PRIVATE SECTOR DEVELOPMENT PROGRAMME

SEMI-ANNUAL BUDGET MONITORING REPORT

FINANCIAL YEAR 2022/23

APRIL 2023

Budget Monitoring and Accountability Unit
Ministry of Finance, Planning and Economic Development
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MOFPED#DoingMore

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TABLE OF CONTENTS

ABBREVIATIONS

BDS	Business Development Services
BMAU	Budget Monitoring and Accountability Unit
BoU	Bank of Uganda
CEDP	Competitiveness and Enterprise Development Project
COVID-19	Corona virus disease 2019
DLG	District Local Government
EPRC	Economic Policy Research Centre
IBP	Industrial and Business park
IFMS	Integrated Financial Management System
IRA	Insurance Regulatory Authority
KIBP	Kampala Industrial and Business Park
MSMEs	Micro Small and Medium Enterprises
MSC	Microfinance Support Centre
MDAs	Ministry, Department and Agencies
MFPED	Ministry of Finance, Planning and Economic Development
MTIC	Ministry of Trade, Industry and Cooperatives
MPS	Ministry of Public Service
NDP	National Development Plan
NEMA	National Environment Management Authority
PIRT	Presidential Investors Round Table
PSFU	Private Sector Foundation Uganda
PPDA	Public Procurement and Disposal of Assets Authority
SACCO	Savings and Credit Cooperative
SBRF	Small Business Recovery Fund
SDF	Skills Development Facility
SMEs	Small and Medium Enterprises
UDB	Uganda Development Bank
UEPB	Uganda Export Promotions Board
UFZA	Uganda Free Zones Authority
UIRI	Uganda Industrial Research Institute
UIA	Uganda Investment Authority
UNBS	Uganda National Bureau of Standards
URA	Uganda Revenue Authority
URBRA	Uganda Retirements Benefits Regulatory Authority
USADF	United States African Development Foundation
USD	United States Dollar
UWRSA	Uganda Warehouse Receipt System Authority

FOREWORD

Uganda like many other countries in the world continues to be affected by the aftermaths of the Coronavirus Disease (COVID-19) pandemic, Russia's invasion of Ukraine, climate change effects, and increasing food prices among the many global shocks today. Amidst this environment, the Government has shown a strong commitment to innovatively raise and allocate resources to fund its strategic interventions, in a bid to build resilience and drive sustainable economic growth and development.

For this Financial Year 2022/23, the semi-annual programme monitoring findings show a fair performance across the board, with a few programmes on track to achieving their annual goals. This performance notwithstanding, there are still many perennial challenges that are putting many government interventions at risk of not achieving their intended objectives.

Since we are operating in an environment of scarcity, it is imperative that we expedite the processes of streamlining and strengthening our planning, implementation, monitoring and execution of Government programmes. We must harness the comparative advantages expected from operating in a programme mode. To that effect, all Ministries, Departments, Agencies and Local Governments should critically review the noted challenges and institute innovative ways of circumventing them during the remaining months.

Ramathan Ggoobi
Permanent Secretary/Secretary to the Treasury

EXECUTIVE SUMMARY

The goal of the Private Sector Development (PSD) Programme is to increase competitiveness of the private sector to drive sustainable inclusive growth. The key expected results include: reduced informal sector; increased non-commercial lending to the private sector in key growth sectors; increased proportion of public contracts and sub-contracts awarded to local firms; and increased value of exports.

The Private Sector Development (PSD) Programme interventions are coordinated by the Ministry of Finance, Planning and Economic Development (MFPED), with complementary roles from Ministry of Trade, Industry and Cooperatives (MTIC), Public Procurement and Disposal of Assets Authority (PPDA), Uganda National Bureau of Standards (UNBS), Uganda Investment Authority (UIA), Uganda Free Zones Authority (UFZA), and Uganda Export Promotion Board among others.

This report contains budget monitoring findings for the period 1st July to 31st December 2022 detailing the performance of the planned interventions under the two sub-programmes - Enabling Environment; and Institutional and Organizational Capacity.

Overall Performance

The programme approved budget for FY2022/23 is Ug shs 1,592.689 billion (bn) of which Ug shs 867.747bn (54.48%) was released, and Ug shs 550.336bn (63.42% of the release) spent by 31st December, 2022. The release and expenditure performance were very good and fair respectively.

The overall PSD Programme output performance was good at 70.62%. The Enabling Environment Sub-programme performed better than that of Institutional and Organisational Capacity at 77.2 and 64.04% respectively.

Enabling Environment Sub-programme

The United States African Development Foundation (USADF) extended grants to five farmer organizations during the period under review. The previously supported cooperatives/organizations created and sustained 1,021 jobs. The UNBS conducted 3,462 market inspections that resulted in 583 seizures of counterfeits and substandard goods; and calibrated 2,717 equipment used in trade. The UNBS performance was below the half year target due to the reduction of the operations budget. The MTIC assessed local companies on conformity to standards for export readiness to the African Growth and Opportunity Act (AGOA) market.

The UIA added two applications onto the e-biz platform and procured ICT equipment for the one stop centre. The Ministry of Tourism, Wildlife and Antiquities held regional stakeholder consultations to review and harmonise the tourism licensing and taxation framework. The UIA also developed and established a database for small and medium enterprises (SMEs) and linked 33 domestic investors to Uganda Development Bank (UDB) for financing. Construction of the Entebbe International Airport Free Zone was ongoing at 40% physical progress; however, the civil works were behind schedule.

The UIA licensed 16 green growth projects with a capital investment of USD90.6 million and projected to create 525 direct jobs. The MTIC with funding from the Great Lakes Trade Facilitation project completed and commissioned the Mpondwe border market and One Stop Border Post (OSBP). The third bi-annual private sector chief Executive Officers' (CEO) Forum was held and the second National Strategy for Private Sector Development launched. Enterprise Uganda provided business development services (BDS) to 13,801 MSEs and trained 3,033 district officials. Construction of the National Business Development Services (BDS) centre was ongoing at 18% physical progress, against 28% planned progress.

Infrastructure development at the Kampala Industrial and Business Park (KIBP) was at 33% against the 62% target. The delays were attributed to lack of a site for solid and waste water treatment plants and an SME park. The project was at risk of project cost overruns and contract duration extensions. A total of 18 new companies were allocated land at the KIBP, Kasese and Jinja IBPs.

In a bid to increase access to affordable credit targeting MSMEs, the Microfinance Support Centre (MSC) disbursed Ug shs 221.975bn to 8,879 Parish Development Model (PDM) Savings and Credit Cooperative Organisation or Society (SACCOs); however, the ultimate beneficiaries had not received the funds. Ug shs 258.24bn was disbursed to 6,714 *Emyooga* SACCOs. The MSC maintained the cumulative 30-days portfolio at risk at below 38% against a target of 30%. The Microfinance Policy, and the 2nd National Financial Inclusion Strategy were being reviewed. A total of 489 applications for the Small Business Recovery Fund (SBRF) worth Ug shs 5.79bn were approved by Bank of Uganda, however, the uptake was still low.

The MFPED disbursed Ug shs 114.744bn to capitalize financial institutions and financing schemes. The National Development Finance Policy and Capitalization Framework were being reviewed. The Uganda Free Zones Authority (UFZA) licensed two free zones and supported 25 free zone developers/operators to on-board onto the Uganda Single Electronic Window.

Private Sector Institutional and Organizational Capacity Sub-programme

The draft Consumer Protection Bill was finalized, and the draft Competition Bill submitted to Parliament. The UIA linked six SMEs to well established firms for value addition, technology transfer, market access and workspace. A total of 1,000 transactions were processed through the E-biz platform.

A total of 12,856 product samples were tested by the UNBS against an annual target of 30,000. The UIA initiated the procurement of a property to house the regional one stop centre in Arua city. The UEPB conducted an export readiness self-checker for 33 companies and built capacity for 60 medical doctors on medical services export. The integrated destination development plans for three tourism development areas was being developed. The Meetings, Incentives, Conferences and Events (MICE) Uganda Bureau was established, however it was yet to be operationalized. Civil works for the construction of an additional 30-room floor at the Uganda Hotel and Tourism Training Institute (UHTTI) was at 45% physical progress. Procurement of consultancy services for the infrastructural design development and review for Uganda Wildlife Research and Training Institute (UWRTI), Uganda Museum (UM), and Uganda Wildlife Education Centre (UWEC) was ongoing.

