

Summary of ideas for policy

September 2020

Key ideas: the impact of COVID-19

- ▶ While quick policy response has mitigated the negative health impacts of COVID-19 in Uganda, the crisis has come with significant costs in terms of economic growth and poverty
- ▶ Some sectors/enterprises affected worse than others
 - Tourism, retail, transport, manufacturing, agriculture, FDI
 - Kampala, Northern Uganda
- ▶ This requires a breadth of policy support to address challenges and leverage opportunities
 - Immediate social protection is not enough
 - Need to invest in longer term recovery of affected sectors

Key ideas: policies for the short run

- ▶ **Social protection** important to mitigate immediate income/remittance losses from households – both urban and rural
 - Food distribution
 - Expansion of SAGE grant to those 65+
 - Urban Cash for Work
- ▶ However, social protection comes at a high costs and is not enough to address income losses – need a more **comprehensive recovery program**, with additional support **from development partners**

Key ideas: government support to growth

Maintain household welfare	Help firms survive the crisis
<ul style="list-style-type: none">• Health expenditures – provision of adequate resources for essential health expenditure to contain the spread of the virus• Labour intensive public works programmes• Seed capital for youth/women and other organised groups• Relief aid and social assistance grants (SAGE)• Provision of agricultural inputs and extension services	<ul style="list-style-type: none">• Provision of agricultural inputs and extension services• Credit to SMEs, manufacturing , agribusiness• Support to scientists• Payment of arrear and outstanding VAT refunds to private sector• Deferred payment of taxes and waived interest payments• Facilitate provision of long-term finance for enterprise competitiveness

Key ideas: additional macroeconomic/budget priorities

Policy Recommendation	Timeline	Implementation Center
<p>Facilitate investments in the oil sector</p> <ul style="list-style-type: none">• Focus on facilitating the taking of the Final Investment Decision (FID) so that investments are not delayed any further	Medium Term	MoFPED, Ministry of Energy
<p>Reverse the expansion in the fiscal deficit and public debt to ensure fiscal and debt sustainability.</p> <ul style="list-style-type: none">• Fiscal consolidation	Medium Term	MoFPED

Key ideas: further measures to protect firms

Policy Recommendation	Timeline	Implementation Center
Explore the EAC & COMESA market for supply inputs.	Medium Term	Ministry of Trade, Industry and Cooperatives
Monitor and support firms through crisis <ul style="list-style-type: none">Govt may need to consider buying equity, directly or through an investment vehicle such a private equity firm, of distressed firms.	Medium Term	MoFPED, UDC


Key ideas: sectoral policies

NDP III:

“Export promotion and import replacement will be strategies to ensure production for domestic, regional and international markets.”

“aims to increase Uganda’s attractiveness as a preferred tourist destination.”

“agro-industrialization will be pursued to transform the subsistence agriculture sector to a commercial and competitive sector.”



Export promotion and Import Substitution

Policy Recommendation	Timeline	Implementation Center
<p>Supplier development programmes</p> <ul style="list-style-type: none"> Invest in local content programme where large FDI firms are provided funding to work with local suppliers on product development, training, quality control 	Long term	UIA
<p>Eliminate tariffs on crucial imported inputs</p> <ul style="list-style-type: none"> Establish Task force on tariff policy and conduct quarterly workshops with the private sector to review the tariff schedule for the upcoming fiscal year. 	Long term	MoFPED
<p>Trade Facilitation</p> <ul style="list-style-type: none"> Assign a budget to the URA dedicated to improving electronic trade facilitation in Uganda (e.g. institutions to move their services to the UESW through dedicated workshops with technical personnel). 	Medium Term	URA in collaboration with MTIC

Tourism

Policy Recommendation	Timeline	Implementation Center
Policy to focus on protection of natural resources <ul style="list-style-type: none"> • Increase budget for conservation efforts by UWA • Provide budget for UWEC to sustain captive animal welfare 	Short Term	Ministry of Tourism, UWA, UWEC
Positive marketing of Uganda as a tourist destination <ul style="list-style-type: none"> • Development and roll out of 'destination Uganda' brand and online marketing 	Short Term	UTB, Ministry of Tourism
Investing in infrastructure and training <ul style="list-style-type: none"> • Upgrade and maintain tourism roads • Fast track completion of the Uganda Hotel and Tourism Training Institute and train workers across value chain 	Medium Term	Ministry of Works and Transport, Ministry of Tourism, UTB,
Support in quality assurance and product development <ul style="list-style-type: none"> • Set up regional museums, conduct feasibility studies for cultural and heritage sites, and upgrade Pian Upe Wildlife Reserve • Increase budget for quality assurance efforts by UTB across the entire tourism value chain 	Long Term	UTB, Ministry Tourism, UWA

Agriculture

Policy Recommendation	Timeline	Implementation Center
<p>Certification/regulation:</p> <ul style="list-style-type: none">• Digitalise the registration of all players in the fish value-chain to improve monitoring of, and provision of services to, key players	Medium term	MAAIF
<p>Advisory services:</p> <ul style="list-style-type: none">• Build capacity of agricultural extension staff in modern methods of providing advice to farmers, including ICT	Medium term	MAAIF and local governments
<p>Need for data collection</p> <ul style="list-style-type: none">• Allocate staff resources (and provide capacity development support) within MAAIF's planning units, to the collection, collation and interpretation of data on the sector for timely analysis	Medium term	UBOS in collaboration with MAAIF

Policy recommendations from Discussions

Policy Recommendation	Timeline	Implementation Center
Urgently establish the Uganda Mortgage Refinance Company	Medium term	MoFPED, BOU
Have a functioning capital Market through capitalisation	Medium term	MoFPED
Banking Industry review/reforms by Central Bank of Uganda focusing on the following <ul style="list-style-type: none"> Review/consider the effectiveness of CBR as a monetary policy transmission tool review of minimum prudential capital requirements. 	Medium term	BOU
Consider having incubation centers <ul style="list-style-type: none"> These will help the SME with registration, standards and branding. Offer tax relief 	Medium	MITC, MoFPED

THANK YOU

