



THE REPUBLIC OF UGANDA

MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES



NATIONAL INDUSTRIAL POLICY

A Framework for Uganda's Industrialization,
Employment and Wealth Creation

December 2020



With support from UNDP UGANDA



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FOREWORD



The National Resistance Movement (NRM) Government has, since 1986, been pursuing deliberate measures to industrialize Uganda with considerable levels of success. The pursuit of this strategic direction has not been by accident but rather as a result of intensive analysis of the problems facing the Country and Africa in general, as well as the opportunities that surround us. Our approach to industrialize Uganda has been steadfast and anchored on addressing the ten '*Strategic Bottlenecks*'. The bottlenecks include: **ideological disorientation;**

under-development of human resources; under-developed infrastructure; continued export of raw materials; fragmented markets; the under-developed agriculture and services sectors, nationalization of private sector assets (banks, utility companies, shops, farms, etc.); and suppression of democracy in the past.

The Government of Uganda has focused on addressing the above-mentioned bottlenecks, either internally or with our Regional Partners. As a result of these initiatives, we are moving steadily to integrate our markets using the East African Community, the Common Market for Eastern and Southern Africa, and the African Continental Free Trade Area. We are supporting efforts to connect our Countries through joint and coordinated development of infrastructure such as roads, water, railway and ICT infrastructure, and commercialization of the Agricultural Sector. Additionally, we are focused on placing the State at the fulcrum of Industrial Development, including developing the infrastructure necessary for industrial expansion. For example, the total paved roads as a

percentage of total national roads has increased from 8% (1,000km) in 1986 to 21.1% (5,500km) in 2019. The electricity generation currently stands at 1252.4 Mega Watts, while transmission lines cover 2,989 km. Further, Government is determined to reduce the cost of electricity for manufacturing industries to 5 cents USD (*Ugx 185*) per unit from the current 8.7 cents USD (*Ush 321*) per unit. For ICT, the optical fibre network covers 2,424 kms.

We also recognize that significant strides in human resource development have been and continue to be critical for our industrial drive, having been made with the establishment of institutions in the area of skilling in addition to deliberate measures to, adequately remunerate our scientists. Indeed, human capital development is perhaps the most important factor of production, driving innovation which is a key driver of industrial development. Human beings can turn around anything provided they have the necessary skills and knowledge. However, according to the Global Innovation Index 2018, Uganda is ranked 103rd out of 126 Countries. In acknowledging this and the need to advance going forward, the National Industrial Policy 2020 focuses on strengthening skilled

human resources, increasing the development and use of research innovations, and adopting appropriate technologies to increase productivity and efficiency in the Industrial Sector.

By addressing the ten strategic bottlenecks, the Government has set the stage for industrialization. Consequently, the number of industrial establishments in the Country has increased from 80 in 1986 to 4,920 in 2019 and over 1.3 million people are employed in the Industrial Sector. The National Industrial Policy 2020 has been developed to position the Country to take advantage of both domestic and external opportunities. Furthermore, the implementation of the Policy will enable us to address critical human and societal needs including access to food, clothing, shelter, health, physical infrastructure, defence, mobility, and education, through employment opportunities and domestic production of value-added goods. It should enable us to curtail the haemorrhage that our economy has hitherto subjected itself by enabling us to process our agricultural products and manufacture from our mineral resources before we export.

The development of the National Industrial Policy 2020 has followed

a comprehensive consultative process involving the Private Sector, Academia, and Development Partners, among others. I, therefore, expect effective participation of all

stakeholders in the implementation of this Policy, which is critical for the socio-economic transformation of our Country.



Yoweri K. Museveni
P R E S I D E N T

PREAMBLE



Fellow Ugandans, I am pleased to present The National Industrial Policy (NIP) 2020. This Policy is a product of extensive consultation that involved various stakeholders from the Public Sector, Private Sector, Development Partners, Academia, Civil Society, Religious and Cultural Organizations, and Media, among others. This has enabled consensus on the policy actions and strategies needed to meet Uganda's vision on industrialization.

As you are aware, Uganda developed the first National Industrial Policy in February 2008 as a framework to provide strategic direction for industrialization. The overall vision of the Policy was to build the industrial sector into a modern, competitive and dynamic sector, fully integrated with domestic, regional and global economies. After a decade of implementation, a review was undertaken in 2017. The findings and recommendations from the review process informed the drafting of the National Industrial Policy 2020. This Policy has been aligned to the National Development Plan III, Vision 2040, EAC Vision 2050, Africa Agenda 2063, the Sustainable Development Goals (SDGs) and the current trends in Industrialization within the region and globally. The NIP will serve as a blueprint for Uganda's industrial transformation over the decade 2020-2030 and has identified priority commodity and mineral product value chains for development over the period of implementation. This prioritization has been based on the desire to create jobs, maximize value addition, increase exports and

reduce imports.

The Ministry of Trade, Industry and Cooperatives (MTIC) will spearhead implementation of the Policy. However, the Ministry recognizes that industrial development matters cut across various Ministries, Departments and Agencies, as well as the Private Sector. Therefore, key roles and actions required from other stakeholders to ensure its successful implementation have been highlighted in the Policy document. Efforts will be made to mobilize and lobby all stakeholders to ensure a coordinated and joint approach to its implementation. An Inter-Ministerial Industrial Committee will be established to provide a platform for ensuring effective inter-sectoral linkages and coordination.



Amelia Kyambadde (MP)
MINISTER

I would like to thank all our Partners especially, UNDP and UNIDO for the financial and technical support toward the drafting of this Policy. I thank the taskforce that was drawn from different Ministries, Departments, Agencies and Private Sector for working tirelessly to draft the NIP and the Sector Strategic Plan.

I urge all stakeholders to support the implementation of this Policy to propel Uganda's economy to a modern and prosperous one as envisaged in the Vision 2040.

I thank you all.

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ACRONYMS AND ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
CBR	Central Bank Rate
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EPAs	Economic Partnership Agreements
GDP	Gross Domestic Product
ISIC	International Standard Industrial Classification
KWH	Kilowatt hour
M&E	Monitoring and Evaluation
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDAs	Ministries, Departments and Agencies
MoES	Ministry of Education and Sports
MoSTI	Ministry of Science, Technology and Innovation
MoTIC	Ministry of Trade, Industry and Cooperatives
MoWE	Ministry of Water and Environment
NDP	National Development Plan
NDR	National Development Report
NEMA	National Environment Management Authority
NIP	National Industrial Policy
OWC	Operation Wealth Creation
RIA	Regulatory Impact Assessment
SDGs	Sustainable Development Goals
TEXDA	Textile Development Agency
TVET	Technical and Vocational Education and Training
UCPC	Uganda Cleaner Production Centre
UDB	Uganda Development Bank
UDC	Uganda Development Corporation
UEPB	Uganda Export Promotion Board
UFZA	Uganda Free Zones Authority
UIA	Uganda Investment Authority
UIRI	Uganda Industrial Research Institute
UNBS	Uganda National Bureau of Standards
UNCST	Uganda National Council for Science and Technology
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
UN	United Nations

GLOSSARY

Agro-processing	All processes that transform agricultural produce and intermediate agricultural products to increase shelf life, variability, transportability and market value.
Cottage Industry	A small-scale, decentralized manufacturing business often operated at a home residence as opposed to a purpose-built manufacturing facility.
Cleaner Production	A preventive, company-specific environmental protection initiative that is intended to minimize waste and emissions and maximize product output.
Industrial Cluster	A concentration of interconnected firms, suppliers and supporting institutions in a particular industrial sub-sector. It can be value chain, geographic or product based.
Industrial Development	Increase in the production of economic goods and services, and enhancements in production and consumption patterns because of advancement in technological processes.
Industrial Park	An area planned and designed for the purpose of industrial development and serviced with dedicated industrial load electricity supply, roads, railway, piped water system and ICT networks, among others. Industrial Parks enable the timely set up of factories and industries.
Industrial Sector	A key sector that makes up the secondary sector of a country's economy. This sector accepts primary sector end products and transforms them into finished products.
Industrialization	Progression from a low-base and low-skill economy to an innovation-based and high-skilled economy where technological progress increases production of economic goods and services.
Industry	A set of all production units engaged primarily in the same or similar kinds of productive activity.

Information Technology	New inventions driven or derived from recent research developments and technological knowledge.
Intellectual Property	Categorization of products or services, including intangible creations basing on human intelligence, as copyrights, patents and trademarks, hence according them rights against unfair competition.
Metrology	The science of measurement, which is divided into three fields, namely: Legal or Trade Metrology, Industrial and Scientific Metrology.
Manufacturing	Manufacturing is the physical or chemical transformation of materials or components into new products.
Manufacturing Value Added	The net output of the manufacturing sector, calculated from the sum of all outputs and subtracting the sum from intermediate inputs.
Mineral Beneficiation	A process that improves the economic value of mineral ores to improve their physical property and make them more suitable for direct use or further processing. Examples of beneficiation processes include froth flotation and gravity separation.
Patent	A set of exclusive rights to ownership of a good or service for a specified time as per law established (often an invention).
Technology	Progressive application of new research and science in achieving transformative production of products.

