

Manufacturing Programme

P1: Manufacturing Programme Overview

Manufacturing is critical in building a resilient, integrated, independent and self sufficient economy. It provides an opportunity to strengthen the private sector to drive growth through increasing production for export expansion of high value products and import substitution ultimately contributing to job creation, increased incomes and improvement in quality of life.

The aspiration of Agenda 2030, among other things, is to promote inclusive and sustainable industrialization and foster innovation (SDG 9) and promote full and productive employment and decent work for all (SDG 8). Aspiration 1 of the Agenda 2063 aims at transforming Africa's economies through beneficiation from Africa's natural resources, manufacturing, industrialization and value addition.

Snapshot of Medium Term Budget Allocations

Table P1.1: Overview of Programme Expenditure (Ush Billion)

	Approved Budget	MTEF Budget Projections					
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
Recurrent	Wage	1.485	1.485	1.485	37.675	37.675	37.675
	Non-Wage	69.495	46.487	46.487	8.896	8.896	8.896
Devt.	GoU	4.784	4.784	4.784	2.672	2.672	2.672
	Ext. Fin.	0.0000	0.000	0.000	0.000	0.0000	0.000
GoU Total		75.764	52.756	52.756	49.243	49.243	49.243
Total GoU+Ext Fin (MTEF)		75.764	52.756	52.756	49.243	49.243	49.243
Grand Total		75.764	52.756	52.756	49.243	49.243	49.243

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MANUFACTURING PROGRAMME STRATEGY AND LINKAGE TO THE NATIONAL DEVELOPMENT PLAN III

The Manufacturing Programme falls under the second objective, “Strengthen the private sector capacity to drive growth and create jobs”.

The Goal of the Programme is to increase the range and scale of locally manufactured products for import substitution and increased exports through high value manufactured products as well as increasing job opportunities within the economy.

The Programme was selected to address Uganda’s challenge of having a manufacturing sub-sector that is small, uses basic technology and creates low quality and quantity of gainful jobs. This is due to: (i) lack of requisite infrastructure to support manufacturing; (ii) limited access to financing mechanisms that can support manufacturing (iii) weak SMEs in the industrial sector; (iv) proliferation of substandard goods and counterfeits on the market; (v) Poor linkage between trade and industrial development (vi) lack of a support system to nurture innovations to full commercialisation (vii) high cost of doing business, (viii) low labour productivity due to inadequate skills, and (ix) weak legal framework to support and promote manufacturing.

Key Result Areas for the Programme

The Manufacturing Programme will deliver on the following key results areas over the next the five years:

- (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 percent to 19.8 percent
- (iii). Increase the industrial sector contribution to GDP from 27.1 percent to 28.6 percent
- (iv). Increase the share of manufacturing jobs to total formal jobs from 9.8 percent to 10 percent;
- (v). Increase share of labour-force employed in the industrial sector from 7.4 percent to 10 percent; and
- (vi). Increase manufacturing value added as a percentage of GDP from 8.3 percent to 10 percent

These are addressed within the following key Objectives:

No.	Programme Objective	Outcome
1	Develop the requisite infrastructure to support manufacturing in line with Uganda’s planned growth corridors	Increased number of jobs in the economy

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2.	Increase value addition for import substitution and enhanced exports	Increased number of SMEs producing for the local and international markets
3.	Develop financial and logistical systems to increase access to regional and international markets	Better terms of trade
4.	Strengthen the legal and institutional framework to support manufacturing	Improved legal and institutional framework

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Programme Outcomes and Outcome Indicators

Table P1.2: Programme Outcome and Outcome Indicators

Programme Outcome 1: Increased number of jobs in the economy							
Programme Objectives contributed to by the Programme Outcome							
1.Develop the requisite infrastructure to support manufacturing in line with Uganda’s planned growth corridors							
Programme Outcome Indicators	Performance Targets						
	Base year	Baseline	2021/22	2022/23	2023/24	2024/25	2025/26
Share of manufacturing jobs to total formal jobs (%)	2017/18	9.8	9.84	9.88	9.92	9.96	10
Share of labour force employed in the industrial sector (%)	2017/18	7.4	7.9	8.5	9.0	9.5	10
Programme Outcome 2: Increased number of SMEs producing for the local and international markets							
Programme Objectives contributed to by the Programme Outcome							
Increase value addition for import substitution and enhanced exports							
Programme Outcome Indicators	Performance Targets						
	Base year	Baseline	2021/22	2022/23	2023/24	2024/25	2025/26
Industrial sector contribution to GDP (%)	2017/18	27.1	27.4	27.7	28.0	28.3	28.6
Contribution of manufacturing to industrial GDP (%)	2017/18	8.3	8.5	8.8	9.0	9.5	10

