
Sector: Trade and Industry

Foreword

The Budget Framework Paper for FY 2020/21 was prepared in pursuance of the sector mandate; formulation of policies, strategies, plans and programs that promote and ensure expansion and diversification of trade, cooperatives and environmentally sustainable industrialization which is in line with Industrialisation for job creation and shared prosperity as the theme for the 2020/21 Budget Strategy.

This Trade and Industry Sector Budget Framework Paper for FY 2020/21 is informed by the Sector Strategic goals and objectives. The Trade and Industry Sector Budget Framework Paper is further informed by and is responsive to the draft Third National Development Plan; Sustainable Development Goals; undertakings agreed during the Trade and Industry Sector Joint Annual Review; the Presidential directives; and NRM Manifesto commitments. The Trade and Industry Sector Budget Framework Paper for FY 2020/21 pay attention to harnessing the existing synergies within the sector.

The sector aims at the following key priorities;

- 1) Review and formulate trade related polices to refocus on supporting exports;
- 2) Sensitize farmers/producers on trade procedures and standards with emphasis on exporting;
- 3) Improve quality and standard concerns by expanding the services of Uganda National Bureau Standards;
- 4) Establishment of Border Export Zones at key strategic border points to increase cross border trade;
- 5) Enhance value addition and industrialization;
- 6) Promotion of Cooperative Movement by mobilizing collective resources through cooperatives and strengthen supervisory and management of Cooperatives through District Commercial Extension Services; etc.

I am once again happy to present to you the Budget Framework Paper for Trade and Industry Sector for FY 2020/21. I look forward to your continued cooperation and support as we continue striving to improve service delivery for the development of Uganda.

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Abbreviations and Acronyms	
AGOA	African Growth Opportunities Act
COMESA	Common Market for Eastern and Southern Africa
DCO	District Commercial Office
EAC	East African Community
EPA	Economic Partnership Authority
FTA	Free Trade Area
IFMS	Integrated Financial Management System
IPPS	Integrated Personnel Pay Roll System
LED	Local Economic Development
LG	Local Government
MAAIF	Ministry of Agriculture Animal Industry and Fisheries
MoFPED	Ministry of Finance Planning and Economic Development
MoICT	Ministry of Information and Communication Technology
MoLG	Ministry of Local Government
MoTIC	Ministry of Trade, Industry and Cooperatives
MSME	Micro Small and Medium Enterprises
MTAC	Management Training and Advisory Centre
MTEF	Medium Term Expenditure Framework
NDA	National Drug Authority
NDP	National Development Plan
NPA	National Planning Authority
OPM	Office of the Prime Minister
PSFU	Private Sector Foundation Uganda
SWG	Sector Working Group
TEXDA	Textile Development Agency
UCA	Uganda Cooperative Alliance
UCPC	Uganda Cleaner Production Centre
UEPB	Uganda Export Promotion Board
UIA	Uganda Investment Authority
UMA	Uganda Manufacturers Association
UNBS	Uganda National Bureau of Standards
UNCE	Uganda National Commodity Exchange
UNIDO	United Nations Industrial Development Organisation
URA	Uganda Revenue Authority
UWRSA	Uganda Warehouse Receipt System Authority
WTO	World Trade Organisation

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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)

	2018/19 Outturn	2019/20		2020/21 Proposed Budget	MTEF Budget Projections				
		Approved Budget	Spent by End Sep		2021/22	2022/23	2023/24	2024/25	
Recurrent									
Wage	10.073	25.075	5.988	25.075	25.075	25.075	25.075	25.075	25.075
Non Wage	77.136	100.814	40.789	78.814	94.577	113.492	136.191	163.429	163.429
Devt.									
GoU	30.913	59.836	13.534	57.836	57.836	57.836	57.836	57.836	57.836
Ext. Fin.	5.357	17.027	1.365	10.269	0.000	0.000	0.000	0.000	0.000
GoU Total	118.122	185.725	60.311	161.725	177.488	196.403	219.102	246.340	246.340
Total GoU+Ext Fin (MTEF)	123.479	202.752	61.676	171.994	177.488	196.403	219.102	246.340	246.340
A.I.A Total	26.557	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Grand Total	150.036	202.752	61.676	171.994	177.488	196.403	219.102	246.340	246.340

(ii) Sector Contributions to the National Development Plan

As the National Development Plan highlights, there is a need for growth of the Country's exports. The Sector is employing the following strategies aimed at increasing exports value and narrowing the trade deficit;

1. Implementation of Buy Uganda Build Uganda (BUBU) Policy.
2. Promotion and construction of Cross Border Export Zones.
3. Market Expansion through Bilateral, Regional and International Trade Agreements.
4. Promotion of Trade in Services.
5. Market Expansion through Regional and International Trade Agreements.
6. Implementation of Industrial Development Projects through Uganda Development Corporation
7. Implementation of Rural Industrialization Development Programme (RIDP)
8. Implementation of Trade Facilitation measures such as; Implementation of Electronic Single Window System (eSWS), Trade Information Portal, Development of One Stop Border Posts (OSBPs), Non-Tariff Barriers Reporting System and Simplified Trade Regime.

