PRIVATE SECTOR DEVELOPMENT PROGRAMME

Semi-Annual Budget Monitoring Report

Financial Year 2023/24

March 2024

Budget Monitoring and Accountability Unit
Ministry of Finance, Planning and Economic Development
P.O. Box 8147, Kampala
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ABBREVIATIONS AND ACRONYMS

AfCFTA	African Continental Free Trade Area
BDS	Business Development Services
BMAU	Budget Monitoring and Accountability Unit
BoU	Bank of Uganda
CEDP	Competitiveness and Enterprise Development Project
COVID-19	Coronavirus Disease, 2019
DLG	District Local Government
EPRC	Economic Policy Research Centre
IBP	Industrial and Business Park
IFMS	Integrated Financial Management System
IRA	Insurance Regulatory Authority
ISO	International Organization for Standardization
KIBP	Kampala Industrial and Business Park
MSMEs	Micro Small and Medium Enterprises
MSC	Microfinance Support Centre Limited
MDAs	Ministry, Department and Agencies
MFPED	Ministry of Finance, Planning and Economic Development
MTIC	Ministry of Trade, Industry and Cooperatives
MTLIMS	Metrology Laboratory Information System
MPS	Ministry of Public Service
NDP	National Development Plan
NEMA	National Environment Management Authority
OSBP	One Stop Border Post
PDM	Parish Development Model
PIRT	Presidential Investors Round Table
PSD	Private Sector Development
PSFU	Private Sector Foundation Uganda
PPDA	Public Procurement and Disposal of Assets Authority
SACCO	Savings and Credit Cooperative
SBRF	Small Business Recovery Fund
SDF	Skills Development Facility
SMEs	Small and Medium Enterprises
UDB	Uganda Development Bank
UEPB	Uganda Export Promotions Board
UFZA	Uganda Free Zones Authority
UHTTI	Uganda Hotel and Tourism Training Institute
UIRI	Uganda Industrial Research Institute
UIA	Uganda Investment Authority
UKEF	United Kingdom Export Finance
UMA	Uganda Manufacturers Association
UNBS	Uganda National Bureau of Standards
URA	Uganda Revenue Authority
URBRA	Uganda Retirements Benefits Regulatory Authority
USADF	United States African Development Foundation
USD	United States Dollar
UWRSA	Uganda Warehouse Receipt System Authority
UWRTI	Uganda Wildlife Research and Training Institute

FOREWORD

At the start of this Financial Year 2023/24, the Government of Uganda outlined strategies to accelerate the country's economic growth agenda. Some of these strategies centered on enhanced domestic revenue mobilization and collection, and effective implementation of various initiatives to improve the efficiency and effectiveness of government programs and projects.

Within your programmes, I urge you to undertake a comprehensive reflective exercise to find out if indeed the interventions being implemented are achieving the true essence of efficiency and effectiveness. If not, why? How can this situation be remedied? Without efficiency and effectiveness, the impact and the ensuing sustainability from the interventions will not be achieved, thus reducing the opportunities for investment in new and more productive ventures.

The government is concerned that some programmes have stagnated at fair performance over the years, although they receive a considerable amount of their budgets annually. These monitoring findings form a very important building block upon which the programmes can begin the reflective exercise. I will be happy to hear your ideas on how the last-mile service delivery can be improved.

Ramathan Ggoobi
Permanent Secretary/Secretary to the Treasury

EXECUTIVE SUMMARY

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

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

This summary highlights the performance under the two sub-programmes - Enabling Environment; and Institutional and Organizational Capacity for the period 1st July – 31st December 2023.

Overall Performance

The PSD Programme output performance for the first half of the Financial Year (FY) 2023/24 was fair. The approved budget for the programme is Ug shs 1,911.06 billion (bn) which was revised upwards to Ug shs 1,960.49bn. A total of Ug shs 929.83bn (48.7%) was released and Ug shs 352.40bn (37.9%) spent by 31st December 2023. Although the release was good, the expenditure performance was poor. The NPA and PPDA registered 100% absorption, while the MFPED had the least absorption (34.7%). The poor absorption was registered on the financial inclusion pillar of the Parish Development Model (PDM) with only 0.4% of the released funds (Ug shs 0.539bn) disbursed to beneficiaries.

Enabling Environment Sub-programme

The Microfinance Support Centre (MSC) disbursed a total of Ug shs 5.42bn to 271 *Emyooga* Savings and Credit Co-operatives (SACCOs) as seed capital. Additionally, 50 client projects were financed to the tune of Ug shs 2.193bn, of which Ug shs 1.429bn was to 25 client projects under conventional financing and Ug shs 0.764bn to 25 client projects under Islamic financing with 50% of the financing going to the agriculture sector. Membership of client institutions stood at 1,392,902 of which 49% were women, 29% youth and 5% persons with disabilities (PWDs).

Through the Small Business Recovery Fund (SBRF), a total of Ug shs 7.945bn has been approved by the Bank of Uganda and disbursed to 560 beneficiaries through the participating financial institutions (PFIs) since inception. Most of the investments were in real estate and trade and commerce sectors. Opportunity Bank had the highest number of beneficiaries (478) with an amount loaned out at Ug shs 5.413bn and Housing Finance Bank had the least beneficiaries (06) with a loan amount of Ug shs 0.188bn. The central region was the biggest beneficiary with 423 beneficiaries receiving Ug shs 5.533bn and the northern and eastern regions had 23 and 24 beneficiaries respectively. The general uptake of the SBRF was still low attributed to limited information and the requirement for land as collateral security.

The UNBS conducted 1,648 inspections and surveillance exercises against the half-year target of 4,500 resulting in 235 seizures of products that did not meet the minimum standards. The UNBS developed a total of 142 Standards against an annual target of 150, and 2,354 pieces of equipment were calibrated against 3,537 requests received from clients.

Enterprise Uganda provided a pilot training to deliver Business Development Services (BDS) skills to 2,308 PDM beneficiaries and those in the pipeline to receive PDM funds in two districts of Amuria and Butambala with a focus on mindset change, entrepreneurship, and business skills. The Training of Trainers (ToT) on the PDM financial inclusion pillar was undertaken in 38 districts and a total of 544 micro, small and medium enterprises (MSMEs) were engaged through the Entrepreneurship Training Workshop (ETW) online tool on BDS. Construction of the National Business Development Services Centre (NBDSC) in Butabika was ongoing, but behind schedule with physical progress at 60%, against time progress of 65% and financial progress at 28.31%.

The United States African Development Fund (USADF) extended grants to 13 new farmer organizations raising the portfolio to 27 beneficiary grantees during the period under review. These were at varying levels of implementation. The previously supported cooperatives/organizations created and sustained 25,000 jobs with 40% of these females. There was a slow start to implementation as most of the beneficiary co-operatives received funds late in the second quarter of the financial year.

The Uganda Free Zones Authority (UFZA) attracted five private developers and operators against the annual target of 20 and three new Free Zones Licenses were gazetted against a target of five. A new investment value worth USD 33.7 million was attracted in the zones against an annual target of USD 200 million, and 626 jobs were created in the gazetted-free zones against a target of 10,000 jobs. Construction of the Entebbe International Airport Free Zone phase I was completed, while phase 2 progressed to 62% against a target of 52%, and over 90% financial progress. The four-storey trade house was roofed, while the anchor house progressed to 50%. The key pending works included final painting, electoral-mechanical and external works.

Infrastructure development at the Kampala Industrial and Business Park (KIBP)-Namanve was behind schedule at 45.45% against 67.34%-time progress and 47.85% financial performance. This was attributed to the delayed approval and finalization of sites for three components for the solid, and water waste treatment (SWTP & WWTP,) as well as the SME Park which contributes 30% of the project scope. A total of 37km out of 44km of park roads were fully opened and were at varying levels of progress. There was no progress registered on the extension of power services, supply and laying of a 33KV single core cable, fibre optic and CCTV services, solar street lighting and other amenities such as hydrants since these depend on the completion of major road works. The project was at risk of cost overruns given the fast-approaching loan disbursement deadline.

Private Sector Institutional and Organizational Capacity Sub-programme

Parliament passed the Competition Bill and it awaits Presidential assent. A total of twenty-five MSMEs were trained in making business plans, financial literacy and resource mobilisation.

Through the Competitiveness and Enterprise Development Project (CEDP), the Meetings, Incentives, Conferences and Events (MICE) Uganda Bureau was established. Civil works for the additional 30-room floor at the Uganda Hotel and Tourism Training Institute (UHTTI) Jinja under phase I works was at 95% excluding the furnishing of the institute while phase II covering the training facilities was at 17.3%. The redevelopment, retooling and modernization of the Uganda Wildlife Education Centre (UWEC) in Entebbe was at 25% against 40.7%-time progress. The civil works at the Uganda World Life Research and Training Institute (UWRTI) were at 26% against 35%-time progress. The procurement of a contractor to refurbish the

Uganda Museum (UM) was at the tendering stage. All the works started late and the project runs a risk of not completing the works before the loan expiry date if no extension is granted.

Conclusion

The Private Sector Development Programme output performance was fair at 58.9%. Both the Private Sector Institutional and Organizational Capacity, and the Enabling Environment Sub-programmes exhibited fair performance at 75.32% and 60.47% respectively

Through the UFZA and UIA, investors were facilitated and some were linked to financing options. A number of financial and tax-related bills and policies were presented before Parliament. The *Emyooga* SACCOs were supported with additional seed capital, while several client projects were financed through both conventional and Islamic financing. There was a slight improvement in uptake of funds under the Small Business Recovery Fund (SBRF) though uptake is still low due to limited awareness and the demand for land as security. Absorption of funds under the PDM financial inclusion pillar was poor, owing to low levels of readiness to receive funds.

Most of the infrastructure-related outputs aimed at facilitating private sector growth progressed at a rather slow pace and were behind schedule which poses a risk of time and cost overruns. The slow progress and delayed completion of infrastructure that promote production and quicken business processes such as serviced industrial parks and the export processing zone are likely to delay the attainment of some of the third National Development Plan (NDPIII) objectives and outcomes under the PSD Programme.

Recommendations

1. The MFPED should expedite the disbursement of funds to the PDM SACCOs to ensure the achievement of the program objectives.
2. The UIA, UFZA and CEDP should accelerate the completion of civil works to avoid further delays and cost overruns.
3. The BoU and participating financial institutions should popularise the SBRF to potential beneficiaries to increase uptake.

