whose snow peaks include the third highest point in Africa and has its lower slopes blanketed in moorland, bamboo, and rich, moist montane forest. The mountainside is covered in huge tree heathers and colourful mosses with giant lobelias and "everlasting flowers" that create an enchanting fairy-tale scene. The Rwenzori mountains were christened the "Mountains of the Moon" by the Alexandrine geographer Ptolemy in AD 150. The park is home to 70 mammals and 217 bird species including 19 Albertine rift endemics and some of the world's rarest vegetation. The mountains are a world-class hiking and mountaineering destination, taking about a nine-to-twelve-day trek for skilled climbers to reach the mountain summit of Margherita through shorter, non-technical treks.

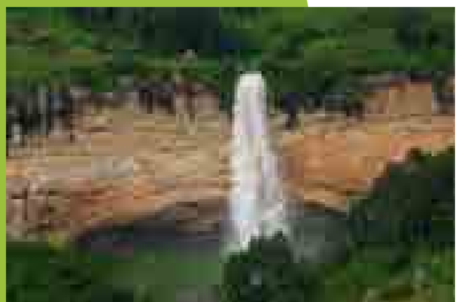

Rwenzori Mountains


Hikers in the Dense Forests of Rwenzori Mountains


Exclusive Birding in Rwenzori National Park

9. Mountain Elgon National Park

Mountain Elgon National Park is home to over 300 species of birds including the endangered Lammergeyer. Mountain Elgon's higher slopes are protected by NPs in Uganda and Kenya, which create an extensive trans-boundary conservation area that has been declared a UNESCO Man and Biosphere Reserve. Its mammalian fauna, however, is poorly known with the most common species or those most visible to hikers being blue monkeys and black and white Columbus, with a small number of elephants in the forests and several montane moorland endemics.


Cave visits is an activity done in Mountain Elgon National Park


The endangered Lammergeyer of Elgon Park National Park


Tourists on a nature walk in Mountain Elgon National Park

Mountain Elgon is an extinct volcano and is one of Uganda's oldest physical features and it first erupted approximately 24 million years ago. It was once Africa's highest mountain whose height was reduced by millennia of erosion, making it the 4th highest peak in East Africa and the 8th in Africa. It has the largest volcanic base in the world and is located on the Uganda-Kenya border. Its cool heights provide respite from the hot plains below and the higher altitudes provide a refuge for flora and fauna. The mountain is home to two tribes, the Bagisu and the Sabiny.

Wagagai summit on Mountain Elgon, which tourist hike to.

10. Kibaale National Park

Kibaale National Park's most popular activity is the Kanyanchu Primate walk where about thirteen species and a variety of diurnal monkeys can be sought and encountered, with the famous ones being chimpanzees. The chimpanzees have been tracked since 1993 and Kanyanchu's groups are accustomed to human presence, with some having been observed for over 25 years and the chance of locating them is over 90 percent. The chimpanzees, which are the most prominent primates in the park are about 1,500 individuals divided into at least a dozen different communities, of which four are habituated to humans. It is home to over 120 mammals including primate species like chimpanzees, elephants, and antelopes with over 370 bird species that include 23 Albertine Rift endemics, the Nahan's francolin, Cassin's spinetail, blue headed bee-eater and low-land masked apalis.

Chimpanzees in Kibaale NP, whose tracking is one of the famous activities done in the park.

A photo of a monkey in Kibaale NP.

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Tapping into the Tourism and Hospitality Opportunities Emerging from Namugongo Martyrs' Day Celebrations

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Lawrence Ssemusu and Waswa Balunywa
Makerere University Business School**

1.0 Introduction

The martyrs' day celebrations have been going on in Uganda since the 1980s. Martyrs' Day is a national public holiday in Uganda on June 3rd. The day commemorates the 45 martyrs, out of which 22 were Catholic and 23 Anglican, who were killed on the orders of Kabaka Mwanga II, the then King of Buganda between 1885 and 1887. It should be appreciated that there were also Muslim converts who were killed because of their religion. This day is unique to Uganda because It represents the highest number of Martyrs in one country killed for the same cause. The Catholic Church beatified the 22 Catholic martyrs in 1920 and canonized them as Saints of the universal Church in 1964 (Stefon, 2021). Each year the number of pilgrims increases thus increasing the number of potential tourists in the country. These celebrations provide an unexploited potential in tourism/ hospitality sectors for economic growth and development of Uganda, a key theme under the 2022 Annual Bankers' conference.

Whereas efforts have been taken to improve the environment for the pilgrims, there still exists untapped possibilities that should be developed by both key stakeholders in the industry and the non-direct partners like financial institutions especially if they work together. The objective of this paper is to show how martyrs' day and Namugongo as a key site for the commemoration of the Uganda Martyrs can be turned into a tourist city and how the financial institutions can support this idea.

> ***Whereas efforts have been taken to improve the environment for the pilgrims, there still exists untapped possibilities that should be developed by both key stakeholders in the industry and the non-direct partners***

2.0 Methods

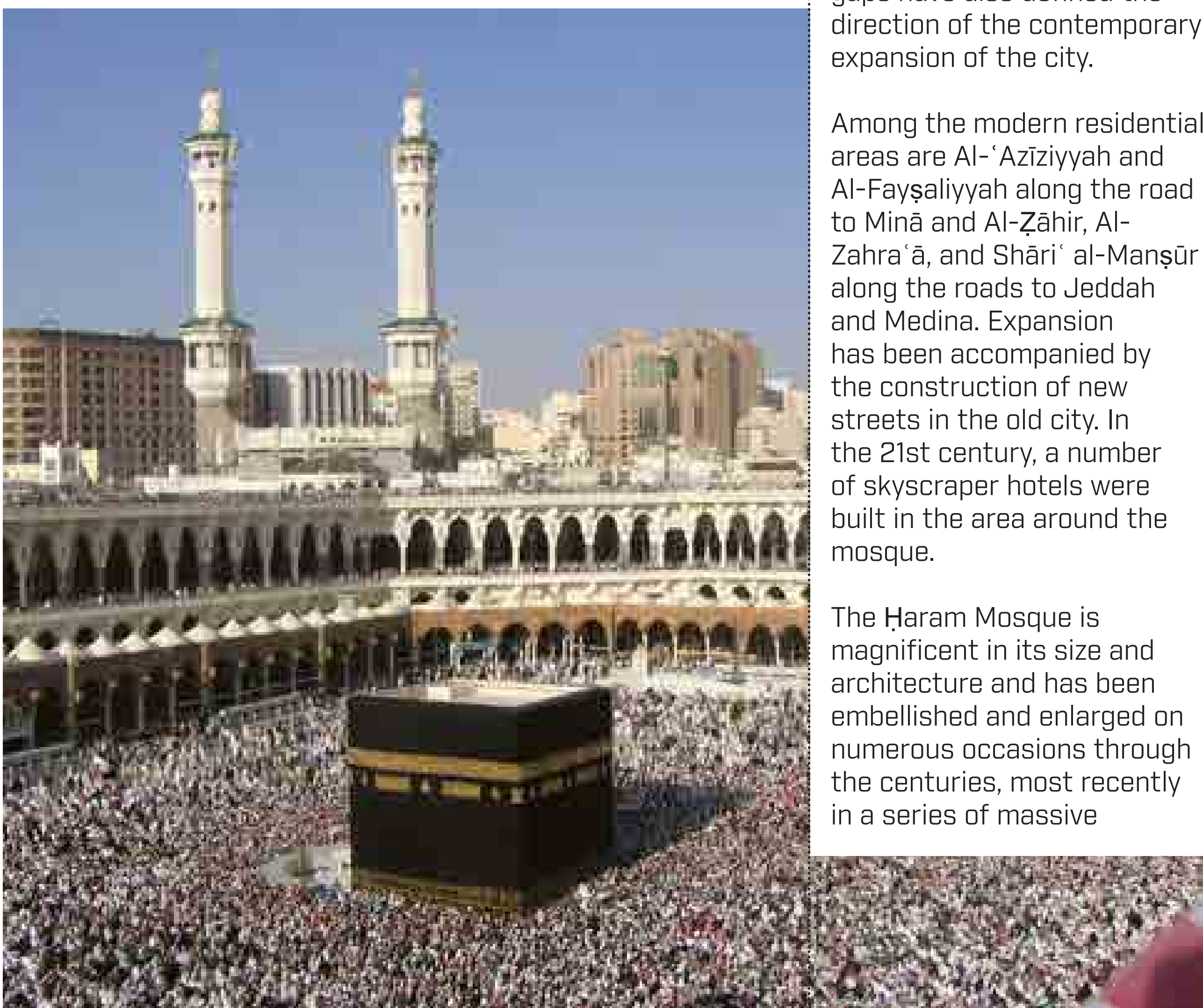
To achieve the above objective, the authors used documentary review to explore how other key cities have developed as tourist centres focusing on those with a religious/spiritual aspect to be able to draw insights and lessons that can be applied to Namugongo. The paper will specifically focus on Jerusalem city in Israel and Mecca in Saudi Arabia. The authors then drew lessons from these two cities and came up with informed views on how banks and related financial institutions can come on board to support the development of Namugongo as a tourist city.

3.0 Cases of Mecca and Jerusalem: what makes them key tourist cities

3.1 Mecca

Mecca as a Religious Tourist Hub

According to Abdo (2022), Mecca or Makkah is a city located in western Saudi Arabia. It is the holiest of Muslim cities. Muhammad, the founder of Islam, was born in Mecca, and it is toward this religious centre that Muslims turn five times daily in prayer. All devout and able Muslims attempt a hajj (pilgrimage) to Mecca at least once in their lifetime. Because it is sacred, only Muslims are allowed to enter the city.



What was done to turn it into a tourist hub?

In the 20th and 21st centuries, the city underwent vast improvements. The area around the religious shrines was cleared, the mosque enlarged, housing and sanitation improved, and transportation facilities enhanced. As a result, Mecca can accommodate the continually increasing number of pilgrims, or hajjis.

In terms of transport, the city is accessed through four gaps in the surrounding mountains. The passes lead from the northeast to Mina, ʿArafāt, and Al-Ṭāʾif; from the northwest to Medina; from the west to Jeddah; and from the south to Yemen. The gaps have also defined the direction of the contemporary expansion of the city.

Among the modern residential areas are Al-ʿAzīziyyah and Al-Fayṣaliyyah along the road to Minā and Al-Ẓāhir, Al-Zahraʿā, and Shāriʿ al-Manṣūr along the roads to Jeddah and Medina. Expansion has been accompanied by the construction of new streets in the old city. In the 21st century, a number of skyscraper hotels were built in the area around the mosque.

The Ḥaram Mosque is magnificent in its size and architecture and has been embellished and enlarged on numerous occasions through the centuries, most recently in a series of massive expansions by the government of Saudi Arabia in the late 20th and early 21st centuries. The state-of-the-art complex, now multilevel, includes an advanced communication network, air-conditioning, escalators, and a complex network of pedestrian routes and tunnels, in addition to numerous aesthetic and artistic accompaniments. The mosque can accommodate one million worshippers at a time.

Houses near the mosque have been razed, and it is now surrounded by open spaces and wide streets, which can be crossed through underground walkways built to ease traffic. To the south of the Ḥaram Mosque, the Saudi government built the Abrāj al-Bayt skyscraper complex, one of the world's largest and tallest buildings, to house hotels, shopping centres, and prayer areas near the holy sites.

3.2 JERUSALEM

Jerusalem is considered as the holiest land in the world and certainly one of the best places to visit in Israel. Frequented by the religious folks from all over the world, it is glorified by ancient buildings and majestic structures. It has been noted that Jerusalem has some of the ten (10) most tourist places in the Middle East (Walhout, 2020).

What makes Jerusalem a key tourist city?

i. Rich history for Judaism, Christianity, and Islam

According to Dumper (2022), Jerusalem plays a central role in the spiritual and emotional perspective of the three major monotheistic religions. For Jews throughout the world, it is the focus of age-old yearnings, a living proof of ancient grandeur and independence and a centre of national renaissance; for Christians it is the scene of Jesus' agony and triumph; for Muslims it is the goal of the Prophet Muhammad's mystic night journey and the site of one of Islam's most sacred shrines. For all three faiths it is a holy city, a centre of pilgrimage, and an object of devotion.

ii. Its Art

Jerusalem has beautiful architecture designs and art consisting of old and new, sacred, and secular, in a variety of styles. The most visible piece is the city wall erected in 1538–40 by the Ottoman sultan Süleyman the Magnificent, largely on the foundations of earlier walls dating chiefly to the period of the Crusades. It has both the old and new cities that intertwine to give a wonderful artistic synergy. The Old City may be entered through any of seven gates in the wall namely the new, Damascus, and Herod's gates to the north, the St. Stephen's (or Lion's) Gate to the east, the Dung and Zion gates to the south, and the Jaffa Gate to the west with Jaffa and Damascus as the main gates. Jerusalem also houses the Israel Museum (1965) which is a key cultural attraction that has attracted a series of renovations and expansion. In addition to its large collection of Western and Israeli paintings, the museum houses a comprehensive Middle Eastern archaeological collection, several important Dead Sea Scrolls and other relics, a notable collection of Jewish ritual art, Middle Eastern ethnological exhibits, a sculpture garden, and a youth wing. All these make it an attractive city for tourists.

iii. Shopping

According to Levenstein (2019) Jerusalem has a wide range of amazing shopping destinations for every purpose which makes it more attractive for tourists. It has a variety of modern, diverse, and complex shopping malls and jewelry centres which include among others the Alrov Mamilla Avenue mall, Chaya jewelry centre, Perfuniq, the Mechane Yeyuda Market, first station and cacao forest.

iv. Delicious Middle East Food

Apart from a religious tourist destination, Jerusalem is also a pilgrim destiny for the stomach. A variety of traditional, continental, and modern foods are offered in Jerusalem with a wonderful aroma for example Shawarma of all types–lamb, chicken, beef, veal, and buffalo– a must when visiting Jerusalem! Other key foods include Jerusalem Bagels, Halva, Banklava, Israeli Bourekas etc.

v. Complexity and Diversity

The diversity of languages in the city is another flavor that attracts people to Jerusalem. Hebrew, Arabic, English, and other languages in the streets brings to mind the multicultural and political complexities of life in this revered city.

vi. Rich Culture and Contradictions

Jerusalem is both a capital city for Israel and Palestine and it is one of the key issues in their conflict! Historically Jerusalem has been a source of conflict and violence and at one time it was declared as a corpus separatum ("separate entity") by the United Nations (UN) in order to avert further conflict though this didn't work it. Given this history, Jerusalem remains a source of contradictions which attracts a lot of people from diverse cultures to it. All these lead to the booming of its tourist sector.

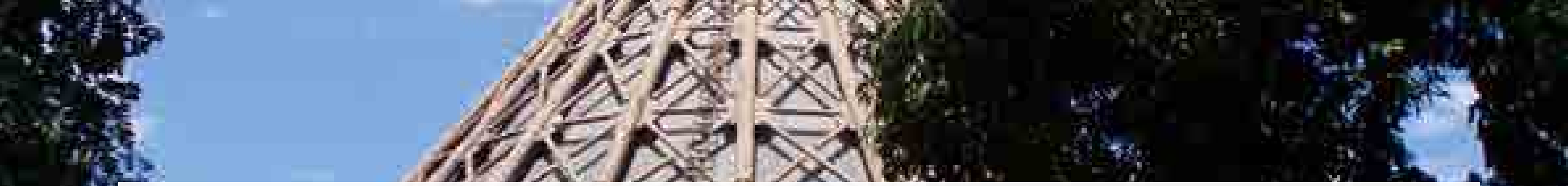
4.0 Lessons for Namugongo

From the two cases presented above, Mecca and Jerusalem, the following lessons can be picked that can support the development of Namugongo as a tourist city for Uganda hinged around the Uganda Martyrs celebrations.

a. Working in hand with the various religious sections, the government of Uganda needs to market Namugongo as one of the key tourist destinations of the country even at expos like the Dubai expo, flagging the Martyrs' Day as a key event. This will sell its spiritual and emotional appeal to a variety of tourists including the Catholics, protestants, and Muslims. Additionally, the role of the kingdom should also be flagged as a key aspect of Namugongo bringing out the other side of the story that led to the burning alive of the Ugandan Martyrs. This spiritual richness will boost Namugongo as a tourist city.
b. The natural resources of Namugongo for example the lake should be boosted, improved, and used as a tourist attraction. A man-made forest could be boosted around the area to attract more people. The holy water that people crave for could be modernized and processed to make it safer for drinking.
c. The road network around the area should be modernized to include fly overs and underground routes to make the place more accessible and attractive.
d. Working with the residents around the area, the place should be turned into a modern city with modern hotels, restaurants and shopping centres and the residents compensated and relocated.

5.0 Role of Bankers

In all the above endeavors, the financial institutions and bankers have a key role to play to boost the area and lead to its tourist development. In this era of recovery from COVID 19, the financial institutions should come on board to help the country recover from its effects by helping the country tap into emerging potential like the one presented



by Namugongo Martyrs celebrations. This can be done through the following ways: -

A master development plan for Namugongo as a tourism site needs to be developed. Identification of entrepreneurs who are willing to invest in the Namugongo Project to change the architecture, hotels, and restaurants in the area needs to be done. The support of residents and landowners in Namugongo could also come in handy when acquiring land from existing residents and tenants to set up modern facilities. The funds extended to such entrepreneurs should be offered at flexible lending conditions and terms, low interest rates, flexible and long repayment period, and quick access.

Development banks including the international ones like World Bank and the African Development Bank could come on board to assist government to improve the road network and other infrastructure. This will be in terms of providing funds that can set up underground systems and fly overs. Other key transport means like the modern railways and aircraft could also be set up to fly local pilgrims and tourists from areas like Lira, Gulu, Kenya, Tanzania directly to Namugongo.

Additionally, some banks should partner with the potential entrepreneurs while working closely with the other stakeholders like the church and government and provide the necessary resources under a Private-public-partnership (PPP) arrangement and be part of the key shareholders that will share in the profit and losses or under Islamic banking principles. Banks could also interest entrepreneurs in the project of the holy water and fund them either at low interest or as business partners.

6.0 Conclusion

The tourism sector is a key development sector as it generates a lot of revenue to the government by contributing an estimated 7.8% of GDP and employs over 6.7% of the employed population in the country. It is noteworthy that it was one of those sectors that was hit most by the effects of COVID 19 as tourists could not come in and out of the various countries. However, it provides untapped potential through taking advantage of emerging opportunities like the Namugongo Martyrs' day celebrations that provide a potential of turning Namugongo into a tourist city especially if financial institutions work hand in hand with the church, the interested entrepreneurs, and the government of Uganda to develop the area.

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Reviving Uganda's Tourism Sector in the COVID-19 Recovery Period: Opportunities for Private Sector Finance

Brian Sserunjogi

1.0 Background

Globally, with the outbreak of the COVID-19 pandemic and the institution of the containment measures to curtail its spread, the tourism sector suffered a loss of approximately US$4.5 trillion to reach US$4.7 trillion in 2020. In the same vein, global contribution of the sector to Gross Development Product (GDP) dropped by a staggering 49.1 percent compared to 2019 (WTTC, 2022). Moreover, 62 million jobs were lost, representing a drop of 18.5 percent leaving just 272 million employed across the sector globally, compared to 334 million in 2019 (ibid). In addition, domestic visitor spending decreased by 45 percent, while international visitor spending declined by an unprecedented 69.4 percent (ibid).

For Uganda, before the outbreak of COVID-19, the contribution of tourism sector to GDP was UGX 8.36 trillion, foreign exchange earnings rose from US$ 834 Million in 2012 to US$ 1.6 Billion in 2018. By 2018, the industry was supporting 570,000 jobs (MoFPED, 2020). However, the outbreak of the virus had devastating impacts on the tourism sector (See section 2 below). Given the ambitious National Development Plan (NDP) III targets for Uganda's tourism sector over the next five years (FY 2020/21 to FY 2024/25), amidst dwindling domestic resource mobilisation, harnessing private sector credit is vital for quick recovery of the sector.

The purpose of this paper is to identify priority financing areas in the tourism sector that private sector credit could prioritise as urgent financing opportunities to enable quick recovery of the sector. This paper has the following sections:

- Section 2 examines the impact of the COVID-19 pandemic on the tourism sector in Uganda.
- Section 3 delves into the current financing framework (public, private and donor financing) for the tourism sector, highlighting the key gaps.
- Section 4 highlights the post COVID-19 priority financing areas that private sector credit could target to revive the tourism sector in Uganda.
- Finally, Section 5 concludes with key policy recommendations.

2.0 Impact of COVID-19 pandemic on Uganda's tourism sector

(i) Macroeconomic impact

Considering the impact of COVID-19 pandemic on the tourism sector, Table 1 reveals that between 2019 and 2020, Uganda registered large negative growth on all the fundamental tourism indicators. In this regard, the international visitors' spending declined the largest, by 73 percent followed by the sectors' contribution to GDP, domestic spending by local tourists as well as the sectors' contribution to job creation. Specifically, the direct contribution of tourism to GDP in 2019, which was estimated at 6.2 percent of the total income, drastically declined to 2.5 percent by 2020. Other tourism contributions to the country's economic development which were affected by the pandemic include a decline to employment from 3.6 percent contribution to total employment in 2019 to as low as 2.4 percent in 2019.