EXECUTIVE SUMMARY

The Government has been implementing the maiden National Industrial Policy (NIP) since 2008. The NIP was reviewed in 2017 and the key findings indicated that some progress was made in policy thrust areas such as institutional development, industry-facilitating infrastructure, and public-private partnership (PPP) enhancement. However, the industrial sector is faced with continued challenges of low productivity and capacity utilization, insufficient supply of quality raw materials for value addition, low technology uptake and adoption, high cost of value addition, inadequate skilled human resources, and limited capacity to comply with standards and regulations for product quality, safety, and environmental protection. This Policy focuses on consolidating the achievements attained and addressing the identified gaps, as well as emerging issues.

The Policy identifies strategic value chains and interventions that will meaningfully contribute to employment creation, increase value addition to local raw materials, and promote import substitution and exports. The Priority industrial

value chains for investment are stated below:

- i. **Agro-based industries:** Fruits, Coffee, Cotton, Textiles and Apparels, Tea, Cassava, Grains, Oil Seeds, Sugar Cane, Bananas, Dairy, Leather, and Leather Products.
- ii. **Extractive-based manufacturing industries:** Iron and Steel, Oil and Gas (LPG), Synthetics, Plastics, Petrochemicals, Salt, Cement, and Fertilizers.
- iii. **Knowledge-intensive industries:** Pharmaceuticals, Automobiles, Electricals and Electronics, and Products Assembling.

The Vision of this Policy is to build a fully integrated, competitive, high value and productive industrial sector. The Mission of the Policy is to accelerate sustainable industrial transformation through an increased developmental role of the State, reduced cost of production, and improved quality of manufactured products. The Policy Goal is **‘increasing the manufacturing value-added as a percentage of GDP from 8.3% in 2018/19 to 16% by 2029/30’**. The NIP has been designed to foster growth of

the industrial sector anchored on inspiring structural transformation, with a principle focus on four result areas, namely:

- i. Increased value addition of local raw materials and products** with comparative advantage for social-economic transformation.
- ii. Increased exports of manufactured products** by facilitating industries to increase production and match market demands in terms of both quality and quantity.
- iii. Increased employment in the industrial sector** through establishment and promotion of industries that create large-scale employment opportunities, ensuring inclusive growth and sustainable development.
- iv. Increased adoption of environmentally sustainable technologies** by manufacturing sub-sectors.

The specific objectives of the NIP are to:

- i. Increase public investment and nurturing of industrial development projects in strategic areas.**
- ii. Increase and sustain the supply of quality raw materials for value addition.**

- iii. Develop and strengthen skilled human resource** in order to increase productivity and efficiency in the sector.
- iv. Accelerate development and use of research innovations** and adoption of appropriate technologies in industry.
- v. Promote resource-efficient and environmentally sustainable industrialization.**

The Policy is driven by a firm commitment to Industrialization by Government; potential benefit from global and regional value chains as a result of favourable labour markets; increased access to bi-lateral, regional, continental, and global markets; and abundant raw materials. The expected outcomes to be realized over the ten-year period of implementation are:

- i. Increased industry sector contribution to GDP** from 27.1% in 2018/19 to 31.7% in 2029/30.
- ii. Increased contribution of manufacturing to GDP** from 15.4% in 2018/19 to 26% in 2029/30.
- iii. Increased ratio of manufactured products exported to total exports** from 22.5% in 2018/19 to 46.8% by 2029/30.

- iv. **Reduced ratio of manufactured products imported to total imports** from 63.2% in 2018/19 to 45% in 2029/30.
- v. **Increased share of jobs from manufacturing subsector to total formal jobs** from 9.8% in 2018/19 to 15% in 2029/30.

At the apex of implementation, Cabinet shall provide strategic direction for Uganda's industrialization agenda. In order to enhance effective and cohesive coordination of implementation of the National Industrial Policy, an Inter-Ministerial Manufacturing Industry Coordination Committee (IMICC) chaired by the Minister responsible for Industry shall be established. Implementation of the policy objectives will be multi-sectoral and cut across different Ministries, Departments, and Agencies (MDAs), and therefore the IMICC shall provide the coordination and consultation forum. The Office of the Prime Minister shall ensure harmony and coherence in policy implementation. The Office of the President will monitor and evaluate implementation of recommendations from IMICC. Government shall also collaborate with the Private Sector, Civil Society, Development Partners and all relevant non-state actors in the implementation of this Policy.

The preparation of the policy has followed an inclusive process where all stakeholders including Government MDAs, Development Partners, Private Sector Associations, Civil Society Organizations (CSOs), and Academia were extensively consulted at various stages of the preparation process. In addition, the Policy has been aligned to reflect aspirations in the National Vision 2040, EAC Industrialization Policy 2012-2032, African Union Agenda 2063, and the United Nations Sustainable Development Goals (SDGs) 2030.



1 INTRODUCTION

1.1 BACKGROUND

The fundamental goal of economic development of any country is to improve the welfare of her citizens and a number of governments globally have sought to promote industrialization to achieve this objective. Most developed and emerging economies in the world have used Industrialization to achieve economic development and structural transformation. In 2008, the Government of Uganda put in place the first National Industrial Policy and Strategic Plan. The vision of the Policy was to “build the industrial sector into a modern, competitive and dynamic sector that is fully integrated into the domestic, regional and global economies”. Some of the key achievements attained after ten years of implementation included: revival of the Uganda Development Corporation (UDC), strengthening the capacity of Uganda Industrial Research Institution (UIRI) and Uganda National Bureau of Standards (UNBS), increasing the

road network, energy generation, information communication and technology network, vocational and technical training institutes, enhancement of Public Private Partnerships (PPPs), development and implementation of manufacturing subsector policies, strategies and plans, among others. However, the industrial sector is still faced with challenges, including but not limited to: high cost of industrial finance, insufficient supply of quality raw materials, low technology uptake and adoption, unskilled human resource, and limited capacity of the Private Sector to comply with product quality, safety, and environmental standards and regulations.

The review of the 2008 National Industrial Policy recommended an enhanced role of the state in driving industrial development. Specifically, the state should focus on:

- i. Provision of industrial support infrastructure.

- ii. Skilling labour force.
- iii. Facilitating industrial research, innovations and technology transfer.
- iv. Maximizing value addition of raw materials and supporting infant industries to increase compliance with national and international standards.
- v. Increasing capitalization of Uganda Development Corporation (UDC) to co-invest with the Private Sector in strategic industries that require large initial capital investment, and Uganda Development Bank (UDB) to provide low interest loans to the Private Sector involved in the Industrial Sector.
- vi. Ensuring efficiency of financial markets.

Following these recommendations, an options analysis Regulatory Impact Assessment (RIA) was conducted. The RIA determined that the best option was to review the existing National Industrial Policy. The revised National Industrial Policy has thus been developed to:

- i. Consolidate the gains from the previous Policy.
- ii. Accommodate the emerging issues in the sector since 2008.
- iii. Provide a framework to further the national Industrialization agenda over the next decade.

This Policy is aligned to Uganda's Vision 2040, which envisages a transformed Ugandan society from a peasant to a modern and prosperous country by 2040, through the implementation of six sequenced, five-year National Development Plans (NDPs). Specifically, the third NDP (2020/21-2024/25) emphasizes sustainable industrialization for inclusive growth, employment and sustainable wealth creation.

1.2 POLICY CONTEXT

1.2.1 Global Context

1.2.1.1 Global Industrial Sector Performance

Industrialization has been used as an engine for development in many advanced and emerging economies through the production and consumption of high value products and services. According to the World Bank (2018), the contribution of industry (value added) to world production was 25.4% and the manufacturing value added (MVA) as the percentage of GDP was 16.4%. The share of manufactured to total merchandise exports globally stood at approximately 22%.

Despite the global averages above, there are contrasting results between industrialized, emerging, and least developed economies. Comparative figures for MVA as reported by UNIDO industrial performance report of 2016 were 13.8% for Industrialized economies, 19.6 % for developing and emerging industrial economies, 14.8% for emerging industrial economies, and 11.9% for least developed economies. The world MVA has grown faster than GDP due to the influence of high MVA growth in

developing and emerging industrial economies. In countries with higher MVAs, manufacturing has played a crucial role in job creation as industries offer mass employment. In 2016, the share of industry to global employment was 22.5%.

In addition, Industrialization has enhanced the value of exports. Globally, most manufactured exports are medium to high-tech products such as chemicals, machinery and equipment, communications equipment, and motor vehicles. These products accounted for 60% of all manufactured exports in 2015 (UNIDO). Exports of manufactured goods by developing and emerging industrial economies increased by 12.6% from 2000- 2015, raising their contribution to world exports from 12% in 2000 to 30% in 2015.

Following from the above-referenced analysis, the current MVA of 8.3% for Uganda is still below the world average of 16.4% and 11.9% for least developed countries. The contribution of manufactured exports to total exports of 22.5% matches the world average but

is below that of developing and emerging economies.