CHAPTER 1: INTRODUCTION

1.1 Background

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

The MFPED through its Budget Monitoring and Accountability Unit (BMAU) tracks the implementation of programmes/projects by observing how values of different financial and physical indicators change over time against stated goals and indicators. The BMAU work is aligned with budget execution, accountability, and service delivery.

With effect from FY 2021/22, the BMAU began undertaking Programme-Based Monitoring to assess performance against targets and outcomes in the Programme Implementation Action Plans (PIAPs)/Ministerial Policy Statements. The semi-annual and annual field monitoring of Government programmes and projects is undertaken to verify the receipt and expenditure 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 reviewed the level of cohesion between sub-programmes and noted implementation challenges.

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

This report presents findings from monitoring of the Private Sector Development (PSD) Programme for the budget execution period from 1st July 2023 to 31st December 2023.

1.2 Programme Goal and Objectives

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

1. Sustainably lower the costs of doing business.
2. Promote local content in public programmes.
3. Strengthen the enabling environment and enforcement of standards.
4. Strengthen the role of government in unlocking investment in strategic economic sectors.
5. Strengthen the organisational and institutional capacity of the private sector to drive growth.

1.3 Sub-programmes

The Private Sector Development Programme is implemented through the following sub-programmes:

1. Enabling Environment
2. Private Sector Institutional and Organizational Capacity

1.4 Programme Outcome Result Areas

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

1. Reduce the informal sector from 51 percent in 2018/19 to 45 percent in 2024/25.
2. Increase non-commercial lending to the private sector in key growth sectors, from 1.5 percent in FY 2018/19 to 3 percent of gross domestic product (GDP).
3. Increase the proportion of public contracts and sub-contracts that are awarded to local firms, from 30 percent to 80 percent.
4. Increase the value of exports from USD 3,450.7 million in FY2017/18 to USD 4,973 million.

CHAPTER 2: METHODOLOGY

2.1 Scope

This monitoring report is based on interventions under the PSD Programme implemented during FY 2023/24 (1st July 2023-31st December 2023). The monitoring involved analysing and tracking inputs, activities, processes and outputs as identified in the Programme Implementation Action Plans (PIAPs), Ministerial Policy Statements (MPSs), and annual and quarterly work plans, progress and performance reports of Ministries, Departments, Agencies(MDA), and Local Governments (LGs). A total of 11 (73%) out of 15 interventions under the PSD Programme Implementation Action Plan (PIAP) were monitored (Annex 1).

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

1. Significant contribution to the programme objectives and national priorities.
2. Level of investment; interventions that had higher allocation of funds were prioritized.
3. Planned outputs whose implementation commenced in the year of review, whether directly financed or not. In some instances, multiyear investments or rolled-over interventions were prioritized.
4. Interventions that had clearly articulated gender and equity commitments in the policy documents
5. Completed projects to assess beneficiary satisfaction, value for money and intermediate outcomes.

2.2 Approach and Methods

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

A combination of random and purposive sampling was used in selecting sub-interventions and outputs from the PIAPs, MPSs and progress reports of the respective MDA and LGs for monitoring.

To aid in mapping PIAP interventions against annual planned targets stated in the Vote MPS and quarterly work plans, a multi-stage sampling was undertaken at four levels: i) Sub-programmes ii) Sub-sub-programmes iii) Local governments, and iv) Project beneficiaries. The selection of districts and facilities considered regional representativeness.

2.3 Data Collection and Analysis

Data collection

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

1. Literature review from key policy documents including, MPS FY 2023/2024; National and Programme Budget Framework Papers; a Handbook for Implementation of NDPIII Gender and Equity Commitments, PIAPs, third National Development Plan (NDP III), quarterly progress reports and work plans for the respective implementing agencies, quarterly performance reports, the Budget Speech, Public Investment Plans, Approved Estimates of Revenue and Expenditure, project reports, strategic plans, policy documents, aide memoires and evaluation reports for selected programmes/projects.

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

Primary data collection methods on the other hand included:

1. Consultations and key informant interviews with institutional heads, and project/intervention managers.
2. Field visits to various project sites, and service beneficiaries, observation, and photography for primary data collection.
3. Call-backs in some cases were made to triangulate information.

Data Analysis

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

Comparative analyses were done using percentages and averages of the outputs/interventions; intermediate outcome indicators and the overall scores. Performance of outputs/interventions was rated in percentages according to the level of achievement against the annual targets. The sub-programme score was determined as the weighted aggregate of the average percentage ratings for the outputs. The overall programme performance is an average of individual sub-programme scores assessed. The performance of the programme and sub-programme was rated based on the criterion in Table 2.1. Based on the rating assigned, a colour-coded system was used to alert the policymakers and implementers on whether the interventions were achieved or not. The coded system was defined as: very good performance (green), good (yellow), fair (light gold) and poor (red).

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

Table 2.1: Assessment Guide Measure Performance in FY 2023/24

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

Source: Author's Compilation

2.4 Limitations

1. Lack of disaggregated financial information for some outputs that contribute to several interventions.
2. Lack of real-time financial data on donor financing as this aspect is not accessible on the IFMS.
3. Lack of planned targets for some outputs which affects analysis of performance.

2.5 Structure of the Report

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

CHAPTER 3: PROGRAMME PERFORMANCE

3.1 Overall Programme Performance

The Private Sector Development (PSD) Programme output performance was fair at 58.9%. Both the Private Sector Institutional, and Organizational Capacity, and Enabling Environment Sub-programmes registered fair performance at 75.32% and 60.47% respectively (Table 3.1). The fair performance is attributed to low absorption under most of the planned outputs. The PDM financial inclusion pillar for example registered only 0.4% absorption despite having the biggest share of the budget and release. This was explained by the lack of readiness by beneficiaries to receive the funds as planned.

Table 3.1: PSD Programme Physical Performance by 31st December 2023

Sub-programme	Performance (%)	Remark
Enabling Environment	60.47	Fair performance
Private Sector Institutional and Organizational Capacity	57.32	Fair performance
Average	**58.9**	Fair performance

Source: Field Findings

The approved budget for the programme is Ug shs 1,911.06 billion (bn) which was revised upwards to Ug shs 1,960.49bn. A total of Ug shs 929.83bn (48.7%) was released and Ug shs 352.40bn (37.9%) spent by 31st December 2023 (Table 3.2). Although the release was good, the expenditure performance was poor. The NPA and PPDA registered 100% absorption while the MFPED had the least absorption (34.7%). The poor absorption was registered on the financial inclusion pillar of the PDM with only 0.4% of the released funds (Ug shs 0.539bn) disbursed to beneficiaries.

Table 3.2: PSD Programme Financial Performance by 31st December 2023

Vote	Approved Budget	Released	Spent	% Budget Released	% Releases Spent
008 Ministry of Finance, Planning & ED	1,776.85	861.747	299.096	48.5	34.7
015 Ministry of Trade, Industry and Co-op.	2.442	1.294	1.117	53.0	86.3
021 Ministry of East African Community	1.731	1.001	0.834	57.8	83.3
108 National Planning Authority (NPA)	0.25	0.1	0.1	40.0	100.0
119 Uganda Registration Services Bureau	9.985	5.652	4.114	56.6	72.8
136 Uganda Export Promotion Board	8.187	3.878	2.567	47.4	66.2
138 Uganda Investment Authority (UIA)	16.044	8.061	5.737	50.2	71.2
153 Public Procurement & Disposal of PA	1.325	1.204	1.204	90.9	100.0
154 Uganda National Bureau of Standards	53.164	27.071	23.835	50.9	88.0
161 Uganda Free Zones Authority	11.05	5.523	4.167	50.0	75.4
162 Uganda Microfinance Regulatory Authority	11.106	5.64	3.112	50.8	55.2
163 Uganda Retirement Benefits Regulatory Authority	14.587	7.427	5.721	50.9	77.0
506 Uganda High Commission in Tanzania	0.2	0.047	0.047	23.5	100.0
510 Uganda Embassy in the United States,	0.79	0.198	0.198	25.1	100.0
515 Uganda Embassy in Japan, Tokyo	0.021	0.011	0.016	52.4	145.5

523 Uganda Embassy in Germany, Berlin	0.085	0.067	0.059	78.8	88.1
527 Uganda Embassy in South Sudan, Juba	0.15	0.075	0.075	50.0	100.0
531 Uganda Embassy in Turkey, Ankara	0.21	0.105	0.052	50.0	49.5
532 Uganda Embassy in Somalia	0.05	0.728	0.358	1456.0	49.2
607 Local Governments 07	2.832	0	0	0.0	0.0
Total for the Programme	**1,911.06**	**929.829**	**352.407**	**48.7**	**37.9**

Source: IFMS and PBS

The detailed performance of the monitored intervention under the sub-programmes is discussed below:

3.2 Enabling Environment Sub-programme

The sub-programme contributes to the first four PSD Programme objectives. It has 13 interventions, of which nine (70%) were monitored. The sub-programme financial and physical performance was fair at 60% and 60.47% respectively. The interventions of increase accessibility to export processing zones and create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED posted a very good performance while the intervention of undertake strategic and sustainable government investment and promote private-sector partnerships in key growth areas, and rationalize and harmonize standards institutions, and policies at the local and regional level performed poorly. The performance of the monitored interventions ranged between fair and good as summarized in Table 3.3.

Table 3.3: Performance of Interventions under the Enabling Environment Sub-programme by 31st December 2023

Intervention	Colour code	Remark
Rationalize and harmonize standards institutions, and policies at the local and regional level	35.7	Poor performance
Address non-financial factors leading to the high cost of doing business	50.5	Fair performance
Develop and implement a holistic local content policy, legal and institutional framework	83.7	Good performance
Create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED	91.2	Very good performance
Undertake strategic and sustainable government investment and promote private-sector partnerships in key growth areas `	32.4	Poor performance
Fully service the industrial parks and increase access to them by the local private players	45.1	Poor performance
Increase access to affordable credit largely targeting MSMEs	61.4	Fair performance
Develop and publicise a transparent incentive framework that supports local investors	36	Poor performance
Increase accessibility to export processing zones	100	Very good performance

Source: Field Findings

3.2.1 Rationalize and harmonize standards, and policies at local and regional level

The intervention contributes to the programme's objective of strengthening the enabling environment and enforcement of standards. The planned outputs for FY2023/24 are: Construction Management, market surveillance inspections, facilities and equipment management, and support to the African Growth and Opportunity Act (AGOA) Secretariat. The overall intervention performance was poor at 35.7% and the detailed outputs performance is discussed hereunder.