Conclusion

The programme performance was good at 70.62% of the set half year targets. Performance of the intervention related to development of relevant infrastructure for private sector growth was fair. The outputs related to provision of business development services and capitalization of financing institutions performed better than those relate to policy and strategy. However, the utilization/uptake of funds under the PDM financial inclusion pillar and Small Business Recovery Fund (SBRF) was still low due to stringent guidelines and low awareness about the funds. The development, review and updating of strategies, policies and laws aimed at streamlining business processes, procedures and systems was still at preliminary stages.

The delay in provision of physical infrastructure that promote production and systems that quicken and smoothen business processes is likely to increase the cost of doing business and thus impact the attainment of the third National Development Plan (NDPIII) Private Sector Development Programme objectives. Some of this infrastructure includes: serviced industrial park and the export processing zone.

The programme is faced with the following challenges: inadequate staffing especially at the UIA and UNBS; lack of sites for solid and liquid waste treatment plants and SME park at the KIBP; withdraw of the contractor for development of Tourism Information Management System (TIMS), and and low uptake of funds in both PDM and SBRF under the Bank of Uganda.

Recommendations

- The Ministry of Public Service and MFPED should review the staffing requirements for UNBS and UIA to fill the gaps to enhance performance.
- The UIA should expedite the process of acquiring alternative fit for purpose land for the waste treatment and SME Park for the KIBP Infrastructure Development Project, to avoid further delays and cost overruns.
- The Competitiveness and Enterprise Development Project (CEDP) Coordination Unit should expedite the procurement of another consultant to develop the TIMS.
- The Bank of Uganda should undertake awareness campaigns and fast-track the Participating Financial Institutions (PFIs) implementing the Small Business Recovery Fund to address the emerging challenges and increase the uptake of funds.

CHAPTER 1: INTRODUCTION

1.1 Background

The mission of the Ministry of Finance, Planning and Economic Development (MFPED) is, "*To formulate sound economic policies, maximize revenue mobilization, and ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development.*"

The MFPED through its Budget Monitoring and Accountability Unit (BMAU) tracks implementation of programmes/projects by observing how values of different financial and physical indicators change over time against stated goals, indicators and targets (how things are working). The BMAU work is aligned to budget execution, accountability, service delivery, and implementation of the Domestic Revenue Mobilization Strategy (DRMS).

From FY 2021/22, the BMAU started undertaking Programme-Based Monitoring to assess performance against targets and outcomes in the Programme Implementation Action Plans (PIAPs) of the third National Development Plan (NDPIII). Semi-Annual and Annual field monitoring of government programmes and projects is undertaken to verify receipt and application of funds by the user entities and beneficiaries, the outputs and intermediate outcomes achieved, and level of gender and equity compliance in the budget execution processes. The monitoring also reviews the coherency in implementing the PIAP interventions; the level of cohesion between sub-programmes; and challenges of implementation.

The monitoring covered the following Programmes: Agro-Industrialization; Community Mobilisation and Mindset Change; Digital Transformation; Human Capital Development; Innovation, Technology Development and Transfer; Integrated Transport Infrastructure and Services; Manufacturing; Mineral Development; Natural Resources, Environment, Climate Change, Land and Water Management; Public Sector Transformation; **Private Sector Development**; Sustainable Development of Petroleum Resources; and Sustainable Energy Development.

This report presents findings from monitoring the Private Sector Development (PSD) Programme for the budget execution period July 2022 to December 2022.

1.2 Programme Goal and Objectives

The goal of the PSD Programme is to **increase competitiveness of the private sector to drive sustainable inclusive growth.** The PSD programme key objectives are to:

i. Sustainably lower the costs of doing business;
ii. Promote local content in public programmes;
iii. Strengthen the enabling environment and enforcement of standards;
iv. Strengthen the role of government in unlocking investment in strategic economic sectors;
v. Strengthen the organisational and institutional capacity of the private sector to drive growth.

1.3 Sub-programmes

The National Programme of Private Sector Development (PSD) is implemented through the following sub programmes:

i. Enabling Environment
ii. Private Sector Institutional and Organizational Capacity

1.4 Programme Outcome Result Areas

The key results to be achieved under the programme over the five years of the NDP III are:

i. Reduce the informal sector from 51 percent in 2018/19 to 45 percent in 2024/25;

ii. Increase non-commercial lending to the private sector in key growth sectors, from 1.5 percent in FY 2018/19 to 3 percent of GDP;

iii. Increase the proportion of public contracts and sub-contracts that are awarded to local firms, from 30 percent to 80 percent; and

iv. Increase the value of exports from USD 3,450.7 million in FY2017/18 to USD 4,973 million.

CHAPTER 2: METHODOLOGY

2.1 Scope

This monitoring report is based on interventions under the PSD Programme implemented during FY 2022/23 (1st July 2022-31st December 2022). Monitoring involved analysis and tracking of inputs, activities, processes and outputs as identified in the Programme Implementation Action Plans (PIAPs), Ministerial Policy Statements (MPSs), and annual and quarterly work plans, progress and performance reports of MDAs and local governments.

A total of eleven (55%) out of 20 interventions under the PSD Programme implementation action plan were monitored (Annex 1: Interventions Monitored).

The selection of interventions to monitor was based on the following criteria:

i. Significant contribution to the programme objectives and national priorities.
ii. Level of investment, interventions that had large volume of funds allocated were prioritized.
iii. Planned outputs whose implementation commenced in the year of review, whether directly financed or not. In some instances, multiyear investments or rolled over interventions were prioritized.
iv. Interventions that had clearly articulated gender and equity commitments in the policy documents
v. Completed projects to assess beneficiary satisfaction, value for money and intermediate outcomes.

2.2 Approach and Methods

Both qualitative and quantitative methods were used in the monitoring exercise. Physical performance of interventions, planned outputs and intermediate outcomes were assessed through monitoring a range of indicators. The progress reported was linked to the reported expenditure and physical performance.

A combination of random and purposive sampling was used in selecting sub-interventions and outputs from the PIAPs, Ministerial Policy Statements (MPS) and progress reports of the respective Ministries, Departments, Agencies and Local Governments (MDALGs) for monitoring.
To aid mapping of PIAP interventions against annual planned targets stated in the Vote MPS and quarterly work plans, a multi-stage sampling was undertaken at four levels: i) Sub-programmes ii) Sub-sub-programmes iii) Local governments, and iv) Project beneficiaries. The selection of districts and facilities considered regional representativeness.

2.3 Data Collection and Analysis

Data collection

The monitoring team employed both primary and secondary data collection methods. Secondary data collection methods included;

i) Literature review from key policy documents including, Ministerial Policy Statements(MPS) FY 2022/2023; National and Programme Budget Framework Papers; A handbook for implementation of NDPIII Gender and Equity commitments, Programme Implementation Action Plans (PIAPs), (NDP III), quarterly progress reports and work plans for the respective implementing agencies, Quarterly Performance Reports, Budget Speech, Public Investment Plans, Approved Estimates of Revenue and Expenditure, project reports, strategic plans, policy documents, Aide Memoires and Evaluation Reports for selected programmes/projects.

ii) Review and analysis of data from the Integrated Financial Management System (IFMS); Programme Budgeting System (PBS); and bank statements from some implementing agencies.

Primary data collection methods on the other hand included;

iii) Consultations and key informant interviews with Institutional heads, project/intervention managers.
iv) Field visits to implementers, for primary data collection, observation and photography.
v) Call-backs in some cases were made to triangulate information.

Data Analysis

The data was analyzed using both qualitative and quantitative approaches.

Qualitative data was examined and classified in terms of constructs, themes or patterns to explain events among the beneficiaries (interpretation analysis) and reflective analysis where the monitoring teams provided an objective interpretation of the field events. Quantitative data on the other hand was analyzed using advanced excel tools that aided interpretation.

Comparative analyses were done using percentages and averages of the outputs/interventions; intermediate outcome indicators and the overall scores. Performance of outputs/interventions was rated in percentages according to level of achievement against the annual targets. The sub-programme score was determined as the weighted aggregate of the average percentage ratings for the outputs.

The overall programme performance is an average of individual sub-programme scores assessed. The performance of the programme and sub-programme was rated on the basis of the criterion in Table 2.1.

Based on the rating assigned, a colour coded system was used to alert the policy makers and implementers on whether the interventions were achieved or not. The coded system was defined as: very good performance (green), good (yellow), fair (light gold) and poor (red) to aid decision making.

Financial performance was assessed based on overall utilization of funds (expenditure) against release.