Besides decline in employment, both domestic and international tourist spending was affected in 2020. Specifically, international visitor spending declined from 17.9 percent of total exports to as low as 5.5 percent of total exports. Equally, domestic visitors' expenditure reduced due to movement restrictions. With this state of affairs, without adequate financing to enable quick recovery, the impact of the pandemic on the sector could be prolonged and reverse the gains achieved by the tourism sector on the economy.

Table 1: Impact of COVID-19 pandemic on Uganda's tourism sector

	2019		2020		Change
	US$ Millions	% of total	US$ Millions	% of total	%
Total contribution to GDP	2006.3	6.2	798.1	2.5	-60.2
Total contribution to employment	589.3	3.6	386.2	2.4	-34.5
International visitors spending	1,169.70	17.9	306.9	5.5	-73.8
Domestic spending	474.6		282.2		-40.5

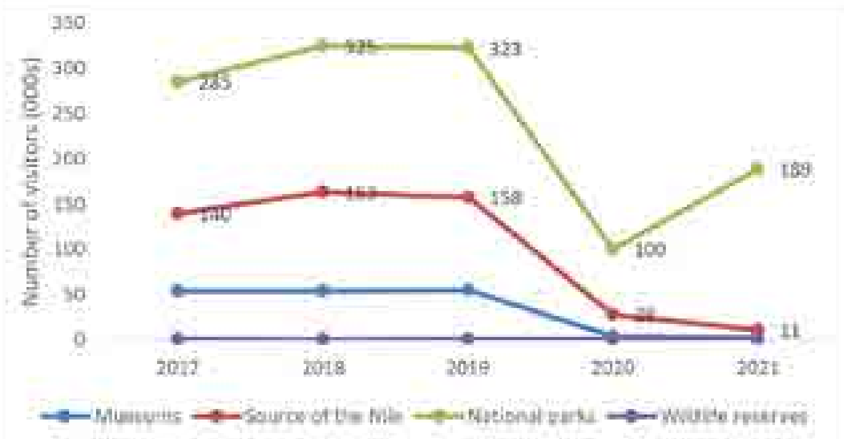
Source: Author's compilation based on the World Travel and Tourism Council, 2021. Accessed at https://wttc.org/Research/Economic-Impact

(ii) Impact on tourist traffic at national tourist attractions in Uganda

Besides impact on general macroeconomic indicators, the pandemic affected visitor traffic for the different tourist attractions in Uganda. Particularly, the largest decline in tourist numbers was registered at the source of the Nile. Between 2019 and 2020, visitors to the source of the Nile declined by 82 percent from 158,000 to 28,000 respectively. Following this drastic slump, visitor numbers had not yet recovered by the first quarter of 2021 (Figure 1). In addition to reduction in visitors to the source of the Nile, tourist traffic at the country's national parks also declined by 69 percent from 323 in 2019 to 100 by the end of 2020. These findings concur with Ahebwa and Philip (2021) who reported that by December 2020, the persistent financial constraints related to COVID-19 had forced many tourism entities to lay off all workers, due to the inability to pay them.

Despite this decline, tourist traffic to the national parks has been observed to recover faster than any other national tourist attractions (Figure 1). The strong recovery in tourist traffic between 2020 and 2021 at Uganda's national parks was buoyed on strong tourist traffic from East African residents, which increased by 101 percent and foreign residents, that grew by 69.5 percent during the same period. This evidence points to the need for private sector financiers to provide financial relief to the private sector, government agencies as well as non-government organisations operating in the area of conservation and tourism development. In this aspect, private sector credit could help to meet liquidity needs for basic operations and maintenance. In addition, the tourism sector further needs financing to adjust their facilities to the new COVID-19 Standard Operating Procedures (SOPs). This trend points to the need to deepen private sector financing for regional and domestic marketing of the country's tourist attractions. The country's marketing strategy should not only target international visitors.

Figure 1: Impact of COVID-19 on tourist traffic by tourist attraction (2017-2021)



Source: Author's compilation based on Ministry of Tourism, wildlife, and Antiquities database. Accessed at https://www.tourism.go.ug/statistics

While it is plausible to conclude from the evidence above that private sector credit should prioritise financing for regional and domestic tourists, Ahebwa and Philip (2021) reported that the most lucrative form of tourism on a per capita basis is international leisure tourism. The study demonstrated that while visiting family and friends (i.e., foreign residents' tourism) generates somewhat large spending, less of this goes directly to the tourism sector value chain actors such as hotels, restaurants, tour operators, guides, and handicraft sellers. In this regard, private sector financiers need not only aim at financing the main value chain actors in the tourism sector but also ancillary actors such as up-country businesses catering for leisure tourists.

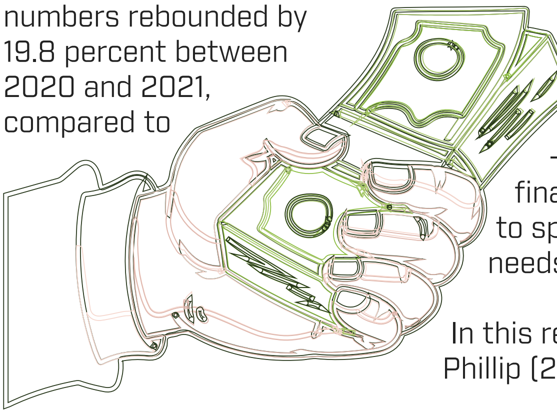
(iii) Domestic versus Foreign tourist traffic

Considering the impact of the COVID-19 pandemic by tourist category, Figure 2 reveals that before the outbreak of the pandemic, domestic tourism was increasingly gaining importance in the country's tourism fortunes. Specifically, domestic tourists' traffic increased by two-fold to 269,340 in 2019 from 161,062 in 2016. The rapid increase in domestic tourism numbers is partly attributable to the aggressive domestic tourism promotion and marketing that came with the launch of the "Tulambule" campaign which commenced in 2018/19. Considering the major driver of increasing domestic tourist numbers between 2017-2019, evidence (See Annex, Table 2) reveals that domestic tourist were majorly attracted to visiting the source of the Nile. Part of the large attraction of domestic tourist traffic to Jinja was the World Tourism Day celebration which attracted as high as 3,000 visitors (GoU, 2019). The large attraction to this unique tourist attraction is an opportunity for private sector credit to finance the 20-year source of the Nile master plan. This plan guides both public and private investment developments at this tourist site.

Figure 2: Trends of Uganda's tourists by tourist category (2016-2021)

Source: Author's compilation based on based on Ministry of Tourism, wildlife, and Antiquities database. Accessed at https://www.tourism.go.ug/statistics

However, the impressive performance for both the domestic and foreign tourism was short-lived. Indeed, with the outbreak of the pandemic in Uganda by March 2020, the number of domestic and foreign tourists slumped by 88.5 and 72.9 percent respectively between 2019 and 2020. Despite the large drastic declines for both foreign and domestic tourists, foreign tourist traffic has rebounded at a higher pace than domestic tourism. Particularly, foreign tourist numbers rebounded by 19.8 percent between 2020 and 2021, compared to further decline of 44.7 percent in domestic tourist traffic (Figure 3) during the same period. The relatively strong rebound in foreign tourist numbers has been due to increasing foreign tourist traffic to Uganda's national parks. This points to financing opportunities to ensure conservation of nature-based tourism, partly national parks, water bodies, wildlife, mountains, among others. The evidence above reveals that recovery of the tourism sector will not be even, as such different types of tourist attractions shall recover differently – requiring different financing structures to speak to their unique needs.



In this regard, Ahebwa and Phillip (2021) reported that although domestic tourism cushioned the sector during the outbreak of the pandemic, domestic tourist spending is not adequately transmitted to all the tourism value chain actors. In this regard, domestic tourism is dominated by a fraction of Uganda's working class and the foreign residents, who have a low expenditure multiplier effect along the tourism value chain compared to international leisure tourists. As such, the study predicted that domestic tourism, although important, was not going to sustain the tourism industry in Uganda and many up-country hotels will not sustainably operate until international tourists fully return. This evidence points to the needs for private sector financing to prioritise tourism investments that largely target foreign tourists.

3.0 Current financing framework of Uganda's tourism sector: Trends and Gaps for private sector financing

3.1 Extent of public expenditure

Government expenditure is one of the effective instruments for promoting tourism sector recovery and growth. Figure 3 indicates that in nominal terms, Uganda's national budget allocation to the tourism sector more than doubled from UGX 62.3 billion in 2014/15 to UGX 193.7 billion in 2021/22. Despite this growth, the share of the national budget allocated to the tourism sector has persistently remained low, ranging between 0.1 to 0.6 percent of the total national budget for the last eight years (2014/15 to 2021/22) (See Annex A, Table 1). These findings imply that growth in national budget allocation to the tourism sector has not been in tandem with that of the total national budget over these years. Secondly, Figure 3 below reveals that while the sector allocation has increased, much of the growth in the tourism sector budget was internally generated revenue by sector Agencies in form of Appropriation in Aid. The small share of the tourism sector in the budget allocations means less investments and reduces the sector's resilience and ability to quickly recover from the effects of the pandemic.

Figure 3: Tourism sector budget allocation (UGX billion)

Note: AIA= Appropriation in Aid
Source: Authors computations based on MoFPED annual performance budget reports (various years).

Given that most of the internally generated revenue from the tourism sector is largely reliant on nature-based tourism products, ensuring financial resilience and recovery in the COVID-19 recovery phase requires private financing of diversification of tourism products. In this regard, private sector credit could target small and medium enterprises as well as capacity-building for local communities to develop and promote local tourism products.

In addition, Ahebwa and Phillip (2021) suggest that, financing priorities could target product development and diversification through setting up regional museums (Fort Portal, Arua and Napak); profiling and development of cultural and heritage tourism sites; equator development particularly the construction of improved monuments at Kayabwe, Rwemikooma, Lake George and Kikorongo to trigger private sector investments around those areas as well as upgrading the Pian Upe Wildlife Reserve into a national park with necessary infrastructure. These financing priorities as highlighted need suitable financing including public financing, financing by development partners or through grant financing.

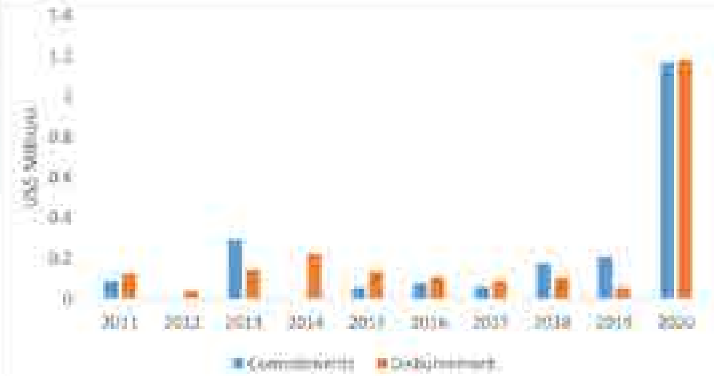
In addition, a combination of both private and public sector financing could be availed to increase the stock and quality of tourism infrastructure through expansion, upgrading and maintaining of tourism national transport infrastructure and services. In this regard, priority would be given to improving infrastructure development such as tarmacking the road for southern access to Bwindi National Park; improving access to Lake Mburo, Murchison Falls National Parks, Pian Upe Wildlife Reserve, and Bigo bya Mugyenyi; and maintain access to all Protected Areas (ibid). Lastly, private sector finance could also be availed to bolster conservation of nature-based tourist attractions.

3.2 Donor financing to Uganda's tourism sector

Figure 4 reveals that overall, there exists significant gaps between total Official Development Assistance (ODA) commitments and gross disbursements towards Uganda's tourism sector. Specifically, total donor gross disbursements remained below total commitments during the study period. Hearn et al., (2009) reported that the mismatch was due to factors related to implementation modalities, specific donor conditionalities as well as unavailable implementation capacity in recipient countries. However, the mismatch could also emanate out of delays in release of counterpart funding from government, lengthy procurement processes, poor planning, and identification of projects as well as a lack of harmonised sector wide programmes in the tourism sector.

The discrepancy between aid commitments and disbursements negatively impacts financing Uganda's tourism sector. As such, it is imperative that integrated planning is undertaken between donors and government before projects are identified and later implemented, prioritization of a few value key tourism products for development, enacting a co-operation policy to streamline donor support and establishment of a monitoring and assessment framework to track the destination and impact of donor support. The framework would enable government to ensure that aid is directed where it brings the highest welfare impacts.

Figure 4: Tourism ODA commitment and disbursements-Uganda (2011-2020).



Source: Authors computation using OECD credit reporting database online, 2022

4.0 Post COVID-19 priority areas for private finance of Uganda's tourism sector

Following from the above evidence, the study presents the major areas that private sector financing could target to strengthen future resilience and recovery of the tourism sector from present and future shocks. The following are key financing areas which private sector capital can target;

(a) Financing to increase stock and quality of tourism infrastructure.

Given that a bulk of Uganda's tourism revenues are nature based, private financing could target improvement in access to some of these natural attractions. Indeed, while Uganda has improved road access to some of these tourist attractions in the NDP period, Phillip and Ahebwa (2018) reported that road access to Gorilla trekking in Uganda remains inaccessible compared to her neigbhour, Rwanda. In fact, some access road to Bwindi impenetrable forest is sometimes completely blocked as a result of landslides during the rainy seasons, disrupting tourist movement for two to four days (ibid). Besides improving road access, private, public and/or grant capital could be leveraged to build a bridge across the Nile River in Murchison Falls National Park over Murchison to improve promptness of game drives for tourists and hence the experience.

(ii) Finance tourism product development and diversification

Uganda's tourism product space remains narrow, the country largely relies on nature mainly national parks and gorilla trekking to attract tourists. However, there remains a large potential to expand the tourist attraction list. To expand this potential, Shinyekwa et al, (2017) suggested that the country could exploit other potential products such as cultural, historical and Meetings, Incentive Travel, Conference and Exhibitions (MICE). In this regard, private sector financing could be combined with Government resources to setup regional museums and development of cultural and heritage tourism sites across the country.

(iii) Financing aggressive tourism marketing

With the impact of the pandemic on the tourism, improving marketing of the country as an alternative safari destination is desirable for enabling recovery of the sector. However, enhancing marketing would entail not only relying on convectional marketing channels but adopting a comprehensive marketing strategy, which include leveraging digital marketing platforms.

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Annex

Table 1: Tourism sector budget allocation (UGX billion)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Budget	63.8	81.2	89.6	27.2	32.6	32.4	197.5	176.7
% of total Budget allocation	0.4	0.4	0.4	0.1	0.1	0.1	-	0.6

Note: AIA= Appropriation in Aid
Source: Authors computations based on MFPED Background to the budget and annual performance reports of various years.

Table 2: Tourist arrivals by category (2016-2021)

	Domestic Tourist				Foreign Tourist			
	Source of Nile	Museums and Cultural Sites	National Parks	Total	Source of Nile	Museums and Cultural Sites	National Parks	Total
2016	90,763		70,299	161,062	25,356		95,949	121,305
2017	116,063	50,733	66,463	233,259	23,554	3,557	123,237	150,348
2018	141,365	51,669	68,281	261,315	21,752	2,709	150,931	175,392
2019	140,657	50,884	77,799	269,340	17,268	4,542	153,911	175,721
2020	24,432	2,747	3,829	31,008	3,696	1,163	42,714	47,573
2021	10,638	1,232	5,272	17,142	585	297	56,112	56,994

Source: Author's compilation based on based on Ministry of Tourism, wildlife, and Antiquities database. Accessed at https://www.tourism.go.ug/statistics

Profiling the Uganda Hotel Sector

Jean Byamugisha
Executive Director

Uganda Hotel Owners Association

Uganda's Hotel Industry
The hotel industry is a major part of Uganda's hospitality industry and a cornerstone of the tourism industry. Hospitality is deep rooted into the culture of Ugandans. Uganda's reputation as" Africa's Friendliest Country" stems partly from the tradition of hospitality common to her culturally diverse populace, and partly from the remarkably low level of crime and hassle directed at tourists. Ugandans take real pride in our food variety and texture and have a very long history and heritage of the local cuisines, whilst being open to adopting new tastes into our food menu. Food is not just a need in Uganda, it is a lifestyle. All that Uganda is proud of can be found in Uganda's hotel industry.

1.0 Uganda Hotel Owners Association at a Glance

The Uganda Hotel Owners Association (UHOA) is the umbrella body for all hotels in Uganda. The association was started in May 2000, and it boasts of over 600 members spread across the country. Membership to UHOA includes accommodation facilities including hotels, lodges, motels, campsites, and Airbnb's.

UHOA's main role is to lobby and advocate for better services and conducive tax laws for the hotel sector in Uganda. UHOA works closely with the Government of Uganda, Development partners, Non-Government Organisations (NGOs), and Private sector associations to further the interests of the association.

Some of the roles of the association include;

1. **Promoting collaboration and partnerships with government and donor agencies,**
2. **Protecting the interests of hotels and enhancing capacity,**
3. **Ensuring a conducive investment climate for its members,**

4. Marketing of hotel business both within Uganda and internationally, and
5. Playing a representation role at different platforms as well as supporting member associations to identify and recruit suitable personnel.

3.0 The Hotel Industry in Uganda

In 2009, there were 1,138 accommodations establishments registered in Uganda. A sample survey of 72 establishments taken in 2008 revealed an average occupancy rate of 30.1%. According to Ministry of Tourism, Wildlife and Antiquities, hotel establishments in Uganda were estimated to be 2,678 by 2013. Today, Uganda has over 3,400 hotel establishments with over 200,000 rooms and 300,000 beds according to data from the Ministry of Tourism Marketing Master Plan.

The hospitality industry in Uganda grew by 20.6% in FY2011/12 with hotels and restaurants accounting for 5 % of the total GDP of the country at current prices

The hotels in Uganda are owned by a wide diversity of players including Ugandans, government of Uganda, regional and other international owners. The ownership of the hotels in Uganda is approximately 90% owned by private sector against 10% public aided.

Other statistics in the Hotel Industry in Uganda are as follows:

- **Annual Tourism revenue contribution of over $1.6bn in 2019.**
- **The National average room rate is slightly over UGX 60,000 ($16).**
- **National average room occupancy is approximately 28%; with Kampala at approximately 60% (Out of Kampala is 30% and National Parks 17%).**
- **The sector employs over 400,000 persons (58% of the employees are women).**
- **The sector employs mainly the youth (18 years – 30 years of age) 77%.**
- **According to the Uganda National Bureau of Statistics, jobs in the tourism industry are estimated at 428,798 jobs, of which 354,167 jobs are from the food and accommodation sector alone (UBOS, 2013).**

4.0 Impact of Covid-19 on the Hotel Industry

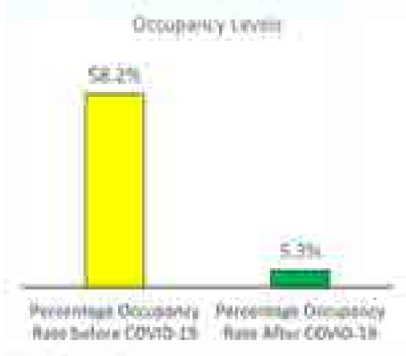
Like all tourism industries around the world, the Uganda Tourism sector was not spared the effects of COVID 19. Uganda had one of the longest lockdowns and as a result, the hotels suffered huge financial and physical setbacks.

Notably:

- **8 in 10 cancellations in reservations in the period March – June 2020.**
- **Hotels lost USD 320M between March 2020 and June 2020 in business.**
- **85% of all booked conferences were cancelled in 2020.**

Study findings show that before the pandemic struck, hotels boasted an occupancy rate of 58.2%. However, between March 2020 and June 2020, hotels operated at an average occupancy rate of 5.3%. Estimated occupancy between July and December 2020 was 10% - 20%.

Figure 7: Occupancy Levels in the Hotel Industry



The Employment Status in the hotel industry during the period of lockdown and immediately after is as follows:

- **156,718 (57.2%) of all staff on unpaid leave.**
- **94,512 (34.5%) of all staff experienced pay cuts.**
- **Only 20,059 (7.3%) remained on full pay.**
- **2,705 (1%) were officially laid off.**

It was projected that about 66% of all jobs in the hotel industry would be lost by December 2020 but with the recovery, the employment levels are consistently growing, and will do so until the sector fully recovers and flourishes.

Despite the end of the lockdown and removal of all restrictions, Hotels face the prospect of a long recovery. Over the coming years, business will vary based on a number of factors including value scale, location, and demand profile. It is hoped that as travel returns and normalizes, so will business and leisure travel, which is a required respite to the hotel sector.

5.0 Challenges of The Hotel Sector in Uganda

a) Lack of Skills Development.

There are very limited funds available to the sector for regular and periodic skills development and training. UHOA is currently running training programs for its members, but the number and impact are still very low due to limited funds.