Construction Management: The UNBS planned to review the designs of the engineering materials laboratory at Bweyogerere and by 31st December 2023, an inception report was under review.

Market Surveillance Inspections: The UNBS conducted 1,648 inspections against a half-year target of 4,500 inspections. These were conducted in supermarkets, shops, distribution outlets, hardware shops, food processing facilities, manufacturing facilities, and distribution trucks. The inspections were carried out in all regions as follows; 171 in the Eastern region, 248 in the Western region, 982 in the Central region and 247 in the Northern region. The inspections and surveillance exercises resulted in 235 seizures of counterfeit and substandard goods and products.

Facilities and equipment management: The plan under the UNBS is to procure 3 field vehicles, 1 van, 29 laptops, 4 network switches, assorted furniture and fittings, and one specialized equipment for the National Metrology Laboratory (NML). By half-year, 51.5 % of the budget had been released and 39% of the release spent. However, no equipment was procured, but the expenditure was on clearing domestic arrears for field vehicles supplied in the previous year.

Support to the AGOA Secretariat: The plan is to increase awareness among exporters and the general public and facilitate exporters of key identified products. By the end of December 2023, the AGOA Secretariat had facilitated exporters of key identified products to attend exhibitions in the United States of America (USA) through meeting the cost of buying air tickets and per diems and exhibition space for private sectors who export casein, coffee, textiles and apparel, cut flowers, fish, handcrafts, dried fruits, cocoa and tea to show case Ugandan products.

Through the AGOA Secretariat, Uganda participated in the East African Partner States in Arusha to encourage regional integration for trade and investment among all AGOA-eligible countries and help in the implementation of the Africa Continental Free Trade Area (ACFTA). Additionally, the annual report on export performance under the AGOA initiative was published. It was reported that Uganda had been removed from the list of AGOA participating countries with effect from 1st January 2024.

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

The intervention contributes to the programme's objective of sustainably lowering the costs of doing business. The planned outputs for FY2023/24 include: facilities and equipment management, leadership and management services provided, industrialization acceleration and job creation, and business development services. The overall intervention performance was fair at 50.5%.

Leadership and management: The plan is to prepare investment abstracts and investment policy briefs, and automate monitoring and evaluation (M&E). By 31st December 2023, one investment abstract out of the planned four had been prepared and disseminated to key investment stakeholders. A risk management strategy for UIA was developed and pre-feasibility studies were initiated towards the development of the industrial park projects across four regions of Uganda. The results-based framework for monitoring and evaluation was developed and disseminated to Management and the automated M&E system prototype was developed by the consultant to ensure efficiency and effectiveness of processes at UIA.

Industrialisation Acceleration and Job Creation: The UIA planned to undertake consensus on incentives for diaspora investment, review of investment code to support investments for green growth, and implement appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote local economic development (LED). Others are, a robust investor tracking system developed, automation of business processes, and foreign and domestic direct investment enhanced.

By half-year, the UIA had popularized the new investment code to support investments in Special Purpose Vehicles (SPVs). A total of 43 bankable projects worth USD 2.7bn were promoted and three diaspora conferences (Uganda-UK Convention, Uganda -North America (UNNA), San Francisco and Ugandans diaspora business breakfast) were attended. Five companies were targeted with investment information and follow-up was made to mobilize diaspora remittances into investments. A total of 33 domestic investors that operate in the UIA industrial parks were linked to UDB for financing and these were from 2 sectors of agro-processing value addition, and manufacturing.

Twenty-five investment leads were generated and 18 companies were profiled and linked to transnational companies. A total of 14 companies were monitored with actual investment of USD 148,410,000 and 2,336 actual jobs. Eleven projects were licensed with a planned investment value of USD 38.8 million and anticipated to create 887 jobs. Three European companies from France and Britain were licensed with a capital investment of USD 14.3 million and a potential to create 394 jobs.

Facilities and Equipment Management: The plan is to purchase a property to house One Stop centre in Mbarara, Office ICT equipment, refurbish the OSC in Mbale and Arua; and office fittings and fixtures procured for the UIA office at UBFC, and building repaired for the OSC. It was noted that the procurements for property to house the Arua one-stop centre, laptops, furniture and fittings for UIA offices were initiated and were in the early stages.

Business Development Services: The plan under the Competitiveness and Enterprise Development Project (CEDP) include; procure furniture and ICT equipment, operationalize the Meetings, Incentives, Conventions, and Events (MICE), implement the tourism grant and management of ICT systems and infrastructure. By half-year, the procurement of furniture and Information Communication Technology (ICT) equipment for tourism officers in 22 cities and selected districts was undertaken. In addition, capacity development in tourism quality assurance for tourism associations, decentralized tourism and quality assurance officers in Central and Northern regions was undertaken. The review and harmonization of the tourism licensing and taxation framework for the Ministry of Tourism Wildlife and Antiquities (MoTWA) was finalized and the report was submitted to the ministry. The draft Integrated Destination Development Plan (IDDP) for the North-Western Tourism Development Area (Albertine Graben) was reviewed by MoTWA and other stakeholders.

The contract for consultancy services to support the operationalization of the MICE Bureau was signed and is under implementation. The procurement process for developing the

Content Bank (photography and videography) and Collateral materials was initiated. The ToRs for consultancy services to conduct Bespoke (tailor-made) training were drafted and submitted to the World Bank for review. To implement the tourism support grant for community groups, a concept and implementation plan were finalized and the World Bank was yet to give further guidance on the implementation process by the end of December 2023. An assessment report on the existing sustainable funding mechanisms for promoting wildlife research, conservation, awareness and education, and harmonious coexistence of communities residing/adjacent to wildlife areas was concluded and submitted to MoTWA.

Infrastructure and Management of ICT systems (CEDP): The planned outputs are; Uganda Wildlife Education Centre (UWEC) redeveloped, retooled and modernized, Uganda Wildlife Research and Training Institute (UWRTI) Reconstructed expanded and transformed into a centre of excellence, Uganda Hotel Tourism and Training Institute (UHTTI) three-star application Hotel, School and other related facilities completed, Presidential CEO forum offices refurnishing completed and Defects Liability Period (DLP) concluded, Tourism Information Management System (TIMS) fully developed and operational, Uganda Museum refurbished, remodelled, modernized. Uganda Museum lab storage facilities retooled, and the capacity of the land division of the judiciary on the technical use of the portals, land records, and access to the National Land Information System (NLIS) strengthened. The progress on each planned activity is discussed hereunder;

1. Uganda Wildlife Education Centre (UWEC), in Entebbe redeveloped, retooled and modernized: The contract was awarded to Seyani International at a sum of Ug shs 12bn with Studio FN as the supervising consultant. The scope of works includes; a national wildlife hospital block extension, administration block extension, chimpanzee enclosure building, Kidepo fencing, aviary, African hunting dog enclosure building, elephant enclosure, car park and road works.

The works commenced on 03rd October 2023 with the expected completion date of 30th May 2024. By 31st December 2023, the overall physical progress was at 21% against 20% financial progress and 40.7%-time progress. The animal hospital progressed at 31%, new administration block at 30%, Chimpanzee enclosure at 04%, Kidepo enclosure fencing at 25%, aviary at 33%, African hunting dog enclosure building and viewers 'stand at 45%, elephant enclosure at 50%, car park at 90% and road works at 27%.

The contracts for UWEC Information, Education, Communication and Marketing (IEC&M) materials including; public shades and trash bins, design, construction and installation of animal sculptures, directional signages, information boards, and billboards were signed and under implementation. The activities yet to commence included; revamping the old administration block and old animal hospital. Overall physical progress was good, while behind schedule by 45 days due to inclement weather and delayed approvals. It was observed that the project is less likely to be completed within the remaining project time.

2. Reconstruction, expansion and transformation of the Uganda Wildlife Research and Training Institute (UWRTI) into a centre of excellence in Kasese: The contract was awarded to Ambitious Construction Company with a start date of 26th September 2023 and an end date of 25th June 2024. The supervising consultant is Strategic friends international. The scope of works includes; the construction of perimeter walls, gate and gate house, chain-link, 2-story administration block, 2-story classroom block, powerhouse, access road to office from the gate, animal protection trench, perimeter wall and supply of furniture.

By 31st December 2023, the overall physical progress was at 26% against a time progress of 38%. The slow progress was attributed to the change of site to a bigger location which necessitated design reviews and approvals. The perimeter wall had progressed to 25%, while the classroom and administration block progressed to 40%. The samples of office furniture were approved by the consultant. Works commenced on the animal protection trench. The pending works include; the gate house, power house, chain-link installation, access road and landscaping.

3. Completion of the Uganda Hotel Tourism and Training Institute (UHTTI) three-star application Hotel, training school and other related facilities in Jinja: By 31st December 2023, phase 1A consisting of hotel block, 50 Guest rooms, conference room, kitchen and reception were completed and under defects liability. The equipping and retooling of the institute by CEDP was ongoing including the installation of a public address system in the conference hall, television screens, bar, kitchen and laundry equipment.

Phase 1B consisting of 32 additional hotel rooms (second floor) and a service lift was contracted to ROKO construction company. The overall progress of Phase 1B was estimated at 75% with final finishes such as painting and tiling, installation of air conditioners, data and internet infrastructure, plumbing works, and a service lift near completion.

Phase II construction was contracted to M/s CRJE East Africa Limited under the supervision of Symbion Uganda for nine months (21st September 2023 to 20th April 2024). The scope of works was the demolition of old structures, and the construction of a classroom block, administration block and a multi-purpose hall.

The overall physical progress was 17.3% against, 25%-time progress and 19.25% financial progress (including advance payments). The old structure was demolished and the classroom block was at the superstructure level with the casting of the slab for the second floor ongoing. The administration block was on the first floor and the multipurpose hall was at the substructure level with the foundation slab being cast. The pending works included: the gate house and external works (landscaping and compound paving). The project was delayed by late approval and issuance of the demolition permit by the Jinja City Council leading to a time loss of 14 days.