1.2.1.2 Trends in Industrial Development

Over the last 30 years, developed countries have progressed in high-end industries and pushed to maximize profits by sending most of their producer companies to low-wage countries, especially in the Americas and South Eastern Asia. This push, referred to as off-shoring, has led to a dispersion of global supply chains that currently provide an opportunity for specialized industrial capacities to be built by various developing countries including Uganda. There is, therefore, need for the Government to develop local capabilities to tap into these job opportunities that will continue to be created.

In addition, with the ensuing fourth industrial revolution, digital value chains and production are poised to disrupt the nature of manufacturing globally. However, opportunities will be and are being created for Uganda and other African countries to accelerate economic transformation into higher rates of productivity and economic growth. To leverage these opportunities, Government will play a proactive facilitating role to attract and absorb surplus light-labour intensive industries from developed

countries. Furthermore, the national education system will be reviewed and oriented to produce high-end scientific, technological, research and engineering skills to build capacity and competitiveness of the local industry.

In September 2015 at the UN General Assembly, a transition was made from Millennium Development Goals (MDGs) to Sustainable Development Goals (SDGs) at the heart of the 2030 Agenda for sustainable development. Under this new agenda, industrialization is positioned as an integral part of global economic transformation and as a mechanism able to fast-track the transformation of production and consumption patterns. The SDGs call for the promotion of inclusive and sustainable Industrialization. This includes efficient use of natural resources, clean production, and the need to invest in ways that tackle the adverse effects of climate change. Uganda's industrialization agenda will, therefore, put into consideration its commitment to the attainment of the SDGs.

1.2.1.3 Comparisons with selected developing countries

ETHIOPIA: In the early 2000s, the country developed an Industrial

Development Strategy (IDS) based on the vision for Agricultural Development Led Industrialization (ADLI). The strategy recognizes the role of the private sector as an engine in the industrialization process. The priority sectors qualifying for government direct support included: textile and garment; meat, leather and leather products; other agro-processing industries (e.g. sugar and sugar-related industries), construction industry and Micro and Small Enterprises (MSEs). In addition, there is a strong state role and commitment in infrastructure and human resource development, ownership of selected industries, and capacity building to guide the private sector through the development process. The Government owns establishments in the fields of electric power, railways, metallurgy, engineering, textiles, telecom and leather, among others. Industrial zones have been established in different parts of the country to attract FDI in the promotion of industrial development. Electricity is provided at US cents 3 per kWh.

Ethiopia also established the Industrial Parks Development Corporation (IPDC). The IPDC has since nurtured manufacturing industries, promoting and attracting both domestic and

foreign investments mainly through development and administering of Industrial Parks. The economic incentives offered by the country include generous credit schemes, exemption from the payment of duties on import of all investment capital goods and raw materials necessary for the production of export goods; and tax holidays on profit for five years.

Ethiopia has additionally established a Public-Private Consultative Forum, jointly chaired by the Government and private sector representatives. The country, in partnership with UNIDO, implements a Program for Country Partnership (PCP), an innovative model for accelerating inclusive and sustainable industrial development. The PCP builds synergies between on-going Government and partner interventions and facilitates mobilization of partners and resources to leverage additional investment in selected priority sectors in order to maximize development impact.

KENYA: The country's Industrial Policy Framework 2012-2030 focuses on value addition for both primary and high valued goods; and linkages between industrial sub-sectors and other productive sectors to drive the industrialization process.

The Policy obliges all counties to zone and avail land for industrial development and provides for the establishment of Special Economic Zones (SEZs), Industrial Zones and SME Parks, and Industrial, Science, and Technology Parks. This policy further proposes the development of appropriate incentive packages for the establishment and dispersion of industries across the counties.

To coordinate industrial development, there is a National Industrial Development Commission with executive powers to coordinate the implementation of industrial development policies and programmes; and to restructure and strengthen industrial regulatory institutions to ensure effective implementation of policy initiatives. The nation also has an Industrial & Commercial Development Corporation (ICDC) with a mandate to facilitate the industrial and economic development by aiding in the initiation, assistance, or expansion of industrial, commercial and other entrepreneurial undertakings.

An Industrial Development Fund is in place to support the development of strategic industries through joint ventures with key partners. The country also provides incentives to encourage Kenyans in the diaspora

to invest in industrial development.

VIETNAM: The country has prioritized industries and industrial fields, primarily focusing on agricultural and rural industrialization and modernization, on the basis of high-quality human resources and advanced technologies. The priority areas of the Industrial Policy are automobile manufacturing including the motorbike industry, as well as textile and garment manufacturing.

There are more than 200 state-established industrial corporations and the State maintains significant ownership in public utilities, energy, mining, infrastructure, cement and steel production, telecoms, banking and insurance. Since 1991, the country has established 325 Special Economic Zones. However, after WTO accession, previously offered tax holidays and land rent privileges have been reduced.

The performance indicators for the different countries listed above are as shown in Table 1.

Table 1: Industrial Performance comparisons 2018 (World Bank)

	Ethiopia	Kenya	Vietnam	Uganda
Industry contribution to GDP (%)	27.3	16.4	34.2	19.9
Share of manufactured exports to total exports (%)	13	28	83	23
Manufacturing Value Added (%)	5.8	7.7	16.0	8.3
Share of employment (%)	12	7.6	25.8	7.4

From the above comparisons, the key lesson is that the following components appear necessary for industrial sector development: the central role of the state in driving and coordinating industrial sector interventions; provision of transport and energy infrastructure; provision of low interest and long-term financing; building private sector capacity; establishment of serviced industrial parks; and strengthening the role of Local Governments.

1.2.2 Regional Context

In 2017, the share of manufactured to total merchandise exports in the East African Community (EAC) stood at approximately 22%. In addition, the contribution of Manufacturing Value Added to GDP of EAC was 7.9%. In the same year the share of industry to total employment stood

at 7.5%. The main value-added products exported included articles of apparel and clothing, tobacco, iron and steel, essential oils, plastics, and pharmaceutical products.

In comparison, in 2017, the share of manufactured to total merchandise exports in the Common Market for Eastern and Southern Africa (COMESA) region stood at approximately 24% while the contribution of Manufacturing Value Added to GDP of COMESA region was 10.7%. In the same year, the share of industry to total employment stood at 10.3%. The main value-added products exported included chemicals and chemical products, spices and condiments, and textiles.

Further comparison with the Southern African Development Community (SADC) illustrates that in 2016 the share of manufactured to

total merchandise exports in SADC was 20% while the contribution of Manufacturing Value Added to GDP was 11.1%. In the same year, the share of industry to total employment stood at 19.3%. The main value-added products exported included chemicals and chemical products, iron and steel, automotive and automotive spare parts, copper and copper products, and machinery.

The EAC demand for manufactured goods is growing annually at 16%. Products for which EAC provides a large number of opportunities, given their demand trends, include but are not limited to vegetable oils, pharmaceuticals, iron and steel products, fertilisers, cement, cotton apparel, leather footwear, and heavy petroleum. This offers the possibility of enlarging production of these products within EAC.

In addition, intra-African exports are largely processed or intermediate goods whereas African exports to the rest of the world are predominantly unprocessed produce and extractive commodities. This provides an opportunity to expand the industrial base in Uganda to increase on the level and scope of value addition for effective participation in the African Continental Free Trade Area (AfCFTA).

In March 2018, Uganda and other African countries signed the African Continental Free Trade Area (AfCFTA) Protocol which aims at creating a single market for goods and services. The AfCFTA is a large market of over USD 3.4 trillion GDP. The potential impact of the AfCFTA includes boosting intra Africa trade, manufacturing exports, job creation and enhanced incomes.

At the regional level, Uganda is a member of the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), and the Southern African Development Community (SADC) Tripartite Free Trade Area (TFTA). The TFTA follows a developmental approach to regional integration and is anchored on three pillars, namely: market integration, infrastructure development, and industrial development. The objective of the Industrial Development pillar is to address supply side and productive capacities in member countries.

As a pioneer of the EAC, Uganda is committed to the adoption of the EAC Industrial Development Policy and has included key aspects of the EAC Industrial Development Strategy in this Policy, where relevant to the Ugandan context. These include implementation of the revised EAC Common External Tariff (CET), supporting of Ugandan

exporters within the block to maximally benefit from these revised tariff structures, upgrading of Micro Small and Medium Enterprises (MSMEs) by promoting strategic dialogue between the Public and Private sector, and supporting targeted industry value chains with widespread linkages to productive sectors within the region.

1.2.3 The National Context

1.2.3.1 Industrial sector performance

Uganda's industrial sector is comprised of the following sub sectors: manufacturing, construction, mining and quarrying, electricity, and water. Its contribution to GDP has increased from about 25.1% in 2008 to 27.1% in 2018. Manufacturing is currently the largest component of the industry sector, contributing 57.2% of the industrial sector output in 2017/18. It is largely comprised of agro-processing and mineral processing. Agro-processing is the largest component within the manufacturing sub-sector and comprises mostly of coffee, tea, cotton, tobacco, grains and cereals, meat, dairy, leather, and fish. The mineral processing industry is comprised of cement, ceramics,

marble, sand, iron and steel, fertilizer, and lead acid batteries, among others.