There is a need to train and develop local talent so as to ensure that the new and changing hotels are professionally operated, maintained, and managed. All hotels including those out of the major towns must be able to offer services that all their customers expect without having to over rely on ex-patriates. The association needs to source support that will enable it to invest more in training programmes and partnerships with players in its ecosystem as well universities and schools. This will ensure that all staff are always competent, skilled, regularly trained and are able to meet the regular and new requirements of the evolving international industry. It will also enable the sourcing of young people for entry level jobs.

UHOA urgently needs the Uganda Hotel and Tourism Training Institute together with relevant stakeholders to support in addressing the training and skills gap challenge.

Picture outside The Uganda Hotel and Tourism Training Institute

b) Poor Human Resource in the Sector

A Labour market skills audit report (LMNA) and a skills audit in the hotel sector confirmed that there is a clear mismatch of human resources as allocated in the sector. The hotel industry does not have adequately sourced and trained staff working in hotels, which challenge is further complicated by the changing requirements of the industry and the constantly changing workforce, customers, and expectations of the industry.

Careers in the hotel industry can be extremely rewarding, however, they are also challenging and fast-paced, which can be overwhelming for most people due to the diverse number of people they deal with, changing and different expectations, varying demands, challenging customers, long work hours, endless days, low reward and remuneration, among others.

In the hotel industry, customer service remains to this day the backbone of the entire hospitality industry. All the important segments of the hotel industry such as food delivery and care are driven primarily by customer service. While customer satisfaction is important for any successful business, the success of the hospitality industry relies solely on whether the customer is happy or not. In this age of the Internet where social media platforms are king, an unhappy customer can be the source of an unnecessary headache. To prevent bad reviews, which are the death of every business, the hotel industry must do everything to ensure customer satisfaction.

c) Very High Taxes, Numerous Taxes and Double Taxation

Hotels have a very unfavourable tax regime. Currently, hotels are paying 21 different types of taxes and licences and 2 statutory deductions which makes hotels in Uganda more expensive than our East African counterparts. Further to the above, 2 new taxes have been proposed to bring the total of statutory payments to 25. Please see below the taxes, licenses and other regulatory payments levied on the hotel industry:

Hotel Industry Taxes		
No.	**Name of Tax**	**Amount**
1	Corporation Tax	30%
2	Withholding tax	6%
3	Value Added Tax (VAT)	18%
4	Hotel Tax	$2 per room per night
5	Local Service Tax	Differs per District
6	Service Charge	5%
7	Fees to Trade Unions	Ugx. 2,000
8	Occupational Safety and Health	Ugx. 2,000,000 @ star of the hotel
9	Copyright Tax for Music	Ugx. 1,000,000
10	Property Tax	varies but is in excess of Ugx. 200,000
11	Copyright Tax for Movies	
12	Ground Rent	Ranging between $5,000 and $10,000
13	Service Charge	5% of total restaurant bill
14	Per person night fees (national Parks)	Between $5 to $30 per person per night
Licenses		
15	Trading License	
16	Restaurant License	
17	Bar License	
18	Swimming Pool License	
19	Operations License	
20	Liquor License	
21	Entertainment License	
Regulatory Payments		
22	Pay As You Earn (PAYE)	30%
23	National Social Security Fund (NSSF)	15%
Proposed New Taxes		
24	Uganda Tourism Board (UTB) License	Ugx. 300,000
25	Tourism Development Levy	

UHOA is lobbying and engaging the relevant stakeholders and government ministries and agencies to review and remove the same, including providing holidays and relief to enable the recovery of the sector.

d) Very high Bank interest rates

Many hotels use loans and advances from financial institutions to support their capital development and operations. The sector staff further source loans to enable personal development and operations. Most of the loans carry a 20-25% interest rate, which is very expensive and constrains the ability of the borrowers to meet the loan obligations on time and subsequently break even. Further, the banks are not able to lend to the hotels long term even when the need they have is developmental and long term. Hotels and lodges thus borrow short term to fund long term investments. This has led many hotels and lodges to either close down, cut down on employment and operate at sub-optimal loss-making levels in order to meet the loan obligations and covenants.

e) Grading and Classification

For Uganda's hotels to be competitive within the East African region, they need to be graded and classified. This process is slow and UHOA as a representative of the employers during this process is lobbying and supporting the process to ensure it is done more expeditiously, and the benefits thereto realised.

f) Lack of Adequate Marketing, Advertising and Branding

Uganda has several beautiful hotels country wide, however, the public does not know about them because they have not been well marketed, positioned or advertised. Whilst UHOA is trying to promote domestic tourism to attract more Ugandans to visit the national parks and hotels, the role of government in promoting the country and its tourism will be instrumental especially regionally and on the international market to enable them to understand and appreciate what Uganda has to offer in tourism including the hotels, lodges, motels, campsites, and Airbnb's.

6.0 Potential of the Hotel Sector - The Hotel Sector in Recovery

The years 2020 and 2021 have shown how resilient the hotel industry in Uganda is. Despite the gloomy outlook from 2020, the tourism sector is getting back on track and future projections look very promising. Employment in the hotel sector has gone back to almost 80% pre-covid levels while investment in the sector has resumed. Hotels have also commenced and/ or completed remodeling activities to revamp their establishments. Government is facilitating the Meetings, Incentives, Conventions and Exhibitions (MICE) segment of the tourism industry to encourage more meetings and conferences to be held in the country. The Uganda Tourism Board has also embarked on a grading and classification activity for all the hotels, which will make the hotels more competitive in East Africa.

As the economies globally continue to get stronger, businesses are growing, individuals are also starting to enjoy increased salaries and better income that are enabling them to make wise spending decisions. The hotel industry is one sector that is benefiting heavily since it is at the heart of the growth.

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The Uganda Tourism Board has also embarked on a grading and classification activity for all the hotels, which will make the hotels more competitive in East Africa.

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The key drivers and opportunities that will support the recovery and growth of the hotel industry going forward include:

Initiative	Details to the Initiative
Marketing, Advertising and Branding	The development of tourism in Uganda and subsequently the hotel industry relies on successful marketing, advertising, and branding of the country, people, products & diverse locations. Advertising enables the business owners to influence the decisions of travelers who haven't decided on destination & focus of the holiday, as well as those who do not know where to go.
Human Resourcing including training and skills development	This includes recruiting, inducting, training, and ensuring competent, educated, and experienced staff manage all aspects of the hotel value chain and ensure consistently high & unique customer service.
Use of Technology	Advances in technology have completely reshaped the way the industry operates. This is a must for Uganda's hotel industry. Social media platforms are enabling travelers to be more informed about the places they want to visit as well as how they want to get there and where they want to stay. Technology has increased the efficiency of the hotel industry and has helped to greatly improve customer experience.
Uniqueness of hotels, lodges, motels, camps & Airbnb's	Uganda has a uniqueness in the spirit of hospitality and its people that must come out in each respective place of lodging, uniquely. Generic and impersonal hotels will struggle to survive in the future. Hotels must have a personality that will connect the existing and prospective clients – this is a vital ingredient for travelers who are looking for a unique travel experience as conveyed via the staff and the property itself, which personality should also permeate the accommodation facility's online presence.
Sharing Economy	The Airbnb's presented a major disruption in the travel industry. They do not kill hotels but complement them and a growth in a diverse hotel industry is good for the overall economy, and provides opportunities for linkages with hotels, motels, and camps.
Online travel agents	These make it so much easier to find hotels and for hotels to reach their target audience at a low cost. Hotels are able to brand build and have room occupancy like never before. It does come at a cost however, but a partnership with travel agents will increase the usage and occupancy of the various hotels, motels, lodges, camps, and Airbnb's.
Use of Digital Marketing	Using digital marketing enables one to reach various travelers. Now more than ever before customers are interacting with digital experiences and are now expecting to be communicated with via digital formats It is important to ensure that travelers are finding and booking your rooms. Distributing your rooms to the right channels is vital to the success of your business.
Targeting the Young	Young people have a sense of adventure and a desire to travel. Thus, this generation brings an opportunity for life changing and life enriching experiences which are available in Uganda, if properly packaged.
Demand for Different Operating Models	Travelers crave convenience and time efficiency and appreciate changes in the operating models of hotels e.g., flexible check-in and check-out, ease within which they check in and out, etc.
Modes of payment	Payment should be seamless, easy, fast and hassle free. Alternative modes of payment are now available including cash, e-money, etc. and the hotels should be able to accept and process such payments seamlessly.
Smart Rooms	In context, travelers will pay for the convenience of a room that has facilities like charging, smart controls, Wi-Fi, entertainment facilities etc. – so that they do not need to move out of the room for facilities.
Green Rooms	The world is becoming increasingly environmentally conscious where it is starting to impact the traveler's choice about where to stay. Hotels are reacting by using solar power, conserving water, reducing plastic, adopting motion sensors, and adding meat alternatives to menus. Guests now expect hotels to join the sustainability movement.

7.0 Conclusion

The outlook for the hotel industry in Uganda is optimistic, with the recovery of the global economies, and the country. During this period, the industry has readied itself and will continue to do so going forward.

Key trends to focus on and ensure that the sector remains relevant globally include the use of technology, impact and use of social media, growth in travel needs globally including Asia and Asia pacific, the various channels for distribution that are available for use, the wellness movements and how the sector can weigh in, the need for guests to be enriched by their travel experience and the fact that travelers are willing to pay more for a more unique and enriching travel experience.

It is important for all key stakeholders in the hotel industry ecosystem including government, development partners, the financial sector, suppliers, employees, customers, service providers, other players in the tourism industry to mention a few to work together to support resolve the challenges in the sector and benefit from the synergies that will help ensure the hotel industry recovers and flourishes sustainably.

Uganda Tourism Association Question and Answer

Herbert Byaruhanga
President
Uganda Tourism Association

1. Please provide a brief on the Uganda Tourism Association, including key milestones and achievements over the last 5 years.

Uganda Tourism Association (UTA) is the umbrella organization that brings together all tourism trade associations in Uganda. It is the voice of the private sector in the tourism industry and includes 9 members and 2 affiliates. The members include;

1. **The Association of Uganda Tour Operators (AUTO),**
2. **Uganda Safari Guides Association (USAGA),**
3. **Uganda Hotel Owners' Association (UHOA),**
4. **The Uganda Association of Travel Agents (TUGATA)**
5. **Uganda Community Tourism Association (UCOTA),**
6. **The Association of Ugandan Women in Tourism Trade (AUWOTT),**
7. **The National Arts and Cultural Crafts Association (NACCAU)**
8. **The Hotel General Managers Association of Uganda (HOGMAU) and**
9. **The Uganda Association of Conference and Incentive Industry (UACII).**

The affiliated members of the Uganda Tourism Association include Buganda Heritage and Tourism Board (BHTB) and Kasese Tourism Investors Forum (KTIF). These associations together, represent tour operators, travel agents, accommodation facilities, tour guides, community-based organizations, cultural and arts and crafts.

Vision

Uganda Tourism Association exists to provide a forum where private sector member associations can advocate for policies and practices that promote sustainable tourism development in Uganda.

Mission

To be a vibrant and diverse single tourism private sector umbrella association in Uganda.

Key milestones in the past 5 years

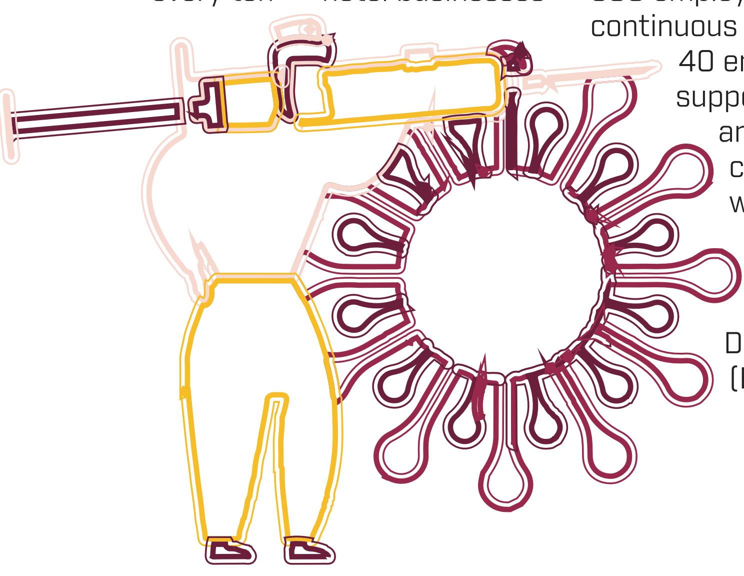
The growth in members has been 120% from five members to nine members and two affiliates in the last 5 years. The association built a brand in the tourism sector attracting government, corporate and development partners' recognition. Key

Uganda Tourism Association exists to provide a forum where private sector member associations can advocate for policies and practices that promote sustainable tourism development in Uganda.

development partners that have partnered with UTA to build capacity of the sector include the European Commission under the Switch Africa Green program which enabled forty-five hotels to be trained in best practices in environment management to prepare for Environmental Management Systems (EMS) - ISO 14001. Further, 180 tour operators and travel agents undertook capacity building in sustainable tourism best practices enabling them to prepare for certification in travel life, tour cert and Eco-labelling.

UTA has through the membership programmes trained over two thousand (2,000) members across the subsectors, which was with support from Trade Mark East Africa (TMEA), Private Sector Foundation (PSFU) Mastercard Foundation and GIZ.

With the outbreak of COVID-19 in 2020, tourism was the worst hit sector. The COVID-19 impact economic study conducted on the sector indicated that one million tourist arrivals were lost, seven in every ten jobs in the sector lost, eight in every ten hotel businesses registered cancellations, 448,996 hotel rooms were cancelled between March and July 2020, nine in every ten tour companies registered cancellations. The average job loss in the sector was 74.4% (Ministry of Tourism, Wildlife and Antiquities, 2020).



UTA in partnerships with PSFU and Mastercard Foundation responded with COVID-19 Economic Recovery Resilience and Response Program (CERRRP). The project focus was:

a. **Enhancing the marketing and product development of the Micro, Small and Medium Enterprises (MSMEs).**
b. **Improving the supply chain and sourcing of the tourism enterprises.**
c. **Introducing alternative routes to markets through digitization.**
d. **Repurposing of business.**
e. **Complying to and adopting standards in the business practices.**
f. **Skills development of enterprise manpower.**

Over 57 tourism enterprises were supported with digital marketing to keep presence as the economy recovers, 500 employees were kept in continuous training online, 40 enterprises were supported on standards and business continuity and UTA was part of the negotiating team for the European Union – Uganda Development Bank (EU –UDB) tourism recovery financing program that involves a loan and grant to support the sector's recovery from the effects of the pandemic.

UTA has worked with Uganda National Bureau Standards (UNBS) and the Ministry of Tourism, Wildlife and Antiquities to produce standards in the adventure tourism, art and crafts and marine tourism. These are yet to be passed as national standards in Uganda. For Uganda to improve its competitiveness as a tourism destination, standards are a key aspect. The buyers of the tourism service from the source markets develop confidence if tourism services providers are complaint with the necessary standards required for such products.

2. Share with us key success stories for the sector and the UTA membership over the last 5 years.

The Tourism sector has many growth opportunities in Uganda, and is a major source of employment, government revenue and foreign exchange earnings. Without this vital sector, the economy may experience a dramatic contraction in Gross Domestic Product (GDP) and a rise in unemployment. In 2019, Tourism was the number one foreign exchange earner generating over US$ 1.6 billion in forex and employing close to 660,000 men, women, and youth.

Key success stories of the sector

Pre COVID-19, the sector had seen a growth of tourist arrivals of up to 1.5 million which resulted into number international hotel brands including Marriott, HYATT, Wilderness camps and Hilton hotels taking a keen interest in the country and setting up presence or increasing their presence especially in the hot tourism areas. Many local investors had also joined the industry, putting up a number of lodges and hotels targeting the increased demand.

Uganda led the revival of the East African Tourism Platform (EATP), an organization that brings together the East African tourism private sector and is now headquartered in Rwanda, leading the advocacy for tourism investment at regional level working with the local country chapters.

Uganda in the past 5 years has had its attractions voted the best safari destination by CNN - "Kidepo Valley National Park, Uganda - there's a reason Uganda is known as the Pearl of Africa. It's been a top tourist destination for a few years now because of its stunning scenery and wildlife. Kidepo's Uniqueness is the variety of animals which you can hardly find in many parks, and the 540-square-mile park contains diverse landscape, from lush mountain ranges to vast plains, and is home to almost 500 bird species and 77 different mammals. Uganda also has more than 50% of the world's mountain Gorillas in Bwindi Impenetrable and Mgahinga Gorilla National Parks" (CNN).

In 2017, CNN listed Uganda among the top 5 destinations to visit in the world, which rating boosted Uganda's image and visibility and created interest among travelers to add Uganda to their destination to visit.

The improved road infrastructure has greatly improved access to the tourist attractions, which has boosted domestic tourism and improved ratings on accessibility. Uganda receives over 10 direct flights, which has increased her ability to attract travelers. This has been boosted by the introduction of the National carrier, the Uganda Air lines, poised to greatly increase tourist arrival numbers post COVID-19.

Launching the destination brand by Uganda Tourism Board, "Explore Uganda, the Pearl Africa" has helped align the marketing efforts from the sector and other government agencies.

UTA member associations have grown too. Pre-COVID, the average growth rate in membership was 20 percent and UTA envisages that with the new standardization and professionalization of the sector, these numbers will increase further despite the effects of COVID 19.

3. What key and pivotal decisions have been made in the country over the last 10 years that have had a great impact on the tourism sector in the country?

a. Making the Tourism Ministry independent of that of Trade and Cooperatives. Tourism is now a separate sector in government planning, and this boosts its position in budget allocation. The marketing budget has grown from UGX 1bn to UGX 25bn over the past 10 years.

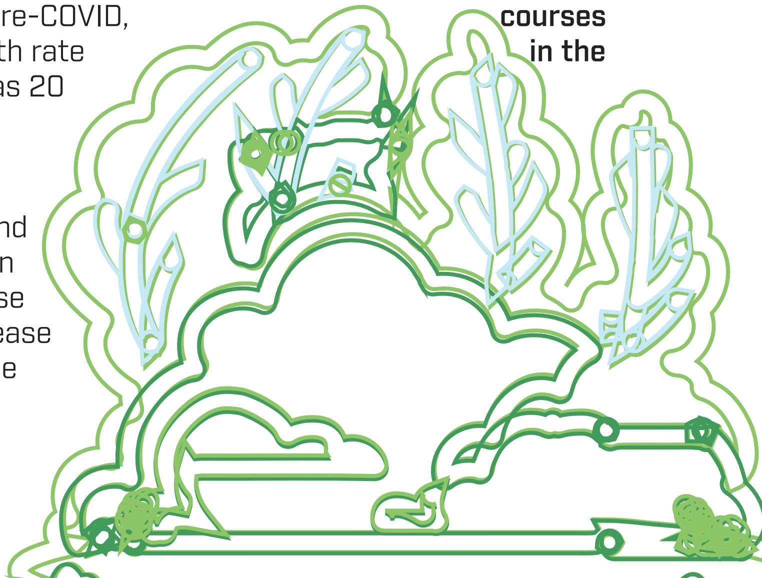
b. The East African Community (EAC) integration has helped in marketing EAC as a single destination, making it easy for tourist accessibility.

c. Infrastructure development - All regions of Uganda are connected by tarmac roads.

d. Tax incentives to the tourism sector - Tour vehicles & hotel equipment are tax exempt.

e. Government supports the sector with some Gorilla permits for marketing.

f. Introduction of tourism courses in the



vocational institutions and universities.

g. Uganda has a brand that all sectors can promote now, "Explore Uganda, the Pearl of Africa".

4. Highlight the key challenges faced by the tourism sector in Uganda today.

a. Inadequate skilling of personnel across the tourism value chain.
b. Under funding of the tourism sector (Limited development fund to support the development of the sector)
c. Inadequate marketing and limited visibility of the brand Uganda internationally.

5. What are the key focus areas of the tourism sector in the next 3 – 5 years?

a. Cultural tourism development and diversification of the products therein.
b. Implementation of a tourism development levy that will enable access to credit financing targeted for the sector at a low cost.
c. Increased destination marketing in the source markets and content development to support increased and diverse marketing efforts.
d. Professionalization of the industry through capacity building, training, skilling, and establishment of standards in the sector.
e. Review of the existing laws to address the any gaps as may be articulated by the various stakeholders in the tourism sector ecosystem.
f. Promotion of domestic tourism whose potential was clearly shown during the lockdown and immediately after.

6. What are the 4 top asks of government that would help accelerate the recovery and development of the tourism sector in Uganda?