Table 2.1: Assessment Guide Measure Performance in FY 2022/23

Score	Comment	Performance Rating
90% and above	Very Good (Achieved at least 90% of outputs and outcomes)	
70%-89%	Good (Achieved at least 70% of outputs and outcomes)	
50%- 69%	Fair (Achieved at least 50% of outputs and outcomes)	
49% and below	Poor (Achieved below 50% of outputs and outcomes)	

Source: Author's Compilation

2.4 Limitations

i) Lack of real time financial data on donor financing as this aspect is not accessible on the IFMS.

ii) Lack of disaggregated financial information for some outputs that contribute to several interventions.

2.5 Structure of the Report

The report is structured into four chapters. These are: Introduction, Methodology, Programme performance, and Conclusion and Recommendations respectively.

CHAPTER 3: PROGRAMME PERFORMANCE

3.1 Overall Programme Performance

The Private Sector Development (PSD) Programme output performance was good at 70.6%. The Enabling Environment Sub-programme performance was rated good at 77.2%, whereas that of Private Sector Institutional and Organizational Capacity was fair (64%) (Table 3.1). The performance of intervention related to development of relevant infrastructure for private sector growth was fair.

Table 3.1: PSD Programme Physical Performance by 31st December 2022

Sub-programme	Performance	Remark
Enabling Environment	77.2	Good
Private Sector Institutional and Organizational Capacity	64.04	Fair
Average	**70.62**	**Good**

Source: Field Findings

The approved budget for the PSD Programme is Ug shs 1,592.689bn, of which Ug shs 867.746bn (54.48%) was released and Ug shs 550.336bn (63.42%) spent by 31st December, 2022 (Table 3.2). The release and expenditure performance were very good and fair respectively.

Table 3.2: PSD Programme Financial Performance by 31st December 2022

Sub-programme	Budget (Ug shs, Bn)	Release (Ug shs, Bn)	Spent (Ug shs, Bn)	% release	% spent
Enabling Environment	1,410.764	732.834	421.052	51.95	57.46
Private Sector Institutional and Organizational Capacity	181.926	134.912	129.284	74.16	95.83
Total	**1,592.689**	**867.746**	**550.336**	**54.48**	**63.42**

Source: IFMS

3.2 Enabling Environment Sub-programme

The sub-programme contributes to the first four PSD Programme objectives. The sub-programme has 18 interventions, of which nine were monitored. The sub-programme physical performance was good at 77.2%, whereas the financial performance was good and fair in terms budget release and expenditure respectively (Table 3.2). The summary of the monitored intervention performance is given in Table 3.3.

Table 3.3: Performance of interventions under the Enabling Environment Sub-programme by 31st December 2022

Intervention	Colour code	Remark
Undertake strategic and sustainable government investment and promote private sector partnerships in key growth areas `	71.6	Good performance
Rationalize and harmonize standards institutions, and policies at local and regional level	61.8	Fair performance
Address non-financial factors leading to high cost of doing business	97.2	Very good performance
Develop and implement a holistic local content policy, legal and institutional framework	72	Good performance
Create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED	92.6	Very good performance
Increase accessibility to serviced industrial parks	58.5	Fair performance
Increase access to affordable credit largely targeting MSMEs	72	Good performance
Increase access to long term finance	79	Good performance
Increase accessibility to export processing zones	75.9	Good performance

Source: Field Findings

3.2.1 Undertake strategic and sustainable government investment and promote private sector partnerships in key growth areas

The United States African Development Foundation (USADF) support to farmer organizations/cooperatives managed

In November 2006, a Memorandum of Understanding (MoU) for strategic partnership between the USADF and the Government of Uganda was established. The USADF and GoU each make equal contributions (matching grants) of USD1,000,000 per annum towards targeted farmer cooperatives and SMEs that are 100% African-owned and legally registered.

During the period under review, the USADF extended grants to five farmer organizations[1] and none was monitored since they had just started implementation. The monitoring focused on multiyear grantees whose funding started in FY2021/22 and performance is given in table 3.5. The previously supported projects entered into six supplier contracts of which two were national, three regional and four international (Ecom Agro-industrial Corp Ltd; Terracore International S.A; Bercher Coffee Consulting; Guzman Coffee & Nuts S.L; Kovos Bankas J.S.C; and Iniciativas Commerciale's Navarras).

The funded projects created and sustained 1,021 jobs (of which 43% were female employees) and were able to realize an increase in income. Performance of the project was good, however, the high cost of steel and cement affected the beneficiaries that had infrastructure development related activities.

[1] Sebei Farmers' Cooperative Society Limited – Kapchorwa District; Mount Elgon Coffee and Honey Co-operative Society Limited – Mbale District; Aber Kamdini Grains Area Cooperative Enterprise Limited – Oyam District; Nyamirima Mutegaya Cooperative Society Limited – Ibanda District; Itek/Okile Rice Growers Multipurpose Co-operative Society – Lira District

Table 3.4: Performance of the USADF supported and monitored cooperatives as at 31st December 2022

Cooperative monitored	Grant amount (Ug shs bn)	Release (Ug shs bn)	Spent (Ug shs bn)	Planned outputs	Performance	Remarks
Agali Farmers' Cooperative -Alebtong	0.822	0.246	0.244	Equipment purchases, working capital, training, technical assistance and administrative support	Procured and delivered a 10MT truck, two motorcycles and office equipment. USADF financial and M&E training was conducted.	Performance of the grant was poor as most of the planned activities were yet to be implemented due to internal management issues.
Nyekorach Community Farmers' Cooperative - Lira	0.873	0.683	0.683	Equipment purchases, working capital, training, technical assistance and administrative support	Civil works for the storage facility, mill shade, office block and fence were at 80% progress. Paving of the drying yard had not commenced. Extension of 3 phase power and installation of the 100Kva transform was done. A 10MT truck, motorcycle, office equipment and maize sheller. All trainings were completed, however the poverty probability index survey was not done.	Good performance, though behind schedule
Bugiri Young Farmers Coop Society Ltd – Bugiri	0.333	0.221	0.168	Equipment purchases, working capital, training, technical assistance and administrative support	Most of the planned activities were completed except business plan development, and farmer digitization. Outcome indicator performance was good.	Project on track
Ishaka Western Coffee Traders Cooperative Society Limited-Bushenyi	0.831	0.038	0.034	Infrastructure ; equipment purchases, working capital, training, technical assistance and administrative support	Procurement and delivery of office equipment done. USADF financial and M&E training was conducted.	The project performance was poor

Cooperative monitored	Grant amount (Ug shs bn)	Release (Ug shs bn)	Spent (Ug shs bn)	Planned outputs	Performance	Remarks
Bukusu Yetana ACE-Manafwa	0.917	0.460,	0.460,	Infrastructure; equipment purchases, working capital, training, technical assistance and administrative support	Purchase of a 10MT truck, motorcycles (02), postharvest and office equipment was complete. Processing unit substantially complete pending final finishes. Pending activities include purchase and installation of maize mill, quality certification, study tour and poverty probability index. Outcome indicator performance was poor.	Project behind schedule and performed poorly
Buzaaya Groowers - Kamuli	0.915	0.552	0.501	Infrastructure; equipment purchases, working capital, training, technical assistance and administrative support	The pending activities included: warehouse completion, purchase and installation of coffee processing equipment; study tour and poverty probability index.	Project behind schedule and outcome performance was poor
Rwandaro Coffee Farmers-Rubirizi	0.870	0.10	0.047	Infrastructure; equipment purchases, working capital, training, technical assistance and administrative support	The following activities were completed: office equipment purchase; USADF finance and M&E training. Most of the activities had been implemented however they were initiated to be done in Q3 and 4 FY22/23.	Project on track

Cooperative monitored	Grant amount (Ug shs bn)	Release (Ug shs bn)	Spent (Ug shs bn)	Planned outputs	Performance	Remarks
Abatenganda Coop Society - Ntungamo	0.815	0.049	0.021	Infrastructure; equipment purchases, working capital, training, technical assistance and administrative support	The following activities were completed: office equipment purchase; USADF finance and M&E training; stores management and administrative support. Most of the activities had been implemented.	Project on track

Source: Field Findings


L-R: Low grade coffee mill to be upgraded with USADF funding at Rwandaro Coffee Farmers' Cooperative in Rubirizi and Foundation for the rice mill at Agaali Farmers' Cooperative in Lira district

3.2.2 Rationalize and harmonize standards institutions, and policies at local and regional level

The intervention contributes to the programme objective of strengthening the enabling environment and enforcement of standards. The planned outputs for FY2022/23 are; market surveillance inspections; development of standards; facilities and equipment management; economic integration and market access; support to the AGOA secretariat. The key output targets are: 9,000 market surveillance inspections conducted; 600 standards developed; and eight vehicles procured.