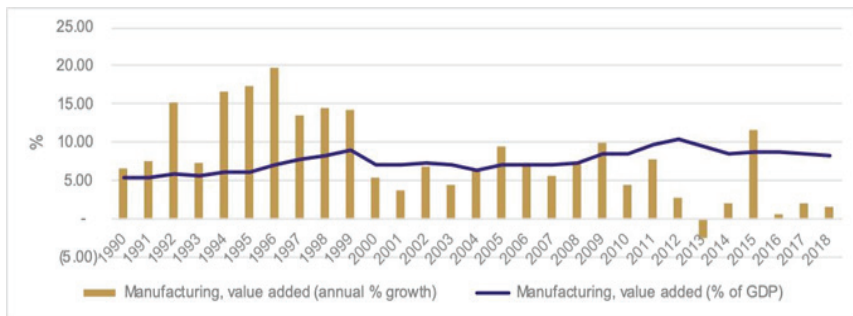
The construction sub sector includes general and specialized construction activities for buildings and civil engineering works. It is the second largest contributor of industrial performance, contributing 24.0% of the industry sector output and 6.5% of real GDP growth in 2018/19. This has risen by 70.7% since 2008, mainly because of public investment in infrastructure and private real estate development. The construction sector remains critical to the expansion of Uganda's physical infrastructure including roads, railway, and hydropower plant construction, and is the cornerstone of urbanization. Undesirably, the factories that locally manufacture construction materials mostly import raw materials and intermediate inputs at a high cost. This creates need to strategically support investments in the extraction of the minerals and beneficiation.

However, manufacturing has played a limited role in structural transformation of the economy as its real growth to GDP has marginally risen from -2.5% in 2012/13 to 2.8% in 2018/19 and has not significantly contributed to employment. The

Manufacturing Value Added as a percentage of GDP averaged 8.8% over the period from 2008 to 2018. In 2018, the contribution of Manufacturing Value Added to GDP was 8.3%. This figure is lower than the average Manufacturing Value

Added of low-income countries of 11.9% and the global average of 16.4%. The MVA performance in respect to the economy since 1990 is as shown below.

Figure 1: MVA performance for Uganda for the period 1990-2018 (World Bank)



In 2018, the share of industry to total employment stood at 6.8% while the share of manufactured to total merchandise exports in Uganda stood at 19.8%. The main value-added products exported included steel, cement, dairy products, sugar, and gold. The manufactured exports are dominated by low-value commodities and contribute between 24% to 26% of total exports over the period 2008-2018.

Approximately 94% of firms operating in the manufacturing sub-sector are Micro and Small-

enterprises, 40% of which are concentrated around the central part of the country. Furthermore, the sub-sector is characterised by a narrow base, low capacity utilisation estimated at 52%, limited capacity to conform to the international market requirements and low uptake of technologies.

1.2.3.2 Enabling Environment for Industrialization

Sustainable peace and security: Sustained peace and security have provided the basic anchor for

economic growth and development. From 1986 to date, Government has ensured peace and security in all parts of the Country.

Macro-economic stability and economic growth resilience:

Uganda has witnessed sustained macroeconomic stability underpinned by low and stable inflation averaging 5%. The economy has also registered consistent growth, expanding from UGX 64 trillion in Financial Year 2010/11 to UGX 128 trillion in Financial Year 2018/19 in nominal terms. The economy has remained relatively resilient despite a challenging global economic environment, geopolitical challenges and the deepening impacts of climate change. The rebound in real GDP growth in Financial Year 2017/18 to 6.2% (after a sluggish growth of 3.6% in Financial Year 2012/13) is evidence of a relatively robust economy. The economy was projected to grow above 6.0% before the onset of the novel coronavirus (COVID-19) pandemic. However, the Country has registered significant economy-wide achievements that have begun to lay the foundation for boosting industrialization and economic development as elaborated below.

Establishing and strengthening Industry-supporting institutions:

Agencies with a mandate and functions that facilitate industrial development have been established and strengthened over the last decade. These include MDAs such as the Ministry of Science, Technology and Innovation, Uganda Development Corporation, Uganda Investment Authority, Uganda National Roads Authority, Uganda Development Bank, Uganda National Bureau of Standards, Uganda Export Promotion Board, Management Training and Advisory Centre, Uganda Industrial Research Institute, National Agricultural Research Institutes and Uganda Free Zones Authority, among others.

Expanding investments in the Country's road infrastructure:

The total paved roads network as a percentage of total national roads increased from 8% (1,000 km) in 1986 to 21.1% (5,500km) in 2019. Further, the dual road carriage road network has increased from about 16 km to over 80 km by December 2018 with the completion of the Kampala-Entebbe Expressway.

Investment in energy infrastructure:

Energy infrastructure has raised the country's generation capacity of electricity from 601MW in 2010 to 1252.4 MW in 2019 and

to 1839 MW by end of December 2020. As a result, national access to electricity has increased from 11% in 2010 to 24% in FY 2018/19 and the cost of energy reduced from 9 cents and 16 cents in FY2012/13 to 8 cents and 9.8 cents for extra-large and large industries by September 2018, respectively. However, it is still higher than the target of 5 cents per unit, which remains a burden to manufacturing industries. The cost is even higher for medium-sized industrial consumers at 15.6 cents per unit and for commercial consumers (cottage industries) at 17.5 cents per unit.

Industrial Parks and Free Zones: Government embarked on acquisition and development of land to make available 22 Industrial and Business Parks (IBP) across Uganda. Works have so far been commissioned in a total of 10 Industrial Parks including four privately owned parks. The public parks include Kampala IBP Namanve, Bweyogerere IBP, Luzira IBP, Jinja IBP, Soroti IBP, Mbarara SME Park and Kasese IBP. Through the Public Private Partnership framework, Government has attracted and supported investors to develop Industrial Parks (IP). Three privately owned parks are in advanced stages of development and these include Liao Shen IBP

Kapeeka, Tangshan IBP Mbale, and MMP IBP Buikwe.

Strengthened Information and Communication Technology:

By the end of the Financial Year 2017/18, the total optical fibre network, both Government and privately owned, covered 2,424 kms. The cumulative number of districts and MDAs connected to the national infrastructure has correspondingly increased to 39 and 369 respectively as of Q1, 2018/19. Further, the number of internet users has increased from 13 million in 2015 to 18.8 million in 2017, translating to a penetration rate of 45.4%. This also means that 297 government services have been automated and 71% of these are being provided online. The automation of Government services has reduced processing times and improved service delivery of work permits and trading licenses from 30 days to 4 days, and 24 hours to 15 minutes, respectively.

Enrolment at Business, Technical and Vocational Training (BTVET):

Enrolment in BTVET has increased significantly. Skills development has also been facilitated by the refurbishment and establishment of technical and vocational institutions, especially at the district level. Currently, 42% of all districts

have at least one Government-aided technical and vocational institution providing varying levels of skills development. Consequently, enrolment into BTVET increased from 25,262 in 2008 to 129,000 in 2017. Progress has also been registered towards the establishment of four centres of excellence: Uganda Technical College (UTC) Elgon for civil works and building technology, UTC Lira for highways construction and drainage, bridges, and road construction, UTC Bushenyi for food manufacturing and food processing, and Bukalasa Agricultural College for crop and animal husbandry. More investment and closer alignment of the training and skilling programmes to industry sector requirements will be required.

Increasing agricultural production under the Operation Wealth Creation (OWC): Through the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) and National Agricultural Advisory Services (NAADS) with support of Operation Wealth Creation (OWC), Government has provided free seedlings and fertilizers to farmers aimed at increasing agricultural production and productivity. This has resulted in improved growth rates for the agricultural sector over the last five years averaging

3.4%. Notable improvements were observed in coffee, tea, maize, cassava, dairy, fish, sugar cane and bananas production. Production capacity for these commodities has increased: coffee (7.75 million bags / 60kg), tea (79,466 MT), maize (5 million MT), cassava (302,000 MT), milk (2.5 Billion litres), fisheries (461,000 MT) and bananas (532,370 MT), providing raw material base for agro-based manufacturing industries. However, there is need for the Agriculture Sector to enhance efforts to improve the quality and safety commodities supplied to industries for value addition.

1.3 OPPORTUNITIES FROM THE COVID-19 PANDEMIC

The emergence of the novel coronavirus (COVID-19) pandemic has impacted negatively on economies of many countries globally, with unprecedented consequences for manufacturing industries and supply chains. Mitigating the impact of COVID-19 on manufacturers and supply chains requires both new approaches and new forms of collaboration to increase overall resilience. Despite the problems occasioned by the pandemic, some opportunities have arisen and can be harnessed through investments and production that

focus on addressing the essential needs of humanity, namely: food, clothing, shelter, health, education, physical infrastructure, defence and security, among others.

