
Sector: Trade and Industry

Foreword

The Budget Framework Paper was prepared in pursuance of the sector mandate 'Competitive Trade' which is well anchored to the Budget Strategy of strengthening Uganda's competitiveness for sustainable wealth creation, employment and inclusive growth to accelerate achievement of a lower middle income status.

The sector targets the following as key priorities:-

1. Address quality and standard concerns by extending UNBS services beyond Kampala and further enhancing collaboration between and other relevant agencies within various sectors.
2. Sensitize farmers on trade procedures and standards.
3. Review trade policies to refocus on supporting exports.
4. Addressing Non-Tariff Barriers.
5. Scaling up information on trade opportunities.
6. Support to Local Governments in identification and development of Tourism products.
7. Develop export capacity for LGs based on regional/zonal commodities –regional industrial parks.
8. Formalize the informal sector to reduce tax burden on the few enterprises to improve compliance and increase tax base.
9. Speed up enactment of the Bills that are pending in Parliament e.g Local Content Bill, Coffee Bill, NSSF Amendment Bill, Pensions Bill, National Health Insurance Bill, Land Lord Tenants Bill, Animal Feeds Bill, Amendment to the Fisheries Act, Data Protection Bill and Counterfeit Law e.t.c
10. Cooperative Development to strengthen supervisory and management system through District commercial extension services.

Enhance value addition and industrialization to support job creation; To revitalize the Cooperative Movement by mobilizing collective resources through cooperatives; Continue to improve the Regulatory Framework for creating an enabling environment for Trade that enhances wealth creation; Ensure implementation of the National Development Export Strategy (NEDS) and; Continue undertaking Technical Guidance, Inspections & Compliance monitoring Field Visits aimed at enhancing implementation of Industrial Development Initiatives.

The Sector recognizes that the key success to delivering these priorities as strengthening inter sectoral working relationships through vibrant joint Sector Review Conferences, sector working group meetings pursue, uphold and promote production of high quality value added products and services to enhance competitiveness, expand the local, regional and international markets for our goods and services; private sector engagement through Public Private Partnerships to boost investments in industry for production of manufactured goods and processing of primary commodities.

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Abbreviations and Acronyms	
AGOA	African Growth Opportunities Act
COMESA	Common Market for Eastern and Southern Africa
LED	Local Economic Development
BOQs	Bills of Quantity
DCO	District Commercial Officer
CET	Common External Tarrif
AGM	Annual General Meeting
FTA	Free Trade Area
EAC	East African Community
LG	Local Government
MDAs	Ministries, Departments and Agencies
MTAC	Management Training and Advisory Centre
MoTIC	Ministry of Trade Industry and Cooperatives
MoFPED	Ministry of Finance, Planning and Economic Development
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NEDS	National Expenditure Development Strategy
e-SW	Electronic Single Window
NTB	Non Tariff Barriers
OPM	Office of the Prime Minister
OVOP	One Village One Product
PPPs	Public Private Partnerships
SACCO	Savings and Credit Cooperative
SDP	Sector Development Plan
SPS	Sanity and Psyto-sanitary
TEXDA	Textile Development Agency
UNBS	Uganda Bureau of Standards
UNCE	Uganda National Commodity Exchange
UCPC	Uganda Cleaner Production Centre
UDC	Uganda Development Corporation
UEPB	Uganda Export Promotion Board
UNIDO	United Nations Industrial Development Organisation
WTO	World Trade Organisation
TMEA	Trade Mark East Africa
SWG	Sector Working Group
UWRSA	Uganda Warehouse Receipt System Authority
UMA	Uganda Manufacturers Association
PSFU	Private Sector Foundation Uganda
TBT	Technical Barriers to Trade

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CITES	Convention on International Trade in Endangered Species
RIDP	Rural Industrial Development Programme

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S1: Sector Overview

This section provides an overview of Sector Expenditures and sets out the Sector's contribution to the NDP, its policy objectives, and key performance issues.