The government of Uganda is a key stakeholder of the tourism sector, and the sector cannot recover, develop and be sustainable without deliberate government planning, support, capacity development and ultimately, marketing. The top 4 asks of government that would help accelerate the recovery and development of the tourism sector in Uganda include:

a. Skills enhancement and development of all the staff and owners along the tourism value chain including guides, hotels, tour, and travel, etc. Further, government support is required in respect of publication and socializing standards in the sector.
b. Increase destination marketing in key source and potential markets as well as having qualified Market Development Representatives (MDRs).
c. Access to affordable investment financing including development financing which is of longer tenure.
d. Implementing and proper management of the tourism satellite accounts. Tourism Satellite Accounts (TSAs) are an important framework and tool for measuring the economic performance of tourism in a country by way of statistics and data.

7. As a result of COVID-19, many players in the tourism sector including hospitality and their customers and suppliers are financially distressed. What are they doing to be able to overcome the challenging times and remain sustainable and profitable? What more can they do?

a. Private sector players in the industry are leveraging trading of credit among themselves, this includes ability to access services among themselves without cash payments. With this methodology, it is important that all the participants meet their obligations as agreed to maintain and build trust.

b. Some members have taken on credit from financial institutions like Uganda Development Bank (UDB) and commercial banks to help them during the challenging times. Whilst the credit relief measures were key in assisting and cushion the members during the lockdown and when the lockdown measures were eased, there is still a need for financing to restart and continue business at the pre-Covid-19 levels.
c. Some members have scaled down their operations and focused on core activities, thereby outsourcing some of the services from other players.
d. Some members have disposed off some assets to refinance their operations and pay their credit obligations which were already overdue.
e. Some members have accessed grants like those supported under the CERRRP Project.

8. What expectations does the Uganda Tourism Association have from the banking and financial service institutions in the growth & development of their sector?

Uganda Tourism Association anticipates working with the financial institutions to develop financial products that align with the nature of the tourism business, with due respect to the uniqueness of the sector. The tourism sector further expects the banking sector to provide both affordable financing as well as medium term and long-term financing.

9. What are the members of UTA doing to prepare and ready themselves for credit and any other support from financial services providers? What more can they do?

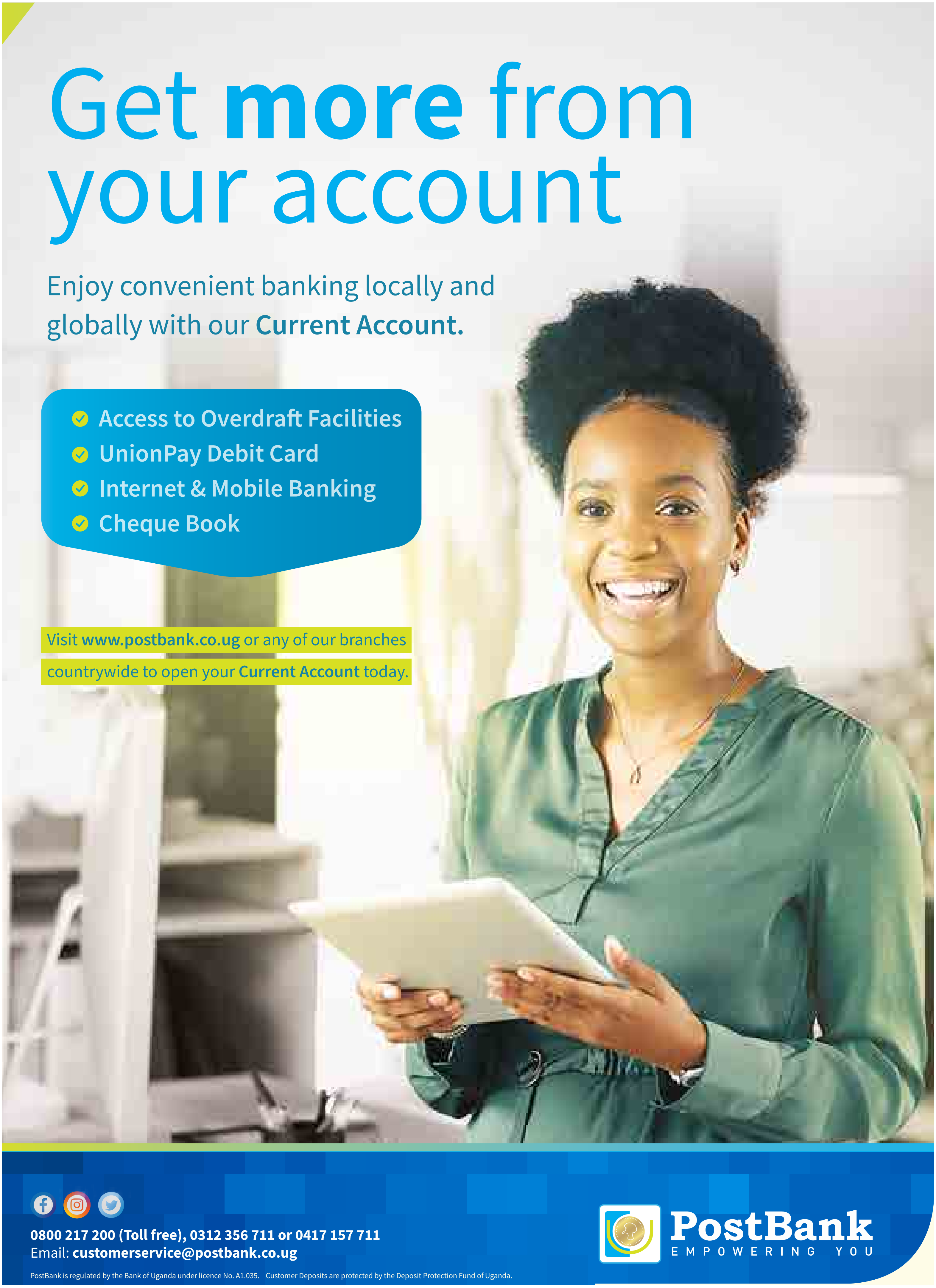
Like many businesses in Uganda, tourism businesses lack proper governance systems, are not fully compliant and need to streamline their operations, which have been hindrances to accessing financing from formal financial institutions. Many businesses are now professionalizing their operations and putting in place structures and systems that will enable reporting and maintenance of the necessary financial records.

10. What advice do you have for the members of UTA to enable them to develop and benefit from the opportunities that are opening up during this period of recovery?

All tourism enterprises need proper systems of governance, which trickle down into key organizational structures to support operations as well as corporate plans being in place to ensure continuity in business.

Further, Tourism businesses need to do proper bookkeeping and maintain proper documentation and financial records. This will help them do better financial planning and reporting and help them ultimately evaluate business financing requirements.

Diversification of their business is another key element, especially to cushion their business during disasters like COVID 19. In the last 2 years, businesses in the sector which were not diversified were badly affected since all their eggs were in one basket.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Sustainable finance; growing responsibly

Sanjay Rughani

CEO – Standard Chartered Bank Uganda

Today more than ever before, sustainability has become a moral imperative and an opportunity as it not only makes a difference where it matters the most, but it is also representing a growing source of income for businesses.

The inconvenient truth is that we are experiencing a climate change catastrophe as the earth is warming faster than was previously envisioned and the window to avoid the catastrophic outcome is quickly closing! That's the bad news!

The good news is that all of us can come together very quickly to not only flatten the curve of greenhouse gas emissions, but to bring them down to net zero to avert the climate pandemic.

However, while all of us at an individual level should do our part in this endeavor through changing our habits and lifestyle to reduce our personal carbon footprint, this can only go so far.

We need system-level solutions through partnerships between government, the private sector and development organizations to abide by the Paris Agreement as one of the legally binding international treaties on climate change that was adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 and entered into force on 4 November 2016.

The goal of the Paris Treaty is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels for effective and permanent climate change. The world's leading climate scientists and the UN have warned there is only a dozen years, approximately 12 years for global warming to be kept to the maximum of 1.5C, beyond which even half a degree will significantly worsen the risks of drought, floods, extreme heat and poverty for hundreds of millions of people.

To achieve this long-term temperature goal, we must aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century.

In Uganda we are already witnessing prolonged dry-spells after rains expected to start in March-April up to May-June did not come in sufficient amounts. The drought has affected many parts of the country, like the Teso Sub-region where the drought withered gardens and in Karamoja where the semi-nomadic pastoralist region is experiencing climate extremes with stretches of "dry spells" leading to hunger-related deaths. These are a few examples that should alarm all of us to take urgent and concerted effort to curb this escalating yet drastic climate catastrophe.

To reduce emissions, promote adaptation to the impacts that are already occurring, and to build resilience, the banking, finance and investment communities must immediately play a critical role in facilitating sound investments in renewable energy solutions and carbon neutral technologies.

The benefits that flow from these investments dramatically outweigh any upfront costs as studies and reports conducted before the COVID-19 pandemic showed that investments in climate action would go far to build a sustainable economy. According to October 2019 data from the World Bank, the world will need to make significant investment in infrastructure over the next 15 years – around US$90 trillion by 2030. But it can recoup those investments. Transitioning to a green economy, it found, can unlock new economic opportunities and jobs. An investment of US$1, on average, yields US$4 in benefits.

As Standard Chartered Bank we have over the years committed to minimizing our environmental impact associated with our operations to the greatest extent possible and seek to achieve continual improvement in the management of our environmental effects.

It has been our goal as a Bank to integrate the concept of sustainable development into all our business operations through our Environment and Climate Change strategy which addresses two elements of our overall approach to building a sustainable business – Protecting the Environment and Sustainable Finance.

This is something all responsible businesses, whether Micro, Small or Multinational, can all commit to do and duplicate as we work towards achieving the global goals to curb the effects of climate change.

Our approach to sustainable finance encompasses;

1. **Being a responsible institution; we manage potential negative impact on environment through environmental and social risk management teams.**

2. **Using the power of finance to positively impact our communities and the environment through the management of ESG risks, spotting opportunities and structuring solutions to drive positive impact financing.**

3. **Delivering sustainable finance where it matters the most like regions where more capital is needed and regions where a low-carbon future will have a major impact on the country's ability to meet the Paris Agreement's goal of keeping global warming well below 2 degrees.**

Our Sustainable Trade framework encompasses solutions for sustainable goods and services, suppliers and end-use, as well as transitioning industries. For example:

- **Providing a sustainability-linked supply chain finance solution for a manufacturer where pricing offered to the suppliers is linked to their ESG/Sustainability performance, thereby incentivising more sustainable practices across the supply chain.**
- **Supporting renewable energy clients with bonds/ guarantees and trade finance solutions.**

We are therefore shaping industry standards by playing a leading role in shaping industry sustainable finance standards and frameworks.

All Sustainable Trade deals are subjected to a defined sustainable finance approval process.

We keep refining the proposition to stay in line with our clients' needs and the ever-changing business environment in line with our brand promise, 'Here for good'.

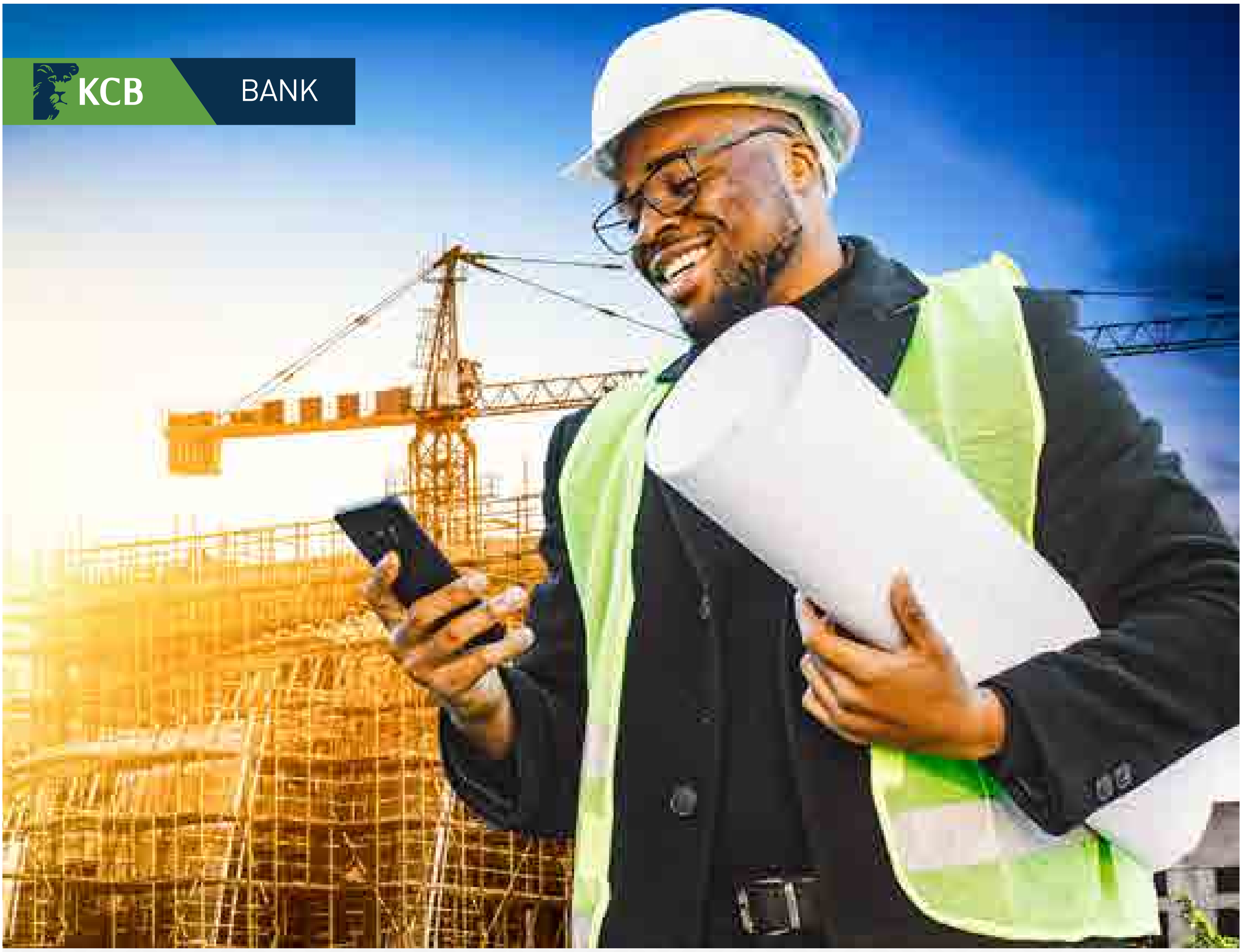
As I conclude, the Environmental, Social and Governance considerations are becoming increasingly important in our financial decisions therefore understanding our customers is now at the core of running our business. We are committed to supporting our people, clients and communities to drive sustainable growth and prosperity as we see this as both an imperative and an opportunity.

We are therefore determined to deliver on our plans; to reach net zero in our operations by 2025 and in our financed emissions by 2050. In 2021 we announced interim targets to reduce financed emissions by 2030 in the most carbon intensive sectors. To provide transparency and support through collective learning and we published a detailed white paper outlining our methodology and approach.

We are also focused on accelerating growth in Sustainable Finance, with plans to mobilize $300 billion in green and transition finance by 2030 and we are strengthening our sustainability capabilities in business.

We look forward to collective collaboration to create standards and move together as country with all stakeholders playing their part and sharing best practice with various stakeholders as we navigate this global challenge.

Thank you.



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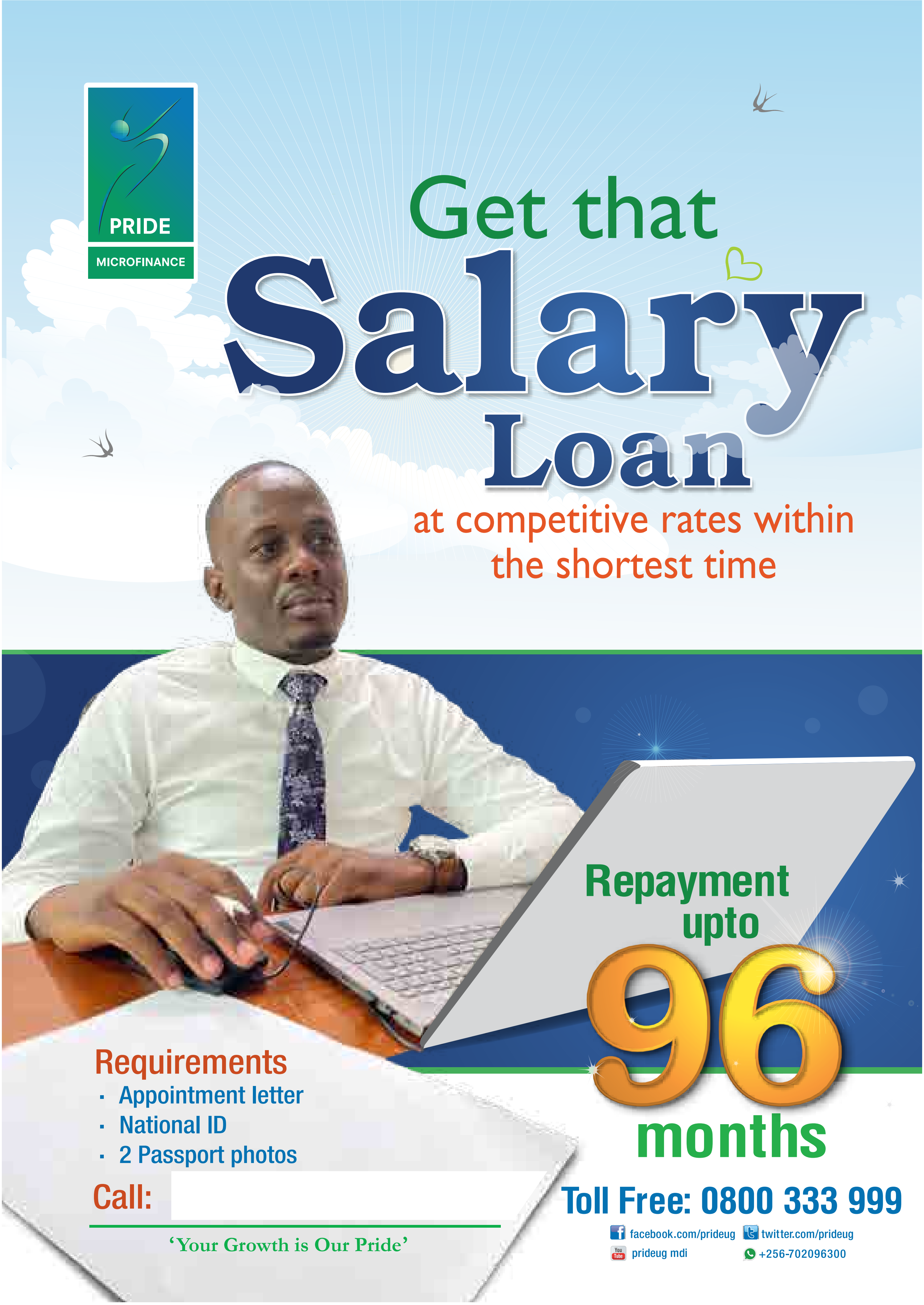
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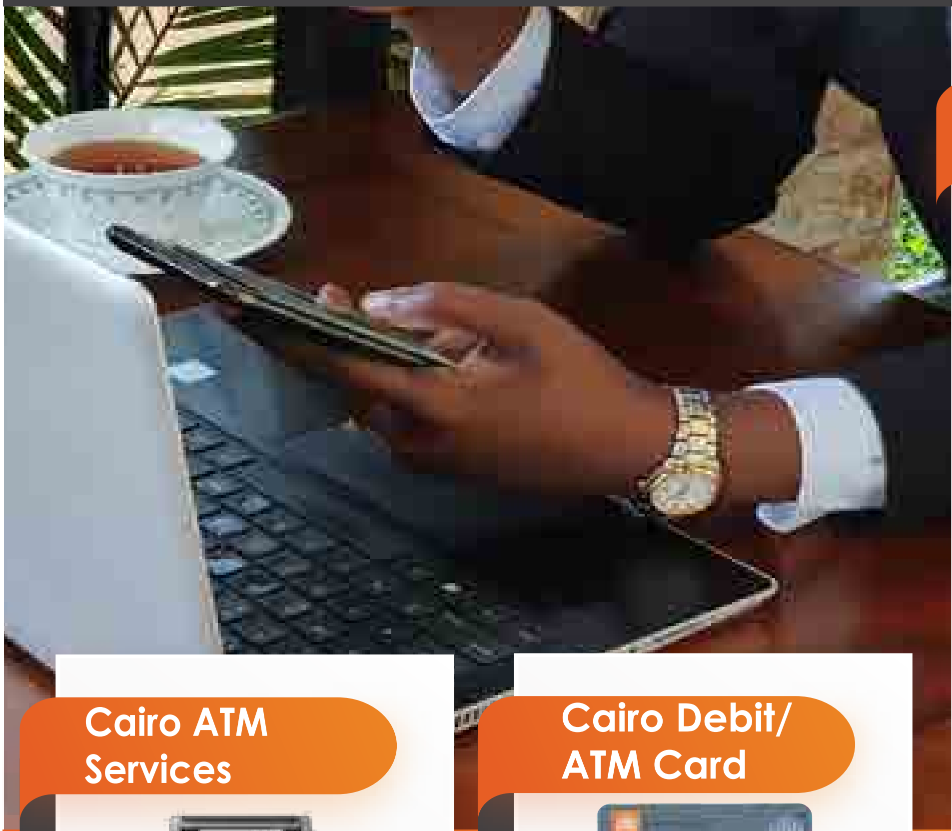