The UNBS conducted 3,462 market inspections during the first half of the year; of which 1,374 were in central, 597 in eastern, 605 in western and 886 in northern regions. A total of 272 standards were developed for the following categories: Services and Business management (85); Chemicals and Consumer Products (100); Engineering (44); and Food and Agriculture (43). The inspections resulted into 583 seizures where approximately 219 metric tons of substandard products were seized. A total of 394 processing facilities (factories) were sealed off for producing uncertified products and/or under unhygienic conditions; 99 seizures were made in retail outlets (shops and supermarkets) and these were mainly expired foodstuffs and substandard cosmetics; and 75 distribution trucks were impounded for distributing uncertified and poorly labeled products. The

UNBS performance was below the half year target on all aspects and this was attribute to the reduction in its operational budget.

The prefeasibility and feasibility studies for establishment of regional analytical laboratories were completed and reports were submitted and approved by MFPED's Development Committee (DC). The procurement of specialized laboratory and ICT equipment, vehicles, and furniture and fittings for the UNBS was not concluded in the period under review since the funds were released in Q2.

The MTIC concluded round one of the various trade protocols under the African Continental Free Trade Area (AfCFTA) and the Common Market for Eastern and Southern Africa (COMESA) including rules of origin (RoO), trade in goods and services and investments. The MTIC assessed local industries on conformity to standards of the United States market and participated in the African Growth and Opportunity Act (AGOA) Forum.

The procurement for vehicles, specialized equipment, furniture and fittings, and ICT equipment was at initial stages.

3.2.3 Address non-financial factors (business processes) leading to high costs of doing business

The intervention contributes to the programme objective of sustainably lowering the costs of doing business. The planned outputs for FY2022/23 include: investment licensing and aftercare services provided; business development services provided; facilities and equipment managed.

Investment licensing and aftercare services provided: The UIA launched the leave management; asset tracking systems and a data analytics tool that are based on the e-Biz Data for the internal customers. A new module for storing investment license application files was under development and a contract for consultancy services to develop the Web-based Monitoring and Evaluation Enterprise Resource Planning (MEERP) system was signed.

Business development services provided: The Ministry of Tourism, Wildlife and Antiquities (MoTWA) with funding from CEDP held regional stakeholder consultations to review and harmonize the Tourism Licensing and Taxation Framework. The procurement of consultancy services for the development and implementation of the framework was ongoing.

Facilities and equipment managed: The UIA procured ICT equipment (10 laptops, one server, CCTV cameras) and furniture for the new offices at the Business Facilitation Centre (BFC) and the Mbale One Stop Centre.

3.2.4 Develop and implement a holistic local content policy, legal and institutional framework

The intervention contributes to the programme objective of promoting local content in public programmes. The planned outputs for the FY2022/23 are: trade equipment calibrated; investor education and stakeholder facilitation provided; construction managed; inspection and monitoring conducted.

Trade equipment calibrated: The UNBS calibrated 2,717 equipment used in trade against an annual target of 6,600. Upgrading of the metrology laboratory information management system (METLIMS) was ongoing for generation of calibration certificates. The national metrology laboratory (NML) participated in measurement of inter- laboratory comparisons in liaison with the

East African Metrology Organisation (EAMET), *Physikalisch-Technische Bundesanstalt*/German Metrology Institute (PTB) and UNBS Inter Lab Comparison Scheme.

Investor education and stakeholder facilitation provided: The UIA established an SME database/portal and monitored SME activities in Northern Uganda. The UIA promoted business linkages between skills-based enterprises/MSMEs with established business firms through working with the United Nations Development Programme (UNDP). The UIA also facilitated top 100 SME survey, rising woman initiative, full woman initiative exhibition and EAC *Jua Kali* exhibition at Kololo. The UIA linked six SMEs[2] to established firms/companies for value addition, technology transfer, market access, and workspace.

A total of 33 domestic investors (31 in agro-processing and value addition; and 2 in manufacturing) that operate in the UIA industrial parks were linked to UDB for financing. Two companies - Kigezi Highland Tea and Paradise Bugisu Coffee were linked to market opportunities through the France Chamber of Commerce.

Construction managed: The construction works for establishment of the Entebbe International Airport Free Zone (EIAFZ) were ongoing and physical progress was estimated at 40% as at 31st December 2022. Financial and time progress for all contracted works at EIAFZ was at 39 and 98% respectively. The work is funded under the retooling of Uganda Free Zones Authority Project.

Construction of the southern embankment walls and production unit II was completed. The construction of the cascading storm water channel was ongoing, whereas foundation works for the trade house commenced and stalled due to cash flow constraints.

L-R: Completed embankment wall and ongoing works for the cascading storm channel at Entebbe International Airport Free Zone

Construction works for accommodation facilities for security personnel at Buwaya (proposed free zone) were completed. The construction of EIAFZ was at risk of running into project cost and time overruns due to intermittent cash flows.

2 Kwezi Coffee; Jada Coffee; Zika; NLB Designs; Lunana Farmers' Cooperative Union; and Vermipro.

Inspection and monitoring conducted: The PPDA built capacity of 744 local providers from the districts of Jinja, Mbale, Kabale, Kampala and Arua to participate in Public Procurement. The agency sensitised procurement and Disposal Entities (PDEs) in implementation of preference and reservation and a report on participation of local providers in public procurement was produced. The performance of PPDA was affected by lack of regulations for the Amended PPDA Act (2021).

3.2.5 Create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED

The intervention contributes to the programme objective of strengthening the enabling environment and enforcement of standards. The planned output for FY2022/23 are: Industrialization accelerated and jobs created; investment climate advisory provided; private sector development services provided; and business development services provided.

Industrialization accelerated and jobs created: The UIA compiled a total of 100 Ugandan bankable projects across eight (8) sectors that included: transport, textiles and handicrafts, agriculture and biodiversity, waste management, agro-processing, solar energy, IT, health and real estate. It's anticipated that the projects will create 1,200 jobs and contributing to over Ug shs 15bn to GDP. A total of three inward investment exploratory missions were facilitated; and dissemination and popularization of the new investment code to support investments by special purpose vehicles (SPVs) was undertaken.

The UIA participated and facilitated four business summits: Uganda-EU Business Summit, Afro-India Summit, Vietnam - Uganda Business Summit, Uganda – Shandong Conference and 1,200 copies of update promotional materials were disseminated. A total of 10 investment ideas were developed by upcoming Investors during the EU -Uganda and the Afro-Indian summit. A total of 16 green growth projects were licensed with a capital investment of US$ 90.6M and projected to create 525 jobs. A total of eight investment leads worth US$ 169,500,000 were signed in sectors of ICT, Recycling and waste management, beverages, electronics, Agro-processing, and mining. A total of 50 projects were facilitated through the licensing process.

The MTIC conducted training and sensitization of Cross Border Trade Associations (CBTAs), and cross border market venders at Mpondwe and Goli borders. The construction of the Mpondwe border market and One Stop Border Post (OSBP) were funded under the Great Lakes Trade Facilitation Project (GLTFP). The market and the OSBP were commissioned during the period under review. Joint stakeholder engagements with the key MDAs on preferential markets like China, DRC, South Sudan and Kenya were held. Even though the Mpondwe border market and OSBP were completed and there was positive change in the desired intermediate results and indicators, the set targets were yet to be achieved.

Investment climate advisory provided: The final private investment outlook and strategy for FY2023/24 and the half year Privatisation and Investment Management Engagement (PRIME) Report FY 2022/23 were produced. A questionnaire profiling the investments indicators in Local Governments was submitted for upload on the national SME Portal under Uganda Investment Authority.

Private sector development services provided: The third biannual Private Sector CEO forum (PCF) was held and a field visit to Delight Uganda conducted. The following reports were produced and launched: First issue of the Statistical Year Book for FY 2021/22 and the Corporate Uganda report, FY 2021/22. The Private Sector Development Unit (PSDU) prepared a management brief on the recommendations and implementation progress of the Presidential Investor's Round Table (PIRT). The Second National Strategy for Private Sector Development and the Strategy Implementation Group were launched.

The PSDU participated in preparatory activities for EU-Uganda business summit and held the 13th National Competitiveness Forum under the theme "leveraging strategic export markets to boost investments for import substitution opportunities". By December 2022, an online Portal for PCF reporting and information sharing was developed and is being integrated into the MFPED Development Policy and Performance Portal. A database of 3,000 small informal businesses and SME training tools were developed pending piloting within Kampala and Wakiso districts in Q3 and Q4 of FY2022/23.

