



MULTI-YEAR EXPERT MEETING ON TRADE, SERVICES AND DEVELOPMENT

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UNCTAD'S NATIONAL SERVICES POLICY REVIEWS FOR UGANDA

SESSION 5



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Mr. Lauren Butubira Bategana
Principal Commercial Officer
Ministry of Trade, Industry and Cooperatives
Uganda

**MULTI-YEAR EXPERT MEETING ON
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***UNCTAD'S NATIONAL SERVICES POLICY REVIEWS
FOR UGANDA***

MR. BATEGANA LAUREAN BUTUBIRA

Principal Commercial Officer

MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES

FARMERS HOUSE, KAMPALA UGANDA

UGANDA'S HEAD WAY TO THE REGION



+ OUTLINE OF THE PRESENTATION

- × 1. INTRODUCTION**
- × 2. DESIGN AND IMPLEMENTATION ON THE NSPR**
- × 3. LESSONS LEARNT FROM THE NSPRs**
- × 4. CHALLENGES**
- × 5. POTENTIALS**
- × 6. POLICY ACTIONS AS A RESULT OF THE NSPR 1 & 2 IN UGANDA**
- × 7. FOLLOW-UP ACTIONS**
- × CONCLUSION**

INTRODUCTION

- ✘ Uganda requested and received technical assistance from UNCTAD in 2010 and 2013 to.
- ✘ identify policy, institutional, regulatory and capacity gaps in the services trade.
- ✘ The first study focused on four specific services sectors (i.e. insurance, legal, accountancy, construction & engineering)
- ✘ The second examined distribution, services auxiliary to all modes of transport, and ICT services.

INTRODUCTION

- ✘ In recognition of the importance of trade in services the Ministry constituted a Services Task Force to embark on policy interventions with a clear road-map.
- ✘ Draft National Services Trade Policy and Draft Master Plan for its implementation are place and are in the formal processes of adopting them

INTRODUCTION

- Uganda is an LDC in East Africa, with a population of 35.5 million people – Recent Census 2014.
- Per-capita income USD 508. (NDP2010/11-14/15)
- Services Account for 51.7% of GDP (2010) as the NSPR 2
- Uganda is focusing on services as a tool to diversify the economy.
- During the last 15 years, Industry emerged as fastest growth sector with 8.3%, followed by 7.3% per annum by services as per the two NSPRs.

INTRODUCTION

- ✘ Wholesale, Retail trade, restaurants and hotels are the largest services sub-sectors accounting for 20% of the GDP.
- ✘ Distribution alone accounts for more than 14% of GDP (2008/9).
- ✘ Uganda services exports amount 1.4 billion USD in 2011.
- ✘ With almost 900 million USD Value, travel is the main service export, followed by transportation 10% share.

DESIGN AND IMPLEMENTATION OF THE NSPR

- ✘ The Uganda Government recognises the pivotal role of the services Sector in the:
 - ✘ - diversification of export base
 - ✘ - foreign exchange generation
 - ✘ - employment and incomes creation.

DESIGN AND IMPLEMENTATION OF THE NSPR

- ✘ Success of national reform processes crucially depends on active contribution of all segments of the economy
- ✘ Broader participation of different segments of the economy within the discussions will enrich the process and strengthen its effectiveness.
- ✘ Decisions need to be taken carefully and on the basis of national economic, social and developmental objectives and circumstances.
- ✘ National stakeholders must examine which options, or combinations thereof, have the greatest potential to meet agreed policy objectives.
- ✘ The SPRs provide an venue for active participation by all stakeholders in the reshaping policy objectives and

LESSONS LEARNT FROM THE SPR

- ✘ Need for coordination between various government entities in charge of a given sector and the line ministry responsible for policy oversight;
- ✘ The opportunities for the development with an enabling environment through East African Community region-wide initiatives for trade facilitation;
- ✘ Need for Government to provide the necessary hard and soft infrastructure which supports all service providers

LESSONS LEARNT FROM THE SPR

- ✘ Benefits arising from limiting overlapping mandates among various industry actors;
- ✘ The realisation of the importance of expediting the enactment of key legislative laws and amendments to address the existing gaps and inefficiencies in the services sector;
- ✘ The need for regulators to ensure compliance with licensing requirements (and in particular universal access obligations);

LESSONS LEARNT FROM THE SPR

- ✘ Need for regulation to include the provision of a safety net for vulnerable and disadvantaged players in order to achieve poverty reduction and, in specific cases, local content provision if feasible;
- ✘ In certain sectors, there is a case for the establishment of a dedicated statutory autonomous institution (e.g. proposal for a Uganda maritime logistics authority).

CHALLENGES

- ✘ Uganda is still grappling to attain inclusive growth in the services sector.
- ✘ Regulatory and institutional capacities have strained the ability of the sector's potential
- ✘ No comprehensive Services Policy
- ✘ Isolated policy initiatives have been undertaken for sectoral areas,
- ✘ But are focused on developmental strategies as opposed to the potential as tradable sectors.

POTENTIALS

- ✘ The services sector remains the sector with highest demonstrated potential than any other sector in the economy - with the tourism as the leading foreign exchange earner.
- ✘ The potential can be harnessed through strategies aimed at creating a favourable environment for increasing private investment in general and that of Small and micro enterprises in particular which predominate the services sector.
- ✘ The critical area is the need to improve on the legal and regulatory framework and building the competitive and supply capacities.

POLICY ACTIONS TO ADDRESS SOME OF THE CHALLENGES

- ✘ **Review of: Economic; Regulatory; and institutional frameworks.**
- ✘ Identifying trade policy options
- ✘ The Government of Uganda is doing a lot of trade related- infrastructure reforms and addressing challenges that hinder the smooth flow of trade.
- ✘ Development on a National Services Trade Policy and Master Plan

PROPOSED FOLLOW-UP ACTIONS ON THE NSPR

- ✘ Government hopes that financial and technical assistance would be provided in the future to support Government interventions.
- ✘ More support is needed to address other recommendations and also assist ongoing programs or initiatives that include specifically to:-
 - Implement the services policy and master plan once adopted.

PROPOSED FOLLOW-UP ACTIONS ON THE NSPR

- Build capacity of services trade negotiators.
- Institution and regulatory support to relevant public agencies
- Build capacity of Private Sector competitiveness and the coalition of the services industry.
- Data collection in the services sector, and
- Mainstreaming trade in services in sectorial plans and strategies.

CONCLUSION

- ✘ The NSPR process is hoped to assist Uganda and the regulatory authorities in building services sector supply capacity, diversifying markets and designing sequenced services trade policies through national strategy to advance development of the services sectors.
- ✘ The Government of Uganda appreciates UNCTAD for the comprehensive insight in the services sector.
- ✘ Uganda commits to implement the key recommendations as per the national SPR.



Thank you



Ministry of Trade, Industry and
Cooperatives,
Farmers House, Parliament Avenue
P. O. Box 7103
Kampala-Uganda
Tel: +256414 314000
Fax: +256414 347286

Email: laureanb@yahoo.com
ps@mtic.go.ug
Web: www.mtic.go.ug