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Programme Outcome 3: Better terms of trade							
Programme Objectives contributed to by the Programme Outcome							
1. Develop financial and logistical systems to increase access to regional and international markets							
Programme Outcome Indicators	Performance Targets						
	Base year	Baseline	2021/22	2022/23	2023/24	2024/25	2025/26
Share of manufactured exports to total exports (%)	2017/18	12.3	13.5	15.0	16.5	18.0	19.8
Increase the industrial sector contribution to GDP (%)	2017/18	27.1	27.1	27.3	27.8	28	28.6
Manufacturing value added as a percentage of GDP	2017/8	8.3	8.6	9.0	9.3	9.6	10
Programme Outcome 4: Improved legal and institutional framework							
Programme Objectives contributed to by the Programme Outcome							
1. Strengthen the legal and institutional framework to support manufacturing							
Programme Outcome Indicators	Performance Targets						
	Base year	Baseline	2021/22	2022/23	2023/24	2024/25	2025/26
Formal enterprises as a share of GDP	2017/18	12.3	15	16	17	18	20

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P2: INTERMEDIATE OUTCOMES, OUTCOME INDICATORS AND PROPOSED BUDGET ALLOCATIONS ALIGNED TO THE NDP

The Programme is comprised of the following Sub Programmes: Industry and Technology Development, Cooperatives Development, General Administration, Policy and Planning as provided in the table below;

Table P2.1: Intermediate Outcomes and Outcome Indicators Aligned to the NDP

Vote 015: Ministry of Trade, Industry and Cooperatives							
Sub Programme:		Industrial and Technological Development					
Sub Programme Objectives:		<ol style="list-style-type: none"> 1. Develop, review and implement Policies, Laws and Plans for industrial development and regulation. 2. Promote industrial research, science and innovation; 3. Promote value addition to raw materials and products of comparative advantage for social-economic transformation. 4. Identify opportunities and promotion of industrial investment through conducting feasibility studies for priority commodity value chains and technology mapping. 5. Perform technical inspection, supervision, monitoring and regulation of industries in the country. 6. Promote the development and use of research, science, innovations and adoption of appropriate technologies in Industries. 7. Support the development and strengthening of the requisite infrastructure and technology to reduce the cost of production in industry. 8. Support research and development of standards for entrepreneurship products and processes in the compliance with local and international accreditation. 					
Intermediate Outcome:		Enhanced industrial facilitation, promotion and cluster competitiveness					
Intermediate Outcome Indicator	Performance Targets						
	Base year	Baseline	2021/22	2022/23	2023/24	2024/25	2025/26

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Number of standards and guidelines for industrial parks developed or updated	2017/18	0	2	1	1	1	1
Number of industries in industrial parks monitored	2017/18	0	200	210	220	225	230
Number of feasibility studies towards development of industrial parks undertaken	2017/18	0	4	NA	NA	NA	NA
Number of industries assessed and supported to identify and implement measures for RECP	2017/18	0	100	105	110	120	130
Annual National RECP catalogue of RECP best practices and success stories	2017/18	0	1	1	1	1	1
Functional industrial database in place	2017/18	5%	10%	40%	60%	100%	100%
Number of manufacturers availed with firm-level technical support	2017/18	0	5	20	30	40	50
Industrial Licensing Act amended and enforced	2017/18	5%	50%	50%	55%	90%	100%
Number of pharmaceutical industries supported	2017/18	0	2	3	3	3	4
Number of sugar industries supported	2017/18	0	2	4	4	4	5
Law on Accreditation enacted	2017/18	10%	32%	72%	92%	95%	100%

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National accreditation body established	2017/18	0	10%	50%	75%	90%	100%
Sub Programme:	Cooperative Development						
Sub-Programme Objectives:	<ol style="list-style-type: none"> 1. Provide support for Mobilisation, formation, organization, registration and operation for the cooperative societies 2. Initiate and formulate policies, legislation and strategies for cooperatives development 3. Supervise and monitor cooperatives for compliance efficiency, effectiveness and inclusiveness 						
Intermediate Outcome:	Cooperatives Promotion and Structural Competitiveness						
Intermediate Outcome Indicator	Performance Targets						
	Base year	Baseline	2021/22	2022/23	2023/24	2024/25	2025/26
Percentage of Youth engaged in Cooperative Business	2017/18	8%	12%	15%	20%	23 %	25%
Total share capital of Cooperatives Enterprises (UGX Bn)	2017/18	424	495	544	594	604	615
Number of cooperatives registered	2017/18	953	2,500	2,750	3,000	3,250	3,500
Sub Programme:	General Administration, Policy and Planning						