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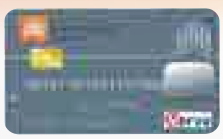

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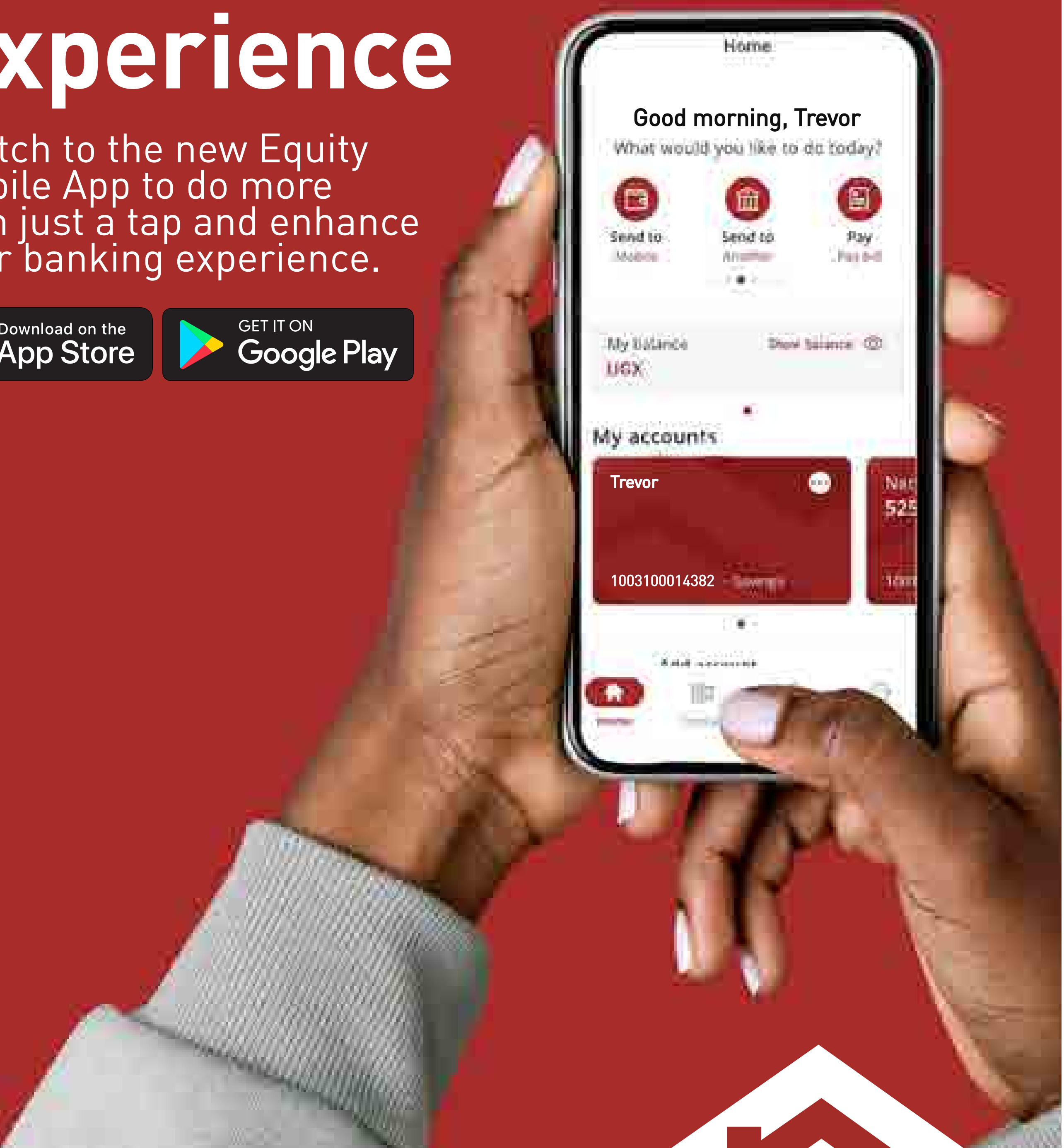

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Funding Gaps and Solutions for Manufacturing and Tourism Sectors

Nicholas Ssenungi
Director
Fincon Africa

1.0 Introduction

Businesses often borrow money to augment shareholder funds in increasing their capital base, and by extension expanding their production and operating capacity. Perhaps the most simplistic form of borrowing is by a loan secured with collateral, predominantly landed. This plain vanilla loan may not always be the ideal borrowing structure for all businesses. Even within the same sector and product lines, different businesses run differing production models, with differing cash cycles, thereby calling for different borrowing requirements in type, amount, and terms.

Large regional and multinational corporates with track record, credibility and bargaining power may for example negotiate favorable supplier credit agreements (such as 180-365 days or even longer) which allow them access raw materials on favorable terms superior to direct bank borrowing.
Smaller local corporates and SMEs on the other hand may not have the kind of track record to access to long term supplier credit but may have good quality relationships with their local bankers which may be leveraged to extend payment for some days (such as 90) before it may be converted into outright expensive debt.

Combining unique banking solutions with traditional loan products and emerging offerings like leasing and microfinance creates agile credit offerings suited to players both large and small. Commercial banks are also developing strong transactional banking platforms that make it easy to move money into and out of them, as well as allocate it accurately to suppliers, salaries, tax, utilities etc. Vendor Management, Reconciliation and payment solutions is the ultimate battle ground in the race for cheap deposit, while also making transaction processing faster, transparent and more customer controlled.

2.0 Unique considerations for the Manufacturing Sector

In Uganda the manufacturing sector is a key engine of growth in Uganda because of its strong forward and backward linkages, multiplier effect, employment & tax contribution, importation of technology, offtake from other sectors such as power and other benefits. The sector consumes 66.7 percent of all the power generated, employs over 1.3 million people, contributes 15.4% percent to the GDP, 19 percent of the total exports and 14 percent of the tax revenue collected.

But the sector is grappling with challenges constraining its ability to deliver the full thrust of its development catalytic role. From high cost of power, high interest rates, market access challenges in non-Tariff Barriers within the EAC partner states and infrastructure to link the country's natural markets.
A presumptive tax regime ties up cashflow by delays in value-added tax refunds while withheld income tax locks up working capital.

Low professional capacity especially among the SME players also impairs their ability to develop credit policies and renders them vulnerable to compliance, operational and governance risks.

Large transactions call for large facility sizes:

Manufacturing transactions capable of delivering scale, such as expenditure to construct factories or to import manufacturing equipment, require large facility sizes which may overwhelm the capital positions of a single bank. While the high-end corporate entities have pushed their banks to arrange syndicated risk-sharing arrangements, this has not been the case for the smaller local corporates and SMEs. Indeed, syndications require specialized internal skill often combined with group experience and capability to deliver, resources that may not be available to smaller banks which service SMEs and local corporates. This should not be the case. Building closer bank-customer relationships with accountability on both sides should pave way for businesses to originate requests larger than their banks can fund individually but capable of being executed through advised syndications. These include inter-group for subsidiaries and/or inter-bank amongst the domestic regulated financial institutions enables banks overcome capital limitations to deliver value adding interventions especially for the larger local corporate and SME borrowers currently left out of the syndication space, in the process creating an artificial cap on their growth.

Standardizing manufacturing processes helps banks understand the business deeper:

Technical specifications in many manufacturing transactions, for example import and installation of sophisticated lab equipment used in pharmaceutical manufacturing may not be easily understood by regular bank staff, thereby limiting risk appetite.

Banks are increasingly building specialized appraisal teams to cater for different sectors/industries, who are then given topline specialized training such as manufacturing process flow which forms the bedrock to understand individual transactions by taking the process-based approach to an appraisal. Manufacturers will benefit from enhanced bank appetite when they adopt accepted manufacturing and quality control standards, such as ISO, SAP etc., which are capable of being appreciated by Banks, making the borrower-lender interaction smoother and leading to faster availability of debt capital.

Trade Finance helps mitigate counterparty risk, making transaction financing more attractive to banks:

Trade finance signifies financing for trade, and it concerns both domestic and international trade transactions. A trade transaction requires a seller of goods and services as well as a buyer. Various intermediaries such as banks and financial institutions can facilitate these transactions by financing the trade. Trade finance manifest itself in the form of letters of credit, guarantees or insurance and is usually provided by intermediaries.

Trade finance may at times be seen from a limited (and misguided) scope as a predominantly off-balance sheet fee mobilization function. This is limiting to both banks and their customers. By widening the application of trade finance principles, banks are building funding structures that transfer risk to specialized experts (such as equipment manufacturers in the case of importing and installing delicate manufacturing equipment). Structures may involve turn-key end-to-end project execution by suppliers, on Delivered Duty Paid Incoterm which passes the performance risk to the expert/the supplier, committing that supplier to specific performance, at the back of an import Letter of

Credit issued by the local bank. Such a mechanism releases liquidity to the business, passes the risk to the supplier who is better suited to manage it, while setting the stage for the Bank to mobilise deposits and create loans through refinance and margin accounts. But the business must build credibility with their suppliers to trigger this supplier credit through consistent transactions routed through the banking system so as to create a history that may be used to estimate future transactions as well as assure consistency and build credibility with their bank leading to issuance of the LC.

3.0 Tourism presents with opportunities but may be lost to a simplistic credit environment

The hospitality and tourism sector is a major source of employment and foreign exchange to Uganda, accounting for 7.8% of GDP and 6.7% of total employment. Before the coronavirus outbreak, tourism was the country's biggest foreign exchange earner at about $1.45bn annually. Tourist exports amounted to US$431 million in 2019, representing 6.3 percent of total exports. Direct loan tourism & hospitality sector exposure on the books of Bank of Uganda (BoU) regulated financial institutions currently stands at Ugx 435bn. But Uganda's unique tourism resources are only modestly exploited and less commercialized compared to many other countries in the region or other tourism hotspots in Asia and South America for example.

SMEs and smaller local corporate players are active in all parts of the tourism value chain made up of among others tour operators, transporters, accommodation providers, restaurants, gift sales, excursions, and community support organizations. On the higher end, larger local, regional, and global players supply the hotel infrastructure. Names like Speke Resort and global brands like Protea/Marriott, Hilton, Sheraton, and others play an important role in attracting & re-assuring foreign visitors about a destination.

With sophisticated value chains involving differences in culture, time zones and perceptions between buyers and sellers to the sector, tourism requires uniquely structured and tailored banking products to anchor their recovery or growth as the case may be, especially after the devastating effects of the COVID-19 Pandemic. Banks continue to innovate and roll out onsite 3rd party platforms to enable payments as well as foreign exchange in competitive and transparent ways. Deepening of leasing offerings to include operating leases for tour operators as well as widening the scope of equipment types financed under finance leases to include for example industrial scale kitchens for large hotels are all opportunities to be tapped to access finance without requiring enormous collateral as would otherwise be in traditional plain vanilla loans.

Larger players require larger, cheaper, longer-term structures:

Beyond day-to-day services required by tourists such as transport, food and payments, larger investors in tourism infrastructure such as that required to set up hotels are such that a traditional banking relationship may be challenged to deliver, especially when a bank is relying entirely on its local liquidity, capital, and research.

Yet without these large-scale investments the tourism & hospitality industry cannot survive or scale to provide the basic as well as increasingly sophisticated needs of customers.

Promoters and developers of such large infrastructure projects could in addition tap into the external tailored development finance facilities from institutions like PTA, Afrexim, UDB, IFC and the like. This calls for the local banker to avail its counters as the conduit through which that financing is disbursed, monitored, and recovered, again calling for strong bank customer relationships at the local level.

For the smaller players like SMEs who may not be able to absorb the minimum threshold funding requirements on large facilities such as the ADB, Afrexim, IFC Tourism/Hospitality facilities mentioned above, consolidated utilization underwritten for example by a BoU guarantee may allow aggregation of smaller facilities to different borrowers to report as a country limit that amounts to the minimum facility threshold. Such initiatives are best driven through industry effort for example by the Uganda Bankers Association.

4.0 Many interventions cut across sectors and size of players

Receivables financing enables release of cash without need for tangible collateral: Receivables financing (discounting and factoring) offered by banks may help shorten the cashflow cycle of smaller hospitality players who would otherwise shun card-based payments because of the delayed settlement days, in some cases as long as 90 days as well as exchange risks involved. The same applies to proceeds of export trading that local manufacturers who export into the region may wish to release to regional banks with closer and more intimate relationships with the buyers such as those in South Sudan, DRC Congo and Rwanda buying manufactured goods from Uganda.

Advances in technology make transactions cheaper, faster, and transparent.

Banks are investing in technology, service quality and other synergies that deliver transactional capability to simplify operations of their customers, bring down the cost of doing business and enable those banks mobilise deposit as well as create risk assets. Businesses that have embraced agency banking, online and offline mobile banking and other remote banking capabilities are finding it smoother to deposit and withdraw money from their accounts as well as seamlessly pay staff, suppliers, taxes, distributors, etc. Solutions to vendor management, staff payments and reconciliation are becoming competitive add-ons by banks all to the benefit of their customers.

Innovative products and services address funding cost and tenor:

Commercial Bank facilities are typically high on price and short on tenor by nature of the on-demand sources of funds. Borrowers' cashflow patterns may not adequately support long term facilities of a capital nature, such as construction of large hotel or manufacturing complexes. By enhancing internal transaction structuring capabilities, banks are undertaking longer term off-balance sheet financing to redistribute credit risk between the bank and the supplier. For example, an import LC to finance importation of manufacturing equipment may be structured to run for an initial 3 years as supplier credit and only refinanced by the bank for a subsequent 4 years, making a total of 7 years of financing but with the tenor shared between the supplier and the bank, as well as the overall price subsidized by the initial cheaper off-balance sheet portion of the financing package.

Collateral Requirements:

The typical commercial banking transaction is collateral based, security that may not be available to promoters especially SMEs. Multilateral risk management frameworks like the Africa Trade Insurance Agency (ATI) help de-risk large transactions making them more attractive to local lenders. Attending road shows, banking conferences and trade symposiums helps manufacturers and tourism players access such information, which they may then engage their banks from a position of prior information.

Incubation labs are providing management support to SMEs and local corporates

Smaller manufacturers and tourism players may get more than production capacity support from their banks. Advisory support in financial management, tax, compliance, and risk are areas that banks may support without rendering themselves liable to professional liability, for example by outsourcing to incubation and capacity building labs outside their own domains, supporting the industry, including players who may not necessarily be their account holders. It is the imperative of the manufacturer or player in the tourism sector to avail themselves to these initiatives and maximize benefit.

Market research and information constraints:

Credit risk management relies on availability of market and borrower information of a minimum degree of accuracy. The unavailability of such data and information to enable quick decision-making limits many banks appetite on account of not having adequate understanding of a transaction.

Many banks are deliberately strengthening their research and strategy functions as well as embracing 3rd party subscription-based research products on the market that use global research inputs to output more practical insights with local content imbedded.

Sector players seeking financing will also enhance their attractiveness when they progressively improve their governance and reporting structures so as to make information available to their lenders in ways that feed into increased risk appetite.

5.0 Conclusion: Funding Gap Analysis and Solutions

Building awareness and capacity to deliver Trade Finance, Transactional Banking and enhancing credit availability channels through syndication and development finance will enable large and small players in the manufacturing and tourism sectors to overcome limitations associated with traditional simplistic loans and overdraft facilities, and access larger more efficient credit products tailored to individual businesses.

Businesses are also becoming more awake to the regulatory, capital and liquidity constraints faced by their banks, and which may often limit the banks' ability to offer some facilities. When banks build synergy through shared agent platforms, arrange intra group and intermarket syndications, banks reduce the capital limitations to deliver superior solutions to their clients. Banks may also make use of their counterparts in other jurisdictions to facilitate transactions for development banks and other DFIs to channel additional capabilities into the market. These benefits must flow to the entire spectrum of bank customers, from the large regional and multinational down to smaller local corporates and SMES as well as individuals.

Building strong bank-customer relationships is central to this transformation.

Excerpts from the Sovereign Rating Report on the Republic of Uganda

By Agusto & Co.

Rating Rationale

Agusto & Co. hereby assigns a "B" rating to the Republic of Uganda ("Uganda", "the Country", or "the Nation"). The Country's rating reflects its (1) satisfactory macroeconomic fundamentals evidenced by its average real gross domestic product (GDP) growth rate of 4.4% over the past five years (2017-2021), (2) good foreign reserves buffer and import cover which stood at US$ 4.2 billion and 5.5 months respectively as at FY 2021 which was upheld by widening export base and foreign currency aid and borrowings, (3) stable inflationary environment with average inflation rate of less than 4% over the past five years, (4) acceptable level of government capital spending representing an average of 43% and 8% of total government spending and GDP respectively over the past five years, (5) expanding services sector and continued public and private sector investment in industrial activities such as gold mining, (6) very stable exchange rate with less than 2% average depreciation rate of the Ugandan Shilling to the United States Dollar (US$) over the past five years, (7) growing private investments in key economic sectors, and (8) an acceptable public debt level with total debt stock to GDP and debt service burden to revenue of 37.8% and 16% respectively over the past five years, which is better compared to some of its peers.

The rating is however tempered by: (1) Political overview, (2) reliance on foreign aid as one of its major sources of foreign exchange earnings, and (3) the adverse impact of COVID-19 pandemic that has constrained GDP growth and moderated the overall near-term outlook of the Ugandan economy.

Prior to the COVID-19 pandemic, Uganda's real GDP grew by approximately 5.2% between 2015 and 2019, recording its lowest growth (3.1%) in 2017 and its highest (6.4%) in 2019, the period preceding the global pandemic.

Growth however moderated in both 2020 and 2021, with the economy recording an average of 3.2% real GDP growth rate. In the 2021 fiscal year ended 30 June 2021 (FY'2021), Uganda's real GDP grew by 3.4% year-on-year to US$ 42.2 billion (2020: US$ 40.8 billion)1, while per capita GDP grew by an estimated 0.6% to US$ 8972 (2020: US$ 891). In the same fiscal year, the Services sector contributed the largest to the GDP at 42% followed by the Industrial and Agricultural sectors which accounted for 27% and 24% respectively.

Over the past decade (2011-2021), Uganda's Industrial sector recorded the highest average annual growth rate of 5.7% followed by Services (5.2%) and Agriculture, the least growing sector (3.6%). Growth in Industries has been largely driven by the Ugandan government's continued investments in public infrastructure and increased private sector involvement in manufacturing, mining, and oil and gas sector developments. Also, the growth in industrial activities have helped reduce the economy's overreliance on agriculture, which hitherto was the mainstay of the economy and the largest source of its export earnings.

Buoyed by its good foreign exchange reserves, Uganda's currency exchange to the United States dollar (US$) has remained relatively stable compared to other similar currencies over the past five years (2017-2021).

In FY'2021, Ugandan Shilling appreciated by 1.4% against the US$ (2020: 0.6% appreciation), on account of the increased foreign reserves and COVID-19 induced reduction in imports. The Country's foreign exchange reserves rose to US$ 4.2 billion, representing a 7% increase from the prior year, and was largely attributed to the rise in export receipts particularly from gold and coffee which jointly made up 53% of total export earnings. The increase in external inflows from grants, borrowings and foreign COVID-19 recovery aid also helped to further bolster Uganda's foreign reserves to 5.5 months of import cover as at FY'2021 (2020: 5.2 months).

Agusto & Co expects import cover to hover between 4.5 and 5 months in the near term, but within the MIF benchmark of 3 to 6 months, due to the anticipated surge in industrial and consumption import demand as the economy fully reopens.

Uganda is regarded as one of the politically stable East African states having experienced uninterrupted civilian rule since 1986. In 2005 and 2007, the Presidential term and age limits were respectively scrapped from the Country's constitution. As such, the last election concluded on 16 January 2021 saw President Yoweri Museveni re-elected as the President of the Republic of Uganda for the sixth five-year tenure. This raises concerns about issues of succession in leadership and the risks of resistance, protests and other potential threats to the Country's longterm political stability.

In FY'2021, Uganda's revenue grew year-on-year by 17% to UGX 21.1 trillion largely driven by grants and tax revenue. However, the Central government revenue from tax and non-tax sources fell short of the budgeted amount by UGX 1.9 trillion and UGX 230 billion respectively, reflective of the impact of the COVID-19 restrictions on domestic income and consumption and foreign trade activities in the period. Tax revenue accounted for the largest share of government revenue at 87%, with nontax revenue (including grants) making up the remaining. We note that Uganda's average tax revenue to GDP ratio of 12% over the past five years (2017-2021) was low compared to South Africa's 29%, Rwanda and Kenya's 16%, Tanzania and Ghana's 14%, indicating that tax collection requires improvement.

