



GOVERNMENT OF UGANDA



CEDP

COMPETITIVENESS & ENTERPRISE DEVELOPMENT PROJECT

COMPETITIVENESS & ENTERPRISE DEVELOPMENT PROJECT 2014-2015

Funded by Government of Uganda/World Bank and
Coordinated by Private Sector Foundation Uganda



WORLD BANK GROUP



**PRIVATE SECTOR
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COMPETITIVENESS AND ENTERPRISE DEVELOPMENT PROJECT (CEDP)

1. CONTEXT

Uganda's prudent macroeconomic management and consistent market-oriented policy reforms have delivered strong performance in terms of economic growth and poverty reduction. Annual growth rate averaged 6.5 percent over the 1990s, rising to 7.0 percent during the 2000s making the economy one of the fastest growing in sub-Saharan Africa over the last 20 years.

This impressive growth has been driven primarily by private sector investment particularly in the construction sector, export-led tourism, and non-traditional exports as well as pro-growth reforms that were initiated by the Government of Uganda.

However, this aggregate performance has resulted in only modest per capita income gains and falls short of Uganda's aspiration of becoming a middle-income country by 2040.

Moreover, the economy is still characterised by an uneven distribution of welfare improvements and increasing inequalities resulting mainly from constraints to spatial development.

CEDP is addressing business environment challenges for a better investment climate

To proactively address the identified constraints, Government of Uganda has obtained credit from the World Bank towards the implementation of the Competitiveness and Enterprise Development Project (CEDP) to address both business environment and cluster development challenges aimed at creating a better investment climate to facilitate business in a formalised and robust private sector.

WHAT IS COMPETITIVENESS AND ENTERPRISE DEVELOPMENT PROJECT (CEDP)?

The Competitiveness and Enterprises Development project is a 5-year project aimed at supporting reforms geared towards improving the competitiveness of Uganda by;

- Improving the business environment and lowering the costs of doing business and;
- Improving competitiveness of selected high-impact sectors.



Coffee, one of the key sectors identified for support

2. PROJECT DEVELOPMENT OBJECTIVE

The Project Development Objective (PDO) of CEDP is to improve the competitiveness of enterprises in Uganda by providing support for (i) The implementation of business environment reforms including land administration; and (ii) the development of priority productive and service sectors.

(i) Business environment reforms

This will be implemented include in the areas of land administration, business registration and business licensing. Land administration reform activities is supporting the continuation and

scaling up of the land reforms carried out previously under the Second Private Sector Competitiveness Project (PSCP II). The project will help increase land tenure security and reduce the time taken to transfer land ownership. Reforms aimed at simplification of business registration and business licensing procedures will help lower the costs of doing business, thereby making firms more competitive.

(ii) Development of priority productive and service sectors:

The project will support the development of

priority sectors identified in the Second Competitiveness and Enterprise Development Project (CICSII) such as tourism and exports of non-traditional products. The sectors are benefiting from a Matching Grant Facility (MGF) to help increase exports, raise income and create employment. Assistance in the tourism sector is addressing persistent constraints through skills enhancement, product and labour force development.

3. RESULTS INDICATORS:

The results expected from the CEDP project over the next five years will include;

- Reduction in the number of days to register land from 52 to 25 days.
- Reduction in the number of days to register a business from 33 to 5 days.
- Reduction in cost (as a percent of income per capita) of registering business from 76.6% to 50%
- Increase in international tourist arrivals from 945,000 to 1.5 million tourists.employment.
- Increase in Tourism sector from 225,000 to 300,000 per annum.
- Increase in exports of non-traditional products by 10%



Increased international tourists to Uganda

4. THE TARGET SECTORS AND IMPACT ON THE ECONOMY

A significant economy-wide impact is expected as a result of the reforms. The benefits of these interventions are expected to have a ripple effect and create synergies in the sectors of tourism, agriculture, agri-business, manufacturing, construction and trade.

This is expected to improve government revenues, boost employment and household income and ultimately spur economic growth.