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<p>Sub-Programme Objectives:</p>	<ol style="list-style-type: none"> 1. Provide policy guidance and strategic leadership to the Ministry. 2. Effectively and efficiently manage the Ministry's physical, human and financial resources. 3. Facilitate other departments with the necessary resources to deliver the Ministry's mandate. 4. Initiate, coordinate, support, oversee and where applicable, facilitate implementation of strategies and programmes aimed at enhancing the development and promotion of Trade, Cooperatives, Industry and Technology; 5. Promote and coordinate the research activities and initiatives of the Sector, with a view to ensure that results are utilized and are beneficial to the country and all stakeholders; 6. Inspect, monitor and evaluate the progress, standards, and efficiency of the various departments, under its mandate for quality assurance, policy direction and guidance; 7. Collect, process, analyze, and disseminate National and International information on the respective sectors hence providing vital input necessary to improve rational decision-making; and, Manage the Ministry's public relations. 						
<p>Intermediate Outcome:</p>	<p>Programme coordination and support to General administration, Policy Guidance and Strategic Direction</p>						
<p>Intermediate Outcome Indicator</p>	<p>Performance Targets</p>						
<p>Level of compliance of planning and budgeting instruments to NDPII</p>	<p>2017/18</p>	<p>58%</p>	<p>70%</p>	<p>72%</p>	<p>73%</p>	<p>74%</p>	<p>75%</p>
<p>Level of Development Plan delivered.</p>	<p>2020/21</p>	<p>5%</p>	<p>20%</p>	<p>45%</p>	<p>65%</p>	<p>80%</p>	<p>100%</p>

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Budget absorption rate	2017/18	95	97	98	99	99	99
No of work plans generated from the strategic plan	2017/18	7	7	7	7	7	7
No MPS, BFP and Annual Report in place	2017/18	1	1	1	1	1	1

P2.2: Medium Term Projections by Sub Programme

Table P2.2: Budget Allocation and Medium-Term Projections by Sub Programme

Billion Uganda Shillings	Approved Budget	Proposed Budget	Medium Term Projections			
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Manufacturing						
Industrial and Technological Development	48.408	33.708	33.708	31.463	31.463	31.463
Cooperative development	10.790	7.513	7.513	7.013	7.013	7.013
General Administration, Policy and Planning	16.565	11.535	11.535	10.767	10.767	10.767
Total	75.764	52.756	52.756	49.243	49.243	49.243

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P3: PROGRAMMES INTERVENTIONS FOR FY 2021/22

Sub-program	Intervention	Budget FY 2021/22 (Bn. UShs)
1. Industrial and Technological Development	<ol style="list-style-type: none"> 1. Construct 4 fully serviced industrial parks (1 per region) 2. Upgrade industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes 3. Support existing local manufactures for both medical products and pharmaceuticals 4. Enforce the laws on counterfeits and poor-quality products 5. Enact and enforce the local content law 6. Support existing sugar factories to produce industrial sugar 7. Support the national conformity assessment system to attain international recognition through Accreditation 8. Feasibility studies for agricultural mechanization, post-harvest handling, storage and processing infrastructure equipment relevant for Uganda 9. 200 Aggregation and Collective Marketing Societies supported with cleaning, drying, grading and processing equipment 10. 8 Training and common facility centers established 11. A survey on the status of all agro-processing and value addition establishments in the country 12. Resource efficient and sustainable industries established 13. Enhance the capacity of UNBS to undertake quality assurance and standard inspection 14. Establish new and rehabilitate existing agro-processing industries to minimize negative environmental impacts for Medium-Term processing of key commodities 	33.708

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Cooperative development	<ol style="list-style-type: none"> 1. National Cooperative Policy and implementation strategy disseminated 2. Dissemination of the reviewed Cooperative Societies Regulations Strategy for strengthening cooperatives 3. Strategy for strengthening cooperatives submitted to Cabinet. 4. Regulation of Warehouse Receipt System 	7.513
General Administration, Policy and Planning	<ol style="list-style-type: none"> 1. Provide policy guidance and strategic leadership to the Ministry. 2. Effectively and efficiently manage the Ministry's physical, human and financial resources. 3. Facilitate other departments with the necessary resources to deliver the Ministry's mandate. 4. Initiate, coordinate, support, oversee and where applicable, facilitate implementation of strategies and programmes aimed at enhancing the development and promotion of Trade, Cooperatives, Industry and Technology; 5. Promote and coordinate the research activities and initiatives of the Vote, with a view to ensure that results are utilized and are beneficial to the country and all stakeholders; 6. Inspect, monitor and evaluate the progress, standards, and efficiency of the various departments, under its mandate for quality assurance, policy direction and guidance; 7. Collect, process, analyze, and disseminate National and International information on the respective sectors hence providing vital input necessary to improve rational decision-making; and, Manage the Ministry's public relations. 	11.535
TOTAL FOR PROGRAMME INTERVENTIONS		52.756

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Programme Challenges in addressing gender and Equity issues for FY 2021/22

1. Capacity gaps in gender-based budgeting
2. Insufficient funding provisions to address gender issues in programmes
3. Dynamic and Complexity of understanding gender and equity issues