To build an integrated, self-sustaining national economy, the National Industrial Policy has been reviewed and refocused to drive industrialization based on local resources, import substitution and increasing exports of manufactured products to regional and international markets.

1.4 PROBLEM STATEMENT

Uganda's Industrial Sector is dominated by small-scale firms with low value addition. Approximately 94% of firms operating in the sector are Micro and Small Enterprises. The sector is also characterised by low productivity, low capacity utilisation that stands at 52% of installed capacity and use of mainly low-level technologies.

Low technology uptake and adoption is attributed to high cost

of technology, limited research and development, unfavourable environment for innovation, limited access to information, and low awareness of existing technologies.

In addition, the sector is faced with insufficient supply of raw materials due to; low primary production and productivity, limited backward and forward linkages, limited storage facilities, high post-harvest losses and climate change.

The Industrial Sector also experiences high cost of production resulting from high energy tariffs, high transportation costs, high cost of finance and reliance on imported inputs.

The human resource is also not adequately skilled to support industrialization. The inadequate skilled human resource is attributed to; few and inadequately equipped technical institutes, negative attitude toward vocational education, and limited linkages between academia and industry.

In addition to the above, there has been limited public investment and nurturing of industrial development in strategic areas due to under-capitalisation of public investment and weak public institutions

mandated to nurture industrial development. The sector also has some industries established without proper licensing and are not spatially distributed across the country. This is attributed to obsolete legislation for registration and regulation of operations of industries.

Furthermore, many industrial processes inherently pose serious environmental concerns such as waste generated from raw materials, chemical inputs, and packaging materials.

Resulting from the above, there is slow growth of the industrial sector, high mortality of enterprises, low contribution to GDP, insufficient employment creation, and low export earnings from the Industrial Sector.

2

POLICY VISION, MISSION, GOAL, OBJECTIVES, AND OUTCOMES

The National Industrial Policy is designed as a framework for achieving industrialization in Uganda in order to create employment, increase value addition to local raw materials, increase export of manufactured products, and increase sector contribution to GDP.

2.1 VISION

The vision of the Policy is to build a **fully integrated, competitive, high-value and productive industrial sector in Uganda.**

2.2 MISSION

The Policy mission is to **accelerate sustainable industrial transformation through an increased developmental role of the State, reduced cost of production, and improved quality of manufactured goods.**

2.3 GOAL

The Policy Goal is to **'increase the manufacturing value-added as a percentage of GDP from 8.3% in 2018/19 to 16% in 2029/30'.**

2.4 GENERAL AND SPECIFIC POLICY OBJECTIVES

The NIP has been designed to foster growth of the Industrial Sector, anchored on inspiring structural transformation with a principle focus on four result areas, namely:

- i. Increased value addition of local raw materials and products with comparative advantage for social-economic transformation.
- ii. Increased exports of manufactured products by facilitating industries to increase production and match market demands in terms of both quality and quantity.
- iii. Increased employment in the industrial sector through establishment and promotion of industries that create large-scale employment opportunities, ensuring inclusive growth and sustainable development.
- iv. Increased adoption of environmentally sustainable technologies by the manufacturing sub sector.

The specific objectives of the NIP are to:

- i. Increase public investment and nurturing of industrial development projects in strategic areas.
- ii. Increase and sustain the supply of quality raw materials for value addition.
- iii. Develop and strengthen skilled human resource to increase productivity and efficiency in the sector.
- iv. Accelerate development, use of research innovations and adoption of appropriate technologies in industry.
- v. Promote resource efficient and environmentally sustainable industrialization.

2.5 SELECTED PRIORITY INDUSTRIES

The prioritization of industries to be supported under this Policy is based on the following criteria: employment creation, utilization of locally available materials, export potential, import replacement and social inclusion. Further, consideration was based on alignment with other Government policies and strategies for increasing agricultural productivity, supporting the road, railway, housing, energy, information and communication

infrastructure development projects, accessing and exploitation of opportunities in regional markets, and greening the environment. The selected priority industrial sectors include agro-processing industries, extractive processing industries, and knowledge-based industries. Under each, a three-tier criterion was used to identify specific enterprises/products which will generate the highest impact. These are summarised in Table 2:

Table 2: Prioritized industries for development

Category	Criteria		
	Highest impact for employment	Highest impact on import replacement	Highest impact for export
Agro-based Industries	Fruits, Coffee, Tea, Cassava, Cotton, Bananas, Textile & Apparel, Grains, Sugar cane, Cassava, Dairy, Leather and Leather products	Cotton, Textile and Apparel, Grains, Oil seeds, Cassava, Sugar cane, Cassava, Leather and Leather products	Coffee, Tea, Cotton Textiles and Apparels, Oil seeds, Sugar, Grains, Dairy, Leather and Leather products
Extractive based Industries	Iron and steel, Oil and gas (LPG, synthetics, plastics and petrochemicals), Cement, Salt and Fertilizers	Iron and steel, Oil and gas (LPG, synthetics, plastics and petrochemicals), Salt, Cement and Fertilizers	Iron and Steel, Oil and gas (LPG, synthetics, plastics and petrochemicals), Cement and Fertilizers
Knowledge intensive industries	Assembly of automobiles, electrical and electronics products, and manufacture of pharmaceuticals	Assembly of automobiles, electrical and electronics products, and manufacture of pharmaceuticals	Assembly of electrical and electronics products, and manufacture of pharmaceuticals

2.6 GUIDING PRINCIPLES

The implementation of the Policy will be guided by the following principles:

i. Transformative industrialization:

The sector will be supported to embrace advancements in technology required to increase the level of value addition and production of competitive products for domestic, regional and international markets.

ii. Alignment and complementarities:

Implementation of this Policy will ensure that there is an alignment to national, regional and global commitments and dispensations to which Uganda is a signatory.

iii. Gender equality:

Implementation of this Policy will ensure there are deliberate investments for gender sensitive industrial promotion. The emphasis will be on advancing schemes that provide equal opportunity for both men and women in training, employment and promotion of incentives for women and youth participation. Government will prioritize and facilitate the growth of women and youth owned enterprises as

well as facilitate exchange and mentorship programmes with large companies.

iv. Environmental sustainability:

The manufacturing industries will be supported to adopt cleaner and more efficient technologies. Targeted programmes include promotion of cleaner production practices, recycling of waste, waste disposal management, and resource (energy and water) efficient management programmes.

v. Balanced and inclusive development:

Government will develop and implement special incentives that will promote spatial distribution of industries in all regions of the country. Implementation of rural industrial development programmes will use the Parish model, value addition processing facilities will be established to support farmers organized in cooperatives to undertake processing of their commodities into high value products to create employment and increase household incomes.

2.7 ANTICIPATED POLICY OUTCOMES

The outcomes of the Policy will be realised over the ten-year period of implementation and will include:

- vi. **Increased industry sector contribution to GDP** from 27.1% in 2018/19 to 31.7% in 2029/30.
- vii. **Increased contribution of manufacturing to GDP** from 15.4% in 2018/19 to 26% in 2029/30.
- viii. **Increased ratio of manufactured products exported to total exports** from 22.5% in 2018/19 to 46.8% by 2029/30.
- ix. **Reduced ratio of manufactured products imported to total imports** from 63.2% in 2018/19 to 45% in 2029/30.
- x. **Increased share of jobs from manufacturing subsector to total formal jobs** from 9.8% in 2018/19 to 15% in 2029/30.

3

STRATEGIC POLICY INTERVENTIONS

To achieve the goal of the Policy, Government undertakes to implement specific interventions under each Policy objective as stated below:

3.1 OBJECTIVE 1: INCREASE PUBLIC INVESTMENT AND NURTURING OF INDUSTRIAL DEVELOPMENT PROJECTS IN STRATEGIC AREAS

Policy Statement: Government will spearhead the coordinated development of strategic industrial projects

The following strategic interventions will be implemented to achieve this Policy objective:

- i. Enhance the capacity of Government institutions that are mandated and/or have functions to facilitate industrialization.
- ii. Strengthen the legal framework to support establishment and regulation of industries.
- iii. Build the capacity of local governments to provide industrial support services in their localities.
- iv. Establish standards and guidelines for the development and management of various categories of parks, industrial and business parks, science and technology parks, and agro-processing parks to facilitate industrial development.
- v. Develop the requisite infrastructure to support manufacturing in line with Uganda's planned triangle growth corridors.
- vi. Establish and strengthen national quality infrastructure system (standards, metrology, conformity assessment and accreditation).

- vii. Undertake strategic investment and promote Public Private sector Partnerships (PPPs) in key agro, mineral processing and knowledge intensive manufacturing projects.
- viii. Attract and facilitate both Domestic Direct Investment (DDI) and Foreign Direct Investment (FDI) in the priority value chains for industrial development.
- ix. Promote rural industrialization programme through provision of value addition equipment and training to producer-based cooperatives or organized groups.
- x. Strengthen the organizational and institutional capacity of the Private Sector to drive growth.