5. PROJECT BENEFICIARIES:

The primary and direct project beneficiaries include:

(a) Current and future entrepreneurs conducting business in Uganda and land owners that will be registered by the project. Some of the benefits include;

- Ease of business registration and licensing to stimulate the domestic private sector growth and reduce the informal economy and speed up investment.
- Improved land security and clarity on land ownership thereby creating incentives for investments.
- Reduced burdensome regulation procedures for MSMEs, reducing their cost of doing business, making them more competitive.
- Increased awareness of Uganda's tourism offerings leading to strengthened tourism value chain.

- Reduced land disputes among landowning households in rural areas.
- Strengthening of the competitiveness of enterprises and increased value-addition in selected sub-sectors through Business Development Support (BDS).
- Improved efficiency of businesses through linkages between benefiting firms and markets.

(b) Direct benefit to Government agencies:

- Strengthened policy functions as a result of more up-to-date and reliable information.
- Improved government revenue through increased license fees.
- Improved skills and capacity of benefiting government agencies through technical Assistance (TA).

PROJECT GOVERNANCE STRUCTURE

The Competitiveness and Enterprise Development Project was approved in May 2013 and became effective in June 2014. Project closure is planned for March, 2019.

The CEDP is being implemented by Private Sector Foundation Uganda (PSFU) and the Ministry of Lands, Housing and Urban Development (MLHUD).

PSFU is responsible for the coordination and management of Business Registration and Business Licensing Reforms, Tourism Competitiveness Development; and the Matching Grant Facility, while MLHUD is implementing the Land Administration Reform component.

PROJECT COORDINATION:

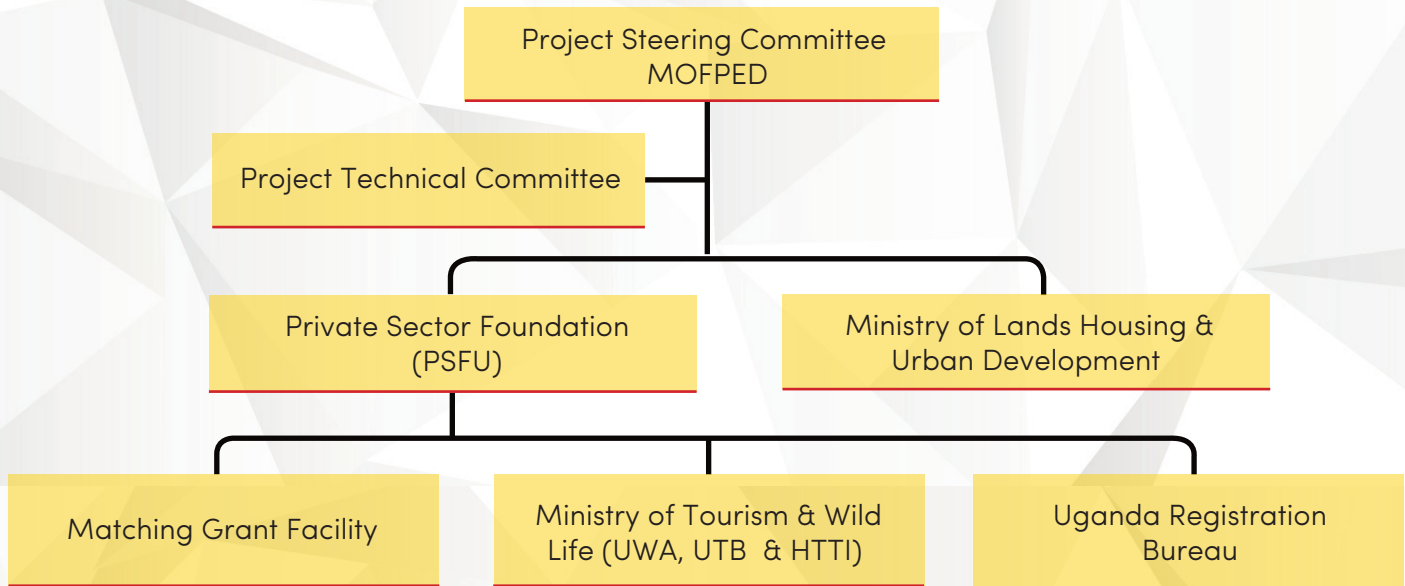
To ensure proper coordination and supervision of the project, a Project Steering Committee (PSC) chaired by the Permanent Secretary/ Secretary to the Treasury, has been established to provide policy guidance and oversight.

