

EU-Uganda Roadmap to Improved Investment Climate



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Africa-EU Alliance

The Government of Uganda, Private Sector Foundation Uganda (PSFU) and the European Union (EU) have partnered to promote private sector investment in order to spur sustainable economic growth and generate decent jobs, in line with the Africa-EU Alliance for Sustainable Investment and Jobs.

To this end, the project **“Promoting EU and Uganda Private Sector Investments”** initiated a public-private dialogue in December 2018, which brought together over 200 European and Ugandan businesses and public entities to discuss priority investment issues.

The stakeholders prioritised **“Skills and Attitude”**, **“Access to Finance”** and **“Governance and Corruption”** as critical investment hurdles in Uganda and proposed specific remedial measures. The dialogue led to the launch of the **“EU-Uganda Roadmap to Improved Investment Climate”** with the aim of achieving concrete results within a two-year period.

The Government of Uganda, PSFU, the EU and selected European companies intend to also create a **“Sustainable Business for Uganda (SB4U) Platform”**. The aim of the Platform is to continue the dialogue between public and private actors, in order to improve the investment climate, strengthen trade and investment links between the EU and Uganda, and support the implementation of the Roadmap.

This Roadmap is a living document and will be further updated through the SB4U Platform.



Promoting EU and
Uganda Private
Sector Investments



OVER
200

European,
Ugandan
businesses and
public entities
consulted



Roadmap to address investments hurdles

Skills and Attitude

- Supply of skills tailored to market demand
- Accreditation of private sector led training programmes
- Simplification of work permits and importation of training services



Lead Partners

PSFU	Private Sector Foundation Uganda
NCHE	National Council for Higher Education
UBOS	Uganda Bureau of Statistics
NCDC	National Curriculum Development Centre



Access to Finance

- Development of a financial research and data centre
- Feasibility of a "Deal Flow Facility" linking existing companies to new investors
- Development of a donors roundtable and e-portal



Lead Partners

UBA	Uganda Bankers' Association
CMA	Capital Markets Authority
DPs	Development Partners
DFIs	Development Finance Institutions



Governance and Corruption

- Private sector-led whistle-blower facility
- Private Sector Anti-Corruption Award
- Digitalization for information exchange to fight corruption
- Improvement of the public procurement scheme



Lead Partners

NITA	National Information and Technology Authority
PPDA	Public Procurement & Disposal of Public Assets Authority

ADVANCING THE ROADMAP

Sustainable Business for Uganda (SB4U) Platform

A challenge affecting most efforts to improve the investment climate in Uganda is the insufficient synergy and coordination between the private and the public sectors. Strengthened public-private dialogue and collaboration are a pre-requisite to attract more investments and businesses.

The SB4U Platform will comprise both Ugandan and selected EU private and public stakeholders, and be supported by a Secretariat. The Steering Committee of the Platform will be co-chaired by PSFU and the EU.



SB4U Platform Mandate

The Platform will provide a joint forum to discuss and advocate issues of importance for private sector development and investments, and will champion the implementation of the Roadmap responses and other activities. The Platform will also be made accessible electronically to allow for dialogue with a broader range of stakeholders.

The platform will be tasked to:



Ensure a continued EU-Uganda investment climate dialogue and explore innovative private-public collaboration initiatives.



Strengthen EU-Uganda trade and investments links and initiate networking events, joint business missions and partnerships.



Advance, monitor and further elaborate the Roadmap to an incremental improved investment climate.



Skills and Attitude

Insufficient supply of skilled labour with appropriate competencies, work ethics and attitude constitutes a major challenge for private companies in Uganda. The gap between the private sector demand for **skills** and the education system

supply of candidates is further exacerbated by a restrictive immigration scheme, and by significant taxes on imported training services. This affects the long-term competitiveness of Ugandan companies on the international markets.



Roadmap Responses



Supply of skills tailored to market demand

A gap analysis to determine market skill needs will be implemented by PSFU, the Uganda Bureau of Statistics and the National Council for Higher Education. This will be coupled with an education system quality audit in collaboration with the National Curriculum Development Centre. Better informed public-private councils will strengthen Uganda's education and skills supply.



