Manufacturing Programme

Semi-Annual Budget Monitoring Report

Financial Year 2021/22

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Budget Monitoring and Accountability Unit
Ministry of Finance, Planning and Economic Development
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ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
BMAU	Budget Monitoring and Accountability Unit
BEZ	Business Export Zone
BUBU	Buy Uganda Build Uganda
CCTV	Closed-Circuit Television
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
COVID-19	Corona Virus Disease
CTA	Cotton Textiles and Apparels
CSR	Community Social Responsibility
DRC	Democratic Republic of Congo
DLG	District Local Government
EAC	East African Community
EPC	Engineering, Procurement and Construct
EU	European Union
GoU	Government of Uganda
GLTEP	Great Lakes Trade Facilitation Project
GDP	Gross Domestic Product
KMC	Kiira Motors Corporation
IBP	Industrial and Business Park
ISO	International Organization for Standardisation
LDNL	Lagan DottNamanve Limited
LGs	Local Governments
MSMEs	Micro Small and Medium Enterprises
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDAs	Ministries, Departments and Agencies
MFPED	Ministry of Finance, Planning and Economic Development
MTIC	Ministry of Trade Industry and Cooperatives
NDP	National Development Plan
NEMA	National Environment Management Authority
NWSC	National Water and Sewerage Corporation
OSBP	One-Stop Border Post
PIAP	Programme Implementation Action Plan
PTY	Proprietary
RIIP	Regional Integration Implementation Project
SMEs	Small and Micro Enterprises
SPS	Sanitary and Phyto-Sanitary Standards
UIA	Uganda Investment Authority
UNBS	Uganda National Bureau of Standards
USD	United States Dollar
VAT	Value Added Tax
VIN	Vehicle Identification Number

FOREWORD

The Government is implementing programmatic planning and budgeting which harnesses synergies from a number of previously independent sectors and avoids duplication of resources, thus enabling us attain efficiency in our development investments.

The Budget Monitoring and Accountability Unit (BMAU) is now undertaking Programme-Based Monitoring to assess performance of the targets and outcomes set in the Programme Implementation Action Plans (PIAPs) of the third National Development Plan (NDPIII), Ministerial Policy Statements, plus the Programme and Sub-Programme work plans.

These BMAU findings are the first Programme assessments we have conducted and I urge you to embrace the findings therein, and fully adopt the recommendations as we strive to ensure compliance to Programme-Based Budgeting.

Ramathan Ggoobi

Permanent Secretary/Secretary to the Treasury

EXECUTIVE SUMMARY

Introduction

The Manufacturing Programme aims to increase the product range and scale for import substitution and improved terms of trade. The Ministry of Trade, Industry and Cooperative (MoTIC) is the lead agency in implementation of the key interventions with supporting roles from various Ministries, Departments and Agencies (MDAs). The programme has three sub-programmes, namely: Enabling Environment; Industrial and Technological Development; and Trade Development. This report highlights the half-year performance of the planned interventions and outputs under the three sub-programmes.

Highlights of Performance

The Programme budget for FY 2021/22 is Ug shs315.634billion (bn), of which Ug shs 89.492bn was released and Ug shs 60.817bn spent by 31st December 2021. The overall programme performance was good at 72%.

Enabling Environment Sub-programme

The sub-programme performance was good at 87.3% and the following was achieved - the Uganda National Bureau of Standards (UNBS) enforced laws on counterfeits and poor quality products through quality assurance of goods and laboratory testing; verification and calibration of weighing and industrial equipment. Stakeholder consultations to review domestic taxes and common external tariffs that promote manufacturing were ongoing. The amendment of the counterfeits law was ongoing by MoTIC in collaboration with UNBS. The MoTIC launched the Green Manufacturing Strategy. Formulation and implementation of policies to promote green manufacturing and industrial technology adaptation performed poorly.

Industrial and Technological Development Sub-programme

The performance of the Industrial and Technological Development Sub-programme during the period under review was fair (50.6 %). The sub-programme received 25% of the annual budget, of which 63% was spent by 31st December 2021. The sub-programme planned outputs were in line with planned Manufacturing Programme interventions. The UNBS developed two motor vehicle standards and criteria for issuing a Vehicle Identification Number (VIN). Construction of the Kiira Motors Corporation Vehicle Assembly Plant at Jinja IBP (phase 1) was at 96% physical progress.

Infrastructure development at the Kampala Industrial and Business Park was at 19% against the planned 33%, and works on the base layers for 13 roads within the park was ongoing. The project was behind schedule and performed poorly. The Uganda Investment Authority (UIA) licensed 404 projects with a planned investment value of US$4,265,606,195 projected to create 32,189 jobs; provided aftercare interventions to 127 companies, and coordinated 30 Presidential Investors Round Table (PIRT) meetings.

The M0TIC disbursed Ug shs 19.967bn to 15 cooperatives as compensation, registered and audited 1,152 and 188 cooperatives respectively. The Ministry of Finance, Planning and Economic Development (MFPED) under the United States African Development Fund (USADF) extended grants to five cooperatives valued at Ug shs 1.651bn; however, attainment of outcome targets by ongoing projects performed fairly. In addition, the MoTIC disbursed Ug shs 13.615bn to Uganda Development Corporation (UDC) as a subvention to undertake initiatives geared towards industrialisation and development of commercial economic infrastructure.

Consultations with partner states for the East African Community Common External Tariff (EAC CET) review were ongoing, especially for the maximum rate above 25% (either 30% or 35%). Proposals under the Income Tax Act, Value Added Tax (VAT) and Excise Duty Act were submitted under the EAC Harmonisation framework and tracking of directives of the 39th Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI), and other regional decisions were ongoing. The EAC CET consultations were however derailed by the COVID-19 pandemic.

Trade Development Sub-programme

The Trade Development Sub-programme performance was good at 78.1%. The UNBS developed 284 standards and held 15 stakeholder engagements and sensitisations to educate the public, processors and manufacturers on standards. The MoTIC conducted stakeholder consultations on the draft Consumer Protection Bill, printed and issued Non-Citizen Trader's licenses, Tobacco Licenses and Hire Purchase Licenses. The ministry also conducted stakeholder consultations on the Draft Trade Remedies and Consumer Protection Bills.

The civil works for Mpondwe Export Border Zone were estimated at 96% physical progress against time progress of 100%. The MoTIC conducted assessment of Non-Tariff Barriers along the main trade transit routes to the borders as a part of the measures to manage the spread of COVID-19 particularly in Katuna and Bunagana main transit-routes.

Conclusion

The performance of the Manufacturing Programme during the period under review was good at 81.4%. The UNBS developed several standards for improving the trade environment for Ugandan made products. Implementation of some of the planned NDPIII interventions under the Enabling Environment Sub-programme was ongoing whilst with no significant targets achieved. It was observed that less than 50% of the interventions in the Manufacturing Programme Implementation Action Plan (PIAP) are funded and executed. Moreover, no efforts to entrench the programme approach were visible in implementation of activities. The key challenges included: delayed completion of key infrastructure projects that causes cost overrun, inadequate Government of Uganda counterpart funding on development projects, limited synergies, collaboration and coordination between public sector agencies, budget suppression and inadequate funding of the programme interventions (FY2021/22, Ug shs 421.99bn required), and disruptions caused by the COVID-19 that affected timely execution of interventions.