3.2 OBJECTIVE 2: INCREASE AND SUSTAIN THE SUPPLY OF QUALITY RAW MATERIALS FOR VALUE ADDITION

Policy Statement: Government shall ensure sustainable supply of quality raw materials to meet the demands of manufacturing enterprises.

The following strategic interventions will be implemented to achieve this Policy objective:

- i. Establish regional modern storage facilities in strategic locations to provide massive storage of agricultural commodities.
- ii. Build capacity of the cooperatives/clusters and agro-enterprises in effectively utilizing shared warehousing and value addition infrastructure.
- iii. Organize the artisanal and small miners into organized groups or cooperatives and support them to implement good mineral beneficiation practices.
- iv. Strengthen the capacity to undertake mineral testing, certification, and trading.
- v. Undertake materials characterization (Research and development for both agro and mineral raw materials) to enable product commercialization.

- vi. Connect MSMEs to large scale production firms for subcontracting.
- vii. Build capacity for traders especially SMEs through training and coaching at enterprise level in standards implementation and quality assurance, post-harvest handling, storage and value addition (light manufacturing technologies).

3.3 OBJECTIVE 3: DEVELOP AND STRENGTHEN SKILLED HUMAN RESOURCE IN ORDER TO INCREASE PRODUCTIVITY AND EFFICIENCY IN THE SECTOR

Policy Statement: Government shall increase as well as improve the skills and competencies of the human resources in the country to support industrial transformation.

The following will be the main strategic interventions under this Policy objective:

- i. Design and implement an industrial skills upgrading and retooling programme
- ii. Facilitate mass-level skilling and training programs for youth, women, and informal sector manufacturing operators.
- iii. Institutionalize periodic meetings for sharing information and experiences among the industrialists and academia.
- iv. Provide incentives to industrialists to support internship programs for students to acquire the necessary practical skills in industries.

OBJECTIVE 4: ACCELERATE DEVELOPMENT AND USE OF RESEARCH INNOVATIONS, AND ADOPTION OF APPROPRIATE TECHNOLOGIES IN INDUSTRY

Policy Statement: Government shall promote the adoption and upgrading of technologies through strengthening industrial research, identification of technological needs, and provision of support to industry.

Government shall execute the following strategic interventions to achieve the above Policy objective:

- i. Facilitate acquisition of appropriate technologies for local industries producing products for import substitution and exports through establishment of a fund, training and extension services.
- ii. Promote development and utilization of indigenous/local technologies.
- iii. Develop and maintain strategic bi-lateral and multi-lateral Industrial Development Cooperation Agreements in technology transfer and adoption.
- iv. Facilitate establishment and operation of Science and Technology Parks and Business Incubation Centres to facilitate commercialization of research innovations.
- v. Promote local assembling and manufacture of Information, Communication, and Technology (ICT) products, automobiles, and medical and veterinary equipment products.
- vi. Undertake applied research and innovation on sustainable consumption and production to ensure resource efficiency.

OBJECTIVE 5: PROMOTE RESOURCE-EFFICIENT AND ENVIRONMENTALLY SUSTAINABLE INDUSTRIALIZATION

Policy Statement: Government shall promote the adoption of resource-efficient and cleaner production practices to reduce the negative impacts of industrial operations to the environment.

The following will be the main strategic interventions under this Policy objective:

- i. Upscale the adoption of resource-efficient and green technology practices in industries.
- ii. Facilitate mainstreaming and adoption of international and national environmental management practices and standards in industries.
- iii. Promote inclusive, climate-resilient, and low-emission industrial development through capacity building of industrialists and issuance of carbon footprint certificates to support industrial sector move toward carbon neutrality.

4

LINKAGE WITH OTHER POLICIES AND CROSS CUTTING ISSUES

4.1 POLICY ANCHORING TO OTHER POLICIES, LAWS AND STRATEGIES

This Policy is nested within the aspirations of the Vision 2040, implemented through the 5-year national development planning framework under the theme “Sustainable Wealth Creation, Employment and Inclusive Growth”. This Policy is also in line with the National Development Plan III that focuses on sustainable industrialization for inclusive growth, employment and sustainable wealth creation.

In addition, the NIP complements existing regulatory frameworks including: National Trade Policy (2007), National Cooperatives Policy (2011), National Standards and Quality Policy (2012), Buy Uganda Build Uganda Policy (2014), National MSMEs Policy (2015), National Environmental Management Policy (1994), National Water Policy (1999), National Science, Technology and

Innovation Policy (2009), Energy Policy (2002), National Mining and Mineral Policy (2018), National Investment Policy (2019), National Oil and Gas Policy (2008), Investment Code Act (2019), National Agriculture Policy (2014), Local Economic Development Policy (2014), National Employment Policy (2011), Education Policy (1999), National Land Policy (2007), National Climate Change Policy (2015). Business, Technical, Vocational Education and Training (BTNET) Act (2008), National Planning Act (2010), the National Physical Planning Standards and Guidelines (2011). This Policy is also aligned with the Import Substitution Action Plan developed by National Planning Authority (NPA) as well as the post COVID-19 Economic Recovery Strategy (2020).

Further, the Policy has been aligned to the East African Community

Industrialization Policy 2012-2032, the COMESA Industrialization Strategy and the African Union's Action Plan for Accelerated Industrial Development for Africa (AIDA). At the global level, key strategic interventions of this Policy are in line

with Uganda's obligations to meet the Sustainable Development Goals (SDGs) 2030 targets. The alignment to these frameworks is meant to synchronise efforts to achieve the desired industrial Policy outcomes.

4.2 CROSS CUTTING ISSUES

The issues detailed below cut across various aspects of implementation of this Policy. Concerted efforts will be made to embed these aspects in the implementation of this Policy and they shall be included in the Policy M&E framework to ensure their successful implementation and results.

4.2.1 Occupational Health and Safety

For the successful implementation of this Policy, it is important that the legislation governing Occupational Health and Safety in industrial establishments is enforced. Emphasis will be put on sensitization and provision of safe work environment in industrial establishments. In the event of accidents occurring, workers' compensation should be provided.

4.2.2 HIV/AIDS

The implementation of this Policy will complement the comprehensive efforts by Government to ensure that all industrial establishments develop and implement favourable policies for prevention and management of HIV/AIDS.

4.2.3 Human Development and Inclusive Growth

Through the process of spatial distribution of industrial establishments, Government shall address inclusive development around the country. This process will further enhance the quality of life and standard of living in these areas.

5

IMPLEMENTATION ARRANGEMENTS

Government shall adopt a stepwise approach to align various plans and resources to implement the Policy in the immediate, intermediate and long-term periods. Implementation will be pursued through effective execution of two 5-year National Industrial Sector Strategic Plans.

At the apex of implementation, Cabinet shall provide strategic direction for Uganda's industrialization agenda. In order to enhance effective and cohesive coordination of the National Industrial Policy implementation, an Inter-Ministerial Manufacturing Industry Coordination Committee (IMICC) chaired by the Minister responsible for Industry shall be established. Implementation of the policy objectives will be multi-sectoral and cut across different Ministries Departments and Agencies (MDAs) and therefore, the IMICC shall provide the coordination and consultation forum. The Office of the Prime Minister shall ensure harmony and coherence in policy and strategy implementation. The Office of the President will monitor

and evaluate implementation of agreed resolutions by IMICC.

The Ministry responsible for Industry shall coordinate the works of the IMICC. Government shall also collaborate with the Private Sector, Civil Society, Development Partners and all relevant non-state actors in the implementation of this Policy. In addition to IMICC, the roles and responsibilities of various stakeholders are outlined in Table 3 below.

Table 3: Core roles and responsibilities of implementing partner institutions

INSTITUTION	ROLES	ACTION AREAS/ INTERVENTION
Ministry of Trade, Industry and Cooperatives	<p>Spearhead and coordinate the implementation of the National Industrial Policy.</p> <p>Promote Public-Private Investment in Industrial Development projects.</p> <p>Engagement in Industrialization initiatives at regional and international level.</p>	<ul style="list-style-type: none"> • Chair and coordinate the works of IMICC. • Develop Action Agenda, Guidelines and operational arrangements/Terms of Reference for the IMICC. • Utilize the Presidential Investors Round Table, Presidential Economic Council and PACOB to support implementation of the Industrial Policy. • In collaboration with MoFPED, mobilize development partners to support industrial sector development. • Expedite drafting of key industrial support legislation. • Inspect, monitor and periodically report on all aspects of Policy implementation.
	<p>Coordinate implementation of the BUBU policy/local content.</p>	<ul style="list-style-type: none"> • Compile public procurement projections and share the information with manufacturers to ensure timely planning. • Promote innovation, value addition, and exploitation of local materials. • Build capacity of Local Governments to support industrial development.
	<p>Implement a trade policy regime supportive to industrial development.</p>	<ul style="list-style-type: none"> • Build institutional capacity for market intelligence, bilateral and multilateral trade negotiations to guide favorable terms for Uganda's industrial sector development. • In collaboration with MFPED, ensure a CET regime and incentives that supports manufacturing sector development. • Enhance export promotion through exhibitions and trade shows. • Ensure effective and timely dissemination of strategic market information.
	<p>Support cooperatives development.</p>	<ul style="list-style-type: none"> • Nurture cooperative societies to facilitate raw material supply and invest in light manufacturing projects.
Office of the Prime Minister	<p>Ensure harmony and coherence in policy implementation.</p>	<ul style="list-style-type: none"> • Monitor and evaluate proceedings of the IMICC. • Promote and facilitate cooperation and collaboration among MDAs.