Business development services (BDS) provided: The Enterprise Uganda trained 2,359 farmers in 12 districts in agribusiness planning to make better decisions related to sourcing of inputs, land preparation among others. Another 2,064 households (13,809 participants) and 77 MSMEs were trained in business growth skills against the annual target of 20,000 MSMEs. The agency trained 18 master trainers (District Commercial Officers); and the Master Trainers delivered a ToT to 3,033 district officials from 140 District Local Governments. A prototype of the BDS Providers Database was developed by Enterprise Uganda and was being tested; online business recovery series trainings were held reaching 2,201 entrepreneurs (1,223 males and 851 female).

National BDS Centre in Butabika constructed: The construction of the National BDS centre by M/s Reliable Engineering and Décor Limited and Sheeba Construction JV was ongoing at Butabika in Nakawa Division. The scope of works includes: construction of ultra-modern office (seven-storeys high with three floors of basement parking, and four floors main tower covering 13,400 square meter); and external works including paved distributor and access roads, and parking. The contract start date was 20th June 2022 whereas the end date is 20th February 2024.

By 31st December 2022, the physical progress for civil works was at 18% against the time progress of 28% and financial progress of 28% inclusive of advance payment. Construction of the basement substructure of 3 levels was substantially complete, although behind schedule due to heavy rains in October through December 2022 and delayed release of funds. The contractor had submitted a time recovery plan to the client including working at night.

Construction of the National BDS Centre at Butabika-Kampala

3.2.6 Fully service the industrial parks and increase access to them by the local private players

The intervention contributes to the programme objective of strengthening the enabling environment and enforcement of standards and one deliverable over the NDPIII period - increased fully serviced industrial parks. The intervention aims at having serviced industrial parks to attract both domestic and foreign direct investment and reduce operational costs incurred by investors. The planned output for FY2022/23 is industrial park developed and managed.

Industrial parks developed and managed: A commercial contract for the infrastructure development of the Kampala Industrial and Business Park –Namanve (KIBP) was signed with M/s Lagan Dott Namanve Limited (LDNL). The project is composed of eight (8) components covering the North estate, South A estate, South B estate and South C estate namely: Design studies and construction of; 45km of roads, 45km of power distribution network, 45km of water distribution network, construction of sewage treatment plant, 45km of fiber optic network, 45km of street lighting and traffic control system, 45km of CCTV security system, construction of a SME workspaces, water hydrants around the park, construction of a police station and street parking bays along the routes. The project duration is 42 calendar months and is expected to be complete by 5th January 2024.

By 31st December 2022, development of the road network and other amenities at the KIBP was ongoing with overall physical progress at 33% against the planned 62% and a time progress of 71%. The project financial performance stood at 41.39% (Euros 89.015 million inclusive of 25% advance payment) against the planned 76.95% (Euros 165.5 million).

Table 3.5 shows the performance of the different project activities by 31st December, 2022. The mobilization, conditions precedent to the loan and studies and surveys were substantially achieved, however, actual construction of the road networks and bridge overpass was poor. About 80% of the earthworks were undertaken across all roads with the pavement layers at 40% in the North estate. Laying of sub-base layers was at 50% in South A estate, 50 % in south B estate and 15% in South C estate.

The UIA technical project management team was fully recruited however, recruitment for some administrative positions was ongoing. The contract for the owners' engineer was terminated and the project technical team was in the interim, undertaking the supervisory role (consultant).

Table 3.5: Performance of the different KIBP Infrastructure Development Project activities as at 31st December 2022

Milestone	Planned Progress (%)	Actual Progress (%)
Mobilization	100	92
Conditions precedent	100	95
Studies and surveys	100	93
Design packages	100	72
Final designs	100	59
Road networks and bridge overpass, water, power, CCTV and internet	61	22.7
other project activities	100	91.7
Overall physical progress	**62**	**33**

Source: UIA

It was reported that the National Environmental Management Authority (NEMA) rejected the proposed sites for the Waste Water Treatment Plant, the Solid Waste Treatment Plant and the SME Park on grounds of being located in a wetland catchment (Murchison Bay) for Lake Victoria.

Ongoing road works in South B estate, KIBP-Namanve

The project was behind schedule by 12 months owing to delays in finalization of project designs as a result of the lack of the three key sites (waste treatment sites) which contribute about 30% of the project scope. The UIA was in the process of procuring alternative land (30 acres) outside the park that meets the environmental requirements.

Risk: The overall project performance is poor with anticipated cost overruns arising from idle time and acquisition of alternative sites for waste treatment facilities.

Other industrial parks serviced: The ToRs for feasibility studies for seven (7) new proposed industrial sites at Masindi, Kisoro, Rukungiri, Nebbi, Lira, Pader and Kayunga were developed, and the UIA engaged the World Bank through the INVITE Project to support the feasibility studies for three (3) industrial parks. The UIA commenced feasibility studies of three existing industrial parks located in Kasese, Soroti and Karamoja.

Land in parks allocated: A total of 18 new companies of which 11 are local were allocated land across three Industrial Parks (13 at KIBP; 02 at Kasese-IBP; and 03 Jinja IBP).

3.2.7 Increase access to affordable credit largely targeting MSMEs

The intervention contributes to the programme objective of sustainably lowering the costs of doing business. The planned outputs for FY2022/23 are: coordination and oversight of microfinance services provided; PDM financial inclusion pillar implemented; Microfinance Support Centre Services *(Emyooga*) offered; oversight and coordination of the non-banking sector provided and; small business recovery fund implemented.

Coordination and oversight of microfinance services provided: Review and update of the following policies and strategies was ongoing: Microfinance Policy; Second National Financial Inclusion Strategy; and Tier IV Microfinance and Money Lenders Act. During the period under review, the MFPED monitored *Emyooga* in the Central and Eastern (Busoga) Regions of the country.

PDM financial inclusion pillar implemented: Technical support was provided to LGs on the implementation modalities of the financial inclusion pillar activities and 177 LG officials were trained on *the guide to convening First General Meetings for registered PDM SACCOs*. By 31st December 2022, Ug shs 221.975bn had been disbursed to 8,879 PDM SACCOs covering 162 LGs. It was observed that the SACCOs were yet to disburse the funds to the individual beneficiaries due to non-readiness of the PDM Information Systems (PDMIS).

Microfinance Support Centre Services offered: The Microfinance Support Centre (MSC) supported 173 projects with a total of Ug shs 6.6bn, of which 145 projects worth Ug shs 5.655bn were supported under conventional financing whereas, 28 projects worth Ug shs 955M were supported under Islamic financing. Ug shs 5.214bn of the financing was extended to agriculture related projects.

A total of 57 inactive cooperatives identified for revival were supported through training and technical assistance. The MSC strengthened capacity of 368 client institutions (SACCOs, Groups and SMEs) through training, 3,605 of their members and provision of technical assistance. During the period under review, the MSC reached a total of 2,762,342 beneficiaries of which 37.8% were women.

A total of Ug shs 258.24bn was disbursed to 6,714 *Emyooga* SACCOs benefiting over 1.9 million people and 118,504 member associations. A total of 1,352,564 individuals from parish based associations and 46,112 SACCO leaders were trained in enterprise selection, mindset change, basic record keeping, SACCO/VSLA governance, group dynamics, and savings mobilization, among others. A total of 974,831 employment opportunities were created countrywide.

A total of 257 client institutions were trained during the period, inclusive of 38 SACCOs and other cooperatives, 89 groups, 66 MSMEs and 64 micro loan (individual) clients against annual target of 800 institutions. Fourteen (14) defunct cooperatives mainly SACCOs were offered support to revive operations. The support included re-sensitization of members/leaders on benefits of cooperatives, trainings in cooperative governance, credit management, book keeping, development of operating policy manuals and management information systems.

The MSC refined five products targeting women and youth enterprises. A total of 400 artisans from *Emyooga* categories of carpenters, welders, tailors and mechanics were trained in business skills focusing on financial literacy, and enterprise management among other. The cumulative 30-day portfolio at risk was maintained at below 38% against the target of 30%. Membership of SACCOs, Groups, MSMEs and Cooperatives were increased and strengthened through the mobilization and sensitization drives. Of the total membership mobilised by Q2 (2,305,910), 30.9% were women.