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(iii) Medium Term Sector Policy Objectives

Continue to improve the Regulatory Framework for creating an enabling environment for Trade that enhances wealth creation.

Revitalize the Cooperative Movement by mobilizing collective resources through cooperatives.

Enhance value addition and industrialization to support employment creation.

Ensure implementation of the National Development Export Strategy (NEDS) to improve export growth.

Continue undertaking Technical Guidance, Inspections & Compliance monitoring Field Visits aimed at enhancing implementation of Industrial Development Initiatives.

(iv) Sector Investment Plans

Establishment of zonal agro-processing industries under Uganda Development Corporation such as Soroti and Luwero Fruit Factories, Mabale and Zombo/Nebbi Tea Factories.

Construction of Laboratory Infrastructure (National Metrology Laboratory) and Regional Labs (Mbarara, Gulu and Mbale) and procurement of Specialized Machinery & Equipment for New Labs.

Establishment of border export zones under Great Lakes Trade Facilitation Project (GLTFP).

Purchase of office furniture, machinery and equipment, assorted ICT equipment and software as well as motor vehicle equipment.

Table S1.2 SECTOR OUTCOMES AND OUTCOME INDICATORS

Sector Outcome : Improved Private Sector Competitiveness							
Sector Objectives contributed to by the Sector Outcome							
1. Improve the private sector competitiveness.							
Sector Outcome Indicators	Q4 Actual 2018/19	Performance Targets					
		2019/20	Base year	Baseline	2020/21	2021/22	2022/23
Proportion of the value of export goods & services to GDP	18%	8.1%	2018	10.8%	12.5%	13%	14%
Share of exports to imports	2%	0.02%	2018	49.1%	52%	54%	55%
Proportion of cooperatives linked to market opportunities	4%	5.5%	2015	1%	2.5%	3%	4%
Sector Outcome : A Strong Industrial Base							
Sector Objectives contributed to by the Sector Outcome							
1. Promote the development of value added industries in agriculture and minerals.							
Sector Outcome Indicators	Q4 Actual 2018/19	Performance Targets					
		2019/20	Base year	Baseline	2020/21	2021/22	2022/23
Proportion of agro-processing industries to manufacturing industry	10%	8%	2015	6%	15%	18%	20%
Share of manufactured goods to total export value	25%	25%	2016	5.8%	12%	15%	18%

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Proportion of new jobs created in manufacturing industry	5%	5%	2017	7.8%	16%	18%	20%
Proportion of population employed in the manufacturing industry	4.8%	5%	2017	8.1%	16%	18%	20%

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 all inclusive 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					
Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Percentage of manufacturing Industries meeting Standard Operating Requirements	72%	46%	74%	75%	78%
• Percentage contribution of manufacturing to GDP	6%	9%	8%	10%	12%
• Proportion of industries adopting new technologies in manufacturing	10.5%	12%	10%	11%	15%
• Proportion of population employed in the manufacturing industry	15%	9%	18%	20%	21%
Programme :	02 Cooperative Development				
Programme Objective :	This Programme is responsible for policy formulation, and coordination for strengthening the cooperative movement for competitiveness and socially inclusive economic development.				
Responsible Officer:	Commissioner - Cooperatives Development				
Programme Outcome:	Promotion of Structured Trading for Commodities				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					
1. A Strong Industrial Base					
Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Promotion and adoption of Structured Trading for Commodities	12	6.5	13	14	15
Programme Outcome:	Cooperatives Promotion and Structural Competitiveness				
<i>Sector Outcomes contributed to by the Programme Outcome</i>					

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1. Improved Private Sector Competitiveness

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Percentage of Youth engaged in Cooperative Business	10%	8.9%	12%	15%	20%
• Total share capital of Cooperatives Enterprises (UGX Bn)	450	429	495	544	594

Programme : 04 Trade Development

Programme Objective : This Programme is responsible for developing, coordinating, regulating, promoting and facilitating domestic and external trade with emphasis on export promotion and access to regional and international markets for economic growth.