4. The Tourism Information Management System (TIMS) Fully developed and operational: The design of the TIMS was in the final stages with the prototype in place and the consultant was preparing to train the internal system users. The procurement of the consultancy services to design and print the Uganda Tourism Satellite Account 2022 report was ongoing and the contract for procurement of hardware and software of ICT equipment was awaiting signing.

5. Uganda Museum refurbished, remodelled, modernized and the lab storage facilities retooled: The development of schematic designs and Bills of Quantities (BoQs) for the Uganda Museum's planned infrastructure were finalised and the World Bank approved the process of acquiring the contractor to undertake civil works. Bidding documents for construction were submitted to the World Bank for review and a no-objection. However, this activity is less likely to be realised if there is no time extension provided to the project given the scope of work. All the works under the CEDP started late and the project runs a risk of not completing the works before the loan expiry if a time extension is not granted.

L-R: Ongoing construction of the UWTTI classroom block in Kasese and construction of classroom block at UHTI in Jinja

L-R: Furnished pub and bedroom at the UHTTI in Jinja

Ongoing construction of the Animal Hospital at UWEC Entebbe

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

The intervention contributes to the programme's objective of promoting local content in public programmes. The planned outputs for the FY2023/24 include: investor education and stakeholder facilitation provided, and construction managed. The overall intervention performance was good at 83.7%.

Investor Education and Stakeholder facilitation: The planned outputs include: support to local SMEs especially manufacturers to meet the standards required to export their products, and support local SMEs through Private Sector engagements especially manufacturers to meet the standards required to export their products.

By 31st December 2023, a total of 127 local investors and young entrepreneurs were facilitated and attended an informative space on accessing affordable Finance. Luna Sweaters, an SME in the textile sector was supported to access affordable finance from Mango Finance Bugolobi. A total of 352 SMEs in the districts of Soroti, Mbale, Jinja, Masindi, Fort Portal, Kamwenge and Bunyangabu were facilitated on business formalization under the GIZ-funded project of ECOS.

In addition, 160 SMEs were linked to DFCU Bank under Rising Woman, Post Bank, Stanbic Bank/ USADF grant, Kenya Commercial Bank (KCB) and Uganda Development Bank (UDB) for affordable financing and Small Business Recovery Fund. One hundred exhibitors were supported to access markets at the Rising Woman Business Expo and the investment policy agenda prepared and adequate framework for SMEs rolled out addressing the investment needs.

Two companies in coffee and Tea (Kigezi highland Tea and Paradise Bugisu Coffee) were linked to market opportunities through the France Chamber of Commerce as an outcome of the Uganda-EU forum. Eighty viable private sector investment projects seeking collaboration and partnership were profiled and pitched to over 1,500 participants at the Uganda - EU business forum and are being promoted on other international platforms.

The UIA launched and operationalized the NSMEP together with 200 ecosystem stakeholders. It also partnered with NITA-U to host the National SME Portal on UG HUB. A total of 175 SMEs, nine domestic investors and 15 BDS providers were onboarded to the portal and 22 SMEs were linked to UNBS for standards and certification training.

Construction managed: The UFZA planned to undertake construction works at Entebbe International Airport Free zone (IAFZ) to include the trade house, anchor unit factory and gate house constructed, Land scaping, parking area and road works. Others were infrastructure activities in Buwaya, Mubende, Hoima, Jinja, Soroti, and Kasese undertaken

By 31st December 2023, the contractor, M/S NEC works had been advanced 91.8% of the total project cost (Ug shs 20.9bn) under phase II. the civil works for the three production units under phase 1 of the free zone at Entebbe were substantially complete. overall progress for civil works under phase two was 62% against a target of 53% and time progress of 52%. The four-storey trade house progressed at 60% with most of the civil works complete and roofing ongoing. Pending works include ceiling, electrical fixes, plumbing, lift installation, cladding, sanitary fittings, windows, doors and aluminium fittings.

The anchor house was at 50% progress with the superstructure constructed and roofed. Pending activities were the casting of the slab, final painting and final electrical works. External works including fencing, gate construction, road works, chain-link, paving and landscaping progressed at 30%. The construction of accommodation and sanitation facilities for security personnel in Buwaya was completed and security is provided by Uganda Police. The installation of Boundary Markers and sign posts in Buwaya, Kasese, Soroti and Jinja UFZA land was also completed. The key project challenges were heavy rains, especially between November and December and machine/equipment breakdown which slowed down the works.

Substantially complete production units at the Airport Free Zone, Entebbe

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

The intervention contributes to the programme's objective of strengthening the enabling environment and enforcement of standards. The planned outputs for FY2023/24 include; Private Sector Development Services provided, Public Enterprises Restructuring Services undertaken, Business Development Services (BDS) provided, and The National BDS Centre in Butabika constructed. The overall intervention performance was very good at 91.2%.

Private Sector Development Services: The MFPED prepared a zero draft of the corporate Uganda report and updated the CEO database from the 4th bi-annual retreat bringing the total number of CEOs to 1050. A total of 40 small informal businesses in Kampala divisions were identified for the pilot Informality Management Interventions for Compliance and Revenue Mobilisation (IMCORE) program. Additionally, data from 38 districts was collected and analyzed to aid in the development of the District Investment Profiles (DINE) and benchmarking field visits were conducted under the theme "*Stimulating Value addition*" to Roofings Group, Steel and Tube Industries Ltd and Wazuri Medicare Limited. The 14th National Competitiveness Forum (NCF) was held with a focus on agro-industrialisation.

Public Enterprises Restructuring Services: The MFPED participated in oversight of the refurbishment of Kilembe Mines Limited (KML) assets contracted to National Enterprise Corporation (NEC) in preparation for investors. The public enterprise sector monitoring report for FY ending June 2022 was prepared and the public enterprises affected by cross-indebtedness were identified and assisted with mitigation measures to reduce cross-indebtedness.

Business Development Services (BDS) provided: A total of 518 BDS providers were supported with Training of Trainers (ToT) on the financial inclusion pillar of the PDM for 44 district officials from 38 districts. This was aimed at developing PDM centres of excellence in the 18 Sub-regions. The participants included District Commercial Officers (DCOs), Community Development Officers (CDOs), agricultural Officers (AOs), Parish Chiefs, PDM SACCO leaders, PDM enterprise leaders, and Direct PDM beneficiaries among others.

A pilot training to deliver direct BDS skills to PDM beneficiaries was provided to 2,308 PDM beneficiaries and those in the pipeline to receive PDM funds in two districts; Amuria in Eastern Uganda and Butambala in Central Uganda. The focus was on mindset change, entrepreneurship and business skills training and 356 of the participants were parish chiefs and PDM SACCO leaders, PDM enterprise chairpersons, secretaries and treasurers.

Additionally, 12,262 MSMEs were trained in areas of; i) Mindset change (365 SMEs under the SEE change programme of which 55% were females) with a focus on self-empowerment and leadership. ii) Farmer Group Marketing - The Power of Collective Action (2,053 farmers with 49.02% female participation) in 12 districts, iii) Agribusiness and Financial Literacy Training (5,691 MSMEs and farmers in Busoga sub-region with 47.4% female participants and 34% youth below 36 years). The trainings took place in Bugweri, Jinja, Luuka, Iganga, Namutumba, Kamuli, Mayuge and Butaleja districts.

Delivery of BDS digitalized to reach MSMEs online: Through the digital platforms created such as the Entrepreneurship Training Workshop (ETW) online tool, a total of 544 MSMEs were engaged as follows: 244 entrepreneurs used the ETW digital tool to engage with the entrepreneurship training workshop, and 300 SMEs were reached under the recovery series using the online study platforms registering 42% female participation. This was above the annual target of 500 MSMEs. In addition, a total of 122 Total Uganda staff benefited from an online financial literacy training via zoom with 30 female participants.

The National BDS Centre in Butabika constructed: The construction of the National BDS Centre at Butabika in Nakawa Division was contracted to M/s Reliable Engineering and Décor Limited and Sheeba Construction (JV) at a contract sum of Ug shs 25.233bn.

Construction of the BDS superstructure in Butabika

The scope of works includes: the construction of an ultra-modern office (seven-storey high with three floors of basement parking, and four floors of main tower covering 13,400 square meters); and external works including paved distributor and access roads, and parking. The contract start date was 20th June 2022 whereas the end date is 20th February 2024.

By 31st December 2023, the civil works were estimated at 60% against 90%-time progress and 44.12% financial progress. The superstructure was substantially complete and ongoing works included plastering, roofing, and electro-mechanical works. Pending works include: perimeter wall, gate, paving, landscaping, painting, electrical and plumbing works.

The slow progress was attributed to the heavy rains between November and December 2023, variations to the project designs and poor cash flow. Enterprise Uganda noted the piecemeal release of funds was delaying the completion of the BDS centre which poses a risk of cost overruns.

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

The intervention aims at strengthening the role of government in unlocking investment in strategic economic sectors. The planned outputs under the intervention for FY2023/24 include; Industrialisation Acceleration and Job Creation, and Business Development Services under the USADF. The overall intervention performance was poor at 32.4%.

Industrialisation Acceleration and Job Creation: The planned outputs were: subscription to the foreign direct investment (FDI) markets, database undertaken, updated investment promotion materials disseminated, and key bankable projects developed, designed and printed.

By 31st December 2023, the UIA had subscribed to the FDI markets and obtained the FDI market tool with a database of potential and existing investors in Uganda. Three investor consultative and investment promotion summits were held in Kampala to engage domestic investors to invest and re-invest.

The UIA also organized and facilitated three inward investment exploratory missions to Uganda. The UIA acquired FD) intelligence tools targeting investors for Africa, and a policy agenda for integrating information through the FDI tool was drafted and shared with key stakeholders in the Private sector. A product and market information system was developed and a regional investment forum targeting 10 companies with investment information and follow-up was undertaken

Business Development Services The business development services under this output are provided by the United States-African Development Fund (USADF) through its support to producer organizations. The performance of the USADF is discussed hereunder.

A Memorandum of Understanding (MoU) for strategic partnership between the USADF and the GoU was signed in November 2006, where the USADF and GoU each make equal contributions (matching grants) of USD 1,000,000 per annum towards targeted farmer cooperatives and SMEs that are 100% African-owned and legally registered. A total of seven grantees were monitored during the period under review and findings are presented below:

During the first half of FY2023/24, the USADF extended grants to 13 new farmer organizations raising the total portfolio to 27 beneficiary grantees. The total commitment for the new grantees is Ug shs 6,673,168,534 while the total commitment for all the 27 running grantees is Ug shs 15.4 bn.