Other members comprise of permanent secretaries of Ministry of Lands Housing and Urban Development, Ministry of Tourism and Antiquities, Ministry of Justice and Constitutional Affairs and Ministry of Trade Industry and Cooperatives. Others include the chair of Uganda Manufacturers Association, Uganda Private Sector Foundation, Chamber of Commerce, Uganda Hotel Owners Association, the Uganda Tourists Association, national coordinator for the CICS and members of the Project Technical Committee.

While a project Technical Committee (PTC) chaired by the Executive Director PSFU is responsible for overall project implementation. Other members comprise of; Executive Directors of UTB and UWA, the Director Tourism, the Principal HTTI, the Registrar General URSB, and the Director Land Management.

Government has delegated the overall responsibility of coordination of the project to the Private Sector Foundation Uganda (PSFU), through a Project Coordination Unit.

6. PROJECT GOVERNANCE STRUCTURE



7. PROJECT IMPLEMENTING PARTNERS

CEDP is being implemented by the following government agencies;

- Private Sector Foundation Uganda (PSFU)
- Ministry of Land, Housing and Urban Development (MLHUD)
- Ministry of Tourism, Wildlife and Antiquities (MTWA)
- Uganda Registration Services Bureau (URSB)
- Uganda Wild Life Authority (UWA)
- Uganda Tourism Board (UTB)
- Hotel and Tourism Training Institute (HTTI)

8. SUMMARY OF PROJECT COMPONENTS AND FUNDING

The CEDP is supported by the World Bank through an IDA Credit of United States Dollars 100 million over 5 years from financial year 2014/15. Government of Uganda is contributing US\$ 2.5 million towards the project implementation component.

The components under funding include;

COMPONENT 1:	LAND ADMINISTRATION REFORM	US\$ 54 million
COMPONENT 2:	BUSINESS REGISTRATION AND BUSINESS LICENSING REFORMS	US\$ 10 million
COMPONENT 3:	TOURISM COMPETITIVENESS DEVELOPMENT	US\$ 25 million
COMPONENT 4:	MATCHING GRANT FACILITY	US\$ 8 million
COMPONENT 5:	PROJECT IMPLEMENTATION	US\$ 3 million

COMPONENT 1:

LAND ADMINISTRATION REFORM

The transformational nature of land administration reform is important for private sector development in Uganda. In addition to being a catalyst for commercialization of agriculture, good land policies are essential for facilitating private investment. Land Administration Reforms is therefore one of the main component being implemented under the CEDP project. The project is a continuation and scale up of the land reform process carried out under the Private Sector Competitiveness Project II (PSCPII), and the Land Strategic Plan (LSS) II. The Ministry of Land Housing and Urban Development (MLHUD) is implementing the land reform component.

OBJECTIVES:

- 1 Modernising land administration
- 2 Accelerating registration of communal and individually owned lands
- 3 Strengthening institutions and mechanisms for land dispute resolution.
- 4 Reviewing land institutions, developing capacity, and coordinating implementation of the land administration reform.

PROJECT ACTIVITIES

(a) Improving land administration:

- Construction of nine (9) zonal land offices in Kabale, Luwero, Mityana, Mpigi, Moroto, Rukungiri, Soroti, Mukono and Tororo;
- Developing and implementing a Land Information System incorporating registration, valuation and physical development planning functions in all zonal land offices.
- Strengthening land use planning functions, including, development of geographic information system data bases and systems and preparation of physical development plans at the national, regional, district and local levels;

- Strengthening land valuation functions, including, reviewing the policy and legal framework, developing valuation data bases and systems and collecting necessary field data developing capacity in the public and private sectors, and improving land registration processes;
- Developing a policy and legal framework for land-related housing and urban development and designing programs for implementation;
- Developing and implementing policies for a geodetic reference framework, national spatial data infrastructure and mapping;
- Updating and implementing the horizontal geodetic reference framework including continuously operating reference stations;
- Strengthening the capacity of the survey and mapping department to carry out surveys and managing acquisition and processing of spatial data;
- Producing and disseminating base maps for land administration; Conducting a comprehensive review of the legal, institutional and operational aspects of the Uganda Land Commission to identify gaps and making recommendations for improvement; and



Automating Land Records and information

(b) Undertaking systematic registration of communal and individually-owned land through:

- Provision of technical advisory services for carrying out an inventory of public LAND. Establishing communal land associations (CLAs) in priority areas including Northern and Eastern regions.
- Demarcation and registration of communal lands and issuance of land titles.
- Demarcation and registration of individual lands in rural and peri-urban areas including titling and issuance.