(i) Snapshot of Sector Performance and Plans*

Table S1.1 Overview of Sector Expenditure (Ushs Billion)

	2017/18 Outturn	2018/19		2019/20 Proposed Budget	MTEF Budget Projections				
		Approved Budget	Spent by End Sep		2020/21	2021/22	2022/23	2023/24	
Recurrent									
Wage	12.379	10.075	2.298	10.075	10.579	11.108	11.663	12.246	
Non Wage	37.052	73.328	55.322	27.894	32.078	38.493	46.192	55.431	
Devt.									
GoU	63.907	38.603	5.194	38.603	46.323	46.323	46.323	46.323	
Ext. Fin.	0.000	12.058	0.000	10.107	7.106	0.000	0.000	0.000	
GoU Total	113.338	122.005	62.813	76.572	88.980	95.924	104.179	114.000	
Total GoU+Ext Fin (MTEF)	113.338	134.064	62.813	86.678	96.085	95.924	104.179	114.000	
A.I.A Total	84.336	27.679	6.263	40.050	45.707	48.636	52.055	56.063	
Grand Total	197.674	161.743	69.076	126.728	141.792	144.560	156.234	170.063	

(ii) Sector Contributions to the National Development Plan

The National Development Plan II highlights the need for growth of the Country's exports and the sector is doing the following to ensure that the exports improve; Promotion of Trade in Services; Market Expansion through Regional and International Trade Agreements; Promotion of Cross Border Export Zones; Electronic Single Window System (ESWS) and; Development of One Stop Border Posts (OSBPs).

(iii) Medium Term Sector Policy Objectives

- Enhance value addition and industrialization to support job creation;
- To revitalize the Cooperative Movement by mobilizing collective resources through cooperatives;
- Continue to improve the Regulatory Framework for creating an enabling environment for Trade that enhances wealth creation;
- Ensure implementation of the National Development Export Strategy (NEDS) and;
- Continue undertaking Technical Guidance, Inspections & Compliance monitoring Field Visits aimed at enhancing implementation of Industrial Development Initiatives.

(iv) Sector Investment Plans

With funding from European Union (COMESA) establish and construct border export zones under Great Lakes Trade Facilitation Project (GLTFP) and Regional Integration Implementation Programme (RIIP); Establishment of zonal agro-processing industries under Uganda Development Corporation (UDC); Purchase of office furniture, machinery and equipment as well as motor vehicle equipment; Construction of laboratory infrastructure (National Metrology Laboratory); Procurement of assorted ICT equipment and software.

Table S1.2 SECTOR OUTCOMES AND OUTCOME INDICATORS

Sector Outcome : Improved Private Sector Competitiveness

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Sector Objectives contributed to by the Sector Outcome

1. Improve the private sector competitiveness.

Sector Outcome Indicators	Q4 Actual 2017/18	Performance Targets					
		2018/19	Base year	Baseline	2019/20	2020/21	2021/22
Proportion of the value of export goods & services to GDP	18.5%	8.04%	2015	7%	8.1%	8.5%	9%
Share of exports to imports	0.016	6%	2015	0.015%	0.02%	0.04%	0.7%
Proportion of cooperatives linked to market opportunities	18%	5%	2015	4.6%	5.5%	6%	6.5%

Sector Outcome : A Strong Industrial Base

Sector Objectives contributed to by the Sector Outcome

1. Increase market access for Uganda's products and services in regional and international market.

Sector Outcome Indicators	Q4 Actual 2017/18	Performance Targets					
		2018/19	Base year	Baseline	2019/20	2020/21	2021/22
Proportion of agro-processing industries to manufacturing industry	10.6%	5%	2015	5%	8%	10%	12%
Share of manufactured goods to total export value	24.96	1%	2015	20.5%	25%	26%	27%
Proportion of new jobs created in manufacturing industry	5.4%	5%	2015	3%	5%	8%	10%
Proportion of population employed in the manufacturing industry	4.4%	5%	2015	4%	5%	6%	6.5%

S2: PROGRAMME OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATIONS ALIGNED TO THE NDP

Table S2.1: Programme Outcomes and Outcome Indicators Aligned to the NDP

Vote 015 :Ministry of Trade, Industry and Cooperatives					
Programme :	01 Industrial and Technological Development				
Programme Objective :	This Programme is responsible for policy formulation, planning and coordination; and promoting the expansion, diversification and competitiveness of the industrial sector.				
Responsible Officer:	Commissioner - Industry and Technology				
Programme Outcome:	Industrial Facilitation, Promotion and Cluster Competitiveness				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. A Strong Industrial Base					
2. Increased employment in the manufacturing sector					
Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target