Oversight and coordination of the non-banking sector provided: A draft implementation framework of the Agricultural Finance Policy was developed and two field activities on the performance of the Agricultural Insurance Scheme were undertaken and reports produced on uptake and penetration of the scheme. The draft concept note for the National Livestock Insurance was developed. The Capital Markets Development Assessment was ongoing.

Small Business Recovery Fund implemented: During FY 2021/22, the Bank of Uganda (BoU) received Ug shs 100bn from the Government to capitalise the Small Business Recovery Fund (SBRF) to facilitate the provision of loans to small businesses that suffered financial distress from the effects of COVID–19. The banks/Participating Financial Institutions (PFIs) are required to match the GoU contribution with 50 per cent.

As at September 30, 2022, the BoU had received 506 applications worth Ug shs 7.15bn from nine (9) PFIs. Of these, 489 applications with a total loan value of Ug shs 5.79bn were approved with a GoU contribution of Ug shs 2.89bn. Funds worth Ug shs 4.84bn were disbursed to 398 eligible projects were. Among the applications received, 33 applications worth Ug shs 576 million were ineligible for financing under the SBRF. Most of the SBRF financing went to the central region (73.5 percent) followed by the Western region (15.7 percent), eastern region (9 percent) and only 1.8 percent to the northern region.

It was noted that some PFIs had not embraced the scheme due to the restrictive guidelines that largely contributed to the poor uptake of the Fund, with only 2.4 percent of the Fund utilised by September 30, 2022. The PFI required collateral to mitigate risk of default, low awareness campaigns and high operation costs. As a result of the low uptake, the Memorandum of Agreement for the implementation of the SBRF was reviewed.

3.2.8 Increase access to long-term finance

The intervention contributes to the programme objective of sustainably lowering the costs of doing business. The planned outputs for FY2022/23 are: financial sector policy and oversight provided; and institutions and financing schemes capitalized.

Financial sector policy developed and oversight provided: Review and updating of the National Development Finance Policy and capitalization framework was ongoing. The financial sector stability reports and draft report on the assessment of promoting capital markets were produced.

Institutions and financing schemes capitalized: Ug shs 114.744bn was disbursed to different institutions as subscription and capitalization, these included: Islamic Development Bank, African Development Bank, and Uganda Development Bank, Bank of Uganda, and MSCL.

3.2.9 Increase accessibility to export processing zones

The intervention contributes to the programme objective of strengthening the enabling environment and enforcement of standards. The planned outputs for FY2022/23 are: investor protected and supported; export market developed and promoted; legal and advisory services provided; and communication and public relations offered.

Investors protected and supported: The UFZA declared two free zones namely: Ham Ltd, and Inspire Coffee Ltd bringing the number of free zones licensed to 33. The two new free zones have an estimated planned capital investment worth USD 503.3 million and projected to create 10,090 jobs. Six (6) applications from potential free zone operators[3] were pending declarations at MFPED. Twenty-five (25) free zones developers and operators were supported to on-board the Uganda Electronic Single Window (UESW).

Export market developed and promoted: The exports from the free zones and investment generated were USD 27,518,410.85 and USD 30,984,938.81 respectively during the period under review.

[3] Reddy SMC Mines Ltd; Kasanda Sugar Ltd; Aaryanshh Organics Ltd; KK Fresh Produce Exporters Ltd; Seco Marine (U) Ltd; Image Coffee Ltd; and Miha Beta Company Ltd

Legal and advisory services provided: The UFZA had engaged Uganda Civil Aviation Authority (UCAA) to issue a lease title for the land for the Entebbe International Airport Free Zone under construction (see section 3.2.4). Obtaining of the certificate of title for the Kasese free zone was awaiting approval from UIA to subdivide the land. However, the process of acquiring a land title for Jinja Free Zone had delayed due to loss of the original certificate of title by UIA, while the 100-acre land at Buwaya in Wakiso District still had squatters.

The UFZA procured promotional items and sponsored the KACITA Annual Business Dinner and Jinja Business and Investment Summit and Exhibition aimed at creating awareness about the free zones in Uganda.

Challenges

- Inadequate budget release in Q1 FY22/23.
- Inadequate staffing especially at UNBS and UIA.

Table 3.6 shows the sub-programme performance.

Table 3.6: Performance of the Enabling Environment Sub-programme as at 31st December 2022

Intervention	Output	Financial Performance			Physical Performance			Remark
		Annual Budget (bn Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
Undertake strategic and sustainable government investment and promote private sector partnerships in key growth areas	Business Development Services (USDAF)	3.600	50.0	100	31.00	11.10	71.61	Good performance
Rationalize and harmonize standards institutions, and policies at local and regional level	Market surveillance inspections	1.297	47.7	92	9000.00	3462.00	80.57	Good performance
	Development of standards	0.706	62.5	100	600.00	272.00	72.58	Good performance
	Economic integration and market access	0.060	56.5	38	2.00	0.50	44.25	Poor performance
	Support to AGOA secretariat	0.550	50.0	81	4.00	1.00	50.00	Fair performance

Intervention	Output	Financial Performance			Physical Performance			Remark
		Annual Budget (bn Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
Address nonfinancial factors leading to high cost of doing business	Investment licensing and aftercare services	0.80	20.0	18	5.00	2.00	100.00	Very good performance
	Leadership management	1.227	27.2	79	11.00	3.00	100.00	Very good performance
	Facilities and equipment management	3.018	48.2	4	7.00	3.00	88.86	Good performance
	Private sector development services	3.420	50.0	68	25.00	13.50	100.00	Very good performance
Develop and implement a holistic local content policy, legal and institutional framework	Calibration of trade equipment	0.533	58.4	97	6600.00	2717.00	70.50	Good performance
	Facilities and equipment management	4.591	33.3	49	100.00	20.00	60.00	Fair performance
	Investor education and stakeholder facilitation	0.320	18.1	54	6.00	2.40	100.00	Very good performance
	construction management	22.476	32.6	9	6.00	3.20	100.00	Very good performance
	Facilities and equipment management	0.240	100.0	5	10.00	1.00	10.00	Very good performance
	Inspection and monitoring	1.324	45.4	78	6.00	2.50	91.69	Very good performance
Create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED	Industrialization acceleration and job creation	0.662	29.4	67	10.00	4.00	100.00	Very good performance
	Research and development	0.060	23.3	-	6.00	1.00	71.43	Good performance
	Investment climate advisory	1.112	49.0	76	4.00	2.00	100.00	Very good performance
	Business Development services	12.200	74.6	100	4.00	2.80	93.84	Very good performance
	Policies, regulation and standards	0.249	51.0	90	1.00	0.50	97.96	Very good performance

Intervention	Output	Financial Performance			Physical Performance			Remark
		Annual Budget (bn Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
Increase accessibility to serviced industrial parks	KIPB infrastructure development	66.360	100.0	-	18.00	5.00	27.78	Poor performance
	Industrial park development and management	0.300	28.0	74	4.00	1.00	89.29	Good performance
Increase access to affordable credit largely targeting MSMEs	Microfinance support centre services	188.290	75.6	100	19.00	10.00	69.60	Fair performance
	PDM financial inclusion pillar	1,061	50.0	42	5.00	1.50	60.00	Fair performance
	coordination and oversight of microfinance	2.057	55.1	93	9.00	3.00	60.48	Fair performance
	Oversight and coordination of non-banking sector	1.610	48.5	87	8.00	3.80	97.90	Very good performance
Increase access to long term finance	Financial sector policy and oversight	1.780	49.2	80	6.00	2.80	94.88	Very good performance
	Capitalization of institutions and financing schemes	156.176	79.1	98	1.00	0.50	63.19	Fair performance
Increase accessibility to export processing zones	Investor protection	0.201	73.5	77	7.00	2.90	56.35	Fair performance
	Legal and advisory services	0.659	36.6	67	8.00	2.50	85.35	Good performance
	communication and public relations	0.216	58.0	91	1.00	0.50	86.22	Good performance
Average Outputs Performance							**77.24**	Good performance

Source: PBS Reports, IFMS and Field Findings

3.2.10 Conclusion

The sub-programme output performance was good at 77.2% (Table 3.6). Good progress was noted in improving the policies, strategies, standards and business environment. The process of increasing accessibility to serviced industrial parks was on course, whilst behind schedule with associated risks of cost overruns arising from insufficient supervision, and delayed approval of land for waste treatment among others. The MFPED and BoU provided oversight services to increase access to affordable credit through *Emyooga,* PDM and Small Business Recovery Fund (SBRF) and capitalisation of institutions. However, the uptake of SBRF was still poor with less than 5% of the funds disbursed to beneficiaries largely due to stringent guidelines. Two new free export zones were licenced thus increasing the number of licensed free zones to 33. However, the construction of the Entebbe Airport free zone slowed down due to inadequate releases during the period under review. The performance of the sub-programme was also affected by inadequate budget release in Q1 FY2022/23, and inadequate staffing especially at UNBS and UIA.