During the period under review, a total of 6,517 jobs were created of which 3,128 (49%) were for males and 3,389 (52%) were for females. Additionally, the previously supported cooperatives/organizations created and sustained 25,000 jobs with 40% of these being for females. Four (4) enterprises recorded a 50% increase in income and one international supplier-buyer relationship-Goslin B.V Netherlands was established and as a result, Rwandaro Coffee Farmers' Cooperative Society exported 19.8 tonnes of green bean Arabica Coffee to the Netherlands.

There was a slow start to implementation as most of the beneficiary co-operatives were in their initial stages of implementation as they received funds late in the second quarter.

***1. Kashaka Dairy Cooperative Society*-**Mbarara District. The cooperative is composed of 200 members of which 50% are female. The main enterprise is milk and cheese production. The Budget over the three years (2023-2026) is Ug shs 0.917bn, of which Ug shs 0.029bn was released and Ug shs 0.014bn spent by 31st December 2023.

The planned activities are: a milk collection and cheese processing facility constructed, a 600-litre cheese production line procured and installed, and a 5-tone refrigerated truck acquired. Others are working capital increased, trainings on dairy animal health, breeding, feeding, and reproductive management. An accounting software, office equipment, policies and procedures on human resources, accounting, and procurement developed.

By 31st December 2023, a training in financial management was completed, and two out of six staff were recruited. Office equipment and furniture were procured but delivery was delayed.

***2. Nyamirirma Mutegaya Cooperative Society Limited*-**Ibanda District. The cooperative is composed of 527 members of which, 38% are female. The group deals in coffee. The budget over the three (2022-2025) years is Ug shs 0.76bn (USD 200,080.99) of which Ug shs 0.432bn was released and Ug shs 0.415bn expended by 31st December 2023.

The planned activities are; coffee processing equipment acquired comprising of a pre-cleaner, de-stoner, huller and catodor with bucket elevators, warehouse constructed, a truck, 2 motorcycles, office equipment and furniture procured, fair trade certification obtained, working capital provided and agro-input shop established, accounting software installed and trainings undertaken.

Sub-structure for the warehouse in Ibanda District

By 31st December 2023, trainings in cooperative governance, store management, good agronomic practices, and fair-trade training were completed. An accounting software (QuickBooks) was installed. A 10-ton lorry tuck, two motorcycles, a moisture meter plus office furniture and equipment were procured and under use, and an input shop was set up. Fair trade certification was initiated and construction of the warehouse was at superstructure level pending roofing. Other pending activities were training in quality and marketing, farmer digitisation, and procurement of coffee processing equipment.

3. *Rwandaro Coffee Farmers' Cooperative Limited*- Rubirizi District. The group has 1740 members of whom 557 are females all dealing in the coffee value chain. The budget for the three years (2022-2025) is Ug shs 0.87bn of which Ug shs 0.42bn was released and Ug shs 0.42bn spent by half-year. The planned activities are: a coffee pre-cleaner, grader, de-stoner, huller and colour sorter procured and installed, and upgrading the existing coffee factory.

Others are; an accounting software system installed, agro-input and crop finance fund established, and trainings undertaken.

Renovated coffee processing house at Rwandaro

By 31st December 2023, all the trainings ware completed and an accounting system was installed. All the farmers were digitalised. The construction and modification of the warehouse to accommodate coffee processing equipment was substantially complete with final roofing ongoing. The equipment was delivered in the country by the supplier and installation was awaiting completion of the structure. Pending civil works included: final floor works, fair trade certification and organic certification.

4. Rwenzori Farmers' Cooperative Union-Kasese District. The group is composed of 2158 members dealing in coffee, cocoa and vanilla. The planned activities are; a 400-ton warehouse and coffee processing facility established, processing equipment purchased consisting of a pre-cleaner, grader, de-stoner and bucket elevator, a 10-tonne truck, two motorcycles, working capital, training, technical assistance and administrative support. The budget for the three years is Ug shs 0.884bn of which Ug shs 0.739bn was released and Ug shs 0.737bn spent by 31st December 2023.

All the trainings were completed except stores management training. A truck and the motorcycles were procured and delivered, and the accounting system was installed and input funds provided. The construction of the warehouse was substantially complete awaiting equipment installation. It was noted that the equipment was delivered in the country by the supplier and installation was awaiting connection of electricity to the processing facility. Farmer digitisation was under procurement. The cooperative registered an increase in the volume of coffee procured, the value of principle row material net income, sales revenue and membership over the implementation period.

Under the corporate social responsibility activities, the supply of furniture to Kasemire community primary school was ongoing however, construction of a market shed at Buhuhira sub-county, a waiting shed for antenatal care at Ntoroko H/C III and a kitchen at Kakuka H/C III were yet to commence.

5. *Mbulamuti Model Farmers Savings and Credit Cooperative Society-* Kamuli District. The group has 566 members with 337 females, and the main enterprise is maize.

The planned activities are: to procure maize processing equipment (04 maize motorized shelters), office equipment and two motorcycles. Others are agro-input store established, trainings conducted, accounting software installed, and office furniture and equipment procured. The grant over the project period (2023-2025) is Ug shs 0.340bn, of which Ug shs 0.054bn was released.

By 31st December 2023, two trainings of financial reporting and participatory monitoring and evaluation were completed while seven staff were recruited. Ongoing activities were the procurement of office equipment, furniture, and two motorcycles. The other planned outputs were yet to commence.

6. Mount Elgon Coffee and Honey Co-operative Society Ltd-Mbale City. The cooperative deals in the coffee value chain with a total of 726 members of whom 361 are females.

Certified roasted and ground coffee on display in Mbale

The planned activities are; motorized coffee pulpers and moisture metres procured, organic certification for the coffee beans and quality mark from Uganda National Bureau of Standards obtained, working capital provided, an agro-input store established, and accounting software acquired. The approved grant for the project over the three years (2022-2024) is Ug shs 0.320bn of which Ug shs 0.310bn was disbursed and spent.

By 31st December 2023, seven staff were recruited, trainings conducted, two motorcycles, motorized coffee pulpers and moisture metres were procured, delivered and in operation; crop fund was provided, an input shop was established, and UNBS certification acquired for roasted ground coffee. The cooperative registered an increase in sales revenue, net income, number of farmers supplying raw material and value of principal raw material. The only pending activity was the installation of a new accounting software (QuickBooks).

7. Coffee World Limited-Kween District. The cooperative is comprised of 2500 members who are clustered into 38 smaller farmer groups and the primary enterprise all dealing is coffee. The planned activities are; a wet coffee processing facility constructed, crop finance provided, and fair-trade certification obtained. The approved grant amount for the project (2021-2024) is Ug shs 0.909bn of which Ug shs 0.777bn was released and Ug shs 0.754bn spent by 31st December 2023.

Incomplete coffee washing station at coffee World site in Kween District

The wet coffee processing facility was substantially constructed and the equipment was procured, but yet to be installed pending completion of the drying house, fencing of the premises and provision of security in Kween District. On the other hand, one of the three phases of fair-trade certification was completed and an audit was done with FROSARD. The cooperative was working on the non-conformities that were identified regarding the farmers in Phase 1. The second phase of management and the third phase of marketing are yet to be done. The project performance is poor and behind schedule.

Challenges

1. Inadequate funds allocation to some activities such as fair-trade certification.
2. Delayed response to disbursement requests by the secretariat in Washington DC.
3. Lack of accurate baseline data.

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

The intervention contributes to the programme objective of strengthening the enabling environment and enforcement of standards and one deliverable over the NDPIII period - increased fully serviced industrial parks. The intervention aims at having serviced industrial parks to attract both domestic and foreign direct investment and reduce operational costs incurred by investors. The planned output for FY2023/24 is industrial parks developed and managed and performance is discussed hereafter; The overall intervention performance was poor at 45.1%.

Industrial Park Development and Management: The plan is to install boarder markers for securing the industrial park land, 1 km of road to marram improved to sub grade level, Health camps for HIV/ Aids run and COVID-19 measures set up in industrial areas, and business skilling of the community near industrial parks.

By half-year, the UIA had signed an MoU with BHM Construction International (UK) Ltd for infrastructure development of Industrial parks feasibility studies located at Kisoro, Nebbi, Pader and Rukungiri districts and submitted the feasibility studies after acquiring National Environment Management Authority (NEMA) environment and social impact assessment (ESIA) approval. The draft pre-feasibility studies conducted together with the National Planning Authority (NPA) were reviewed for the preparation of feasibility studies for three (3) established industrial parks located in Kasese, Soroti and Jinja. The 1km road improvement was not done. The UIA also commenced the detailed profiling of the status of SME investors within the KIBP who are renting warehouses and operating in KIBP. Progress on the development of infrastructure at the KIBP is discussed below.

The Kampala Industrial and Business Park Project: A commercial EPC contract for the infrastructure development of Kampala Industrial and Business Park (KIBP) was signed in 2018 between the Government of Uganda through the UIA and M/s Lagan in a Joint Venture with M/s Dott Services that transformed into M/s Lagan Dott Namanve Limited (LDNL) at a cost of Euro 215,065,212.41. The project is funded by the GoU with support from United Kingdom Export Finance (UKEF) and Standard Chartered Bank UK (SCB). The contract commenced on 6th July 2020 with a revised completion date of 4th September 2025.

The project's planned outputs included conducting: an ESIA, detailed engineering designs, construction of 45km of road network and associated bridges, a water distribution network including water reservoirs, a sewerage network including a Waste Water Treatment Plant (WWTP) and Solid Waste Treatment Plant (SWTP), power services including supply and laying of a 33KV Single core cable, laying of internet fiber optic cable and CCTV services, solar street lighting and development of a Small and Medium Enterprise Park.

By 31st December 2023, the overall physical progress was 45.45% against 67.34%-time progress and 47.85% financial performance. Cumulatively, a total of 20 interim payment certificates (IPCs) had been raised by the contractor amounting to 138,150,415 Euros, of which, 16 IPCs had been paid to a tune of 102,917,498 Euros (inclusive of 25% advance payment).