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• Percentage of manufacturing Industries meeting Standard Operating Requirements	46%	46%	50%	55%	60%
• Percentage contribution of manufacturing to GDP	18%	18%	25%	26%	28%
• Proportion of industries adopting new technologies in manufacturing	12%	12%	13%	14%	15%
• Proportion of population employed in the manufacturing industry	5.4%	5.3%	5.5%	5.8%	6%

Programme :	02 Cooperative Development
Programme Objective :	This Programme is responsible for policy formulation, planning and coordination; and promoting, strengthening and expanding the cooperative movement structure, diversity, operations and competitiveness for socially inclusive economic development.
Responsible Officer:	Commissioner - Cooperatives Development
Programme Outcome:	Promotion of Structured Trading for Commodities

Sector Outcomes contributed to by the Programme Outcome

1. A Strong Industrial Base

Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Promotion and adoption of Structured Trading for Commodities	4	6	10	12	15

Programme Outcome: Cooperatives Promotion and Structural Competitiveness

Sector Outcomes contributed to by the Programme Outcome

1. Improved Private Sector Competitiveness

2. Increased productivity in the manufacturing industry.

Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Percentage of Youth engaged in Cooperative Business	5%	8%	11%	12%	13%
• Total share capital of Cooperatives Enterprises (UGX Bn)	403	420.4	455	460	465

Programme :	04 Trade Development
Programme Objective :	This Programme is responsible for developing, coordinating, regulating, promoting and facilitating domestic and external trade with particular emphasis on export promotion and access to regional and international markets.
Responsible Officer:	Director - Trade Industry and Cooperatives
Programme Outcome:	Domestic and Foreign Trade Facilitation and Promotion

Sector Outcomes contributed to by the Programme Outcome

1. A Strong Industrial Base

2. Increased productivity in the manufacturing industry.

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Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Percentage growth in trade of Domestically Produced Products & services	0.05%	0.05%	1%	1.2%	1.5%
• Access to Common Trade Infrastructure and Development	1.2%	1.5%	2%	2.2%	2.5%
• Percentage utilization of Foreign Trade Agreements by Business Community	4.2%	4.2%	12%	14%	15%
Programme :	07 MSME Development				
Programme Objective :	The objective of this Programme is to provide a focal coordination institution for formulating, implementing and monitoring policies and programs for the promotion and development of Micro, Small and Medium scale enterprises in the country.				
Responsible Officer:	Director - Micro, Small and Medium Enterprises				
Programme Outcome:	MSMEs Business Growth and Competitiveness				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. Improved Private Sector Competitiveness					
2. Increased productivity in the manufacturing industry.					
Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Percentage growth of formalised MSMEs in domestic and export market	6%	2	5.5	6	7
• Percentage of MSMEs with access to business incubation and industrial infrastructure	5%	6%	12%	15%	18%
• Percentage of MSMEs implementing good business and technical management practices.	50%	45%	60%	70%	75%
Programme :	49 General Administration, Policy and Planning				
Programme Objective :	This Programme is responsible for providing the essential administrative, policy and strategic guidance, human resource management, and financial related services and auxiliary facilities to the Ministry's Directorates, Departments and Units.				
Responsible Officer:	Under Secretary - Finance and Administration				
Programme Outcome:	Policy Guidance and Strategic Direction				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. A Strong Industrial Base					
2. Increased productivity in the manufacturing industry.					
Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Level of compliance of planning and budgeting instruments to NDPII	53%	53%	65%	68%	70%

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• Level of compliance of the MPS to gender and equity budgeting	59%	53%	65%	68%	70%
• Level of Development Plan delivered	52%	55%	55%	60%	65%
• Budget absorption rate	98.5	98	98	99	99
• Annual External Auditor General rating.	81	80	82	85	86

Vote 154 :Uganda National Bureau of Standards

Programme : 06 Standards Development, Promotion and Enforcement

Programme Objective : To provide standards, measurements and conformity assessment services for improved quality of life for all.