Recommendations

- The UIA should expedite the process of acquiring alternative fit-for-purpose land for the waste treatment and SME park for the KIBP Infrastructure Development Project to avoid further delays and cost overruns.

- The Ministry of Public Service and MFPED should review the staffing requirements for UNBS and UIA with a view of filling the gaps to enhance performance.

3.3 Private Sector Institutional and Organizational Capacity Sub-programme

The sub-programme contributes to the PSD Programme objective of strengthening the organizational and institutional capacity of the private sector to drive growth. The sub-programme has two interventions and all were monitored. The sub-programme performance was fair at 64.04% and summary of output performance of the monitored interventions is given in table 3.6.

Table 3.6: Performance of Interventions under the Private Sector Institutional and Organizational Capacity Sub-programme by 31st December 2022

Intervention	Colour code	Remark
Improve management capacities of local enterprises through massive provision of business development services geared towards improving firm capabilities	61.15%	Fair performance
Strengthen system capacities to enable and harness benefits of coordinated private sector activities	66.07%	Fair performance

Source: Field Findings

3.3.1 Improve management capacities of local enterprises through massive provision of business development services geared towards improving firm capabilities

The planned outputs for FY2022/23 include: industrialization accelerated and jobs created; investment licensing and aftercare services provides; investor education and stakeholder facilitation; monitoring and evaluation conducted; enterprise training and advisory services provided. Performance of the outputs is given below.

Industrialization accelerated and jobs created: The UIA organized four (4) investment summits and signed an MoU with the Brussels Chamber of Commerce, Industry, and Agriculture for Belgium/ Luxembourg – Africa – Caribbean – Pacific (CBL-ACP), to enhance investment promotion and collaboration. A total of six companies were licensed with a capital investment worth USD 15.5m projected to create 525 jobs.

Investment licensing and aftercare services provided: A total of 1,000 transactions were processed through the electronic business (Ebiz) platform of the One Stop Centre to obtain license for companies and 88 projects worth USD 5.77bn and projected to create 10,084 jobs were licensed. The UIA developed a framework for *Deal Room* to link domestic investors to financing, and prepared the draft annual state of investment report FY 2021/22. The Authority also linked six MSMEs to well established firms for value addition, technology transfer, market access and workspace; and facilitated the top 100 SME survey, the Women in Business Initiative; and supported the establishment business development services (BDS) for SMEs and startups.

Enabling environment/Monitoring and evaluation conducted: The draft Competition Bill was submitted to Parliament and presented for the first reading. It was referred to the Committee of Tourism, Trade and Industry for review. The MTIC finalized the draft Consumer Protection Bill and proposals for introduction of tobacco cess[4]. The MTIC licensed eight new enterprises conducting hire purchase business in the new cities of Arua, Gulu, Lira, Soroti and Mbale thus ensuring compliance with the Hire Purchase Act. The Ministry inspected 25 licensed tobacco stores and monitored tobacco marketing activities in South Western/Bunyoro, West Nile and Northern regions for compliance with the Tobacco (Control & Marketing) Act and Regulations. It also managed 2,000 copies of datasheets and deeds of assignment used in the payment of Bunyoro Tobacco farmers for their 2018 crop.

Business development services offered: The MTIC mobilized and sensitized 1,800 MSMEs on the importance of formalizing and registering businesses in Amuru and Adjumani districts.

Enterprise Training and Advisory Services provided: The MTIC conducted three capacity training meetings for 30 Trainers of Trainers (ToT) for sector associations and five private sector associations were engaged on start-ups in Mpondwe in Kasese, Bunagana in Kisoro, Masindi and Adjumani districts. The Ministry also skilled and trained 300 MSMEs from Kampala in barcoding, credit rating, and resource efficiency. Working closely with COMESA- ALLPI, the MTIC conducted a number of capacity building programs for the leather sector players such as: establishment of hides and skins traceability systems, certification of eco-friendly leather products, application of leather standards and setting up systems, among others. The MTIC launched the MSMEs Leather Business Incubation Centre at MTAC and 90 SMEs were trained.

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

The planned outputs for the FY2022/23 are: product samples tested; capacity strengthened; product and services market research conducted; business development services provided; ICT systems and infrastructure managed, business development and quality assurance provided; product development; policy, regulation and standards developed; MSMEs information services provided. The performance of the monitoring outputs is given hereunder.

[4] Cess is a tax that is generally levied for promoting social services like health and education.

Product samples tested: The UNBS tested a total of 12,856 product samples against an annual target of 30,000 and participated in Inter-Laboratory Comparison schemes. The fair output performance was attributed to budget cuts.

Capacity strengthened: The UIA initiated the procurement of a property to house the One Stop Centre in Arua City to ease doing of business, the agency integrated two agencies (UFZA and Ministry of Lands) on the e-biz platform (https://www.ebiz.go.ug/) that plays a major role in facilitating business registration and licensing.

Product and services market research conducted: The Uganda Export Promotion Board (UEPB) held one quarterly national export coordination committee meeting. The Board participated in: The United Arab Emirates (UAE) Diaspora Convention, the 5th China International Import Expo 2022 in Shanghai China, the EU-Uganda Business Forum, the EAC *Jua-Kali* Expo, and the Sheema District show 2022. The Board trained 50 women along the shea butter value chain, conducted an export readiness self-checker for 33 companies during the 2022 UMA Trade Fair; and built capacity for 60 doctors under Uganda Medical Association on medical services exports.

The MTIC conducted product profiling of horticulture products (fresh fruits and vegetables) in the districts of Kabale and Ntungamo, and developed a draft trade licensing rates and grades for the new cities in consultation with key stakeholders. The MTIC monitored the implementation of the Trade Licensing (Amendment) Act 2015 licensing rates and grades in five cities (Hoima, Fort portal, Mbarara, Masaka and Jinja) to ascertain compliance, ensure trade order and revenue generation. They harmonized data requirements in making trade licensing returns in consultation with selected Local Governments.

Business development services provided: The Ministry of Tourism, Wildlife and Antiquities (MoTWA) with funding from CEDP planned to develop Integrated Destination Development Plans (IDDPs) for three tourism development areas. The procurement process to develop IDDPs for the North-Western (the Albertine Graben), Central & South Western Tourism Development Area (TDA) was ongoing. The Meetings, Incentives, Conference and Events (MICE) Uganda bureau was established at Uganda Tourism Board (UTB) and the ToR for procurement of Consultancy services for supporting the operationalization of MICE Bureau were submitted for International Development Agency (IDA) review on November 25, 2022. Most of the planned activities under the CEDP for improving and providing the business development services were at initial stages.

ICT systems and infrastructure managed: The CEDP planned to streamline systems, process and procedures for business investment and enterprise development, registration and licensing; develop a tourism information system (TIMS); renovate, refurbish and construct structures at Uganda Museum (UM), Uganda Wildlife Education Centre (UWEC), Uganda Hotel and Tourism Training Institute (UHTTI), Uganda Wildlife Research Training Institute (UWRTI), and build capacity for the Land Division of the Judiciary.

The Uganda Business Facilitation Centre (UBFC) was completed and a One Stop Center (OSC) under the stewardship of UIA was operational. During the period, procurements for systems were submitted for clearance by solicitor general. The Environmental and Social Impact Assessment (ESIA) for the planned infrastructure developments at UM was undertaken and the report cleared by IDA. Procurement of consultancy services for development of infrastructural designs for UM and UWEC was ongoing. Civil works for the construction of an additional 30-room floor at the UHTTI was at 45% progress and procurement of consultancy services for design review and supervision of UHTTI Phase II construction was ongoing. The ToR for procurement of consultancy services to develop infrastructural designs at UWRTI was ongoing.

Business development and quality assurance provided: A total of 245 MSMEs from 14 districts[5] were trained on making business plans, financial literacy, resource mobilization, business negotiations and records keeping. The MTIC held a stakeholder's consultative meeting on regulatory impact assessment (RIA) for National Business Development Services framework policy.

Product development undertaken: A total of 1,550 MSMEs were mobilized and sensitized on the importance of product certification, audits, good manufacturing practices and good hygiene practices for enterprises in Agago and Pader districts.