Accreditation of private sector led training programmes

In response to the skills gap, many private companies include training in their business models. In order to maximise benefits from these trainings, a standard private sector led programme will be developed in collaboration with PSFU.

Best practices will be identified, and the accreditation of training models explored. The programme will target postgraduates, who will train directly in private companies.

Simplification of work permits and importation of training services



The challenges faced by the Ugandan education system as well as rapidly changing technologies and compels many companies to rely on competencies from outside Uganda. Imported training services including software however are taxed at 33% non-refundable tax. This hampers Uganda's competitiveness. In addition, the hiring of trainers and experts from abroad is restricted by immigration rules. In order to address these challenges, two analyses will be conducted with the aim of examining the cost-benefit of the existing schemes and propose reforms.



Access to Finance

The high cost of capital in Uganda, along with lengthy and complex procedures when applying for a loan in commercial banks, makes the **access to finance** challenging for the Ugandan private sector.

Cognisant of the need to collaborate and avoid duplication of programmes, PSFU, the EU and financial sector partners will support financial markets research and improve donors coordination.

Roadmap Responses



Development of a financial research and data centre

The banking sector and financial services industry in Uganda are hampered by a lack of quality research to help inform decisions at policy and sectoral level, in particular when it comes to access to finance for small and medium sized enterprises (SMEs).

In response, a research support mechanism will be developed in collaboration with UBA to drive progressive reforms of the financial services sector.



Feasibility of a “Deal Flow Facility” linking existing companies to new investors

Investing in Uganda involves connecting with a multitude of public and private bodies tasked with providing diverse business support services. Interactions between public bodies and private businesses, can be enhanced. To this end, SB4U Platform will support, in collaboration with Capital Markets Authority, a feasibility study to create a “Deal Flow Facility”, which would provide business support services to existing companies linking them with new investors and facilitating access to medium and long term capital.



Development of a donors roundtable and e-portal

Development partners channel multiple lines of credit to the Ugandan financial sector, however a higher degree of coordination is desirable.

A round table will be established, where donors will enhance their

coordination and synergies. An e-portal will supplement the roundtable by providing companies with information of available credit lines, access procedures and timelines.



Governance and Corruption

Despite several anti-corruption initiatives launched by Government, according to various reports **corruption** remains common in Uganda. It is a major obstacle for better investment climate and sustainable private sector growth.

PFSU, through the guidance of the SB4U Platform, will support anti-corruption efforts in collaboration with the public authorities, as well as through private sector-led anti-corruption initiatives.



Roadmap Responses



Private sector-led whistle-blower facility

One of the hurdles for a stronger private sector involvement in the fight against corruption is the companies' fear of reprisal if they report the incidents.

The establishment of a private sector-led whistle-blower facility will provide more evidence about the impact of corruption through a structured collection of data and build confidence among companies as privacy and sensitive information will be preserved.

The facility will be operated by PSFU, in order to build the capacity of the organisation to engage in an informed manner with the entities addressing corrupt practices and contribute to sustainable anti-corruption efforts.



Private Sector Anti- Corruption Award

The widespread of corruption in Uganda calls for a fundamental behavioural change. A private sector anti-corruption award will be introduced with the aim of creating role models and sharing best practices. The award will be given annually to companies that have made an extraordinary effort and have been successful to fight corruption



Digitalization for information exchange to fight corruption

Digitalization represents an important means in the fight against corruption. The SB4U Platform will support the "National System Integration Programme" initiated by the National Information Technology Agency, which connect public

databases into a single one. Key data bases to be connected include for example The Business Registry, National Identity Cards, Bank Accounts and Details, Motor Vehicle Registration, Land Registry and Asset Declarations.

Improved information exchange will make the fight against corruption more effective.



Improvement of the public procurement scheme

The government is the largest single client in Uganda, however corrupt practices in public procurement represent a major challenge for many companies.

Simultaneously, SMEs in particular have limited skills to comply with tender requirements.

In response to this double challenge, PSFU and the Public Procurement and Disposal of Public Assets Authority will train SMEs and governmental entities to use the new e-procurement system, which shall reduce corruption and improve public procurement.



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