Recommendations

- The MoTIC and MFPED should rationalise the resources to key programme interventions.
- The MFPED and UIA should constitute and operationalise the project steering and technical committees for the KIBP-Namanve Infrastructure Project, provide counterpart funding and develop guidelines for accessing funds under the EPC to improve execution efficiency.

- The MoTIC should strengthen the coordination role with partner institutions to ensure that planned programme interventions are implemented.

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 mobilisation, 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 the 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 Mobilisation Strategy (DRMS).

Starting FY 2021/22, the BMAU is 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 the 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 the challenges of implementation.

The monitoring covered the following Programmes: Agro-Industrialisation; 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; Regional Development; Sustainable Development of Petroleum Resources; and Sustainable Energy Development.

This report presents monitoring findings from the Manufacturing Programme for the first half of FY2021/22.

1.2 Programme Goal and Objectives

The programme goal is to increase the range and scale of locally manufactured products for import substitution and increased exports. The key expected results include:

i) Increased share of manufactured exports to total exports;
ii) Growth in the industrial sector contribution to GDP; and
iii) Increased share of the labour force employed in the industrial sector.

Programme Objectives

i) Develop the requisite infrastructure to support manufacturing in line with Uganda's planned growth corridors (triangle);
ii) Increase value addition for import replacement and enhanced exports;

iii) Increase access to regional and international markets; and
iv) Strengthen the legal and institutional framework to support manufacturing.

1.3 Programme Sub-programmes

The Manufacturing Programme has three sub-programmes:

i) Industrial and Technological Development;
ii) Trade Development; and
iii) Enabling Environment.

1.4 Programme Outcomes

The programme intends to achieve the following outcomes over the third National Development Plan (NDPIII) period: Increased number of jobs in the economy, increased number of SMEs producing for the local and international markets, better terms of trade, and improved legal and institutional framework.

The programme targets for the period FY2020/21 to FY2024/25 are:

i) Reduce the value of imported medical products and pharmaceuticals from USD 285.6 million to USD 200 million;
ii) Increase the share of manufactured exports to total exports from 12.3 to 19.8 %;
iii) Increase the industrial sector contribution to GDP from 27.1 to 28.6 %;
iv) Increase the share of manufacturing jobs to total formal jobs from 9.8 to 10%;
v) Increase share of labour force employed in the industrial sector from 7.4 to 10%; and
vi) Increase manufacturing value-added as a percentage of GDP from 8.3 to 10 %.

CHAPTER 2: METHODOLOGY

2.1 Scope

This report is based on selected sub-programme interventions under the Manufacturing Programme that are contributed to by the following votes: 015: Ministry of Trade, Industry and Cooperatives (MoTIC); 154: Uganda National Bureau of Standards (UNBS), and 310: Uganda Investment Authority (UIA). Other votes with a contributory role to the Manufacturing Programme were covered and these include: 008, Ministry of Finance, Planning and Economic Development; 306, Uganda Export Promotion Board (UEPB) and one subvention Kiira Motors Corporation. A total of 12 out of 22 interventions under The Program Implementation Action Plan (PIAP) were monitored (Annex 1).

The selection of areas to monitor is based on several criteria:

- Outputs were planned for and undergoing implementation in the year of review
- Significance of the budget allocations to the sub-programmes within the programme budgets, with focus being on large expenditure interventions. Preference is given to development expenditure.
- The votes that had submitted Q2 progress reports for FY2021/22 were followed up for verification.
- Multi-year projects that were having major implementation issues were also visited.
- Potential of interventions to contribute to the programme and national priorities.

2.2 Approach and methods

Both qualitative and quantitative methods were used in the monitoring exercise. The physical performance of interventions and outputs was assessed through monitoring a range of indicators and linking the progress to reported expenditure and/or planned targets. The purposive sampling method was used in selecting sub-interventions and outputs from the Programme Implementation Action Plans (PIAPs), Ministerial Policy Statements (MPS) and progress reports of the respective Ministries, Departments, and Agencies (MDAs) for monitoring.

To aid monitoring, mapping was done of the PIAP interventions and outputs to the actions and outputs of programmes and projects in the Vote MPS and progress reports. Multi-stage sampling was undertaken at three levels: i) Sub programmes ii) Sub sub-programmes and iii) outputs.

2.3 Data Collection and Analysis

Data collection

Both primary and secondary data was collected from the sources and by the means that are indicated below:

i) Literature review: Ministerial Policy Statement FY2021/22; National and Programme Budget Framework Papers; PIAPs, NDP III, quarterly progress reports and work plans for the respective implementing agencies, Budget Speech, Public Investment Plans, Approved Estimates of Revenue and Expenditure, project reports.

ii) Review and analysis of data from the Integrated Financial Management System (IFMS); Program Budgeting System (PBS); Budget Website; and Quarterly Performance Reports.
iii) Consultations and key informant interviews with project managers and activity implementers.
iv) Field visits to various project sites for primary data collection, observation and photography.
v) Call-backs in some cases were made to triangulate information.

Data analysis
Both qualitative and quantitative approaches were used to analyse the data. 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 analysed using advanced excel tools to aid interpretation and presented in form of tables.

Comparative analysis was done using the relative importance of the outputs and the overall weighted scores. Relative importance (weight) of an output monitored was based on the amount of budget attached to it; thus the higher the budget the higher the contribution of the output to the programme performance. This was derived from the approved annual budget of each output divided by the total annual budget of all outputs of a particular programme/project.

The weight of the output and percentage achievement for each output were multiplied to derive the weighted physical performance. The attained outputs contributed 100% to the overall semi-annual programme performance.

The overall programme performance is an average of individual sub-programme performances assessed. The performance of the programme and sub-programme was rated based on the criterion in table 2.1. Based on the rating assigned, a traffic light colour-coded system was used to alert the policymakers and implementers on whether the interventions were achieved (green), on track (umber) or off track (red) to aid decision making.

Table 2.1: Assessment Guide to Measure Performance in FY 2021/22

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

Source: Author's Compilation

2.4 Limitations

i) The FY2021/22 budget and work plans were prepared in sector mode with an old Chart of Accounts and Output codes and were not in sync with the PIAP interventions.

ii) Lack of reliable and real-time financial data on donor financing as this aspect is not accessible on the IFMS. Relatedly some of the implementing agencies were operating manual accounting systems which limited access to credible expenditure data.

iii) 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, Conclusion, and Recommendations respectively.

CHAPTER 3: PROGRAMME PERFORMANCE

3.1 Overall Programme Performance

The Manufacturing Programme contributes to the thematic area of the NDPIII "sustainable industrialisation for inclusive growth, employment and wealth creation"[1]. The approved budget for interventions and outputs that were monitored and directly contribute to the programme is Ug shs 315.633bn, of which Ug shs 89.492bn was released and Ug shs 60.816bn spent by 31st December 2021 (table 3.1.1).

The Industrial and Technological Sub-programme constitutes 82.8% (Ug shs 261.425bn) of the Manufacturing Programme budget, of which Ug shs 163.223bn is a subvention to Uganda Development Corporation (UDC) whose outputs largely contribute to the Agro-Industrialisation Programme. The Industrial and Technological Sub-programme release performance was poor, whereas the expenditure performance was low at 63%. The Kampala Industrial and Business Park (KIBP) Infrastructure Development Project significantly contributed to the poor absorption performance with only 15% of released funds spent.