Improving land administration

(c) Implementing a program of actions for strengthening institutions and mechanisms for land dispute and resolution.

- Conducting a review of the judiciary's rules and procedures for adjudication of land disputes to identify gaps and make recommendations for improvement.
- Strengthening the capacity of the Judiciary and other land agencies for implementing alternative dispute resolution and mediation programs.
- Compiling and disseminating materials on land laws and related documents.
- Provision of training to the Judiciary and other land tribunals and conducting a comprehensive review of the legal institutional and operational framework for land tribunals.



Strengthening land institutions

(d) Implementing a programme of actions for strengthening land administration and management institutions.

- Conducting a comprehensive review of the organisational structure and capacities of land administration and management institutions.
- Conducting an assessment of other public and private land sector institutions to identify skills gaps and implementing capacity.
- Constructing a dormitory and a multipurpose hall for the Institute of Survey and Land Management and equipping the institute with instructional equipment.
- Developing and implementing gender, civil society and communication strategies.
- Provision of technical advisory services.

EXPECTED RESULTS

- Reduction in the time taken to transfer property, from 52 days to less than 30 days, primarily in urban areas.
- Scaling up the titling of rural land from the current 5 percent to about 50 percent within 10 years.
- Registration of communal land rights and local communities empowered to negotiate directly with potential investors.
- Increased land tenure security and associated investment initiatives and increased agricultural productivity.

COMPONENT 2:

BUSINESS REGISTRATION AND LICENSING REFORMS

Business registration continues to be burdensome, inefficient, slow and a significant barrier to entering the Uganda market. As a result, according to the Doing Business Report 2013, Uganda ranks number 150 out of 189 among economies analysed.

This component aims to streamline the burdensome process of business registration and licensing by creating an online one-stop shop for businesses. This is being implemented by the Uganda Registration Services Bureau (URSB).

The following activities are being implemented:

(a) Strengthening business registration institutions and processes through;

- The construction of a central office for URSB.
- Establishing an e-registry for business licensing, including an appropriate technology platform and software application.
- Establishing a one-stop shop for business registration, including a network of local and regional offices.



Easing access for business registration through partnership

- Streamlining business registration and licensing procedures (and eliminating unnecessary procedures).
- Carrying out of an impact assessment of said reforms.

(b) Implementing capacity building activities for URSB and other relevant regulatory agencies.

(c) Developing and implementing and information and education and communications strategy.

COMPONENT 3:

TOURISM COMPETITIVENESS DEVELOPMENT

Tourism is one of the fastest growing sectors in terms of its potential to attract investments and create jobs. With a total contribution estimated at US\$ 1.7 billion, representing 9.0% of GDP, the tourism sector's role in the economy is very significant.

However, Uganda is not realising the sector's full potential in terms of value creation and employment generation.

The CEDP component is supporting the tourism sector through strengthening of public and private sector partnerships to develop a competitive tourism offering.

This component is being implemented by the following agencies;

Ministry of Tourism Wildlife and Antiquities (MOTWA)

Uganda Tourist Board (UTB)

Hotel and Tourism Training Institute Jinja (HTTI)

Uganda Wild Life Authority (UWA)

Activities under this component include;

(a) Development of labour force for the tourism sub-sector through:

- The construction of a hotel and tourism training institute and equipping it with modern instructional facilities and materials.



Upskilling the tourism sector labour force

- Training for the institute's instructors and administrators.
- Reviewing and accrediting the institute's curricula and instructional materials.
- Developing and implementing a sustainable business model including an income-generation strategy.

(b) Strengthening the capacity of Ministry of Tourism, Wildlife and Antiquities and Uganda Tourism Board.