INSTITUTION	ROLES	ACTION AREAS/ INTERVENTION
Parliament	Enact laws supportive to industrial development, and appropriate adequate resources towards the sector budget.	<ul style="list-style-type: none"> • Review and strengthen the legal framework for the industry sector. • Appropriate adequate funding for priority industrial interventions and projects.
Office of the President	<p>Provide overall leadership in public policy management and good governance.</p> <p>Champion the Industrialization Agenda.</p>	<ul style="list-style-type: none"> • Chair the existing Presidential dialogue platforms to prioritize industrial sector development. • Support National Industrial Policy dissemination. • Mobilize the population to support and participate in policy implementation for national development. • Monitor and evaluate performance of the Industry Sector Strategic Plan.
Ministry of Finance, Planning and Economic Development	Mobilize, and ensure timely disbursement of funds for the implementation of the National Industrial Policy and Strategy.	<ul style="list-style-type: none"> • Ensure sufficient budget appropriation to the sector. • Mobilize development partners to support industrial sector development.
	Guarantee a stable and conducive macroeconomic environment.	<ul style="list-style-type: none"> • Implement a monetary policy appropriate for industrial development and keep inflation, exchange rates and interest rates at optimum levels. • Provide the appropriate fiscal incentives to support local value addition.
	Ensure sustainable delivery of access to affordable financial services for Ugandan industrialists.	<ul style="list-style-type: none"> • Facilitate dedicated lines of credit through financial intermediaries and private equity firms to offer preferential interest rates for industrialists. • Develop capital markets as a financing option for industrial development. • Capitalize Uganda Development Bank. • Capitalize Uganda Development Corporation. • Capitalize Micro Finance Support Centre.
	Others.	<ul style="list-style-type: none"> • Facilitate Public Private Partnerships (PPPs). • Develop incentives for establishment and dispersion of industries across the country.

INSTITUTION	ROLES	ACTION AREAS/ INTERVENTION
Ministry of Agriculture, Animal Industry and Fisheries	Ensure adequate production and supply of high quality agro raw materials necessary for value addition.	<ul style="list-style-type: none"> • Facilitate the acquisition of climate change adaptation technologies that enhance resilient, productive and sustainable agricultural systems. • Establish measures to reduce post-harvest losses in agriculture output. • Develop and implement dedicated agricultural extension services and business skills development programmes in production areas. • Promote bulk handling and supply of agricultural products through improved storage facilities. • Undertake quality improvement in the agricultural raw material supplies through the adoption of GAPs, traceability guidelines, SPS regulations.
Ministry of Energy and Mineral Development	Eliminate supply side constraints for mineral based industries.	<ul style="list-style-type: none"> • Explore and quantify strategic minerals countrywide. • Support acquisition of technologies to exploit available minerals. • Facilitate beneficiation of extracted mineral resources. • Build institutional capacity for testing and standardization of minerals.
	Ensure affordable and accessible power to industries.	<ul style="list-style-type: none"> • Strengthen the national energy grid and expand power connections to industrial establishments.
	Promote local content in Energy Infrastructure projects	<ul style="list-style-type: none"> • Promote procurement of locally manufactured products in infrastructure projects. • Share procurement projections with manufacturers to ensure timely planning.
Ministry of Works and Transport	Provide efficient transport infrastructure to support manufacturing in resource areas and access to markets.	<ul style="list-style-type: none"> • Link the road, railway, water, and air transport systems to productive sources of the economy including designated Industrial parks and Export Processing Zones.
	Promote local content in Infrastructure projects.	<ul style="list-style-type: none"> • Promote procurement of locally manufactured products in infrastructure projects. • Share procurement projections with manufacturers to ensure timely planning.

INSTITUTION	ROLES	ACTION AREAS/ INTERVENTION
Ministry of Education and Sports	Support industrial skills development.	<ul style="list-style-type: none"> • Equip tertiary, vocational, research and technological institutions with laboratories and workshop equipment to enhance practical skills acquisition. • Carry out needs assessment to inform manpower training. • Review education curricula to tailor academic work towards industrial labour needs. • Review and strengthen the Industrial Training Act. • Orient academic scholarships to address practical industry needs. • Establish an effective mechanism for coordinating industrial training programs.
Ministry of Science, Technology and Innovation	<p>Support technology development and upgrading in the industrial sector.</p> <p>Enhance commercialization of R&D from Academia.</p>	<ul style="list-style-type: none"> • Facilitate establishment and operationalization of science and technology parks and business incubation centres. • Strengthen the initiatives and linkages between technology developers and industrialists. • Facilitate coordination of creativity and innovation ecosystem. • Facilitate commercialization of research and development. • Create awareness of appropriate technology transfer, adoption and upgrading.
Ministry of Gender, Labour and Social Development	<p>Promote occupational health and safety in industry.</p> <p>Enforcement of labour laws and regulations within the industrial sector.</p>	<ul style="list-style-type: none"> • Ensure that Occupational Safety and Health, labour laws and regulations, gender, cultural and equity concerns are mainstreamed into all Industrial operations. • Carry out regular statutory and routine inspections to ensure Occupational Safety and Health in industrial establishments.
Ministry of Water and Environment	Ensure industrial development is balanced with environmental conservation and sustainable management.	<ul style="list-style-type: none"> • In collaboration with MTIC, implement strategies aimed at emission reduction and pollution control in the Industrial Sector. • Promote waste recycling including plastics. • Create awareness on good waste management practices.
	Provide sufficient water for use in Uganda industries.	<ul style="list-style-type: none"> • Expand water connections to industrial establishments.

INSTITUTION	ROLES	ACTION AREAS/ INTERVENTION
Ministry of Lands, Housing and Urban Development	Support industrial land acquisition for industrialists.	<ul style="list-style-type: none"> Facilitate access to land for industrial establishments. Develop physical plans that ensure peaceful coexistence of industries and human settlements.
Ministry of Health	Facilitate improvement in the pharmaceutical industries subsector.	<ul style="list-style-type: none"> Strengthen local producers' capacity to meet WHO-GMP and WHO prequalification standards. Promote local content in procurement of pharmaceuticals, Personal Protective Equipment and other medical sundries.
	Mainstreaming of HIV/AIDS in the industrial sector.	<ul style="list-style-type: none"> Undertake awareness programs on HIV/AIDS in industry establishments and encourage mainstreaming HIV/AIDS control activities into their development plans.
Ministry of Information Technology, Communication and National Guidance	Increase access to ICT services for industrialists.	<ul style="list-style-type: none"> Facilitate establishment of stable internet connection and ICT infrastructure for manufacturing establishments including in industrial parks.
Ministry of Justice and Constitutional Affairs	Support enactment of industry support legislation.	<ul style="list-style-type: none"> Support drafting of industry related Bills for submission to Cabinet and Parliament. In collaboration with MTIC and MoSTI promote intellectual property protection among industrialists.
Ministry of Local Government	<p>Deliver Government services to the grassroots.</p> <p>Mobilize local population to embrace industrialization.</p>	<ul style="list-style-type: none"> Inculcate a mindset change among citizens to approach primary production from a commercial orientation. Register industrial establishments at local level. Promote production of quality inputs for industries.
Ministry of Foreign Affairs	Integrate industrial development agenda in the country's Foreign Policy.	<ul style="list-style-type: none"> Facilitate attraction of foreign investors. Establishment and negotiation of technology transfer agreements and access to foreign markets.
Ministry of Internal affairs	Keep peace, law and order.	<ul style="list-style-type: none"> Provide security to industrial establishments.
	Regulate and facilitate movement of industrial workers in and out of the Country.	<ul style="list-style-type: none"> Process and regulate issuance of work permits to non-Ugandan workers including expatriates.