Responsible Officer: Dr. Ben Manyindo

Programme Outcome: Fair trade and consumer protection

Sector Outcomes contributed to by the Programme Outcome

1. Increased productivity in the manufacturing industry.

Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• Level of prevalence of substandard imported and locally produced products on the Ugandan Market	54%	54%	50%	45%	40%
• Number of Ugandan certified products accessing Regional International Markets	849	205	3,500	3,675	3,858

Vote 306 :Uganda Export Promotion Board

Programme : 05 Export Market Development, Export Promotion and Customized Advisory Services

Programme Objective :

1. To provide trade and market information services (details of tariffs for all markets by product category, general market entry information, lists of importers by country and product category, price data, analyses of market trends, import and export procedures and documentation requirements, trade flows by products and trade partners, and market information dissemination)
2. To promote the development of exports (including provision of technical advice in production and post-harvest handling, and test marketing new exports)
3. To provide trade promotional services (including organizing, coordinating and participating in trade fairs, and organizing both inward and outward trade missions aimed at fostering export growth)
4. To provide customized advisory services such as basic business skills, export distribution channels, foreign trade practice, trade preferences available to Uganda, pre-shipment credit and other trade financing, and export
5. To formulate and recommend to Government export plans, policies and strategies

Responsible Officer: Dr. Elly Twineyo Kamugisha

Programme Outcome: Export Development, Exporter Facilitation and Promotion.

Sector Outcomes contributed to by the Programme Outcome

1. Increased productivity in the manufacturing industry.

Programme Performance Indicators	Performance Targets				
	2017/18 Actual	2018/19 Q1 Actual	2019/20 Target	2020/21 Target	2021/22 Target
• No. of training needs addressed			4	6	8

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• Trade information gaps addressed			4	5	6
• No. of SMEs linked to export markets			5	6	8
• No. of exporters linked to export markets	18	0	20	22	24

Table S2.2: Past Expenditure Outturns and Medium Term Projections by Programme

Billion Uganda shillings Programme Service	2017/18	2018/19		2019/20	Medium Term Projections			
	Outturn	Approved Budget	Releases by end Q1	Proposed Budget	2020/21	2021/22	2022/23	2023/24
Vote : 015 Ministry of Trade, Industry and Cooperatives								
01 Industrial and Technological Development	50.046	71.988	49.773	26.736	31.935	32.338	32.818	33.391
02 Cooperative Development	5.617	8.239	3.629	8.254	9.476	11.299	13.485	16.107
04 Trade Development	2.259	14.231	0.511	12.297	9.575	2.886	3.382	3.974
07 MSME Development	1.226	0.923	0.246	1.173	1.301	1.485	1.702	1.958
49 General Administration, Policy and Planning	7.704	14.354	5.558	13.889	16.081	18.249	20.844	23.952
Total for the Vote	66.853	109.733	59.719	62.348	68.368	66.258	72.232	79.382
Vote : 022 Ministry of Tourism, Wildlife and Antiquities								
03 Tourism , Wildlife conservation and Museums	7.973	0.000	0.000	0.000	0.000	0.000	0.000	0.000
49 General Administration, Policy and Planning	7.054	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total for the Vote	15.027	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Vote : 117 Uganda Tourism Board								
53 Tourism Development	8.577	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total for the Vote	8.577	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Vote : 154 Uganda National Bureau of Standards								
06 Standards Development, Promotion and Enforcement	20.082	21.251	2.779	21.251	24.283	25.839	27.656	29.785
Total for the Vote	20.082	21.251	2.779	21.251	24.283	25.839	27.656	29.785
Vote : 306 Uganda Export Promotion Board								
05 Export Market Development, Export Promotion and Customized Advisory Services	2.799	3.079	0.316	3.079	3.435	3.828	4.290	4.833
Total for the Vote	2.799	3.079	0.316	3.079	3.435	3.828	4.290	4.833
Total for the Sector	113.338	134.064	62.813	86.678	96.085	95.924	104.179	114.000

S3: Sector Challenges in addressing Gender and equity issues for FY 2019/20

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Many female Ugandans are engaged in the micro and unregistered businesses and are unwilling to move where business opportunities are. The understanding of Gender and Equity issues and planning is still limited among planners and decision makers. The sector leadership continues to emphasize the advancement of gender equity in planning, budgeting and implementation. The sector will continue to work closely with the relevant sectors to address the above challenges.