The overall programme performance was good at 72%. The Enabling Environment Sub-programme performed better than the Trade Development, and Industrial and Technological Sub-programmes (table 3.1.2). The Uganda National Bureau of Standards (UNBS) developed several standards to promote trade and enforced laws on counterfeits and poor quality products through quality assurance of goods and laboratory testing; verification and calibration of weighing and industrial equipment. A review of domestic taxes and common external tariffs that promote manufacturing was ongoing. The formulation and implementation of policies to promote green manufacturing and industrial technology adaptation performed poorly.

Civil works for the Kiira Motors Corporation (KMC) vehicle assembly plant at Jinja IBP (phase 1); KIBP Infrastructure Development Project and Mpondwe Export Border Market were at 96%, 19% and 96% physical progress respectively. All the infrastructure development projects were behind schedule, moreover, the KIBP project performed poorly.

The MoTIC conducted stakeholder consultations on the draft Consumer Protection and Trade Remedies bills. Review of domestic taxes amendment and CET proposals was ongoing under the MFPED. Despite the good programme performance, implementation of the NDPIII planned interventions and entrenching of the programmatic mode of planning, budgeting and execution is still below par.

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

Table 3.1.1: Financial Performance of the Manufacturing Programme by 31st December 2021

Sub-programme	Budget (Ug shs)	Release (Ug shs)	Spent (Ug shs)	% budget received	% release spent
Enabling Environment	23,909,557,735	11,178,392,174	10,115,928,382	46.8	90
Industrial and Technological Development	261,424,928,617	65,784,023,944	41,147,231,799	25	63
Trade Development	30,299,296,644	12,530,063,136	9,553,538,425	41	76
Total	**315,633,782,996**	**89,492,479,254**	**60,816,698,606**	**28**	**68**

Source: IFMS Data

Table 3.1.2: Output Performance of the Manufacturing Programme by 31st December 2021

Sub-programme	Output Performance (%)	Remark
Enabling Environment	87.3	On track
Industrial and Technological Development	50.6	On track
Trade Development	78.1	On track
Average	**72**	**Good performance**

Source: Author's compilation

3.2 Enabling Environment Sub-programme

3.2.1 Introduction

The sub-programme aims at strengthening the legal and institutional framework to support manufacturing and has four interventions to be implemented during the NDPIII period. These include: i) enforce the laws on counterfeits and poor-quality products; ii) change the tax regime to attract more investors in manufacturing, upstream parts of the value chains; iii) formulate, implement and enforce standards, laws, and regulations to facilitate adoption to green manufacturing; and iv) enact and enforce the local content law.

3.2.2 Enforce the laws on counterfeits and poor-quality products

The key output for the NDPIII period under this intervention is anti-counterfeits and quality product laws enforced. The intervention has several actions to be implemented which include: Develop a legal Metrology Bill, and Industrial and Scientific Metrology Bill and their regulations; review laws on intellectual property rights to address counterfeits in manufacturing: amend the Weights and Measures regulations and rules; finalise the Consumer Protection and competition bills; Implement the BUBU strategy, among others. The planned outputs for FY2021/22 include: Weights and Measures regulations and rules amended; quality assurance and laboratory testing of goods; calibration and verification of equipment.

During the period under review performance of the intervention was good and the following were achieved. The amendment of the counterfeits law was ongoing by MoTIC in collaboration with UNBS. A regulatory impact assessment to review and amend the weights and measures rules and regulations was ongoing. The UNBS inspected 7,154 and 106,152 market outlets and import consignments respectively. The UNBS also verified 690,874 weighing equipment used for trade and calibrated 2,495 industrial equipment.

3.2.3 Change the tax regime to attract more investors in manufacturing

The intervention aims at reviewing the tax regime to attract more investors to the Manufacturing Sector. The intervention has several actions to be implemented which include: Undertake cost optimisation studies to inform tax relief and cost management support to industries in priority subsectors; Facilitate Uganda's participation in the review of the Common External Tariff (CET) to incentivise backward integration in industrial value chains; Review the domestic tax and non-tax regime effect on attracting Foreign Direct Investment/Domestic Direct Investment (FDI/DDI), promoting investments into manufacturing and off-take of manufactured products; Provide cost management support to upstream industries in the value chains of steel, pharmaceuticals, textiles, petrochemicals and auto spare parts; Establish and implement regulations for the metal scrap industry to increase availability of raw materials for local industries; and Implement 12 technical support engagements (engagements with departments) – Debt Collection Unit (DCU), Policy reviews, tax amendment proposals, legal provisions in customs and domestic laws.

Under taxation measures to promote manufacturing the following are the planned outputs for FY2021/22: A comprehensive review of the EAC Common External Tariff (EACCET) in line with the requirement under the East African Community Protocol concluded; existing Double Tax Agreements (DTAs) reviewed and new ones negotiated; amendments to the domestic tax laws (Income Tax, Excise Duty Act, Value Added Tax (VAT) Act, Stamps Duty, Traffic and Road Safety Act, Lotteries and Gaming Act, Tax Procedures Code) initiated; and EAC domestic tax harmonisation reviewed.

Consultations with partner states for the EAC CET review were ongoing, especially for the maximum rate above 25% (either 30% or 35%). The Partner States agreed to a 4-band tariff structure (0, 10, 25 and a rate above 25%) rather than the current 3-band structure (0, 10, 25%). The partner states Kenya, Rwanda and Burundi proposed a rate of 30%, mainly due to concerns of consumer welfare whereas Uganda and Tanzania proposed a rate of 35%, due to the industrialisation drive and the strategy of import substitution. The EAC CET consultations were however derailed by the COVID-19 pandemic.

The drafting and technical discussion of the draft VAT Bill, and stakeholder engagements on the Tax Expenditure Governance Framework proposed amendments to the respective tax laws was ongoing. Proposals under the Income Tax Act, VAT and Excise Duty Act were submitted under the EAC Harmonisation framework and tracking of directives of the 39th Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) and other regional decisions was ongoing.

3.2.4 Formulate, implement and enforce standards, laws, and regulations to facilitate adoption to green manufacturing

The key outputs to be achieved during the NDPIII period under this intervention are: Industrial Licensing Act amended and enforced; Green Manufacturing Practices Adopted, and Environmental assessment and compliance capacity developed. The planned outputs for FY2021/22include; one sub-sector specific strategy under the National Industrial Policy (NIP) developed, capacity building for *Jua Kali* and private sector, industries and value chain technologies profiled and industries availed with technical guidance in environmental compliance and Industrial Licensing Act Amendment Bill presented to Cabinet, The draft Cotton, Textiles and Apparels (CTA) strategy and zero draft Industrial Park Guidelines were developed. Nine consultative meetings were held to disseminate the NIP in the districts of Oyam, Nebbi, Koboko, Dokolo, Lira, Gulu, Pader, and Madi-Okollo. The commemoration of the Africa Industrialisation Day together with the rest of the Continent was conducted. The industries were availed with technical guidance on environmental, quality and gender and equity compliance. The industrial licensing act amendment bill was yet to be presented to the Cabinet due to lack of usable guidelines and regulations. Implementation of recurrent outputs under the headquarters and administration department of MTIC was on track. The performance of the intervention was good. The major challenge faced was inadequate staffing and funding of the key implementing agencies

Recommendations

- The Manufacturing Programme Working Group and MFPED should review the recurrent Medium Term Expenditure Framework (MTEF) for the M0TIC and UNBS to fill the critical vacant posts.
- The MoTIC should expeditiously enact laws and regulations that promote and nurture manufacturing.