A total of 522 MSMEs were mobilised and participated in the 22nd EAC *Jua-kali* Exhibition at Kololo-Uganda to show case their innovations and discuss business with their counterparts from other countries, while 240 MSMEs were mobilized to participate in the regional purposive marketing of the handicraft sector products in Mbale, Jinja, Lira, Gulu, Arua, Masindi, Fort Portal, Mbarara and Kampala.

A total of 62 artisanal miners' associations/groups from Soroti Wakiso, Rubirizi, Ibanda, Gulu, Fort Portal, Bushenyi, Bukedea, Arua, Alebtong, and Kitgum were submitted to the registrar to be registered as cooperatives under the ACP-EU Developmental Minerals Project for formalization. A total of 30 SMEs involved in leather products manufacturing were skilled in footwear and leather goods design, craftsmanship, export readiness, transformative entrepreneurship, costing and records keeping.

Policies, regulations and standards formulated: The inception report to formulate the packaging and branding strategy was completed. The MTIC mobilized 180 MSME in Mbale, Gulu, Arua, Hoima, Mbarara and Kampala to participate in the stakeholder consultations for the formulation of branding and packaging strategy. Development of the Grain Trade Policy Implementation Strategy and the National MSMEs Implementation Strategy was ongoing. A Cabinet Information Paper was developed by a team of technical officers from 22 MDAs and the private sector and submitted to the Cabinet Sub-committee for discussion, adoption and presentation to Cabinet.

MSMEs information services provided: A total of 71 MSMEs against the target of 1,000 were provided with skills on resource efficiency, gender, violence and environmental issues, product marketing and value addition in Kitgum, Gulu, Arua, Masindi and Hoima. A functional prototype for the Business to Business (B2B) market intelligence and E-learning Platforms were developed. Table 3.7 shows the overall sub-programme performance.

[5] Isingiro, Kagadi, Nakaseke, Nakasongola, Arua Obongi, Kitgum, Lamwo, Kamuli, Iganga, Agago, Pader, Amuru, and Adjumani.

Table 3.7: Performance of the Institutional and Organizational Capacity Sub-programme as at 31st December 2022

Intervention	Output	Financial Performance			Physical Performance			Remark
		Annual Budget (bn Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
Improve management capacities of local enterprises through massive provision of business development services geared towards improving firm capabilities	Industrial acceleration and job creation	0.250	34.4	27	5.00	2.50	100.00	Very good performance
	Investment licensing and aftercare services	0.200	33.0	33	6.00	1.00	50.51	Fair performance
	Investor education and stakeholder facilitation	0.200	25.6	71	4.00	1.00	97.70	Very good performance
	Monitoring and evaluation	0.395	58.7	94	18.00	4.60	43.51	Poor performance
	Business development services	0.046	49.8	98	3.00	0.30	20.10	Poor performance
	Enterprise training and advisory services	0.024	49.8	100	2.00	0.60	60.30	Fair performance
	Enterprise training and advisory services	0.017	59.6	49	3.00	1.00	55.95	Fair performance
Strengthen systems capacity to enable and harness benefits of a coordinated private sector activities	Testing of product samples	1.760	47.5	100	30000.00	12856.00	90.16	Very good performance
	Capacity strengthening	1.202	22.5	54	18.00	1.00	24.70	Poor performance
	Product and services market research	2.136	20.7	55	21.00	8.10	100.00	Very good performance
	Policies, regulations and standards	0.246	55.9	99	1.00	0.50	89.48	Good performance
	Product development	0.030	50.0	100	1.00	0.40	80.01	Good performance
	Policies, regulations and standards	0.251	50.8	95	4.00	2.00	98.39	Very good performance
	Product development	0.060	59.2	60	1.00	0.50	84.43	Good performance

Intervention	Output	Financial Performance			Physical Performance			Remark
		Annual Budget (bn Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
	MSMEs information services	0.024	52.2	85	1.00	0.20	38.30	Poor performance
	Business development services(CEDP)	0.749	100.0	25	11.00	3.40	30.91	Poor performance
	Management of ICT systems and infrastructure	1.50	100.0	50	7.00	1.70	24.29	Poor performance
	Average Outputs Performance						**64.04**	

Source: PBS Reports, IFMS and Field Findings

3.3.3 Conclusion

The overall sub-programme output performance by half year was fair at 64.04% (Table 3.7). The intervention to strengthen system capacities to enable and harness benefits of coordinated private sector activities performed better than that to improve management capacities of local enterprises through massive provision of business development services geared towards improving firm capabilities at 66.07% and 61.15% respectively. Performance of both the monitored interventions was fair although they received 74.2% of the annual budget.

The agencies organised several investment summits, round table discussions, training and sensitisation, and licensed companies with a total investment value of over USD 5.7bn. A number of bills including the Competitions Bill, Consumer Protection Bill; and Tobacco Control Regulations were drafted and tabled in Parliament and Cabinet respectively. Development of Integrated Destination Development Plan for three tourism development areas was ongoing and the MICE Uganda Bureau was established by the Ministry of Tourism, Wildlife and Antiquities. Poor performance was noted for the provision of MSME information services, and most planned outputs were still at early stages of implementation. This was partly attributed to inadequate funding in the first quarter of the financial year, inadequate staffing at UIA and UNBS, and withdrawal of contracted consultants for the TIMS. This is likely to impact the attainment of the programme objective of strengthening the organizational and institutional capacity of the private sector to drive growth.

Recommendations

- The Ministry of Public Service and MFPED should review the staffing requirements for UNBS and UIA with a view of filling the gaps to enhance performance.
- The CEDP Coordination Unit should expedite the procurement of another consultant to develop the Tourism Information System.

CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

The programme output performance was good at 70.62% of the set half year targets, whereas 54.48% of the annual budget was released to the various implementing agencies. The performance of intervention related to development of relevant infrastructure for private sector growth was fair. The outputs related to provision of business development services and capitalization of financing institutions performed better than those related to policy and strategy. However, the utilization/ uptake of funds under the PDM financial inclusion pillar and the Small Business Recovery Fund (SBRF) was still low due to stringent guidelines and low awareness about the funds. Development, review and updating of strategies, policies and laws aimed at streamlining business processes, procedures and systems was still at preliminary stages.

The delay in provision of physical infrastructure that promote and facilitate production like serviced industrial park, export processing zone and development of systems to quicken and smoothen business processes is likely to increase the cost of doing business, and thus impacting attainment of the NDPIII Private Sector Development Programme objectives.

Implementation of the programme outputs was constrained by inadequate staffing especially at the UIA and UNBS, rejection of the proposed sites for solid and liquid waste treatment plants and SME park at the KIBP by NEMA, withdraw of the contractor for the development of the Tourism Information Management System (TIMS), and low uptake of funds in both PDM and SBRF under Bank of Uganda.

4.2 Recommendations

- The Ministry of Public Service and MFPED should review the staffing requirements for UNBS and UIA to fill the gaps in a bid to enhance performance.
- The UIA should expedite the process of acquiring alternative fit-for-purpose land for the waste treatment and SME park for the KIBP Infrastructure Development Project to avoid further delays and cost overruns.
- The CEDP Coordination Unit should expedite the procurement of another consultant to develop the TIMS.
- The Bank of Uganda should undertake awareness campaigns and fast-track the PFIs implementing the Small Business Recovery Fund to address the emerging challenges and increase the uptake of the funds.

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Annex 1: Interventions Monitored for Semi-Annual FY2022/23

Sub-programme	Intervention	Contributing MDA
Enabling Environment	Rationalize and harmonize standards institutions, and policies at local and regional level	UNBS, MTIC
	Increase accessibility to export processing zones	UFZA
	Develop and implement a holistic local content policy, legal and institutional framework	PPDA, MFPED, UIA, UNBS
	Increase accessibility to serviced industrial parks	UIA, MFPED
	Address nonfinancial factors leading to high cost of doing business	MFPED, MTIC
	Create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED	MFPED, UIA
	Increase access to long term finance	MFPED, UDB
	Increase access to affordable credit largely targeting MSMEs	MFPED, MSC
	Undertake strategic and sustainable government investment and promote private sector partnerships in key growth areas	USADF (MFPED)
Private Sector Institutional and Organizational Capacity	Improve management capacities of local enterprises through massive provision of business development services geared towards improving firm capabilities	MFPED, Enterprise Uganda, Private sector foundation, MTIC, UNBS
	Strengthen systems capacity to enable and harness benefits of a coordinated private sector activities	MFPED, MTIC

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