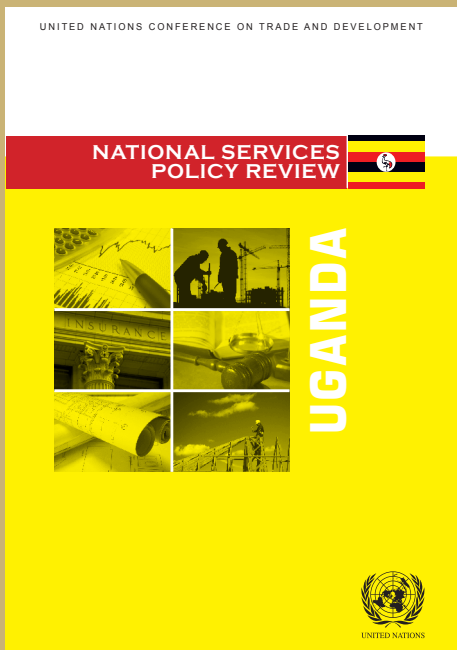




Services Policy Review: Uganda



The services sector in Uganda is now the largest and most dynamic sector in its economy. The aggregate contribution of services to GDP in 2010 was 51.7 percent. During the last 15 years, industry emerged as the fastest growing sector with 8.3 per cent average growth rate. Two Services Policy Review (SPRs) were undertaken for Uganda. The first (concluded in 2010) focuses on professional services (namely legal and accountancy services), insurance services, and construction and engineering services. A second SPR focuses on distribution services, information technology enabled services, and services auxiliary to all modes of transport.

Recommendations, based on the analysis of the policy, regulatory and institutional frameworks for the selected sectors, have been proposed for Uganda to enhance the development contributions of these services to its economy, including:

- In the accounting services, to amend the Accountants Act to achieve coherence between the statutory responsibilities and jurisdiction of the Institute of Certified Public Accountants of Uganda, as well as to conclude a mutual recognition agreement with the competent authorities on accounting and auditing among EAC Partner States;
- In the insurance services, to implement measures to address the professional and technical capacity constraints of the insurance sector; and to have a National Health Insurance Plan designed for long-term sustainability and aimed at providing medical insurance cover to the majority of the Ugandan population;
- In the legal services, to reform the Law Council, with a view to developing its independence, autonomy and self-accounting, as well as implement a common ethical and professional code of practice for all legal practitioners, enforced by the Uganda Law Society;
- In the construction and engineering services, the draft National Construction Industry Policy should be updated and adopted for implementation and a State construction company should be established. The Government should adopt a mandatory subcontracting policy to enable the local construction firms to participate in Uganda's construction market.
- In distribution services, comprehensive overhaul of the Trade Licensing Act (the primary legal framework for distribution services) would be required to enhance the effectiveness of the Act, particularly in view of the coming liberalization of the sub-sector;
- In information technology enabled services, the deep and wide digital divide in Uganda is a fundamental problem, and exclusion of the GSM mobile technologies from the universal access policy aggravates this problem given their comparative cost. Redefining universal access and proactively working to bridge the digital divide may be the best approach for Uganda to fully exploit the potentials which the sub-sector offers.
- In services auxiliary to all modes of transport, establishment of Uganda Maritime Logistics Authority as a statutory autonomous institution would be necessary to regulate shipping lines, transporters, freight forwarders, clearing agents and warehouse operators to address the existing regulatory gaps and inefficiencies.

Finally, a review of the implementation of the recommendations of the first SPR is being undertaken so as to devise, where necessary, further modalities for their effective implementation.