3.2.5 Conclusion

The sub-programme performance was good at 87% (Annex 2), however enactment; implementation and enforcement of policies and legal provisions within the programme are still low. Implementation of some planned NDPIII interventions under the enabling Environment Sub-programme was ongoing, whilst with no significant targets achieved.

3.3 Industrial and Technological Development Sub-programme

3.3.1 Introduction

The sub-programme aims to develop the requisite infrastructure to support manufacturing in line with Uganda's planned growth corridors (triangle) and increase value addition for import replacement and enhanced exports. It has nine interventions, of which four were monitored. These include: construction of four fully serviced industrial parks (1 per region); provide government support for installation of recycling facilities for Polyethylene terephthalate (PET), High-Density Polyethylene (HDPE) Low-Density Polyethylene (LDPE) and Polypropylene (PP); support local automotive assembling and manufacturing, and provide appropriate financing mechanisms to support manufacturing.

The sub-programme performance was fair and the intervention for construction of four fully serviced industry parks performed poorly compared to other monitored interventions. Table 3.3.1 shows a summary of the traffic light performance of the monitored and assessed interventions.

Table 3.3.1: Performance of Interventions under the Industrial and Technological Development Sub-programme

Intervention	Performance Rating
Construct four fully serviced industrial parks (1 per region)	Off track
Provide appropriate financing mechanisms to support manufacturing	On track

3.3.2 Construct four (4) fully serviced industrial parks (1 per region)

The intervention key deliverables during the NDPIII period are: Standards and guidelines for establishment and operation of industrial parks developed and enforced; four fully serviced industrial parks established; 30 fully equipped zonal industrial hubs, integrated leather processing factory established and operated; and Industrialisation Master Plan 2020-2040 and database developed.

The planned outputs under the intervention for the FY2021/22 are: Industrial park guidelines developed and 100 industries monitored; pre-feasibility and feasibility studies undertaken; land for development of Industrial and Business Parks (IBPs) acquired; infrastructure at KIBP developed; roads in key industrial parks maintained and drainage systems setup(Border markers installed on the acquired industrial parkland; construction of a new 2.7km fence at the Mbarara SME Park, the road opened and gravelled in Soroti Industrial Park, boundary survey and installation of border markers in industrial parks and agricultural lands) and; implementation and compliance to environmental and social safeguards at IBPs monitored, 6-7 new IPs/economic zones developed.

The MoTIC developed a zero draft of Industrial Park Guidelines and monitored 27 industries in 16 sub-sectors in the districts of Lira, Mukono, Nakaseke, Kampala, Wakiso, Buikwe, Yumbe, Koboko, Mukono, and Nebbi.

The Uganda Investment Authority (UIA) acquired approximately 3,298 acres of encumbrance-free land in West Nile, Acholi, Lango, Ankole, Kigezi, and Tooro sub-regions for the establishment of Regional Industrial and Business Parks. The land was acquired in the districts of Nebbi (500 acres), Madi-Okollo (500 acres), Lira (300 acres), Dokolo (500 acres), Oyam (142 acres), Kisoro (620 acres), Rukungiri (203 acres), Kabale (6 acres), Mbarara (25 acres) and Kabarole (502 acres). Boundary opening and titling of the land were yet to be done.

Infrastructure Development at KIBP

With funding from the United Kingdom Export Finance (UKEF), the GoU signed an Engineering, Procurement and Construction (EPC) contract with M/s Lagan Dott Namanve Limited (LDNL) to develop the requisite infrastructure at KIBP for 36 months effective January 2021.

The project is composed of eight (8) components 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 fibre-optic network, 45km of street lighting and traffic control system, 45km of CCTV security system, construction of an SME workspace, hydrants around the park, a police station and street parking bays along the routes.

By 31st December 2021, the overall progress of the KIBP Infrastructure Development Project stood at 19% against the planned target of 33%. The financial progress was estimated at 33.56%, while the time progress was 44%. In terms of project scope, the following was achieved: Mobilisation-90%, Conditions Precedent-91%, Design, Supervision and other specialised consultants-53%, Investigations/Studies and Surveys-94%, Infrastructure Design-28%, Design Packages-45%, Final Design-18% and Permanent Infrastructure Works-5%. By 7th February 2022, the contractor was working on the base layers and rock fills for eight and five roads in the North and South estates respectively. The project was behind schedule.

It was observed that the new infrastructure designs (roads and drainage) did not take into account the already existing infrastructure by the developers which is likely to slow down the progress of the civil works.

Furthermore, the deployment of personnel was not according to the spirit of the original contract obligations that required 70% from M/s Lagan and 30% from M/s Dott services instead M/s Dott services deployed more than 80% of the employees during the period under review. The key issues included lack of GoU counterpart funding that largely caters for supervising consultants and project staff, lack of procedures to access the funds for the project management team, delays in securing approvals from other institutions such as the National Environment Management Authority (NEMA), National Water and Sewerage Corporation (NWSC), and UMEME, demobilisation by the employer's representatives over non-payment of wages, encroachment of the service corridor by developers and the lack of functional oversight committees including the steering and technical committees that are responsible for resolving emerging issues.

L-R: Ongoing civil works (rock filling), UMEME transformer erected in the road corridor at KIBP-Namanve

Mbale Industrial and Business Park

Infrastructure development at Mbale Industrial and Business Park under the Tian Tang Group was ongoing, and three more factories had started operations thus increasing the number of operational factories to eight. Construction of the hotel and dormitory within the park was completed and the two facilities were in use.


L-R: Completed hotel and dormitory buildings and electronics assembly (Exodus-ovens) at Mbale IBP

Maintenance of Industrial and Business Parks

The UIA maintained the gravel road network in Kasese Industrial and Business Park during the period under review. However, maintenance of other parks and construction of a wall fence at the Mbarara SME Park were not done. The UIA was in the process of procuring a contractor for the works.


L-R: Maintained gravel road in Kasese IBP; and unmaintained road within Soroti IBP

3.3.3 Provide government support for installation of recycling facilities for Polyethylene terephthalate (PET)

The intervention is aimed at increasing value addition for import replacement and enhancing exports of plastic products. Over the NDPIII period, the intervention deliverables are: guidelines and standards and operations of plastic recycling facilities developed and implemented; inspection and technical guidance to plastic industries undertaken; plastic recycling industries supported; plastic incubation facilities established and R&D in environmentally friendly technologies supported.

The planned outputs for the FY2021/22 include: standards developed; market outlets inspected, and import consignments inspected.

The UNBS revised one standard (US 786:2020) aimed at easing sorting of plastics of the same material during recycling. Six standards for assorted plastic products; buckets, basins, toilet brush, sweeping broom, cobweb duster and squeegee were developed to facilitate certification of plastic products that are highly traded on the Ugandan market and to support local production.

The UNBS in collaboration with NEMA inspected 37 facilities that deal in plastic carrier bags. A total of ten (10) factories were sealed off for non-compliance and 819.85kg of plastic carrier bags were seized.