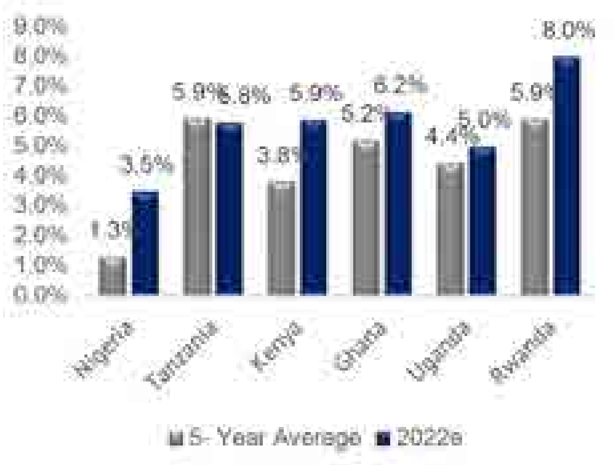
Going forward, Agusto & Co. expects steady growth in Uganda's tax revenue in the near term, premised on the anticipated increase in consumption and business activities following the reopening of the economy. We estimate an uptick in tax revenue to GDP ratio to 13% in FY2022 (2021: 12%) and this is expected to reach approximately 15% over the medium term. This growth expectation is however hinged on the absence of further shocks that may stall economic activities and the successful operation of Uganda's tax revenue mobilization initiatives to minimise income leakages.

In line with the rising government infrastructural spending, Uganda's total public debt has trended upwards from UGX 34.6 trillion to over UGX 67 trillion between 2017 and 2021. In the same vein, total debt to GDP ratio rose from approximately 32% to 46% over the same period, but was within our benchmark of 50% and also remained below most of its African counterparts, including Ghana's 72%, Kenya's 68% and Rwanda's 56%. Uganda's average debt service (interest and principal repayments) to revenue ratio of 16% over the past five years also compared favourably with Nigeria's 63%, Ghana's 35% and Kenya's 25%, and was also wWithin the World Bank's prescribed limit of 22.5%. Hence, we consider Uganda's overall debt profile to be acceptable. However, we expect an uptick in debt levels over the near to medium term with the government's intention to further pursue expansionary fiscal measures to drive the postCOVID-19 pandemic economic growth.

Based on the above, we hereby attach a stable outlook to the Republic of Uganda.

Peer Comparisons

Real GDP Growth Rates for Selected African Countries

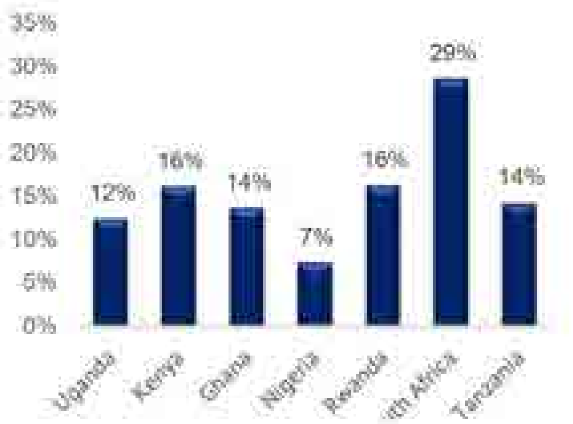


Source: Bureau of Statistics of selected countries, International Monetary Funds, World Bank, African Development Bank and Statista estimates

Five-Year Average Inflation Rate of Selected African Countries

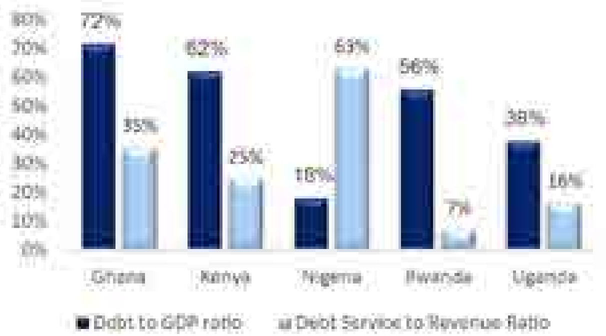
Source: Various Bureau of Statistics and Ministries of Finance, Statista.com, Agusto & Co estimates Uganda's five-year average (2017-2021) inflation rate of 3.5% is lower than that of Nigeria (13.8%), Ghana (9.7%), Kenya (5.8%) and Rwanda (3.7%).

Central Government Revenue (excluding grants) to GDP for Select African Countries (5-Year 2017-2021e average)

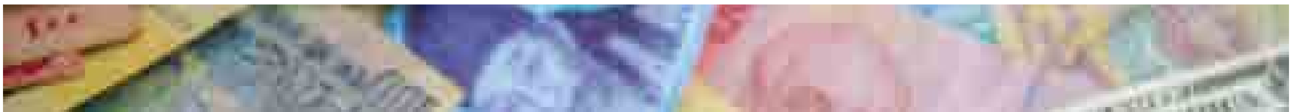


Source: Various Bureau of Statistics, WDI, IMF, Knoema Statista, Agusto & Co Research

Debt to GDP ratio and Debt Service to Revenue Ratio of Selected African Countries (Five Year Average (2017-2021)



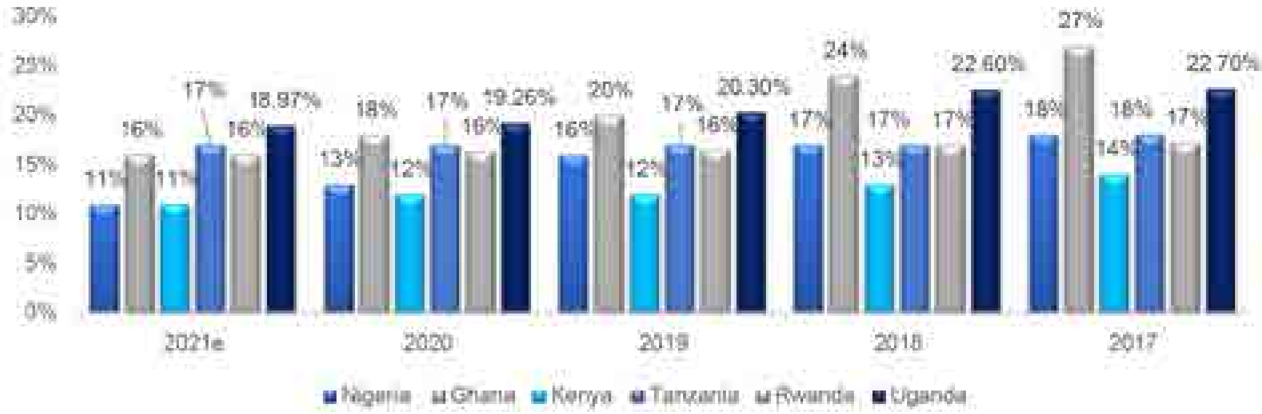
Source: Various National Bureaus of Statistics, Ministries of Finance and Debt Management offices, Agusto & Co. Research Estimates



...Uganda's total public debt has trended upwards from **UGX 34.6 trillion to over UGX 67 trillion** between 2017 and 2021.

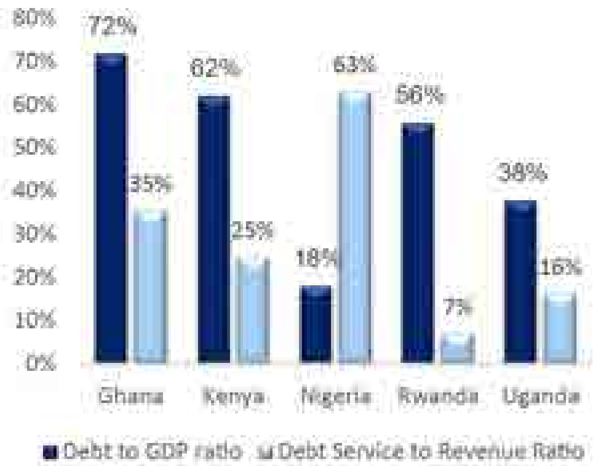
Excerpts from the Sovereign Rating Report on the Republic of Uganda

Five Year Average Borrowing Rate of Selected African Countries (2017 – 2021e)



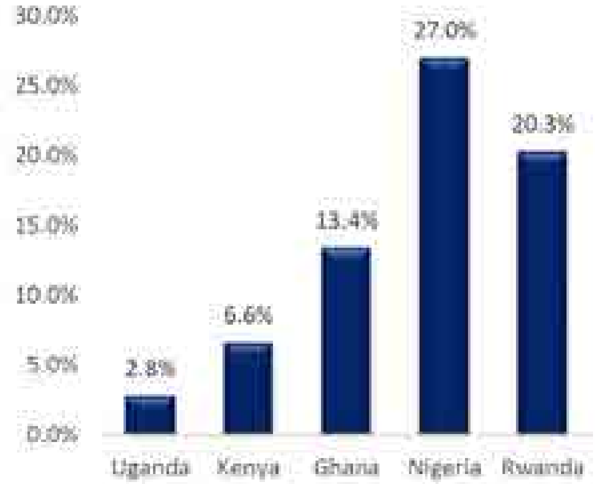
Source: Central Bank of Kenya, Bank of Uganda, Central Bank of Nigeria, National Bank of Rwanda and World Bank estimates.

Debt to GDP ratio and Debt Service to Revenue Ratio of Selected African Countries (Five-Year Average (2017-2021)



Source: Various National Bureaus of Statistics, Ministries of Finance and Debt Management offices, Agusto & Co. Research Estimates

Unemployment Rate in Selected African Countries as at 2021



Source: World Bank, Statista, Bloomberg & National Bureaus of Statistics

References

1 World Development Indicators
2 Trading Economics
3 Uganda Fiscal Performance Report FY2021
4 As contained in the Country's mid-term domestic revenue mobilisation strategy

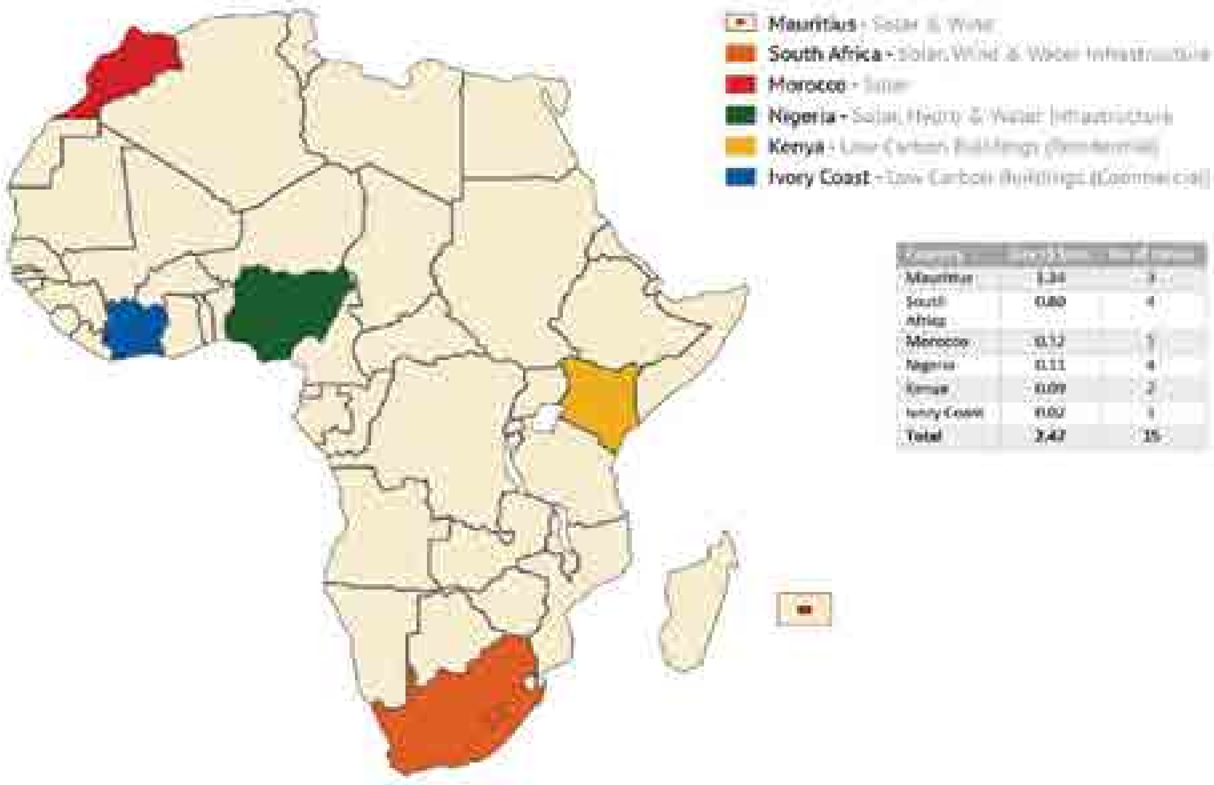
How Green Investments can accelerate growth in the capital market and concurrently promote sustainable environmental practices that address climate change activities

Ikechukwu Iheagwam
Agusto.com

The global Green Bond market is estimated to hit US$1 trillion by the end of 2022 and $5 trillion annually by 2025 according to the Climate Bonds Initiative1. At end of March 2022, there were more than 220 issuers from 40 countries and more than 470 instruments valued at over US$210 billion that were certified by the Climate Bonds Standards. However, Africa recorded only 15 certified green issuances from six countries valued at US$2.47 billion. There is huge potential for climate-related finance activities in Africa and a study conducted by FSD Africa notes that "the emergence of the green bond market in Africa will provide the vital investment needed to fund the rapid and far-reaching transitions required to meet the commitments made in the Paris Climate Accords, and to prevent global temperature rise, across energy, land-use, transport, infrastructure and industrial systems."

Certified green bonds have been issued by banks, real estate development firms, power companies, counties and sovereign governments in Africa. In Nigeria, the solar, hydro and water sectors have been financed through green debt instruments, while solar, wind and water in South Africa; low carbon residential buildings in Kenya; low carbon commercial buildings in Côte d'Ivoire; solar in Morocco; and solar and wind in Mauritius. These markets are already receptive to green finance initiatives and we believe that the next frontier for green investments will be sub-Saharan Africa.

> *"the emergence of the green bond market in Africa will provide the vital investment needed to fund the rapid and far-reaching transitions required to meet the commitments made in the Paris Climate Accords, and to prevent global temperature rise, across energy, land-use, transport, infrastructure and industrial systems."*



Source: Climate Bonds Initiative

Furthermore, the Covid-19 pandemic has further raised the profile of the climate finance discourse globally especially, concerning the US$100 billion in climate finance that was promised by rich countries in 2009, for which a large portion was earmarked for Africa to help adapt to climate change and mitigate further temperature rises. We note that the commitment to fund priority green projects in Africa by rich nations and international investors is still upbeat given the recent successes of the landmark green bonds issued in Nigeria, Kenya and South Africa. However, the lack of structure and framework for these investments has impacted the level of capital flows to the continent.

While we recognise that there is huge potential for green projects in Africa, the main bottleneck is the certification of these projects and their alignment with the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement. The rising occurrence of 'greenwashing stokes risks in the climate finance market, hence the imperative for verification of green projects by Approved Verifiers. Also, part of the challenges associated with issuing green bonds (and attracting green investments) in Africa has been the knowledge gap and the availability/access to a limited pool of foreign verifiers.

Table 1: Details of Certified Green Bonds in Africa as at 31 March 2022

	Issuer	Country	Issue Date	Size (USD Equivalent)	Sector
1	Emergence Plaza S.A.	Ivory Coast	Aug-21	17,877,500	Low Carbon Buildings (Commercial)
2	NSP-SPV Powercorp Plc	Nigeria	Apr-21	16,565,600	Solar
3	Clean Renewable Power (Mauritius) Pte Limited	Mauritius	Mar-21	363,000,00	Solar
4	Nedbank	South Africa	Oct-19	68,000,000	Solar, Wind
5	Acorn Project (Two) Limited Liability Partnership	Kenya	Oct-19	41,500,000	Low CarbonBuildings (Residential)
6	Acorn Project (Two) Limited Liability Partnership	Kenya	Aug-19	46,300,000	Low Carbon Buildings (Residential)
7	ACWA Power Solar Reserve Redston	South Africa	Jul-19	540,000,00	Solar
8	North South Power Company Limited	Nigeria	Apr-19	24,000,000	Solar, Hydro
9	Nedbank	South Africa	Apr-19	116,000,000	Solar, wind
10	Access Bank Nigeria	Nigeria	Mar-19	41,800,000	Solar, Water Infrastructure
11	Federal Government of Nigeria	Nigeria	Dec-17	29,700,000	Solar
12	AzurePower Ltd	Mauritius	Aug-17	500,000,00	Solar
13	City of Cape Town	South Africa	Jul-17	76,000,000	WaterInfrastructure
14	ReNew Power	Mauritius	Feb-17	475,000,000	Solar, Wind
15	Masen	Morocco	Nov-16	115,000,000	Solar
				2,470,743,100	

Source: Climate Bonds Initiative

The International Capital Market Association (ICMA) instituted the governing principles as well as the process guidelines for the issuance of green, social or sustainability-linked bonds. The governing principles of the ICMA which are applicable for Green, Social or Sustainability Bonds rest on four main pillars: Use of Proceeds; Process for Project Evaluation and Selection; Management of Proceeds; and Reporting. In addition, the ICMA has developed flexible and voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the market by clarifying the approach for issuance of a labelled bond. These guidelines emphasize the required transparency, accuracy and integrity of the information that will be disclosed and reported by issuers to stakeholders through core components and key recommendations which include the use of external reviewers to promote standardization and integrity of the market.

There are four main methodologies for external review of Green, Social or Sustainability-linked bonds which include Second Party Opinion (SPO), Certification, Assurance and Scoring/ Rating. Each of these methodologies is intended to promote the standardization and integrity of the market for the issuance of bonds. However, the Second Party Opinion and Certification external review methodologies are the most popular for obtaining independent third-party reviews of the bonds, projects and assets globally.

Importantly, Certification under the Climate Bond Standard confirms that the Bond, loan or other debt instrument is fully aligned with the Green Bond Principles.
It also confirms that best practices have been used for internal control, tracking, reporting and verification and finally that the assets being financed are consistent with achieving the goals of the Paris Climate Agreement of a 1.5oC global warming limit.

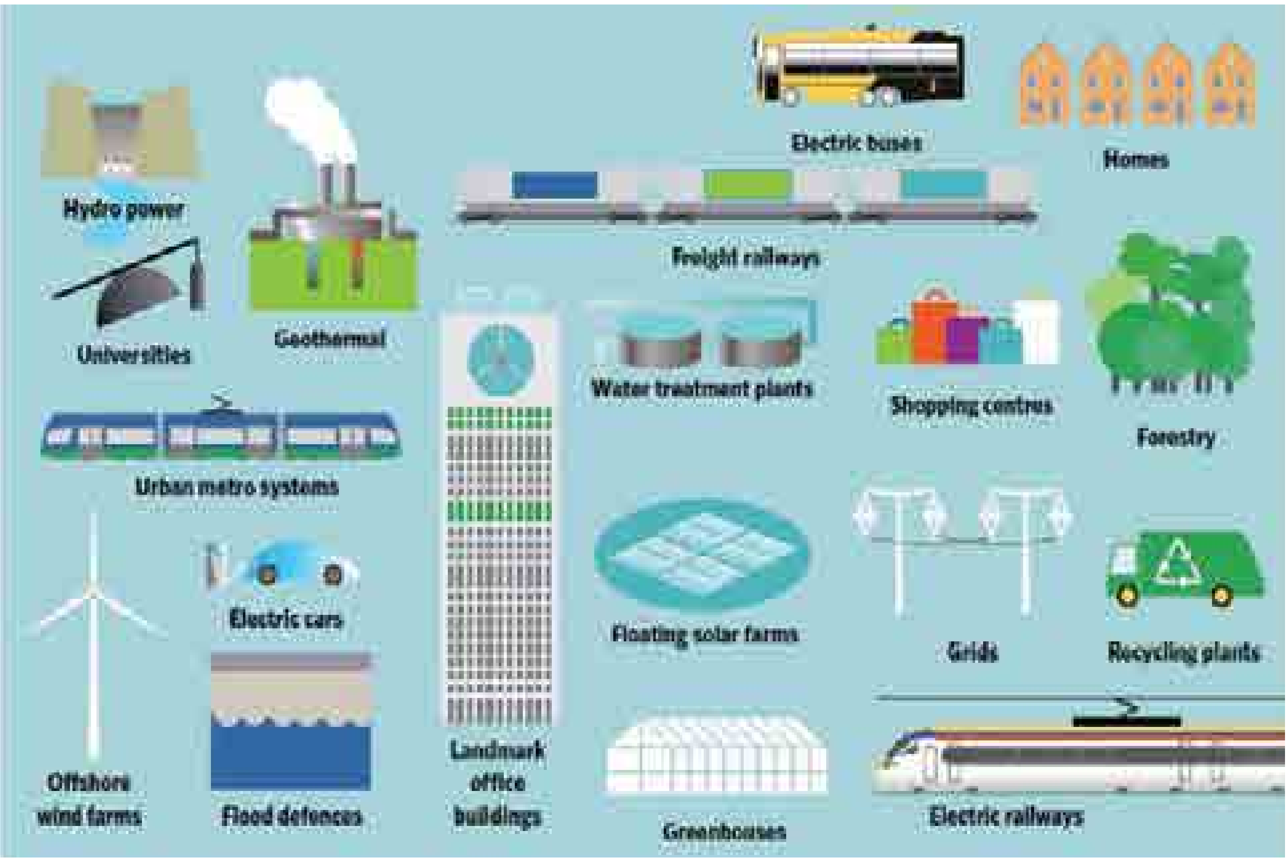
Under the Climate Bond Standard Certification Scheme, the following sectors are eligible for certification which includes Solar, Wind, Marine, Geothermal, Bioenergy, Recycling, Forestry, Buildings, Water, Waste, Transport, Agriculture & Shipping. The assets and projects are measured against a defined eligibility sector screening criterion (CBI Taxonomy). Figure 2 shows the eligible instruments for certification while figure 3 depicts some eligible assets previously certified under the Climate Bond Standard Certification Scheme.