INSTITUTION	ROLES	ACTION AREAS/ INTERVENTION
Ministry of Defense and Veterans Affairs	Support development of industrial infrastructure and the defense industry.	<ul style="list-style-type: none"> • Support development of industrial infrastructure through the commercial arm of the armed forces (National Enterprise Corporation). • Undertake investment in the arms/ defense industry. • Provide security and logistics for cargo to volatile regional markets.
Ministry of East African Community Affairs	Coordinate implementation of EAC industrialization policy, trade investments and regional standardization programme.	<ul style="list-style-type: none"> • Follow up and leverage the implementation of the EAC common market protocol. • Support development and enforcement of measures to eliminate non -tariff and technical barriers to trade. • Support the harmonization and recognition of standards and conformity assessment procedures.
National Planning Authority	Develop guiding principles and strategies for sector prioritization in the National Development Plan.	<ul style="list-style-type: none"> • Integrate Industrial Sector activities in the National Development Plans and Strategies, Budget, Medium Term Expenditure Framework and other national planning frameworks. • Undertake studies to support to the implementation of the industrial policy. • Track progress of industrial sector performance against its expected contribution to NDP.
Uganda Investment Authority	Attract investment for manufacturing. Provide one stop centre for investment at investments.	<ul style="list-style-type: none"> • Allocate space to investors in the established industrial and business parks across the country. • Undertake measures to facilitate investment in priority value chains as stipulated in this policy.
National Environmental Management Authority	Facilitate compliance to environmental standards and regulations in the industrial sector.	<ul style="list-style-type: none"> • Coordinate and hasten the processes of environmental impact assessments for industrial activities. • In collaboration with MTIC, carry out environmental monitoring and audits of industrial activities. • Build capacity of industries to comply with environmental standards and regulations. • Monitor compliance of industrial activities with environmental guidelines.

INSTITUTION	ROLES	ACTION AREAS/ INTERVENTION
Uganda Revenue Authority	Implement a tariff regime conducive to industrial development.	<ul style="list-style-type: none"> • Sensitize industrialists on tax obligations. • Enforce Common External Tariff (CET). • Control smuggling of manufactured products to protect local industries. • Implement the Digital Tracking System (DTS) for manufactured goods.
Uganda Bureau of Statistics	Facilitate data collection and dissemination.	<ul style="list-style-type: none"> • Collect, analyze and disseminate data on industrial sector performance.
Uganda National Roads Authority	Improve road infrastructure.	<ul style="list-style-type: none"> • Build and maintain the national road infrastructure to reduce the cost of doing business/ ease movement of goods and people.
Local Governments	Mobilize local population to embrace industrialization.	<ul style="list-style-type: none"> • Register industrial establishments at local level. • Provide information/statistics on industrial establishments operating in the local governments. • Organize local communities to supply quality raw materials and services to industrial establishments in their areas. • Provide physical infrastructure, including roads, water supply, and waste management within their jurisdictions. • Mobilize local participation in industrial development projects and programs. • Support monitoring and evaluation of industrial sector activities.
Uganda Industrial Research Institute	Provide basic and applied research focusing on new product development and process improvements in industrial value chains.	<ul style="list-style-type: none"> • Establish and operate Technology Development Centres. • Promote technology transfer and business incubation in various industrial value chains linked to natural resource exploitation. • Provide industrial skills training programmes targeting the priority products for industry development.
National Council of Science and Technology	Facilitate the development and incorporation of science and technology and innovation in the national industrial development process.	<ul style="list-style-type: none"> • Improve or streamline national science and technology policy environment to foster scientific and technological innovation. • Strengthen national system for research, product development, technology transfer and intellectual property management. • Increase public understanding and appreciation of science and technology.

INSTITUTION	ROLES	ACTION AREAS/ INTERVENTION
Uganda Free Zones Authority	Facilitate development and management of free zones.	<ul style="list-style-type: none"> • Establish and service economic free zones and export processing zones. • In collaboration with MTIC and MoSTI Promote technology adoption of manufacturing firms in free zones. • In collaboration with MoWE, MTIC, Promote good waste management Practices in free zones.
Private Sector Foundation Uganda	Support improvement of private sector competitiveness.	<ul style="list-style-type: none"> • Undertake policy advocacy for the development of the private sector. • In collaboration with government institutions, support capacity building of the private sector.
Uganda Manufacturers Association	Promote Private sector investment in strategic industries.	<ul style="list-style-type: none"> • Identify and provide information on emerging (sub sectors) that require Government support to attract Private sector investment. • Participate in government taskforces on formulation of policies and regulations.
	Promote self-regulation and advocacy.	<ul style="list-style-type: none"> • Promote formation of sub-sector associations. • Lobby for friendly and conducive fiscal regime for the manufacturing sector.
	Others.	<ul style="list-style-type: none"> • Promote investments in value addition. • Promote trade fairs and exhibitions.
Development partners	Collaborate with GOU to foster rapid industrial sector growth.	<ul style="list-style-type: none"> • Finance priority projects to promote industrial development and ensure inclusive growth. • Provide technical assistance on Industrial Development. • Share information on best practices to industry players.
Civil Society Organizations	Collaborate with GOU to foster rapid industrial sector growth.	<ul style="list-style-type: none"> • Undertake policy research to inform industrial policy making and implementation. • Partner with GOU on development and implementation of industrial development projects. • Awareness creation on industrial development and community mobilization.

INSTITUTION	ROLES	ACTION AREAS/ INTERVENTION
Academia	Undertake scientific research, training and industrial innovations.	<ul style="list-style-type: none"> • Produce the labour force suitable for employment in the industry sector. • Provide industrial research and technology development infrastructure like laboratories and student incubation facilities that support industrial product development and innovations.
Uganda Development Corporation (UDC)	Promote and facilitate Government's investment in industrial and economic development projects.	<ul style="list-style-type: none"> • In collaboration with MTIC and MoFPED, develop and implement a business strategy to increase capitalization from 500Billion 2021/22 to 5 Trillion by 2029/30. • Invest in strategic sectors to promote import substitution, exports enhancement, and wealth creation. • Leverage partnerships and networks to optimize resources for industrial development.
Uganda National Bureau of Standards (UNBS)	Develop and enforce standards to enhance the competitiveness of manufactured products in domestic and international markets.	<ul style="list-style-type: none"> • Fast track development and dissemination of standards. • Increase testing capacity and reduce turnaround time for issuance of test reports. • Decentralize and leverage partnerships with other Government institutions in promotion of standards. • Stop importation and local manufacture of substandard and counterfeit goods. • Support MSMEs to adopt and implement national standards.
Management Training and Advisory Centre (MTAC)	Promote enterprise development and sound management practices.	<ul style="list-style-type: none"> • Provide training, advisory and entrepreneurship development services to manufacturing enterprises. • Develop training programmes for developing skills in priority sectors of NIP.
Media	Facilitate public access to information on Uganda's industrial sector.	<ul style="list-style-type: none"> • Produce and disseminate programs and media articles that rally public appreciation of, and participation in industrial sector development. • Support monitoring of industrial sector development initiatives.

6 MONITORING AND EVALUATION FRAMEWORK

Industrial development is a multi-sectoral undertaking that requires sustained and comprehensive reporting on Industrial Sector performance. Working with the key public sector stakeholder institutions, the Ministry responsible for Industry shall propose key performance indicators (KPIs) for measuring the level of implementation of the Policy. These KPIs will be recorded in an Industrial Development Management

Information System (IDMIS) to periodically report on performance. In addition, the 5-year National Industrial Sector Strategic Plan has laid out a Monitoring and Evaluation (M&E) framework with output and outcome indicators against which performance will be assessed. The different MDAs will also undertake monitoring of the complementary interventions within their sectors.

7

COMMUNICATION STRATEGY

In line with the Government Communication Strategy (2011), concerted efforts will be made to ensure that this Policy is understood and supported by stakeholders at all levels so that each appreciate their role in its implementation. The Ministry responsible for Industry shall ensure that all concerned parties are made aware of the Policy vision, mission, strategic objectives, and its desired outcomes. To this end, this Policy will be published and widely disseminated to stakeholders. Other appropriate pathways to communicate this Policy will include sustained fora for dialogue, talk shows on mass media (with an emphasis on local FM radios and TV stations), pull-outs from the national newspapers, bulletins and journals, community meetings, district and national workshops, as well as social media platforms.

In addition, national and district level staff will be supported to popularize this Policy as its implementation is executed and provide feedback through the relevant reporting mechanisms. Through various partnerships, the Ministry responsible for Industry shall support knowledge exchanges to expose international best practices, innovations and new developments to Ugandan industrialists. These best practices will be communicated to provide learning points and references to inspire industrious works.

8

FINANCING MECHANISMS

Government will strengthen fiscal planning, put in place budgetary arrangements and mechanisms to mobilize resources and development partnerships and international financing institutions to meet the requisite financing needed for the implementation of this Policy. Aware of the enormous resource requirement to implement this Policy over the next decade, Government will pursue several revenue collection measures to maximise the National Budget resource envelope which in turn will be allocated to the stakeholder MDAs implementing various aspects of this Policy. These include:

- i. Tax collections.
- ii. Provision of industrial financing through UDB.
- iii. Strengthening and Capitalization of the Uganda Development Corporation (UDC).
- iv. Grants and Loans (including concessional loans) from Development Partners.

Government will also endeavour to establish additional funding mechanisms to spur Industrialization. These include debt from Multilateral Development Banks (MDBs), equity from Development Finance Institutions (DFIs), Grants and Impact Investors, Venture Capital, Bond Issuances through Uganda Security Exchange, Dividend and Interest Reinvestments and Subsidiary Divestitures, and private investors through Public Private Partnerships.





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