3.3.4 Support local automotive assembling and manufacturing

The key deliverable of the intervention is increased quantity and quality of production in the automotive assembly and manufacturing industry. The key action areas are: revising the vehicle registration to cater for electric type; developing and localising standards for the locally manufactured and assembled vehicles; develop guidelines for recycling and disposing of end of life vehicles; revise tax regimes to reduce importation of used vehicles and spare parts; establishment of vehicle plants and spare parts manufacturing facilities among others

The planned outputs for FY2021/22 are: Automotive standards developed, guidelines for Vehicle Identification Numbers (VIN) for vehicles made in Uganda developed, Kiira Motors Vehicle Assembly Infrastructure (phase 1) and installation of production system completed.

During the period under review, the UNBS developed two standards for the Automotive Assemble and Manufacturing Industry. These standards were on content and structure; and dimensions and tolerance for motor vehicles. The UNBS further developed specifications for portable reflective triangles and light vehicle towed trailers. The UNBS developed the terms of reference (ToR) for the technical working group, and criteria for issuance of VIN and the criteria was approved for use.

The progress on civil works for the Kiira Motor Corporation Manufacturing and Assembly Infrastructure (phase 1) at the Jinja Industrial Park was substantially completed (96%) by 31st December 2021. However, installation of the assembly line was differed due to lack of funding arising from the abolition of the Ministry of Science, Technology and Innovations (MoSTI). The KMC maintained the partnerships and technology transfer agreements with China High Technology Corporation (CHTC), Luweero Industries and Victoria Engineering limited.

3.3.5 Provide appropriate financing mechanisms to support manufacturing

The intervention aims to develop suitable financing solutions for manufacturers and sustainably increase Foreign Direct Investment (FDI) to manufacturing. The key actions areas over the NDPIII period are: establish a manufacturing credit facility; capitalise the industrial development economic fund; support strategic engagements in securing both inward and outward FDI; undertake feasibility studies to develop investment profiles; support to local manufacturers in identifying, attracting and establishing partnerships and joint ventures to attract FDI and DDI (Domestic Direct Investment); review the incentive regime to attract FDI; and register and audit cooperative organisations to ensure a functional and effective community financing mechanism among others. The intervention is being implemented by UIA, MFPED, MoTIC, MoFA and UDC.

The planned outputs for the FY2021/22 include: 300 FDI companies that compliment DDI; aftercare services to 200 companies provided; 38 presidential investors round table (PIRT) coordinated; legal and regulatory framework for Private Equity and Venture Capital strengthened; Diaspora savings/remittances channeled into investment through the dissemination of reviewed Compendium of Diaspora bankable projects; one (1) investment forum organised; profile and market regional investment projects - One (1) sub-region targeted; feasibility studies for bankable projects to support investment decisions undertaken; savings mobilisation strategy developed; 4,000 and 500 cooperatives registered and audited respectively; funds disbursed to cooperatives; and commercial and economic infrastructure developed (UDC).

The UIA licensed 404 projects with a planned investment value of US$4,265,606,195 projected to create 32,189 jobs and six companies signed letters of intent to invest US$950m in six priority sectors[2] during the Dubai Expo. A total of 127 companies were provided with aftercare interventions and 30 Presidential Investors Round Table (PIRT) related meetings were held. 500 hard copies of bankable projects focusing on the sectors of infrastructure, mining, health, ICT, tourism, oil and gas and industrial parks development were printed and disseminated to 20 embassies and missions[3]. A total of 50 SME business ideas on edible oil, pharmaceuticals, and electronics were uploaded to the website. Investment profiles for West Nile and South Western sub-regions were developed and uploaded on the website. The UIA conducted a competitiveness study on the mineral sector and pre-feasibilities and investment promotion packages for 10 potential minerals were prepared.

The MoTIC during the period under review registered and audited 1,152 and 188 cooperatives respectively. Ug shs 19.967bn was disbursed to 15 cooperatives[4] as compensation against the targeted seven. The MFPED through the United States African Development Foundation (USADF) developed and funded five cooperatives[5] valued at Ug shs 1,651,654,572. The grant aims to promote the development of 100% Ugandan owned farmer cooperatives and producer associations and increase their market competitiveness, with a particular focus on the development of underserved and marginalised community groups and enterprises. Support is provided through two grants - Enterprise Development Investment (EDI) and Enterprise Expansion Investment (EEI). The EDI grant is meant to strengthen the managerial, technical and financial capacities of the beneficiaries whereas the EEI grant is to enhance the business development of the beneficiaries to boost competitiveness.

The monitoring covered seven cooperatives that had received funding in the previous FY and these are: Bufumbo Organic Farmers' Association; Abatahunga Farmers' Cooperative Union Limited; Agali Farmers' Cooperative Society; Bukusu Yetana Area Cooperative Enterprise limited; Biganda Farmers' Cooperative Society Limited; Kayunga Nile Coffee Farmers'

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[2]Agriculture, renewable energy, pharmaceuticals, mining, construction and manufacturing of tiles.

[3]UNAA, UG-UK, High Commission in India, Embassy of Uganda in UAE, Turkey, Iran, Sahrawi, Saudi Arabia, Pakistan, Syrian Consulates, South Africa, Nigeria, Moscow, Japan, Italy, Geneva, Israel, Mission in Kenya, Togo, UK and Canada.

[4]Jinja Multipurpose Cooperative Union, Buyaka Growers Cooperative Society, Bumwambu Growers Cooperative Society, Lango Cooperative Union, North Bukedi Cooperative Union, Bunyoro Cooperative Union, Uganda Transport Cooperative Union, Teso Cooperative Union, Lambuli CP Cooperative Society Ltd; West Mengo Cooperative Union, Kigezi Cooperative Union, West Acholi Cooperative Union Ltd, Nyakatonzi Cooperative Union, Busoga Growers Cooperative Union Ltd and Bwavumpologoma Growers Cooperative Union.

[5] Bugiri Young Rice Farmers' Cooperative Society Ltd; Bulunguli Multipurpose Farmers' Cooperative Society Limited; Rwenzori Farmers' Cooperative Society; Bundibugyo Improved Cocoa Farmers' Cooperative Limited and Yo Uganda Limited.

Cooperative Society Limited; and Taabu Integrated Famers' Cooperative Society Limited. The cooperatives were dealing in the following enterprises: coffee, maize, beans and soybeans.

The performance of the cooperatives on the achievement of the grant deliverables was at varying levels. The monitored cooperatives had increased their net income by two-fold from the baseline except for Agali Farmers' Cooperative Society which had just started the implementation of grant activities. However, the attainment of third-year targets was not achieved by most of the monitored cooperatives. Infrastructure development and certification activities were behind schedule with exception of Kayunga Nile Coffee Farmers' Cooperative Society Limited. Attainment of the project outcomes was affected by the second national COVID-19 lockdown and price fluctuations of the enterprise crops.

The MoTIC disbursed Ug shs 13.615bn out of UDC's annual budget of Ug shs 163.223bn. UDC is a subvention to undertake initiatives geared towards industrialisation and development of commercial economic infrastructure.

Consultations with partner states for the EAC CET review was ongoing, especially for the maximum rate above25% (either 30% or 35%). The Partner States agreed to a 4-band tariff structure (0, 10, 25 and a rate above 25%) rather than the current 3-band structure (0, 10, 25%). The partner states Kenya, Rwanda and Burundi proposed a rate of 30%, mainly due to concerns about consumer welfare whereas Uganda and Tanzania proposed a rate of 35%, due to the industrialisation drive and the strategy of import substitution. The EAC CET consultations were however derailed by the COVID-19 pandemic.