Certification under the Climate Bond Standard confirms that the Bond, loan or other debt instrument is fully aligned with the Green Bond Principles.

Figure 2: Eligible Instruments for Certification

Source: Climate Bonds Initiative

Figure 3: Some eligible assets for Certification



Source: Climate Bonds Initiative

The certification process (for one-time or programmatic issuances) comprises five key steps for the Issuer: identifies the assets and develops the Green Bond framework; engages an Approved Verifier to conduct pre-issuance verification and obtains a verifiers report; submit verifiers report alongside information form to obtain certification from the Climate Bond Standard and issues a Climate Bond or instrument; engages the verifier to conduct a post-issuance certification within 24 months of issuing the instrument; and reports annually to the Climate Bond Initiative on continued compliance.

Verification by an Approved Verifier is mandatory in the Certification process. In addition, the Verifier does not decide on the Certification of the bond, loan or debt instrument. All certification decisions under the Climate Bonds Standard & Certification Scheme are made by the Climate Bonds Standard Board based on the information provided by the Issuer to CBI, including the Approved Verifiers Report.

Agusto & Co. as an Approved Verifier is uniquely positioned to provide knowledge and support for issuers who intend to raise funds for environment-friendly projects at a lower cost when compared to foreign counterparts. Also, as part of our advocacy work for promoting the idea of 'greenium' and tax incentives for issuers and investors of green issuances, we will be championing the development of green finance and sustainable investments framework with other key stakeholders in Africa as we collectively seek to rescue our continent from the adverse impacts of climate change.

United Nations Sustainable Development Goals that align with the Certification under the Climate Bonds Standard

About Agusto & Co. Agusto & Co. is a leading pan-African credit rating agency and business information provider, with operating offices in Nigeria (Lagos), Kenya (Nairobi) and Rwanda (Kigali). Over the last 30 years, the company has built a strong reputation for producing credit rating opinions on some of Africa's leading financial institutions, corporate organisations and instruments, and also has a large database on over 60 sectors across sub-Saharan Africa.

Agusto & Co was recently licensed as an Approved Verifier by the Climate Bonds Standard. As an Approved Verifier, Agusto & Co. will be able to assess projects of Issuers under the Climate Bonds Standard criteria for various sectors (Solar, Wind, Marine, Geothermal, Bioenergy, Recycling, Forestry, Buildings, Water, Waste, Transport, Agriculture & Shipping) as we now have the technical expertise and local presence. This will facilitate the uptake and quick issuance of green bonds in Africa as well as promote sustainable and best environment-friendly practices that align with the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement, for which most countries in Africa are signatories.

Support to Financially Distressed Businesses in Periods of Recovery

Eva Ssewagudde Jjagwe
Uganda Bankers' Association

1.0 Introduction

Financial distress is a condition in which a company or individual cannot generate sufficient revenue or income, making it/them unable to meet or pay its/their financial obligations when and if they fall due. At one time or another, many businesses experience a level of financial distress that threatens the continued viability of the business and its related outcomes of wealth creation for its owners, continued employment for its workers, production of goods and services for its customers, and economic growth for the nation.

Apart from the COVID-19 pandemic exacerbating financial distress, companies and individuals faced financial distress pre-pandemic, caused by various factors, both internal and external to the firm/individual.

Financial distress has many characteristics including a decline in profitability which drains the firm's liquidity and affects the company's operational efficiency; intermittent and poor cashflows due to large disparities between actual cash payments and receivables, interest payments and/or a decrease in working capital; and high leverage and debt making it challenging for one to meet the repayment obligations as expected.

It is crucial to detect financial distress early and address it, which chances diminish overtime if no or inappropriate action is taken, causing more financial troubles, and/or resulting into business failure, bankruptcy, or insolvency. Financial distress as a condition can be managed and issues therein to including its impact can be overcome. Companies as well as individuals when supported can and are able to recover sustainably, become financially strong and viable as well as grow after the challenging period of distress.

2.0 Causes of Financial Distress

Typical causes of financial distress include the following

Cause	Detail to the Cause	Mitigation
For businesses		
Poor and inefficient Management and decision making	This leads to financial distress through overextending the company financially. This could be through expanding too fast, entering new markets without adequate preparation, over borrowing etc.	• Weigh decisions carefully. • Avoid over trading, expanding too soon to fast without capacity. • Carry out studies/reviews, consult. • Hire professional managers.
High or Increasing Costs	Both fixed and variable costs incurred by a firm without a corresponding increase in revenue can lead to financial distress.	• Watch costs closely and focus spending on core business activities • Value for money procurement • Contracting with fixed prices
Technological Changes	When companies are unable to adapt to technological changes, and fixed costs remain the same or indeed increase due to depreciation, ware & tare etc., without correspondence increases in capacity or revenues, financial distress begins to creep in.	Be alive to new technologies for efficiency.
Decline in Sales	This shows that there is limited demand for a company's products leading to reduced revenues and if costs remain the same or indeed increase, distress could build up if the situation gets prolonged.	• Track slow moving products - Exit some if necessary • Remain innovative but with caution. • Study markets. • Diversify products. • Marketing and sales to ensure sales uplift
Funds Diversion/ Funding Mismatches	From the core business to non-business-related aspects leading to liquidity constraints. Related to this is funding mismatches where typically short-term funding is used to fund long term projects which take long to generate the much needed cashflows to meet repayments as well as operational costs.	• Always avoid funds diversion especially to non-core business aspects. • Seek professional advice to avoid funding mismatches.
Adverse Macro economic factors	Overall economic conditions like inflation which reduces purchasing power, changes in exchange rates which could work to the disadvantage of an importer, often bring about business distress.	• Stop of go slow • Avoid aggressive tendencies that could put the business to further risk. • Hedge against movement of currency rates • Enter forward contracts etc.
Adverse changes in laws and policies	These may constrain the operations of a business, or restrict it completely further complicating the environment, market, etc. sometimes leading to business closure.	• Lobby for policy changes.
For individuals, Although the above are equally applicable to individuals, the following other factors touch on individuals		
Lost or reduced income	For example, through sudden unemployment and pay cuts which leave individuals struggling with paying for basic expenses like utilities and food.	• Plan for rainy days. • Invest in savings or instruments that can be quickly liquidated. • Being asset rich but cash poor not prudent • Manage costs to ensure they match the decreased revenues
Unexpected expenses	For example, sudden high medical bills, expensive undertakings etc. unforeseen.	• Take insurance including Medicare insurance. • Manage overall costs in view of the unexpected costs
Failure to adequately manage individual finances	Financial indiscipline causes financial distress even if the individuals have high income, through upward creeping of expenses arising from irresponsible decision making and related costs.	• Financial discipline and prudency is a rule of thumb. • Budgeting and budget management

3.0 Financial Institutions Support to Distressed Companies and Individuals

Financial institutions offer financial and other support to borrowing customers across sectors, businesses, and individuals both during normal business operations as well as when they are distressed or facing financial and operational challenges.

When faced with financial strain, the first and most critical action for individuals and businesses to take is to engage your banker to explain your current situation in order to develop a workable plan towards overcoming before the situation becomes untenable. Critical in this is to correctly identify/ disclose the root cause. Prompt communication with creditors and seeking assistance will help you and your business to survive.

The risk in not disclosing issues early is that it may cost you credibility with your lenders who are likely to think you deliberately concealed it.

Below are some of the interventions provided by financial institutions to businesses and individuals during periods of recovery.

a) Additional financing like a top up (short term, medium term, and long term) to address an unforeseen emergency or

to overcome an immediate/ temporary challenge, constraining the otherwise bigger objective,
b) Debt restructuring, through either any of the following or a combination of them.
i) Deferral of repayment of either interest or principle or both (extension of grace period)
ii) Extension of the tenure to adjust or reduce installment amounts.
iii) Reduction in interest rates, interest and cost waivers, removal of penalties and provision of concessions.
iv) Partial disposal of some of the collateral if it can fetch good price, to reduce debt & lower repayment pressures.
v) Balance sheet management: Re-organization of non-earning assets vs earning assets, deferring some liabilities etc.
c) Convert facilities taken in foreign currencies into a local currency facility, to address foreign exchange risks.
d) Complete refinancing of entire facility with another financial institution.
e) Identifying other borrowers or partners to take over debt facility and swap it for equity stake.
f) Provision of business support services during recovery including, training, coaching, mentoring, advisory, and monitoring.

Other ways in which businesses by themselves can recover include
a) **Capital Raise**: - Financing as an integral part of reorganization will stabilize the company's cash position and provide the needed capital for business. Financing strategies include recapitalization, exchange offers, stock rights offerings, and bringing on board new shareholders
b) **Equity Investors** - management can seek investors willing to infuse equity capital into the business rather than debt. The advantage of equity funding is that it is without interest cost and enhances cash flow although it can become a more expensive alternative.
c) **Turnaround Specialists** – Bringing on board resource persons for advice and expertise including working with a distressed firm's stakeholders to turnaround the company.
d) **Out of court remediation through negotiated workout with creditors** - If a company is facing insolvency, it may quickly reorganize its debt through an out-of-court workout or restructuring and adjust the amount and/ or the timing of payment of the company's financial obligations.

In-court restructuring/ Bankruptcy - Filing for bankruptcy is a structured process supervised by court with specific rules and procedures. Formal bankruptcy proceedings are expensive, time-consuming, and not confidential, including liquidation.

4.0 Conclusion

Financial distress is a condition that is faced by both individuals and businesses and can occur even to the most successful of them. If individuals and/or businesses understand its causes and symptoms and learn when and how to go about it or avoid it, it can go a long way in ensuring business success.

It is crucial for businesses and individuals to identify and know how they can respond to factors within their control.

The role and task that financial institutions have in supporting distressed customers cannot be emphasized enough and SFIs need to plan and tailor solutions to support businesses without getting into distress themselves.

The covid-19 pandemic was not only a financial distress trigger, but also a major cause of distress. Pre-pandemic, several businesses and individuals experienced financial distress, but covid-19 further escalated and also exposed how fast successful businesses and individuals could fall into financial distress and/or even bankruptcy due to external factors and shocks.

Customers need to appreciate that financial distress is a condition that could occur to anyone and can be resolved, but what matters is how they respond and what they do about it. Early communication to their lenders is particularly important if they are to be assisted and forthrightness counts.

Unlocking Climate Financing Opportunities Under Uganda's National Climate Change Act, 2021

Silver Kayondo

ORTUS ADVOCATES

In 2021, Uganda enacted the National Climate Change Act (hereinafter called "the Ugandan climate change law") to among other objectives, provide for climate change financing. Climate change is defined as a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is, in addition to natural climate variability, observed over comparable time periods.

On the other hand, climate finance refers to local, national, or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change. The United Nations Framework Convention on Climate Change (the Convention), the Kyoto Protocol and the Paris Agreement (which are all international instruments domesticated by the Ugandan climate change law) call for financial assistance from Parties with more financial resources to those that are less endowed and more vulnerable.

Part VI of the Ugandan climate change law provides for climate change financing. The Minister of Finance, in consultation with the Minister responsible for climate change is empowered to provide for climate change financing, taking into account viable climate change financing mechanisms at the national level and international climate change financing options. Article 9 of the Paris Agreement, 2015 (which now has legal force in Uganda) provides that developed country parties shall provide financial resources to assist developing country parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention.

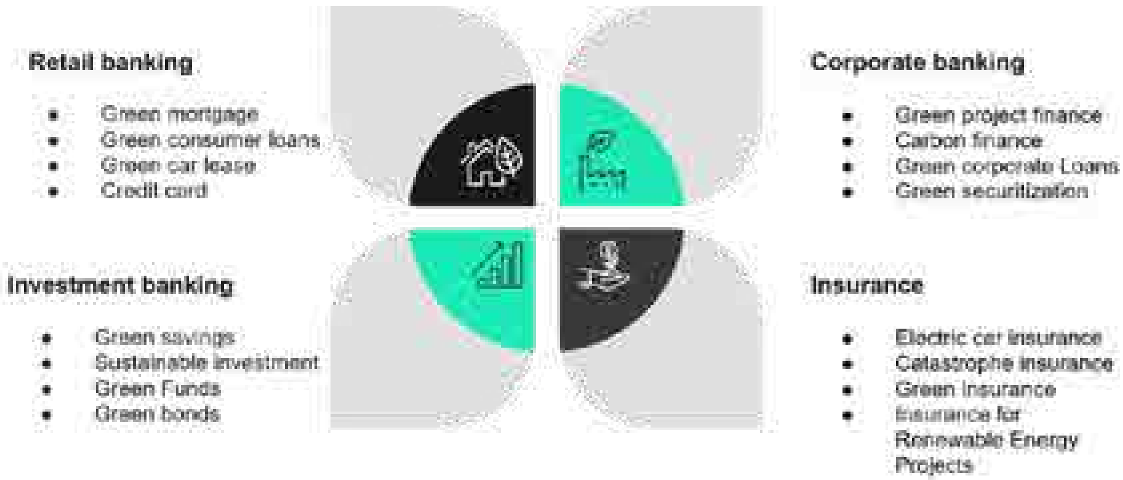
The financing shall be for purposes of research data collection on climate change and systematic observation of climate change, taking into account the need to minimize duplication of effort; and financing projects for implementation of climate change actions and measures, including specific technologies, materials, equipment, techniques or practices necessary to implement such projects; and providing grants, loans and incentives to individuals, private entities and local governments for climate change research and innovation in industry, technology, science, academia and policy formulation.

Climate Risk Profiling

The Financial Stability Board has identified three climate risk categories for the financial sector. These include;

a. **Physical risks relating to climate and weather-related events such as floods and storms damaging property or disrupting trade. This will have impact on insurance liabilities and financial assets.**
b. **Liability risks pertaining to loss or damage claiming direct or third-party responsibility from entities such as carbon extractors, emitters, and their insurers.**
c. **Transition risks potentially resulting from the process of adjustment toward lower-carbon economies, driving changes in policies, technology, and prompting value reassessments a large range of assets as costs and opportunities become apparent.**

Financial instruments for climate financing. Climate finance is aimed at reducing emissions, enhancing greenhouse gas sinks, maintaining and increase the resilience of human and ecological systems to climate change. On the other hand, green finance, is described as the financing of investments that provide benefits in the broader context of environmentally sustainable development. These benefits include reductions in air, water and land pollution, reductions in greenhouse gas emissions, improved energy efficiency from existing natural resources, and mitigation of and adaptation to climate change. While green finance refers to a broader set of activities than climate finance, there is considerable overlap in terms of environmental externalities, risks to the financial system and the private sector, and the challenges and opportunities in financing both.



Source: https://www.sia-partners.com/en/news-and-publications/from-our-experts/green-new-gold-banks-facing-climate-change

Therefore, from a strategic point of view, the most common financing tools are;

Domestic/National carbon markets. International and national domestic markets were the first international climate finance mechanism that attempted to use a market mechanism to reduce global greenhouse gas (GHG) emissions by putting a price on those emissions. The Ugandan framework provides for emissions trading to be supplemental to domestic actions for the purpose of meeting quantified emission limitation and reduction commitments. An example for benchmarking purposes is the Kenya Agricultural Carbon Project, supported by the BioCarbon Fund and SCC-VI Agroforestry, the first project in Africa to sell carbon credits under the voluntary market for sequestering carbon in the soil.

National Climate Change Funds. These comprise of a financial mechanism that allows countries to collect, blend, and manage all the incoming revenue streams, both international and national, related to climate change into one, centralized fund. This, in turn, competitively allocates through a variety of instruments, resources to a variety of "green" projects in the country. The exact design of a national climate fund will depend on its stated objectives, which areas of the climate change problem focuses on, its scope, how it is capitalized, how projects are funded, and its management structure. The common structure for a national climate fund should include funding sources, governing bodies (both technical and administrative), a trustee, and implementing agents. Under Scaling Up Renewable Energy Program (SREP), Uganda is directing $50 million in concessional financing to enhance the enabling environment and catalyze investments in geothermal, solar PV net-metering, mini-grids, and wind power.

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Non concessional and concessional loans. The private sector is the main source of non-concessional loans, and development finance institutions (DFIs) - national or international - also enhance investments through concessional loans, characterized by longer repayment terms and lower interest rates, among other terms preferable to market rate loans and equity. Recipient countries and/or institutions may facilitate processes by creating national and/or institutional climate change plans with an associated portfolio of projects and clear, transparent budget mechanisms for allocating the international aid to those projects. An example is the SUNREF East Africa facility promoted by AFD in Kenya, Tanzania, and Uganda to provide several Ugandan banks with a reduced-rate credit facility totalling €35 million, intended for the clients of these banks to invest in renewable energy production facilities (solar energy, biomass / biogas, mini hydroelectric power plants) as well as in energy efficiency projects.

Multilateral and bilateral grants. These instruments may be provided for non-revenue generating activities in recipient countries, such as knowledge management programs, capacity building programs, ongoing activities that do not generate financial return, technical and costing plans, among other projects. In the medium and longer-term, grants can be used to help capitalize the financial mechanisms related to adaptation, forestry, and environmental preservation. Examples of such funders include the United Nations Development Programme (UNDP).

Debt swaps. Debt for environment swaps cover swaps that typically focus on conservation and other green projects. With "swap as you pay" transactions, payments are rerouted to domestic projects rather than creditor budgets. For example, Jamaica engaged in a debt-for-nature swap in 2004 with the United States government and The Nature Conservancy, providing $16 million over a period of 20 years for forest conservation activities.

Guarantees. Such instruments may be used to manage and/or mitigate resource, regulatory, off-taker credit, or perceived technology risks that prevent private sector investment at affordable rates. For example, performance guarantees could reduce the risk that a renewable resource is lower than expected or of construction cost overruns or technology under-performance. Credit guarantees can cover the risk of a contracted power off taker or fuel purchaser going out of business. Both performance and credit guarantees can be valuable for financing clean and/or green investments through performance contracts. Regulatory guarantees can insure against the loss of supportive tax credits or feed-in-tariffs provided by a host country government or utility. Initiatives such as the Africa Climate Change Fund (ACCF) housed at the African Development Bank can play this catalytic role.

Insurance instruments. The best approach to mitigating the risk from environmental disasters is a combination of risk prevention and risk transfer mechanisms. Risk prevention mechanisms are suitable for low to medium loss events that happen relatively frequently, while lower probability hazards with high-costs and potentially devastating consequences are better covered by risk financing instruments. Stress testing for climate risks is set to become a key plank of the insurance industry's response to climate change. For example, France's central bank found in 2021 that claims related to natural disasters could rise fivefold in its most affected regions, with premiums rocketing as much as 200% over 30 years.

COVID-19 and Green Recovery
While financial institutions are still coping with the COVID-19 pandemic, the threat of climate change continues to loom large and requires a substantial transformation. In fact, the pandemic offered an excellent opportunity to accelerate the transition to a climate-neutral economy through an economically sustainable or "green" recovery. Currently, financing costs are relatively low due to the low-interest rates which makes sustainable investments more appealing.

It has also been suggested that financial institutions can use the pandemic to enhance their comprehension of the vulnerability of their balance sheet to climate risks. That comprehension might lead them to improve their alignment regarding investment and lending policies. Besides, banks play an important role in a potential green recovery by providing financial support to companies and individuals and, as such, might be able to help their customers develop more sustainable business models while recovering from the pandemic.

Climate change impact on manufacturing

From a manufacturing context, operations that are most likely to be affected by climate change regulations are those that result in significant direct greenhouse gas emissions (GHG), such as cement, iron and steel production, as well as those that are highly energy intensive, such as paper and chemicals operations. Climate change rules are likely to result in upward pressure on energy prices, which means that operational efficiency improvements will have greater benefit than in the past as a basis for business advantage. Entities that are able to de-risk their operations will most likely be better positioned for sustainability and stakeholder returns.

Climate change and tourism

With close connection to the environment and climate itself, tourism is considered to be a vulnerable and highly climate-sensitive economic sector, similar to agriculture, insurance, energy, and transportation. At the same time, tourism is a contributor to Greenhouse Gas (GHG) emissions, including emissions from transport, accommodation, and activities.