Overall project performance was poor. This was attributed to the delayed approval and finalization of sites for three components (WWTP, SWTP and SME Park) which contribute 30% of the project scope and these determined the final levels of roads. The new owners' engineer representative was brought onboard after a contract was signed on 1st August 2023 between the GoU represented by the UIA and MBW Consulting in a joint venture with PN excellence UK. Commencement was 9th August 2023 and an end date of June 2024.

Conditions precedent: The cumulative progress on conditions precedent to the loan stagnated at 95% since June 2023 against a target of 100%. Staff training plans was at 73% while studies including the ESIAs and surveys were substantially achieved, and mobilization was at 90%. The addendums for the ESIA, WWTP and Solid Waste Facility were at 0% as feasibility studies were ongoing for the WWTP.

Design works: The overall achievement of the detailed engineering designs was 95% against a planned target of 100%. Construction design was at 30% against a target of 88%.

Road construction works: The overall progress on construction of the road networks and bridge overpass was poor at 30% against a planned target of 94%. A total of 37km out of 44km of park roads were fully opened and at varying levels of progress. Specifically, the North Estate road works progressed to 71% against the targeted 100%, South C1 Estate at 38% against 27%, South A Estate at 40% against 88%, South C2 Estate at 38% against 27%, and South B Estate roads at 15% against 86% by the end of December 2023. The main construction activities during the reporting period were earthworks (benching and fill), sub-base, base course, and drainage construction (stone pitching, access culverts, Kerbstone and walkways).

Water and Sewerage works, WWTP, SWTP and SME park: Water supply works progressed to 3% against a target of 92% while works on the sewerage network progressed to 3% against a target of 90%. A 10-acre piece of land was identified for the WWTP within the park. The site was handed over to the contractor and feasibility studies were ongoing. For the SWTP and SME park, land was identified outside the park and the acquisition process was initiated.

Planned outputs yet to commence: There was no progress registered on the waste water treatment plant, MN Power Services works including supply and laying of a 33KV single core cable, fibre optic and CCTV services, solar street lighting and other amenities such as hydrants as most of these are planned to be in the road reserve and therefore depend on completion of major road works.

The project runs a risk of cost and time overruns arising from idle time, delayed payment to the contractor, and delayed effective acquisition of alternative sites for waste treatment facilities and SME parks.

Box culvert construction in South A Estate of KIBP across Namanve River

Project Challenges

1. Encroachment on parkland and green spaces by some tenants and issuance of illegal titles on the KIBP land by Mukono District Local Government (DLG). This was common in the South C8 section where three issued titles were overlapping on the drainage way.
2. Delayed response by the contractor to most of the issues raised by the PMT/Owner's Engineer (OE) such as the signing of amendments to the contract with some lasting over six months before responses are provided.

Recommendations

1. The Mukono DLG land office should desist from the issuance of titles on the KIBP land. Additionally, individual officers involved in the illegal titling should be held culpable and prosecuted accordingly.
2. The contractor should fast-track the submission of a recovery plan and updated project work plan and ensure timely response to the matters raised by the PMT/OE including adherence to the designs.

3.2.7 Increase access to affordable credit largely targeting MSMEs

The intervention contributes to the programme's objective of sustainably lowering the costs of doing business. The planned outputs for FY2023/24 include: coordination and oversight of microfinance services provided, Private Sector Development Services, Financial Sector Policy developed and oversight provided, Microfinance Support Centre Services *(Emyooga*) offered, oversight and coordination of the non-banking sector provided, small business recovery fund implemented, and capitalization of Institutions and Financing Schemes. Overall intervention performance was fair at 61.4%.

Coordination and oversight of microfinance services provided: An action matrix for the Financial Sector Development Strategy was developed, reviewed and updated to meet the financial sector developments and an assessment of the implementation and disbursement of *Emyooga* funds to beneficiaries was undertaken. Input into the review of the Financial Institutions (Amendment) Act, 2023 and the amendment to the tax laws to operationalise Islamic banking was provided. An implementation framework for the operationalisation of Islamic banking in Uganda was developed and the microfinance deposit institutions (MDI) Regulations were reviewed to inform the drafting of updated regulations to support implementation of Islamic banking by MDIs.

Private Sector Development Services: This is implemented under the Enhancing Growth and Productivity Opportunities for Women Enterprises project. To ensure the full constitution and operation of the project coordination unit, 20 staff were recruited and their orientation was undertaken. The awards committee was established at the Ministry of Gender, Labour and Social Development (MGLSD), MIS development process and communication activities were ongoing. The project implementation manual was developed, while seven out of the expected 100 service providers were selected. Out of the awarded Ug shs 1.01bn, a total of Ug shs 0.508bn was disbursed to ensure trade-specific skills training for women entrepreneurs is undertaken.

Financial Sector Policy developed and oversight provided: The reviewing and streamlining of the draft National Development Finance Policy was ongoing. The draft Microfinance Policy was under review by stakeholders while a regional field assessment exercise was carried out in the Western region to examine the financing framework available on the market for agriculture to guide the policy recommendation on the suitable financing models to the sector.

Microfinance Support Centre Services offered: A total of 50 client projects were financed to a tune of Ug shs 2.193bn, of which Ug shs 1.429bn was to 25 client projects under conventional financing and Ug shs 0.764bn to 25 client projects under Islamic financing and 50% of the financing was to the agriculture sector. In addition, Ug shs 5.42bn was disbursed to 271 *Emyooga* SACCOs as additional seed capital to aid continuous disbursements to the members. Cumulatively 1,921 *Emyooga* SACCOs were submitted for permanent registration, with 1,664 SACCOs attaining the probation extension and 3 receiving permanent registration.

A total of 357 credit client institutions were trained and offered technical assistance to strengthen their institutional capacity as follows; 138 SACCOs and other Cooperatives, 89 groups, 66 MSMEs and 64 micro loan individuals. The training was in the areas of refining and developing new loan products, strategies for internal resource mobilization, rewarding good savers and refining some of the loan products aimed at mobilizing more funds, loan appraisals, the use of the 7 Cs of credit analysis, strategies for loan recoveries, development of a new vision and strategies to manage the expansion and growth of the SACCO.

Eighteen defunct Cooperatives mainly SACCOs/Unions were offered support to revive operations against a target of 50. The support included re-sensitization of members/leaders on the benefits of cooperatives, trainings in cooperative governance, credit management, book keeping, development of operating policy manuals plus management information systems. A comprehensive cooperative revival plan was developed and shared with management for further guidance and approval.

To increase strategic collaboration, 11 partner organizations were engaged as follows 08 funding partners and 03 implementing and collaborative partners. A total of 600 artisans from Emyooga categories of carpenters, welders, tailors and mechanics were trained in business skills mainly in financial literacy, and enterprise management.

A total of 133 reference institutions operating in 146 districts was maintained with an average percentage of districts with at least one reference institution at 79% and 31% of constituency with at least one agency/demonstration SACCO, Group or MFI. The membership of client institutions stood at 1,392,902 of which 49% were women, 29% youth and 5% PWDs.

To strengthen institutional capacity, 2,101 Emyooga institutions comprising 7,186 Emyooga leaders (2,071 males and 5,115 females) were trained and offered technical assistance during the period as follows; 1,974 Emyooga SACCOs and 127 Emyooga Parish Associations from 122 constituencies across the country. The trainings focused on techniques of improving savings and share capital in the SACCO, duties and responsibilities of each executive member, how to compile loan utilization reports, and the process flow of acquiring permanent registration.

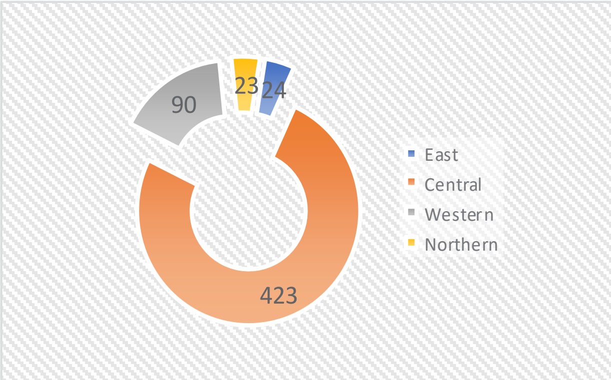
Oversight and coordination of the non-banking sector provided: The Microfinance Deposit-Taking Institutions (Amendment) Act, 2023 was passed by Parliament aimed at providing for among others; Islamic banking, Agent banking and Bancassurance. The MDI regulations were reviewed to facilitate the implementation of the amended MDI Act. The Foreign Exchange Act 2024 was passed by Parliament and the regulations were reviewed to provide for among others; revision of the minimum paid-up capital to conduct a forex bureau and money remittance business in Uganda, and to harmonise the legal framework with EAC partner States. The Financial Sector Development Strategy was reviewed and the Capital Markets reforms were developed to support the development of capital markets to guarantee long-term financing. A technical review was undertaken and input was provided for the proposed amendments to the Financial Institutions Act.

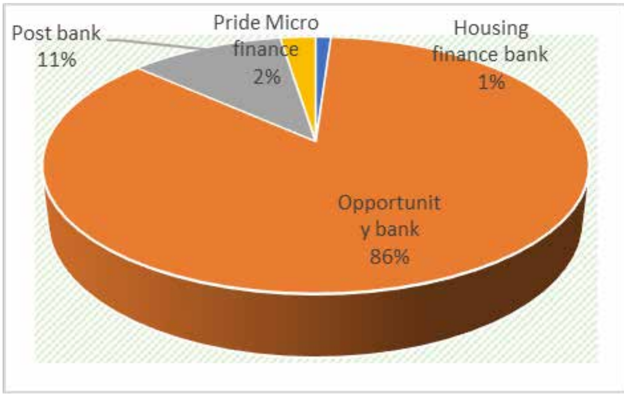
Small Business Recovery Fund implemented: The Bank of Uganda received Ug shs 100bn in 2020 from the Government to capitalise on the Small Business Recovery Fund (SBRF) to facilitate the provision of loans to small businesses that suffered financial distress from the effects of COVID-19. The banks/Participating Financial Institutions (PFIs) are required to match the GoU contribution with a 50% contribution.

By 31st December 2023, a total of Ug shs 7.945bn was approved by the Bank of Uganda and disbursed to 560 beneficiaries through the eight Participating Financial Institutions (PFIs) since inception. Most of the beneficiaries had investments in the real estate and trade and commerce sectors. Other sectors were education, health and hospitality. The Repayment period ranged between 12 to 48 months.