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

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Percentage growth in trade of Domestically Produced Products & services	5%	1.2%	10%	12%	15%
• Access to Common Trade Infrastructure and Development	10%	5.2%	10%	12%	14%
• Percentage utilization of Foreign Trade Agreements by Business Community	12%	5.4%	13%	14%	16%

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

Sector Outcomes contributed to by the Programme Outcome

1. Improved Private Sector Competitiveness

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Percentage growth of formalised MSMEs in domestic and export market	20	4.5	15	15	12
• Percentage of MSMEs with access to business incubation and industrial infrastructure	15%	5.2%	16%	18%	20%
• Percentage of MSMEs implementing good business and technical management practices.	52%	5.4%	54%	55%	56%

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Programme :	49 General Administration, Policy and Planning
Programme Objective :	This Programme is responsible for providing the essential administrative, policy and strategic guidance for well coordination of the Ministry
Responsible Officer:	Under Secretary - Finance and Administration
Programme Outcome:	Policy Guidance and Strategic Direction

Sector Outcomes contributed to by the Programme Outcome

1. A Strong Industrial Base

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Level of compliance of planning and budgeting instruments to NDPII	65%	66%	70%	72%	74%
• Level of compliance of the MPS to gender and equity budgeting	62%	63%	64%	65%	68%
• Level of Development Plan delivered	60%	75%	70%	72%	74%
• Budget absorption rate	94	96	97	98	99
• Annual External Auditor General rating.	85	78	86	87	88

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 categories of people in the country.
Responsible Officer:	Dr. Ben Manyindo
Programme Outcome:	Efficient and effective UNBS

Sector Outcomes contributed to by the Programme Outcome

1. A Strong Industrial Base

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Annual External Auditor General rating.	100	0	100	100	100
• Level of strategic plan delivered	100%	73%	20%	40%	60%

Programme Outcome: Fair trade and consumer protection

Sector Outcomes contributed to by the Programme Outcome

1. A Strong Industrial Base

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• Level of prevalence of substandard imported and locally produced products on the Ugandan Market	50%	51%	45%	40%	30%

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• Number of Ugandan certified products accessing Regional International Markets	3,500	1,740	4,000	4,500	5,000
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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: Elly Twineyo Kamugisha

Programme Outcome: Export Development, Exporter Facilitation and Promotion.

Sector Outcomes contributed to by the Programme Outcome

1. Improved Private Sector Competitiveness

Programme Performance Indicators	Performance Targets				
	2019/20 Plan	2019/20 Q1 Actual	2020/21 Target	2021/22 Target	2022/23 Target
• No. of training needs addressed	5	2	6	8	10
• Trade information gaps addressed	4	2	5	6	8
• Number of producers linked to exporters	5	4	20	25	28
• No. of SMEs linked to export markets	4	1	5	6	8
• No. of exporters linked to export markets	20	4	50	55	58

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

Billion Uganda shillings Programme Service	2018/19	2019/20		2020/21	Medium Term Projections			
	Outturn	Approved Budget	Releases by end Q1	Proposed Budget	2021/22	2022/23	2023/24	2024/25
Vote : 015 Ministry of Trade, Industry and Cooperatives								
01 Industrial and Technological Development	65.961	64.532	29.619	40.532	40.862	41.257	41.732	42.302
02 Cooperative Development	14.927	27.254	10.097	27.254	32.629	39.078	46.818	56.106
04 Trade Development	7.212	19.283	1.973	12.486	2.609	3.033	3.541	4.151
07 MSME Development	0.898	1.168	0.327	1.118	1.305	1.469	1.667	1.903

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49 General Administration, Policy and Planning	12.753	14.305	4.286	14.393	16.316	18.729	21.624	25.099
Total for the Vote	101.751	126.541	46.301	95.782	93.719	103.566	115.383	129.562
Vote : 154 Uganda National Bureau of Standards								
06 Standards Development, Promotion and Enforcement	18.767	68.936	14.116	68.936	75.301	82.940	92.106	103.106
Total for the Vote	18.767	68.936	14.116	68.936	75.301	82.940	92.106	103.106
Vote : 306 Uganda Export Promotion Board								
05 Export Market Development, Export Promotion and Customized Advisory Services	2.961	5.043	0.701	5.043	5.788	6.682	7.755	9.043
Total for the Vote	2.961	5.043	0.701	5.043	5.788	6.682	7.755	9.043
Vote : 500 501-850 Local Governments								
83 District Commercial Services	0.000	2.232	0.558	2.232	2.679	3.214	3.857	4.629
Total for the Vote	0.000	2.232	0.558	2.232	2.679	3.214	3.857	4.629
Total for the Sector	123.479	202.752	61.676	171.994	177.488	196.403	219.102	246.340

S3:Sector Challenges in addressing Gender and equity issues for FY 2020/21

Many of Ugandan females are engaged in micro, informal and unregistered businesses and are unwilling to move to business opportunity areas. The sector however continues to work closely with the relevant sectors (Equal Opportunities Commission) to address this challenge.