As the sector focuses on post-Covid recovery, there is need for climate risk mitigation and adaptation strategies such as strengthening the measurement and disclosure of carbon emissions, accelerating the decarbonization of tourism operations, and engaging the sector in carbon removal using natural strategies like tree restoration and agricultural soil management, and high-tech strategies like direct air capture.

Conclusion

In a nutshell, interested institutions must align to newer climate financing instruments catering to Development Impact Bonds and/or Green Bonds, risk sharing instruments, blended finance, and results-based climate finance. To effectively harness the opportunities in climate financing, critical aspects such as risk mitigation and allocation strategies will have to be addressed. This will entail;

a. **Understanding the impact of climate change on a bank's loan portfolio right from board level to staff;**

b. **Taking proactive steps to reduce the carbon footprint at Uganda Bankers Association member banks;**

c. **Managing exposure to climate risk in individual bank portfolios; and**

d. **Managing physical and transitional climate risks at Central Bank level via official Bank of Uganda (BoU) policy.**

Achieving the above objectives will require multi-sectoral synergies and collaborations such as the Uganda Green Enterprise Finance Accelerator (UGEFA) partnership Yako Bank, Equity Bank and Opportunity Bank to expand green financing in Uganda. It is anticipated that this will become a major business trend as demand for climate financial products increases and the market becomes more mature as a result of both domestic and international factors.

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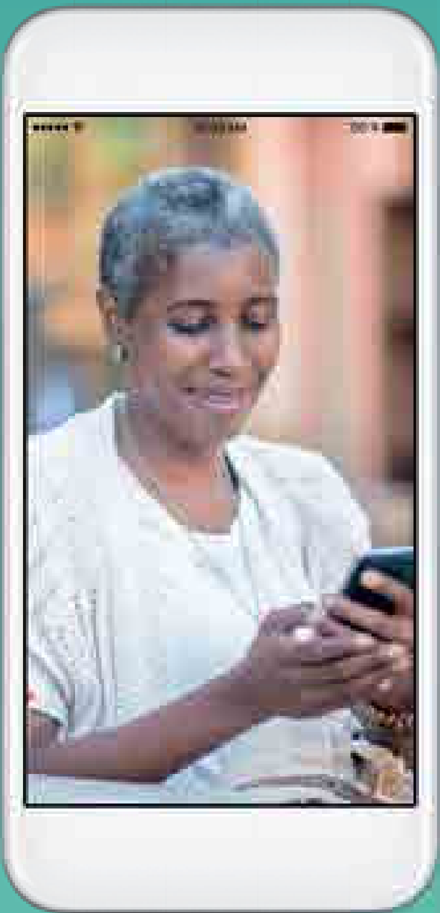

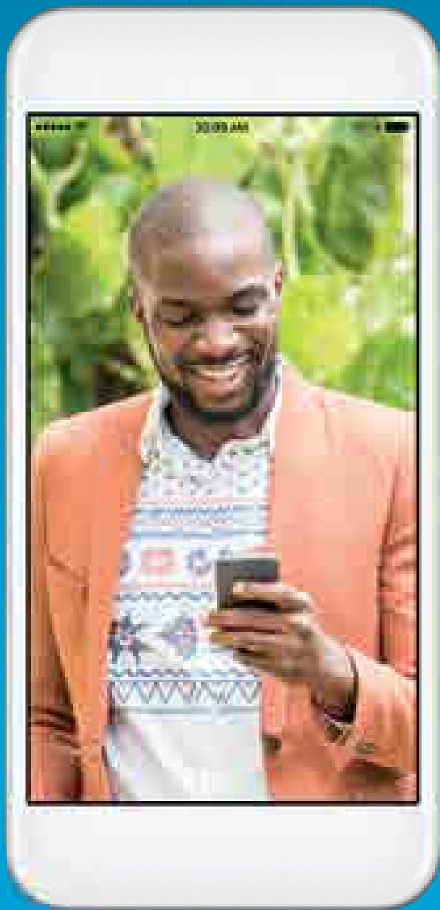

UDB
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TOURISM FACILITY
2nd CALL FOR APPLICATIONS

EUROPEAN UNION

In 2020, Uganda Development Bank (UDB) in partnership with European Union (EU) allocated funds in form of a grant attached to a loan (also known as 'facility') to enable the sector to revive through the hardship of COVID19. The facility seeks to stimulate businesses operating in the tourism sector, which has been heavily impacted by COVID-19 by providing a grant and soft loan with flexible terms aligned to the current needs of the sector.

The first call was successfully completed and a total of 44 hotels and tour operators benefited from the facility. This second call intends to pick on the successes of the first call to further revive the sector.

A total approximate pool of UGX 62 Billion (UGX 40 Billion UDB loan plus UGX 22 Billion EU Grant) was set aside for this facility.

The facility will have the following components and additional benefits:

i. A non-repayable grant attached to the loan based on the number of staff maintained during the two years' period that they will benefit from this facility. Minimum of 75% in comparison with the number of staff in the company at the time of application and always equal or above 5 staff.

ii. Concessional loan interest rates not exceeding 12%; however, the effective cost of the facility to the borrower shall not exceed 8%.

iii. Extended working capital loan tenor of up to 5 years inclusive of a 2 years' grace period.

iv. Business advisory services as a non-monetary intervention including Environmental assessments.

Eligibility:

Interested firms must meet the following criteria to be considered eligible.

a. The applicant must be a registered business in Uganda in form of a company, an association or a cooperative.

b. The applicant must have a good credit record backed by a Credit Reference Bureau Report (CRB). A good record could include but is not limited to; no adverse reports from banks, no bounced cheques and/or no overdue loans.

c. The applicant must have audited financial accounts for the last 2 financial years at the time of application.

d. The applicant must provide evidence that they have registered for NSSF and PAYE for a minimum of 5 staff. Filings with NSSF and URA will be required to be submitted.

e. The applicant must be able to retain 75% of the employees employed at the time of signing the contract and demonstrate that the staff is paid 100% of their gross salary during the two years' period that they benefit from this facility.

The applicant must comply with all statutory requirements like local council trading licenses, PAYE and other URA tax obligations at the time of application.

Evaluation/Credit Assessment:

The applicant will be evaluated/assessed on the following aspects:

a. Assessment of the applicant's two years audited accounts to verify their financial and economic capacity in order to confirm whether they had enough revenue to cover costs.

b. Assessment of the eligibility of the costs in the detailed breakdown of projected costs for the 2 years' period tagged to this facility.

c. An assessment of the adequacy of security provided in comparison with the facility amount requested. Security provided should be 1.2 times the value of facility requested.

d. Assessment of CRB report to confirm repayment history, overall borrowing, facility terms, connected exposures (same shareholding), collateral pledged, pending applications and rejections.

e. An assessment of the profiles of directors & key technical personnel to assess their technical and management capacity and their long-term interest in the business.

f. A site visit to confirm existence and the extent to which the business has been impacted by COVID-19 will be done for all applicants that have qualified to access the facility.

Note:
The grant will be attached to the loan amount. Loan amounts need to be fully repaid by the borrower to UDB.

Eligible expenditures under the facility:

Eligible costs for 2 years operations	Non-eligible costs
- Gross Salaries of staff - Operational running costs, e.g., utilities, repairs, and services of motor vehicles/ equipment etc. - Marketing (in particular, Travel Life or ISO 14001 Certification costs) - Costs associated with greening e.g., alternative sources of energy, waste management and related costs like solar panels etc	- Loan-re-financing - Construction - Annual subscriptions and memberships

Facility Limits:

The minimum amount accessible to an entity under the facility to an applicant shall be UGX 100 million and the maximum (single obligor/same shareholding) shall be UGX 1 Billion.

The maximum percentages of the grant to the facility requested and the maximum amounts of grants for each category are the following:

Table: Funding caps per target group (EURO)

Lot no.	Category (according to number of employees prior to COVID-19 outbreak)	Maximum Grant percentage to facility requested	Maximum Grant amount/ Funding (Euro)
1	5 - 20	40%	30,000
2	20 – 50	35%	40,000
3	50 – 100	30%	50,000
4	100 & above	25%	60,000

Requirements for facility application

a. Management report (on official company letterhead) and application form including 2-year operational budget.

b. Registered Resolution to borrow.

c. Constituting documents (such as articles and memorandum of association, partnership deeds, Charters, etc.).

d. A copy of the last 2 years audited accounts from an ICPAU registered firm.

e. Management accounts for the most recent financial period.

f. 6 months Bank statement(s) for the most current audited financial year.

g. Loan statements for all existing loans, if applicable, including copies of loan offer letters or agreements from other financial institutions.

h. Security for the proposed loan, including current valuations of the assets and details of any encumbrances carried out by approved bank valuers.

i. Credit Reference Bureau Report as at the time of application of the company & all its shareholders/directors.

j. Proof of NSSF or PAYE registration.

k. Latest Annual Returns of Directors and Shareholders.

l. Profile of directors & key technical personnel.

m. Latest Tax clearance certificate

How to apply;

1. Entities are encouraged to download the application form from the Bank's website **UDBL-Online-App** or **http://eservices.udbl.co.ug/tourism-application**

2. Or hand deliver to UDB offices, Plot 6, Nakasero Road Kampala, Rwenzori Towers, 1st Floor, Wing B during working hours [Monday to Friday 8:00am - 5:00pm, closed on public holidays]

3. The Hand–delivered applications must be clearly marked with the reference 'Application for Tourism Sector Facility' together with the full name and address of the applicant at the bottom of the envelope. A signed and dated certificate of receipt will be given to the deliverer.

4. Applications sent by any other means (by fax, post or by e-mail) or delivered to other addresses will be rejected.

5. All applications must be submitted before the 31 of October 2022 at 5:00pm. Late applications will automatically be declined. The applications will be processed on availability of funding on a first come, first serve basis.

6. Applications will be assessed and evaluated in a phased manner as and when they are received until the facility is exhausted.

7. Information sessions will be organized for applicants to clarify on any queries

For further inquiries, please visit us at our offices located on; Plot 6 Nakasero Road, 1st Floor, Wing B, Rwenzori Towers
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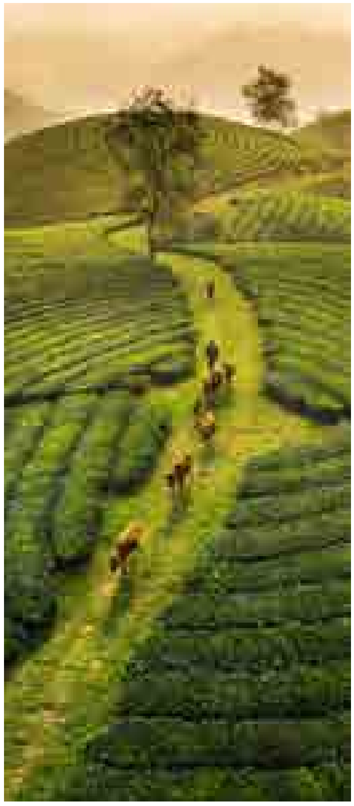

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DAILY MONITOR FRIDAY, JULY 1, 2022
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Regional News

Industrialists task UNBS on standards

The group said certification is essential when exporting products.

BY DAN WANDERA

A section of members of Uganda Small Scale Industries Association have urged the Uganda National Bureau of Standards (UNBS) to sensitise them about the standards of products and certification process.

The group made the request during an engagement and awareness meeting for selected representatives from the Uganda Small Scale Industries Association organised by the UNBS in Luweero District last week.

Ms Jennifer Namatovu, a herbalist in Luweero District, said the lack of certification of her products made it difficult to send them to other parts of the country.

"As herbalists, the products that we process attract clients from the different parts of the country but we require certification before we send them to the market," Ms Namatovu said.

She added: "Our engagements with the UNBS revealed that the (certification) process requires inspection of our premises and testing of our products. This can be initiated at any time. Certification is important when exporting products."

Mr Stephen Barasa, the chief executive officer of Nagenja Organics in Zirobwe Sub-county, Luweero District, said all consumable products have certain standards they have to comply with, especially those meant for export.

Members of the Uganda Small Scale Industries Association inspect dried fruit at the Nagenja Organics factory in Luweero District on June 24. PHOTO/DAN WANDERA

"Before exporting our fruits, we initiated the inspection of our premises by UNBS as part of the first step. It was a tiresome process since we were focused on the export market that requires meeting international standards," he said.

Mr Barasa added that hygiene of premises is the biggest issue that industrialists and manufactures face when inspections are carried out.

"UNBS is now engaging industrialists and manufacturers on how best they can initiate the certification process," Mr Barasa said.

In an interview with *Daily Monitor* on Friday last week, Ms Patricia Bagaine Ejalu, the deputy executive director of UNBS, said: "It is advisable that you seek advice and expertise in what you don't know. Do not depend on rumours regarding the certification process. Take time to interact with people that have gone through the certification process and initiate the process by contacting the UNBS."

She added: "When you fear spending money to ensure that you progress with standards, penetrating the export market will be a complicated subject. For the small industrialists, the certification fee is Sh500,000 while the big industrialists pay Sh1m."

We are rolling out a programme to engage the manufacturers and industrialists of both the small and medium enterprises to the best they can to appreciate the certification process and the general standards," Ms Patricia Bagaine Ejalu, the deputy executive director of UNBS.

Ms Ejalu said UNBS is not only about enforcing standards but also ensuring that products meet the standards put in place for the safety of the consumers.

"We are rolling out a programme to engage the manufacturers and industrialists of both the small and medium enterprises to the best they can to appreciate the certification process and the general standards," she reveals.

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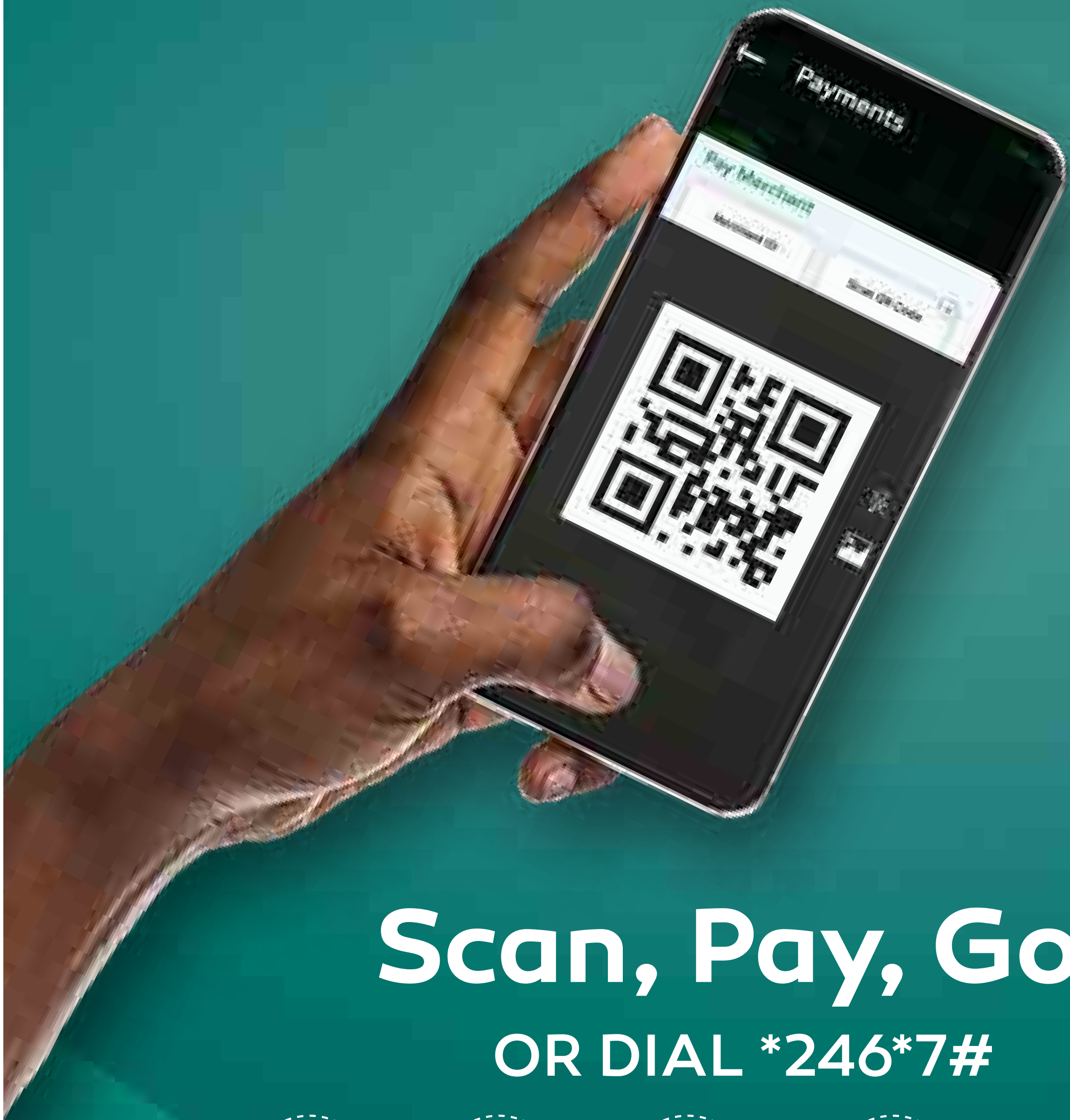

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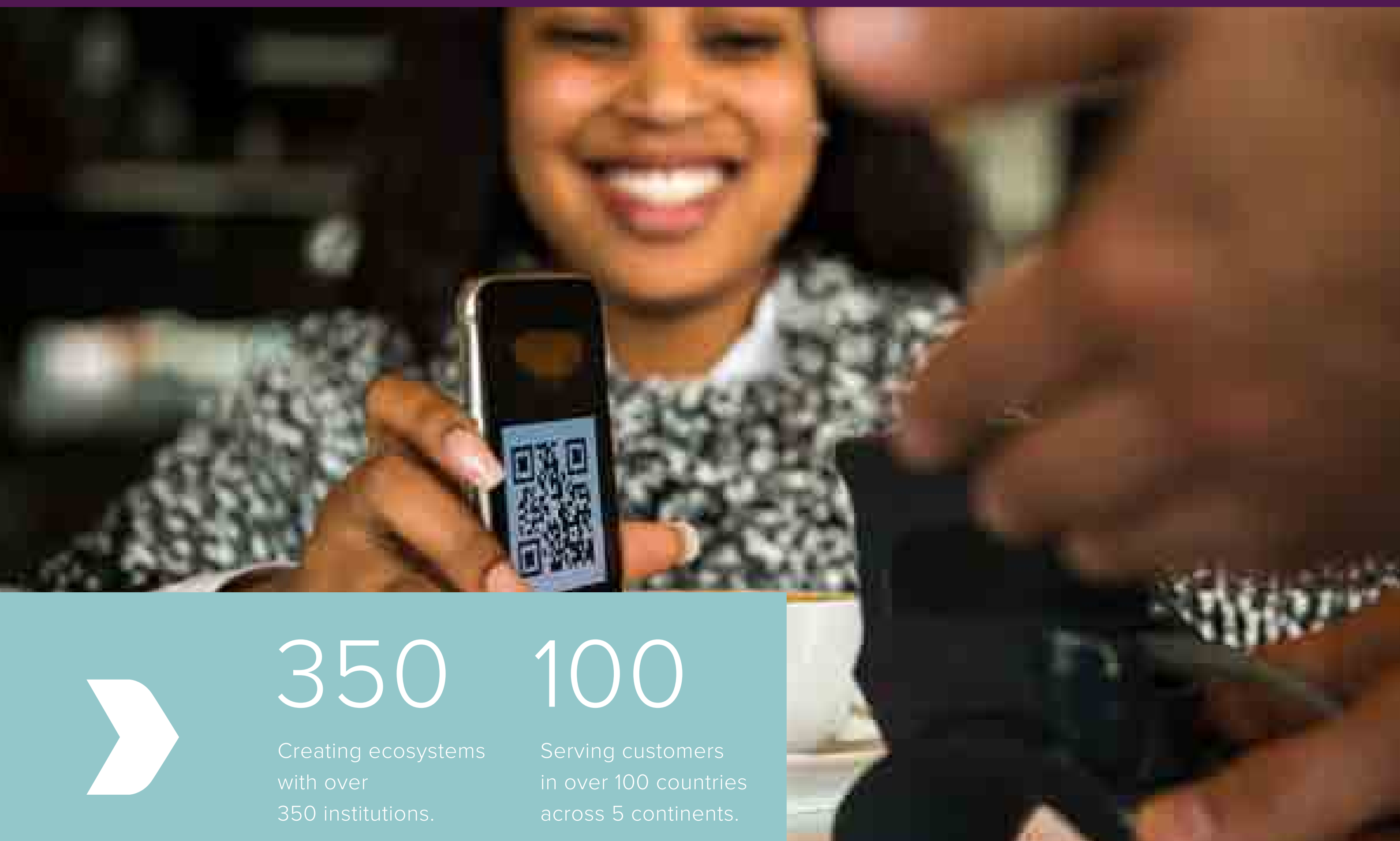

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