Opportunity Bank had the highest number of beneficiaries (478) with an amount loaned out at Ug shs 5.413bn and Housing Finance Bank had the least beneficiaries (06) with a loan amount of Ug shs 0.188bn. The central region was the biggest beneficiary with 423 beneficiaries receiving Ug shs 5.533bn and the northern and eastern regions had 23 and 24 beneficiaries respectively. The general uptake of the SBRF was still low attributed to limited information and the requirement for land as collateral security.

Figure 3.1: SBRF beneficiaries by region and by PFI as at 31st December 2023





Source: BoU SBRF September-December Performance Report

Capitalization of Institutions and Financing Schemes: the plan is to capitalize the Uganda Development Bank (UDB), Post Bank, Agricultural Credit Facility (ACF) and the Uganda Agricultural Insurance Scheme. By 31st December 2023, a total of Ug shs 42.75bn was disbursed as capitalization to UDB and Ug shs 0.671bn was disbursed to capitalize Post Bank Uganda Limited. Additionally, Ug shs 25bn was disbursed to capitalize the ACF and Ug shs 2.5bn was disbursed as a Government subsidy for the Uganda Agriculture Insurance Scheme.

3.2.9 Develop and publicise a transparent incentive framework that supports local investors

This intervention contributes to the objective of promoting local content in public programmes. The planned output during the period under review is Research and Development. The overall intervention performance was poor at 36%.

Research and Development. The UFZA planned to prepare one enterprise survey report, undertake one research study and conduct one annual client satisfaction survey. In June 2023, the UFZA engaged the EPRC to start one research study. In addition, one enterprise survey was concluded and the results indicated that 82% of the free zones are located in the central region, the manufacturing sector accounted for most of the enterprises, and capital investment was reduced drastically by 92%. The UFZA also conducted desk research for management decisions.

3.2.8 Increase accessibility to export processing zones

The intervention contributes to the programme objective of strengthening the enabling environment and enforcement of standards. The planned outputs for FY2023/24 are: investors protected and supported, legal and advisory services provided, and communication and public relations offered. The overall intervention performance was very good at 99%.

Investors protected and supported: The UFZA attracted five private Free Zone developers and operators against the annual target of 20 developers. The agency reported a budget freeze on travel abroad which hindered participation in regional, and international trade and business summits to attract private free zone developers and operators. In addition, a new investment value worth USD 33.7 million was attracted in the free zones against an annual target of USD 200 million. A total of 626 jobs were created in the gazetted free zones against a target of 10,000 jobs. Additionally, 44.6 square kilometres of land was allocated to the UFZA at Kaweweta, Nakaseke District against a target of 200 acres during the financial year.

Legal and advisory services provided: The UFZA was in the process of acquiring land titles as follows; The processing of the Certificate of Title for the 20 acres of land at Kasese Industrial Park and the deed prints were issued. The UFZA was in the process of subdividing the land and awaits approval by UIA to conclude the subdivision process. The transfer of Title in the name of UFZA for the 102 acres of land at Buwaya, Kasanje was halted pending the determination of a Court Case. The issuance of the Certificate of Title for the 19.7 acres of land at Jinja Industrial Park was delayed due to the process of recovery of the lost original title by UIA.

A total of three new free zone licenses were gazetted against a target of five and these are; ii. Yako Uganda Limited issued on 2nd October 2023, ii) Inspire Africa Establishments (U) Limited on 19th October 2023, and iii) Kasanda Sugar (U) Limited on 19th October 2023. Annex 2 shows the overall performance of the sub-programme by 31st December 2023.

Conclusion

The sub-programme performance was fair at 60.47%. Good progress was observed under the interventions of - develop and implement a holistic local content policy, legal and institutional framework, create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED, and increase accessibility to export processing zones. Poor performance was registered under the intervention of - develop and publicise a transparent incentive framework that supports local investors, and undertake strategic and sustainable government investment and promote private-sector partnerships in key growth areas.

The UNBS conducted inspections and surveillance resulting in seizures of counterfeit and substandard goods. Through the UFZA and UIA, investors were attracted and facilitated to undertake investment while some were linked to financing options. A number of financial and tax-related bills, and policies were presented before Parliament and some were passed. Most of the infrastructure projects under the CEDP, KIBP, Enterprise Uganda, and UFZA progressed at varying levels but were behind schedule and were less likely to be completed on time and within cost.

Although the MFPED facilitated access to affordable credit through *Emyooga*, PDM and SBRF, the disbursement under the PDM financial inclusion pillar was poor owing to inadequate preparedness of beneficiaries and the low uptake of funds under the SBRF persisted due to limited awareness and terms.

Recommendations

1. The UIA should fast-track the completion of works in the KIBP and maintenance of service infrastructure in other industrial parks to provide a conducive investment environment.
2. The MFPED should fast-track the disbursement of funds to the PDM SACCOs to achieve the objectives of the financial inclusion pillar of the PDM.
3. The BoU together with the PFI in the SBRF should intensify awareness campaigns for the SBRF to ensure increased uptake of the available funds by small businesses.

3.3 Private Sector Institutional and Organizational Capacity Sub-programme

The sub-programme contributes to the PSD Programme objective of strengthening the organizational and institutional capacity of the private sector to drive growth. The sub-programme has two interventions and all were monitored. The sub-programme performance was fair at 57.32% and the summary of performance of the monitored interventions is given in Table 3.4.

Table 3.4: Performance of Interventions under the Private Sector Institutional and Organizational Capacity Sub-programme by 31st December 2023

Intervention	Colour code	Remark
Improve management capacities of local enterprises through massive provision of business development services geared towards improving firm capabilities	48.6	Poor performance
Strengthen system capacities to enable and harness benefits of coordinated private sector activities	63.3	Fair performance

Source: Field Findings

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

The planned outputs for FY2023/24 include: industrialization accelerated and jobs created, investment licensing and aftercare services provided, investor education and stakeholder facilitation, monitoring and business development services. Overall intervention performance was poor at 48.6%.

Industrialization accelerated and jobs created: The plan is to hold investment summits in key priority regions and markets to attract business partnerships, and equip business owners and operators with business skills and sustainable business operational ideas.

By 31st December 2023, the UIA participated in the Africa Continental Free Trade Area (AfCFTA) online engagements and updated the African Trade Observatory for ease of navigation to get information on opportunities in Uganda. A total of 32 contact/investment leads were generated with interest in investing in Uganda in sectors of agriculture, textile, financial services, ICT, power and energy, oil and gas, education, and engineering services. In addition, a monitoring tool design was rolled out for investor monitoring and evaluation.

Investment licensing and aftercare services provided: The plan is to expand 2 services and business processes at the One Stop Centre (OSC), Automate & integrate 2 new services on the OSC online portal, and initiate business process re-engineering at the OSC.

By 31st December 2023, the UIA licensed 328 projects worth USD 10.51 billion with planned employment of 38,083 jobs. A concept note in collaboration with USAID regarding growing Uganda`s Investment ecosystem, operationalization of District Investment Committees (DICs) and Regional Business Development Services Centres was developed. A Prototype for the Web-based Monitoring and Evaluation Enterprise Resource Planning (MEERP) system was developed as a warehouse of investment-related data to lower the cost of doing business. A total of 1000 transactions were processed through the Ebiz platform of the One Stop Centre to obtain licenses for companies. The leave management system, asset tracking system and a data analytics tool based on the eBiz Data for the internal customers were launched and a new module for storing investment license application files was developed.

Investor Education and Stakeholder Facilitation: The plan is to establish business linkages between skills-based enterprises and business firms, facilitate medium enterprises through the Top 100 SME survey, and establish the Women in Business Initiative SME Outreach program through the development of business ideas and BDS.

The UIA integrated enterprise solutions onto the National SME Portal where 5 SMEs in value addition were added under the marketplace module and three were transacting on the portal. Business development services were provided to 140 SMEs on taxation during a top 100 SME forum. Domestic investors at the Kasese tourism and investment forum were facilitated with OSC services and available investment opportunities in the Rwenzori sub-region.

The UIA trained 120 SMEs under the cluster development program and 57 domestic investors were trained under the financial management program conducted by UIA, Imuka Access and Chicago Business School. The UIA was also linked to the Uganda Hotel Owner's Association for the supply of poultry products, and the Kampala poultry cluster was helped to formalize through the OSC. A total of 119 SMEs were supported to participate in the East Africa Community (EAC) Jua Kali Nguvu micro and small enterprises exhibition in Bujumbura, Burundi.

Business Development Services: Fifty out of the planned 200 youth, women and elderly-owned MSMEs were mobilised, supported and facilitated to legalise their business in agro-processing, mining and handcrafts sectors in Isingiro, and Bushenyi. Additionally, 40 MSMEs were facilitated to formalize their businesses in the districts of Isingiro, Sheema, Bushenyi, and Kabale.

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

The intervention contributes to the NDP III objective of strengthen the organizational and institutional capacity of the private sector to drive growth. The planned outputs for the FY2023/24 were: product development undertaken, product and services market research conducted, PDM financial inclusion pillar implemented, MSMEs Information Services provided, and Enterprise Training and Advisory Services (MTIC). The overall performance of the intervention was fair at 63.1%. The performance of the monitored outputs is given hereafter:

Product and Services Market Research: The competition bill was passed by Parliament, awaiting Presidential assent while the first draft of the trade remedies bill was developed by internal stakeholders. The relevant stakeholders were consulted on the need to form an apex private sector body to streamline and ensure coordinated engagements of government with the private sector.

Awareness was created amongst 34 Tobacco stakeholders (farmers, growing companies and District Tobacco Inspectors) from 6 West Nile Tobacco growing districts of Arua, Madi-Okollo, Terego, Maracha, Koboko and Yumbe, on their roles and obligations and the sub-sector in general. Trade information was collected, analyzed and uploaded on the MoTIC portal together with all trade reports. Local manufacturers were guided on how best to benefit from AGOA plus monitoring and evaluation of AGOA programmes and interventions was undertaken.