(i) Skill enhancements to support the ministry include:

- Developing technical skills for staff; tracking tourism sector performance through collecting, analysing and disseminating appropriate data.
- Designing and implementing a lodging classification and grading system.
- Implementing relevant policies, including the national tourism levy.



Designing and implementing lodging classification

(ii) Tourism product planning, packaging and promotion.

Under this sector, the project helps to strengthen the tourism value chain by building supply and demand through;

- Developing and implementing marketing and promotion products.
- Developing and implementing tourism value chain packages while supporting linkages between the public and the private sector
- Developing and implementing marketing and promotion materials.
- Strengthening the capacity of the sector institution/agencies including Uganda Wildlife Authority and Uganda Tourism Board.

RESULTS:

- Increase the supply of trained workforce capable of delivering competitive hospitality and tourism services.
- Increase awareness of Uganda's tourism offerings.
- Improved and new tourism products in key destinations areas.
- Increased expenditures per visitor and a strengthened value chain in the tourism sector.

COMPONENT 4:

THE MATCHING GRANT FACILITY

Low productivity and competitiveness in Uganda is a result of factors that affect business in Uganda. These include; lack of management skills, poor financial accounting systems, inadequate market information and low labour productivity. The CEDP Matching Grant Facility aims to improve enterprise capacity by facilitating beneficiaries (including MSMEs) access to matching grants of up to 50% towards the use of sector-specific Business Development Services (BDS) and improving quality standards at the firm level.

This component is being implemented by Private Sector Foundation Uganda (PSFU)

TARGETED SECTORS

Agri-Business (Coffee, Grains, and Pulses, Horticulture, Edible Oils)

Fisheries

Tourism

Information Technology and Business Process Outsourcing

OBJECTIVES OF THE MGF:

- Improve enterprise capacity by facilitating beneficiaries to access grants of up to 50% towards the cost of a specific business service.
- Increase the growth and competitiveness of the private sector in order to maximise returns on products/services through value chain analysis and grant support.

RESULTS

- Improved performance of enterprises.
- Increased productivity, income and employment.
- Catalysed access to markets.
- Increased competitiveness of enterprises.

ELIGIBLE ACTIVITIES INCLUDE:

- Management training.
- Business plan administration.
- Acquisition of quality certification systems.
- Marketing and Advertising.

- Record Keeping.
- Financial Management.
- Technology improvement.
- Feasibility studies.
- Business process and outsourcing.

ELIGIBLE ENTITIES

- Private enterprises.
- Sectoral and Professional Business Associations.
- Institutions supporting MSMEs in eligible sectors.

ELIGIBILITY CRITERIA:

Privately-owned entity operating under the laws of Uganda.

LEVEL OF SUPPORT/GRANT SIZE:

Successful firms may obtain grants up to a cumulative value of USD100,000 subject to availability of funds and within the life span of the project. The support must be matched (50/50).

CALL FOR PROPOSALS

The grants will follow “a call for proposal cycle” inviting eligible firms to submit proposals for funding.

APPLICATION REQUIREMENTS

- A well-developed proposal.
- Proof of registration of business.
- Contract with service providers.
- Directions to physical business address/ location.
- Supporting documents relating to activity.
- Proof of availability of funds.

DISBURSEMENT OF FUNDS

On completion of the approved activity and/or confirmation of a firm’s 50% commitment by client, the beneficiary client shall submit a proof of deliverables. The Unit shall review, and if satisfactory, initiate the grant reimbursement process.

IMPLEMENTING PARTNERS



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WHAT CAN I DO?

If you want to follow the progress of CEDP, visit the CEDP or the partners' websites and be a part of the project.

If you are an SME and you believe you are eligible for the Matching Grant Facility, get in touch with us or visit the Matching Grant Facility website (www.cedpmgf.go.ug) to get to know when the next round of proposals will be announced.

HOW CAN I FIND OUT MORE?

This brochure forms part of a series of our communication medium that will be used to explain the work of the Competitiveness and Enterprise Development Project as well as keep you updated on the progress of the project. Visit our website, subscribe to our newsletter or those of our partners and get in touch with us to stay updated.

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