Drafting and technical discussion of the draft VAT Bill, and stakeholder engagements on the Tax Expenditure Governance Framework Proposed amendments to the respective tax laws was ongoing. Proposals under the Income Tax Act, VAT and Excise Duty Act were submitted under the EAC Harmonisation framework and tracking of directives of the 39th Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) and other regional decisions was ongoing.

Challenges

i) Delayed finalisation of engineering designs, low mobilisation by the contractor (equipment and personnel) at KIBP.

ii) Inadequate budgetary releases for development projects like the KIBP Infrastructure Development Project.

iii) Lack of functional steering and technical committees for the KIBP Infrastructure Development Project.

iv) Delayed release of finances to KMC due to the transition process of the MoSTI activities and projects.

v) The COVID-19 travel restrictions during Quarter one negatively affected the implementation of planned activities

Recommendations

i) The UIA should always engage the contractor to stick to project delivery timelines.

ii) The MFPED should provide timely funding for development projects.

iii) The MFPED and UIA should expeditiously operationalise the KIBP Infrastructure Development Project committees to resolve some of the emerging and urgent issues that are likely to derail the project

3.3.6 Conclusion

The performance of three out of the four monitored interventions was fair at 50.6% (Annex 3) however, the construction of four fully serviced industrial parks intervention performed poorly. This was largely attributed to the KIBP Infrastructure Development Project which registered slow progress. The UNBS developed seven and two standards for the plastic and automotive manufacturing and assembly industries respectively.

The UIA registered 404 projects both DDI and FDI and profiled two regions to develop bankable projects. Stakeholder consultations for the review of EACCET and domestic tax reviews and amendments were ongoing. The implemented activities were in line with the PIAP, however, the performance of interventions related to the main sup-programme objective of infrastructure development and technological adaptation to boost manufacturing was average. Therefore to promote transformative manufacturing activities, there is a need for appropriate and supportive infrastructure such as low-cost and adequate energy, and transport infrastructure (roads, railway, ICT) to deliver the raw materials and other amenities.

3.4 Trade Development Sub-programme

3.4.1 Introduction

The sub-programme goal is to increase access to regional and international markets for Uganda's products. The sub-programme strengthens Uganda's capacity to locally and competitively produce products that are aimed at both export promotion and import substitution. The sub-programme has nine interventions to be implemented over the NDPIII period and five were monitored. These include: Expand the range of manufacturing standards and enforce applicable regulations; establish 4 border markets to facilitate trade with regional neighbours; sign bilateral agreements to guarantee market access, especially to DRC & South Sudan; strengthen information management and negotiation for greater access to targeted markets; and support the national conformity assessment system to attain international recognition through accreditation.

The sub-programme performance was good and the intervention on expanding the range of manufacturing standards and enforcement of applicable regulations performed better than the other interventions. Summary performance of the monitored interventions is given in table 3.4.1.

Table 3.4.1: Performance of Interventions under the Trade Development Sub-Programme

Intervention	Performance Rating
Expand the range of manufacturing standards and enforce applicable regulations	Achieved
Establish 4 border markets to facilitate trade with regional neighbours (especially at the South Sudan and Congo borders)	On track
Sign bilateral agreements to guarantee market access, especially to DRC & South Sudan	On track
Strengthen information management and negotiation for greater access to targeted markets	Off track
Support the national conformity assessment system to attain international recognition through Accreditation	Off track

3. 4.2 Expand the range of manufacturing standards and enforce applicable regulations

The intervention seeks to promote trade through certification, enforcement of national and regional standards, and capacity building technical guidance to manufacturers and SMEs. The intervention has three outputs to be achieved during the execution of the NDPIII namely: enhanced quality of Ugandan manufactured products, improve Uganda's doing business rank, and improve market access for the products through certification services.

The annual planned outputs under this intervention include: Standards developed, market outlets inspected, import consignments inspected, certification permits issued, calibration and verification of equipment used in trade and support to MSMEs in product development and marketing. The outputs are to be implemented by UNBS and MoTIC.

The UNBS developed 284 standards and held 15 stakeholder engagements and sensitisations to educate the public, processors and manufacturers on standards. The developed and revised standards were in the following categories: Management and Services (73); Chemical and Consumer Products (94); Engineering (60) and Food and Agriculture (57). The UNBS certified a total of 2,192 products and issued them a quality distinctive mark (Q mark); the agency tested 13,505 product samples; and inspected 7,154 and 106,152 market outlets and import consignments respectively.

The MoTIC conducted stakeholder consultations on the draft Consumer Protection Bill and printed and issued Non-Citizen Trader's licenses, Tobacco licenses and hire purchase licenses. A total of 2,170 MSMEs were trained and provided with technical guidance on product development and certification processes in the districts of Pakwach, Nabbi, Arua, Maracha, Rubanda, Kisoro, Wakiso, Gulu, Mpigi, Gomba, Kasese and Masindi.

3.4.3 Establish 4 border markets to facilitate trade with regional neighbours (especially at the South Sudan and Congo borders)

The intervention seeks to increase exports to targeted neighbouring markets. The MoTIC is implementing the Regional Integration Implementation Programme (RIIP) support for the Uganda project and the planned outputs are: Communication and public relations strategy implemented, Mpondwe Border Export Zone completed and detailed designs for Bunagana Border Export Zone developed, resettlement action plan implemented, and market negotiations carried out.

The MoTIC carried out dissemination, visibility and awareness of the Great Lakes Trade Facilitation Project (GLTFP), issued information and communication materials, and conducted stakeholder engagements on cross border trade. The Ministry supported Trade Information Desk Officers and members of the Cross border Traders Association on the use of the simplified online software system to facilitate data collection at various borders.

Mpondwe Border Export Zone completed

The scope of works covered: renovation and improvement of existing market stalls, renovation of ablution block, construction of part of new market structure (42 lockups, kitchen, restaurant, and breastfeeding area), external works (waste collection skips, offloading yard and paved area) and associated electrical and mechanical installation and CCTV cameras.

By 31st January 2022, civil works were substantially complete, estimated at 96% physical progress against time progress of 100%. The project was three months behind schedule and a no-cost extension of 125 days was sought in December 2021. The market is expected to be complete by April 2022. There was a need for a variation to include stone pitching of the drainage channel, paving of the yard and fencing of the BEZ which had not been agreed upon by both the contractor and the client. Site meetings were held in October, November and December at the construction sites for the Mpondwe One-Stop Border Post (OSBP), Mpondwe Border Export Zone (BEZ), and the Bunagana OSBP.

Substantially complete market structure and lockups at Mpondwe Border Export Zone in Bwera-Kasese

All required deliverables for the development of the detailed designs for Bunagana BEZ were submitted by the consultant to MoTIC. The other planned outputs were yet to be implemented.

3.4.4 Sign bilateral agreements to guarantee market access, especially to DRC & South Sudan

The key deliverable of the intervention over the NDPIII period is increased revenue from cross border trade. The intervention has four main activities to be undertaken and these include: Detailed market studies to identify offensive and defensive options to inform the national negotiating position; sensitize the business community on negotiated market opportunities; develop and implement a response strategy for the different negotiated markets; and initiate, negotiate and sign trade agreements within bilateral frameworks (MoTIC).