Product development undertaken: Eleven MSMEs out of the planned 400 were mobilized and sensitized on the importance of product certification, audits, good manufacturing practices and good hygiene practices for enterprises in Rakai. Also, 60 MSMEs from the districts of Mbarara, Rukungiri, Sheema and Kabale MSMEs were mobilised to participate in the EAC 23rd trade fair in Burundi against an annual planned target of 250 MSMEs. MSMEs trained in the processes of credit rating, barcoding and adoption of cleaner production however, the resource efficiency practices training did not take place as planned.

PDM financial inclusion pillar implemented: By half-year, Regional Parish SACCO were trained on how to establish and manage PDM SACCOs. The MFPED continued with capacity enhancements to various local governments regarding the implementation of Pillar 3 (Parish Revolving Funds) of the PDM and technical support was provided to various parishes to ensure compliance with the guidelines on fund disbursement and PDMIS. The MFPED also carried out the PDM SACCO monitoring in Central and Eastern regions to assess the utilization of the parish revolving funds and supported the disbursement of funds to the qualifying SACCOs.

MSMEs Information Services provided: A total of 32 out of the planned 500 MSMEs were profiled in Eastern and Western Uganda and the MSMEs database was populated. Additionally, ten MSME companies producing value-added nutritious food were profiled in Kanungu, Kapchorwa and Bukwo.

Enterprise Training and Advisory Services (MoTIC): A total of 10 MSMEs' data from the sectors of mining and agro-processing was profiled and populated in the ministry's database from Mukono and Wakiso districts.

Conclusion

The overall sub-programme performance was fair at 57.32% (Annex 3). The intervention of - strengthening system capacities to enable and harness benefits of coordinated private sector activities performed fairly at 63.1%, while that of improving management capacities of local enterprises geared towards improving firm capabilities registered poor performance at 48.6%. This was attributed to the low attainment of outputs of product development and provision of investment licensing and aftercare services.

The UIA participated in the AfCFTA online engagements and designed a tool for investor monitoring and evaluation. The UIA also licensed investors and integrated enterprise solutions onto the National SME Portal. The competition bill was passed and still awaits presidential ascent. Members of the Regional Parish SACCO were trained on how to establish and manage PDM SACCOs and MSMEs were profiled in Eastern and Western Uganda. Duplication of services by agencies within the program was observed such as support to MSMEs and capacity building, which affects efficiency in resource use. It was observed that some outputs lacked targets thus making measurement of performance difficult.

Recommendations

1. The PSD Programme Working Group should enhance synergies between implementing agencies on the delivery of common services such as BDS and capacity building for increased efficiency.
2. The implementing agencies in the programme should set targets against the outputs for ease of measuring performance.

CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

The Private Sector Development Programme output performance was fair at 58.9%. Both the Private Sector Institutional and Organizational Capacity, and Enabling Environment sub-programmes exhibited fair performance at 75.32% and 60.47% respectively

Through the UFZA and UIA, investors were attracted and facilitated to undertake investments, while some were linked to financing options. A number of financial and tax-related bills, and policies were presented before Parliament and some were passed.

The *Emyooga* SACCOs were supported with additional seed capital, while several client projects were financed through both conventional and Islamic financing. There was a slight improvement in uptake of funds under the Small Business Recovery Fund (SBRF) though still low due to limited awareness and tough conditions. Absorption of funds under the Parish Development Model (PDM) financial inclusion pillar was poor due to a lack of readiness by beneficiaries. Most of the infrastructure-related outputs aimed at facilitating private sector growth, especially under CEDP, KIBP, and UFZA progressed at rather a slow pace and behind schedule due to delayed approval and commencement which poses a risk of time and cost overruns.

The slow progress and delayed completion of infrastructure such as serviced industrial parks and the export processing zone that promote production and accelerate business processes, is likely to delay the attainment of the third National Development Plan (NDPIII) objectives and outcomes under the PSD Programme.

4.2 Recommendations

1. The MFPED should expedite the disbursement of funds to the PDM SACCOs to ensure the achievement of the program.
2. The UIA, UFZA and CEDP should expedite the completion of works to avoid further delays and cost overruns.
3. The BoU together with the PFI in the SBRF should intensify awareness campaigns for the SBRF to ensure increased uptake of the available funds by small businesses.
4. The UIA should fast-track the completion of works in the KIBP and maintenance of service infrastructure in other industrial parks to provide a conducive investment environment.

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Annexes

Annex 1: Interventions Monitored for Semi-Annual FY2023/24

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

Annex 2: Performance of the Enabling Environment Sub-programme as at 31st December 2023

Outputs Performance								Remarks
Intervention	Output	Financial Performance			Physical Performance			
		Annual Budget (Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
Rationalize and harmonize standards, and policies at local and regional level	Construction Management	1,500,000,000	66.7	95	100	30	45.	Poor performance. designs were being reviewed.
	Market Surveillance Inspections	500,000,000	51.0	100	100	0.03	0.04	Poor performance due to manpower shortages at the UNBS.
	Facilities and equipment management	3,551,000,000	51.4	38	100	30	58.36	Fair performance. Equipment was yet to be procured but resources were spent on paying equipment arrears.
	Support to the AGOA secretariat	310,065,829	76.4	94	100	30	39.28	Poor performance. Most outputs were not achieved as planned.
Address non-financial factors (business processes) leading to high costs of doing business	Leadership and management	1,156,650,000	42.4	78	100	28	66.01	Fair performance as outputs were yet to be achieved according to plan.
	Industrialisation Acceleration and Job Creation	671,500,000	82.9	75	100	45	54.3	Fair performance.
	Facilities and Equipment Management	3,551,000,000	51.4	38	100	20	38.9	Poor performance as procurement was in the initial stages.

Outputs Performance								Remarks
Intervention	Output	Financial Performance			Physical Performance			
		Annual Budget (Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
	Business Development Services (CEDP) and Management of ICT systems and infrastructure (CEDP)	39,014,000,000	76.0	84	100	32.5	42.74	Poor performance because most activities started late and therefore behind schedule.
Develop and implement a holistic local content policy, legal and institutional framework	Investor Education and Stakeholder facilitation	150,000,000	59.3	61	100	40	67.42	Fair performance.
	Construction managed	5,409,000,000	50.0	71	100	50	100	Good performance on licensing gazetted free zones
Create appropriate incentives and regulatory frameworks to attract the private sector to finance green growth and promote LED	Private Sector Development Services	3,920,000,000	50.0	82	100	61.5	100	Good performance
	Public Enterprises Restructuring Services	2,000,000,000	50.0	61	100	45	90	Good performance with Kilembe mines being refurbished to look for a potential investor.
	Business Development Services (BDS) provided (Enterprise Uganda)	19,400,000,000	50.2	99	4	1.68	83.72	Good progress as the superstructure is substantially complete.
Undertake strategic and sustainable government investment and promote private-sector partnerships in key growth areas	Business Development Services (USADF)	3,600,000,000	50.0	100	100	16.2	32.4	Poor performance. The beneficiaries received the funds in the second quarter and commencement of implementation was delayed.

Outputs Performance								Remarks
Intervention	Output	Financial Performance			Physical Performance			
		Annual Budget (Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
Fully service the industrial parks and increase access to them by the local private players	Industrial Park Development and Management	200,000,000	66.5	48	100	40	60.15	Fair performance no maintenance works were undertaken.
	Kampala Industrial and Business Park	113,175,000,000	100.0	0	100	30	30	Poor performance and work were behind schedule.
Increase access to affordable credit largely targeting MSMEs	Coordination and oversight of microfinance services provided	4,259,327,000	38.1	98	100	20	52.51	Fair performance
	Private Sector Development Services (GROW Project)	75,120,000,000	30.9	16	4	0.7	56.66	Fair performance as the project is in the initial stages of implementation.
	Financial Sector Policy developed and oversight provided	4,750,554,000	38.8	96	100	25	64.4	Fair performance.
	Microfinance Support Centre Services offered	175,146,908,042	92.5	100	18	5.57	33.44	Poor performance as output was not achieved as planned by half year.
	Oversight and coordination of the non-banking sector provided	4,126,233,803	43.6	91	100	50	100	Poor performance as the planned Acts were not concluded as planned.
Develop and publicise a transparent incentive framework that supports local investors	Research and Development	125,000,000	69.4	59	100	25	36	Poor performance.

Outputs Performance								Remarks
Intervention	Output	Financial Performance			Physical Performance			
		Annual Budget (Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
Increase accessibility to export processing zones	Investors protected and supported	290,000,000	11.5	78	100	33	100	Good performance.
	Legal and advisory services provided	149,682,000	17.5	47	100	30	100	Good performance.
	Total	**462,075,920,674**						
Average Outputs Performance							**60.47**	***Fair performance***

Source: PBS Reports, IFMS and Field Findings

Annex 3: Performance of the Institutional and Organizational Capacity Sub-programme as at 31st December 2023

Intervention	Output	Financial Performance			Physical Performance			Remarks
		Annual Budget (Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
Improve management capacities of local enterprises through massive provision of business development services geared towards improving firm capabilities	Industrialization accelerated and jobs created	360,000,000	57.2	20	100	25	43.69	Poor performance arising from limited achievement of set targets.
	Investment licensing and aftercare services provided	250,000,000	47.6	36	100	20	42.02	Poor performance
	Investor Education and Stakeholder facilitation	200,000,000	46.5	65	100	32	68.82	Fair performance
	Business Development Services (SDP)	268,151,197	50.2	95	100	20	39.82	Poor performance with no output targets.
Strengthen system capacities to enable and harness benefits of coordinated private sector activities	Product and Services Market Research	123,681,858	45.0	26	100	20	44.43	Poor performance
	Product development undertaken by MoTIC	103,050,000	76.9	97	100	24	31.2	Poor performance
	PDM financial inclusion pillar implemented	1,078,997,000,000	50.0	0	100	50	85	Good performance with poor performance on disbursements to the PDM SACCO.
	Investment Licensing and Aftercare		34.1	51	100	22	64.59	Fair performance

Intervention	Output	Financial Performance			Physical Performance			Remarks
		Annual Budget (Ug shs)	% of budget received	% of budget spent	Annual Target	Cum. Achieved Quantity	Physical performance Score (%)	
	Service	367,000,000						
	MSMEs Information Services provided	34,951,966	51.8	86	100	20	38.63	Poor performance
	Enterprise Training and Advisory Services	63,250,000	51.9	85	100	80	100	Good performance
	Total	**1,080,767,085,021**						
Average Outputs Performance							**57.32**	***Fair performance***

Source: PBS Reports, IFMS and Field Findings

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