The planned outputs for FY2021/22 include: Implementation of the National Export Development Strategy (NEDS) within key MDAs, NEDS reviewed and updated, Sanitary and Phyto-sanitary Standards (SPS) developed and implemented, trade negotiations within EAC, COMESA, AfCFTA carried out, trade facilitating institutions capacity built, trade and product market research done, implement economic integration and market access and AGOA secretariat supported.

The MoTIC in collaboration with other MDAs implemented the following activities; enterprise development, promotion of value addition and quality assurance and building the export mindset that aim to increase exports. The SPS was reviewed in collaboration with MAAIF to increase the capacity of fruits and vegetables to the EU markets. Exporters and potential exporters were trained in the export management process to create a pool of knowledgeable exporters. Stakeholder engagements on the formation of the apex body for fruits and vegetables in Uganda (Hot Fresh Association) were conducted.

The MoTIC participated in the launch of the Dubai 2020 Expo and engaged stakeholders on reviewing the Rules of Origin under the AfCFTA. The MoTIC participated in the negotiations of the Joint Permanent Commissions with Tanzania and Democratic Republic of Congo.The Ministry provided guidance to local manufacturers on how best to benefit from the America Growth and Opportunities Act (AGOA).

The External Trade Department under MoTIC conducted assessment of Non-Tariff Barriers along main trade transit routes to the borders as a result of measures to manage the spread of COVID-19 particularly in Katuna and Bunagana main transit-routes.

3.4.5 Strengthen information management and negotiation for greater access to targeted markets

The intervention aims to enhance effective market intelligence through; building institutional capacity for market intelligence and developing and integrating market information management system.

The planned output for FY2021/22 are; stakeholder consultations on the draft trade remedies, consumer protection and competition bills carried out; tobacco (control and marketing) Act 1967 and regulations reviewed, trade licensing act implementation monitored and trade licensing data collected and analysed.

The MoTIC carried out stakeholder consultations on the draft trade remedies and consumer protection bills. The MoTIC also sensitised 25 stakeholders from five cities on hire purchase act for increased compliance. A total of 200 copies of the National Competition and Consumer Protection Policy were printed and distributed to 10 Local Governments (LGs). A total of 100 application forms and certificates were printed and some issued to Non-Citizen Traders.

Trade Licensing (Amendment) Act (Rates, Grades, records etc) implementation were monitored and assessed in three of the New Cities. Tobacco Markets and Stores were verified in 21 Tobacco growing districts in Southwestern, West Nile and Northern regions. The MoTIC sensitised 30 stakeholders from selected LGs and the new cities on their roles in Buy Uganda Build Uganda (BUBU) Policy Implementation and Trade Licensing data from 3 LGs/cities collected and assessed for development of the Business Register.

3.4.6 Support the national conformity assessment system to attain international recognition through Accreditation

The intervention outputs over the NDPIII period are; testing capability of the country increased and an internationally recognised National Measurement System to support the National Accreditation and conformity assessment system developed. The planned outputs for FY2021/22 under the UNBS include: membership to international organisations and purchase of specialised machinery, ICT equipment, motor vehicles, office and residential furniture.

The UNBS maintained accreditation for two laboratories: Microbiology and Chemistry laboratories. Accreditation of the engineering materials laboratory was ongoing. The UNBS subscribed to following accreditation agencies: Standards & Metrology Institute for Islamic Countries (MIIC), Association of Official Analytical Collaboration (AOAC), Thandela Proficiency Testing (PYT) LTD; BIPEA; Namibia Water Corporation Ltd; Spectro Analytical Instruments PTY Ltd; South Africa National Accreditation System (SANAS); International Organization of Legal Metrology; National Metrology Institute of South Africa and ISO.

The UNBS also procured specialised equipment for the analytical and electrical laboratories: appliance safety analyser, certified reference solar cells and gas chromatography and its related accessories. It was observed that operationalisation of the Gulu Regional Analytical Laboratory was yet to be achieved even though equipment installation and staff deployment had been done in the previous financial year. Procurement of other assets was differed to Q3.

Challenges

i) High prevalence of sub-standard goods on the Ugandan market.
ii) Delayed completion of key infrastructure projects that increases the eventual cost.
iii) COVID-19 disruptions that restricted movement and stakeholder consultations.
iv) Low staffing levels at the UNBS.

Recommendations

i) The UNBS should scale up quality monitoring of products on the market and promote implementation of mandatory certification scheme for high risk products.
ii) The MoTIC should expedite the completion of the Mpondwe Border Export Zone.
iii) Implementing agencies such as the MoTIC, MFPED and UNBS should embrace the use of ICTs to facilitate and implement activities like meetings, consultations and sensitizations for improved service delivery.

3.4.7 Conclusion

The overall output performance of the Trade Development Sub-programme during the period under review was good at 78.1% (Annex 4). The UNBS developed several standards for improving trade environment for Ugandan made products whereas strategies and interventions aimed at improving trade and increasing market access of Ugandan products both internally, regional and globally performed fairly. It was observed that less than 50% of the interventions in the Trade Development Sub-programme as per the NDPIII PIAP are funded and executed.

CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

4.1 Key Implementation Challenges

i) Inadequate programme funding compared to the PIAP requirements for FY2021/22.
ii) Delayed completion of key infrastructure projects that increases the eventual cost.
iii) Delayed release of GoU counterpart funding and lack of technical and steering committees for the KIBP Infrastructure Development Project.
iv) Limited synergies, collaboration and coordination between public sector agencies affected execution of interventions.
v) Poor prioritisation.
vi) COVID-19 disruptions.

4.2 Recommendations

- The MoTIC and MFPED should rationalise the resources to key programme interventions.
- The MFPED and UIA should; constitute and operationalise the project steering and technical committees for the KIBP-Namanve Infrastructure Project; provide counterpart funding; and develop guidelines for accessing funds under the EPC to ensure efficient execution of the project.
- The MoTIC should strengthen the coordination role with partner institutions to ensure that planned programme interventions are implemented.
- All agencies under this programme should fully embrace the programmatic mode of planning, budgeting and execution.
- All implementing agencies within the programme should embrace and integrate ICT in execution of planned activities.

4.3 Conclusion

The overall programme performance was good (72%). The UNBS developed several standards to promote trade and enforced laws on counterfeits and poor quality products through quality assurance of goods and laboratory testing; verification and calibration of weighing and industrial equipment. Review of domestic taxes and CET that promote manufacturing were ongoing. The MoTIC conducted stakeholder consultations on the draft Consumer Protection and Trade Remedies bills. Formulation and implementation of policies to promote green manufacturing and industrial technology adaptation performed poorly.

Civil works for the Kiira Motors Corporation Vehicle Assembly Plant at Jinja IBP (phase 1); KIBP Infrastructure Development Project, and Mpondwe Export Border Market were at 96%, 19% and 96% physical progress respectively. All the infrastructure development projects were behind schedule, and the KIBP performed poorly.

It was observed that less than 50% of the interventions in Manufacturing Programme Implementation Action Plan are funded and executed. Whilst no efforts to entrench the programme approach were visible in implementation of activities.

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Annex 1: Interventions Monitored under the Manufacturing Programme as at 31st December 2021

Sub-programme	Intervention	Contributing votes
Enabling Environment	Enforce the laws on counterfeits and poor-quality products	MoTIC, UNBS, URSB & URA
	Change the tax regime to attract more investors in manufacturing	MFPED, URA, MTIC
	Formulate, implement and enforce standards, laws, and regulations to facilitate adoption to green manufacturing	MoTIC
Industrial and Technological Development	Construct 4 fully serviced industrial parks (1 per region)	MoTIC, UIA, UFZA, UNBS & NPA
	Provide government support for installation of recycling facilities for Polyethylene terephthalate (PET), High-Density Polyethylene (HDPE) Low-Density Polyethylene (LDPE) and Polypropylene (PP)	UNBS, MoTIC & MoSTI
	Support local automotive assembling and manufacturing	MoTIC, UNBS, KMC, MWT, UDC & URSB
	Provide appropriate financing mechanisms to support manufacturing	MoTIC, UIA, MFPED, UDC & MoFA
Trade Development	Expand the range of manufacturing standards and enforce applicable regulations	UNBS, UEPB, MoTIC
	Establish 4 border markets to facilitate trade with regional neighbours (especially at the South Sudan and Congo borders)	MoTIC and URA
	Sign bilateral agreements to guarantee market access especially to DRC & South Sudan	MoTIC, UEPB, MoFA, MoJCA & MoIA
	Strengthen information management and negotiation for greater access to targeted markets	MoTIC & UEPB
	Support the national conformity assessment system to attain international recognition through Accreditation	UNBSB & MoTIC

Annex 2: Performance of the Enabling Environment Sub-programme as at 31st December 2021

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 (%)	
Formulate, implement and enforce standards, laws, and regulations to facilitate adoption to green manufacturing	Capacity building for Jua Kali and Private sector	0.006	40.0	100	2.00	1.00	0.03	Achieved
	Industrial Information services	0.039	62.3	100	2.00	1.00	0.13	On track
	Promotion of value addition and cluster development	0.003	70.0	74	50.00	0.00	0.00	Off track
	Policy consultation, planning and monitoring services	1.109	67.0	93	2.00	1.00	3.46	On track
	Sector coordination and administration service	0.787	70.0	79	18.00	7.00	1.83	On track
	Ministerial support services	5.269	2.4	80	4.00	1.00	22.04	Achieved
	Human resource management services	4.123	52.9	84	8.00	3.00	12.23	On track
	Records management services	0.008	70.0	71	4.00	1.00	0.01	On track
	Contributions and membership to international organisations	6.900	29.0	100	1.00	1.00	28.86	On track
	Arrears	5.365	100.0	91	1.00	0.80	17.95	On track
	Policy consultation, planning and monitoring services	0.52	60.5	63	7.00	3.00	0.16	On track
	Policy consultation, planning and	0.246	59.1	93	26.00	10.00	0.67	On track

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 (%)	
	monitoring services							
	HIV/AIDs mainstreaming	0.002	40.0	-	1.00	0.00	0.00	Off track
	Total	23.909	**46.8**	**90**			**87.36**	***Good performance***

Annex 3: Performance of the Industrial and Technological Development Sub-programme as at 31st December 2021

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 (%)	
Construct four fully serviced industrial parks (1 per region)	Industrial policies, strategies and monitoring services	0.635	51.3	86	101.00	30.00	0.37	On track
	Development of industrial parks (% progress)	49.281	54.1	12	32.00	6.00	17.4	Off track
	Acquisition of land by government(% progress)	0.110	72.7	-	100.00	25.00	0.04	Off track
	Government buildings and administration infrastructure(%)	2.466	32.7	81	100.00	20.00	1.53	On track
	Investment facilitation services(number)	0.672	54.8	39	10.00	3.00	0.37	On track
Provide appropriate financing mechanisms to support manufacturing	Macroeconomic policy and management (number)	1.919	55.7	98	2.00	0.50	0.88	Off track
	Domestic revenue and foreign aid policy, monitoring and analysis (number)	2.188	50.9	93	4.00	1.50	1.64	On track
	Investment facilitation services (Number)	0.333	64.0	18	567.00	613.00	0.34	Achieved
	Cooperative establishment and	40.597	53.1	99	6621.00	2378.00	27.99	On track

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 (%)	
	management (Number)							
	Total	261.425	**25.2**	**63**			**50.56**	***Fair performance***

Source: PBS Reports, IFMS and Field Findings

Annex 4: Performance of the Trade Development Sub-programme as at 31st December 2021

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 (%)	
Establish 4 border markets to facilitate trade with regional neighbours (especially at the South Sudan and Congo borders)	Trade policies, strategies, and monitoring services	0.868	100.0	100	2.00	1.00	1.43	On track
	Trade negotiations	0.152	100.0	100	1.00	0.50	0.25	On track
	Trade infrastructure development (%)	9.379	39.2	100	100.00	96.00	30.96	Achieved
Expand the range of manufacturing standards and enforce applicable regulations	Development of standards (number)	1.138	23.1	96	600.00	284.00	3.76	On track
	Quality assurance of goods and laboratory testing (number)	5.779	27.2	99	224000.00	129003.00	19.07	Achieved
	Calibration and verification	2.914	38.3	97	1551000.00	693369.00	9.62	Achieved

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 (%)	
	of equipment (number)							
	Stakeholder engagements to create awareness on quality and standards (number)	0.78	28.2	99	100.00	15.00	1.37	On track
	Support to MSMEs product development and marketing (number)	0.015	62.4	48	1800.00	2200.00	0.05	Achieved
Sign bilateral agreements to guarantee market access especially to DRC & South Sudan	Trade policies, strategies, and monitoring services	0.239	52.1	52	4.00	2.00	0.76	On track
	Trade negotiations	0.025	87.5	100	3.00	1.00	0.03	Off track
	Capacity building for trade facilitating institutions	0.025	41.5	91	4.00	2.00	0.08	On track
	trade information and product market research	0.025	70.0	91	2.00	0.50	0.03	Off track
	Economic integration and market access	0.025	95.3	93	4.00	2.00	0.04	On track
	support to AGOA secretariat	0.550	59.1	89	4.00	2.00	1.54	On track
Strengthen information management and negotiation for greater	Trade policies, strategies, and monitoring	0.409	50.9	96	16.00	8.00	0.70	On track

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 (%)	
access to targeted markets	services(number)							
	Capacity building for trade facilitating institutions(number)	0.013	40.0	98	2.00	1.00	0.02	On track
	trade information and product market research	0.005	70.0	91	10.00	3.00	0.01	Off track
Support the national conformity assessment system to attain international recognition through Accreditation	Membership to International Organisations(ISO, ARSO, OIML, SADCMET) (number)	0.300	27.5	100	10.00	9.00	0.99	Achieved
	Government buildings and administration infrastructure	0.653	15.3	-	1.00	0.00	0.00	Off track
	Purchase of motor vehicles and other transport equipment (number)	2.0	100.0	-	9.00	0.00	0.00	Off track
	Purchase of office and ICT equipment including software (number)	2.0	17.6	12	252.00	10.00	1.49	Off track
	purchase of specialised machinery and	2.0	67.2	73	5.00	3.00	5.90	On track

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 (%)	
	equipment (number)							
	Purchase of office and residential furniture and fittings (number)	1.0	3.1	1	120.00	0.00	0.00	Off track
	Total	30.299	**41.4**	**76**			**78.10**	***Good performance***