

CEDP spurring private sector competitiveness

The Private Sector Foundation of Uganda (PSFU) is co-ordinating the overall implementation of the Competitiveness and Enterprise Development Project (CEDP). **Billy Rwothungeyo** sat down with **Gideon Badagawa**, the Executive Director of PSFU to discuss the impact CEDP will have on the private sector and the country.

Q Briefly talk about the Competitiveness and Enterprise Development Project (CEDP). This is a five-year Government of Uganda, World Bank, funded project, coordinated by Private Sector Foundation Uganda (PSFU).

The \$100m project seeks to enhance the competitiveness of enterprises in Uganda, through supporting reforms in priority productive and service sectors geared towards a better investment climate with particular focus on Micro, Small and Medium Enterprises (MSMEs). Reforms include land administration and management, business registration and licensing, enhancing tourism competitiveness and boosting competitiveness of Ugandan business enterprises.

The project is implemented by seven government agencies including Ministry of Lands, Housing and Urban Development, Ministry of Tourism, Wildlife and Antiquities, Uganda Tourism Board, Uganda Wildlife Authority, Uganda Registration Service Bureau, the Jinja Hotel, Tourism and Training Institute and the Private Sector Foundation Uganda.

Land reform is the biggest component of the CEDP project accounting for up to 50% of the \$100m under the project. Why the emphasis on land?

Land is an important factor of production and therefore, the ease with which you register, own and use land greatly affects productivity. The purpose of this reform is to make it easier for people to register land. Only 18% of land in this country is registered. You cannot undertake investments; you cannot use land as a collateral unless you have a title. So the ownership of land must be formalised, especially for a country that is largely agricultural.

The aim of the land reform, therefore is to improve security of tenure, to enable landowners exploit the opportunities that come with landownership as well as encourage investments. CEDP is a continuation of the Private Sector Competitiveness Project (PSCPII) that supported the design and operationalisation of the Land Information System to ease search and registration as well as link the zonal offices. This means that if you are in Mbale, you don't need to travel to Kampala to register your land. The CEDP project will improve on these achievements.

The seriousness of developing the competitiveness of tourism as a component is seen in the several partners involved; the Ministry of Tourism Wild Life and Antiquities (MOTWA), Uganda Tourism



Gideon Badagawa, the Executive Director of the Private Sector Foundation, which is the CEDP co-ordinating agency

Board (UTB), Uganda Wild Life Authority (UWA) and the Hotel and Tourism Training Institute (HTTI). Tourism is also a beneficiary of another component; the Matching Grant Facility. Why tourism?

Tourism is one of the biggest value chains you can think about. You are talking about transport, accommodation, restaurants, and tour operators. It is, therefore, an unexploited high potential sector that can turn our economy around. What is it that tourists want to see in Uganda? People fly to Kenya and Tanzania to go to Masai Mara and Serengeti national parks, what about Uganda? How do we work with the private sector to attract more tourists? What about the

image of this country? Through CEDP, Uganda Tourism Board is being supported to promote Uganda as a key destination country overseas.

The result of this will mean more international arrivals in the country with all the accrued benefits to the private sector. We can't only depend on foreign tourism, we also need to promote domestic tourism. We have people in Jinja who have never been to the source of the Nile. Domestic tourism again is important, so this is being supported.

These interventions will drive private sector investments into Uganda. Tourism precedes investments, not the other way round. When people come here, and they see what we have,

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IF YOU ARE TO BUILD A FORMIDABLE TAX BASE, PEOPLE MUST REGISTER THEIR BUSINESSES

then they will think of investing here."

Business registration and licensing reforms are yet another component of the project. How do you see this improving the business environment?

The problem in Uganda is the large informal sector. If you are going to build a formidable tax base, people must register their businesses. In Europe, 98% of businesses are registered, and that is why their tax-to-GDP ratio is also high.

The aim of these interventions is to reduce the hustle for businesses in dealing with registration and licensing procedures by creating a one-stop centre and an e-registry for business licensing.

If you went to URSB four years ago, files were literally on the floor, it took you several days to register or you needed to travel to Kampala to register your business. This has greatly improved now. They are more organised now. The numbers of days taken to register a business has reduced, more offices have been opened up regionally and this will even improve further.

When you are formalised as a business, you benefit from a number of opportunities, including access to finance, opportunities working with government agencies and institutions. You will not export to Europe if you are an informal business. They want to know who you are at home, whether you pay attention to standards. This also applies to partnerships. Not many people understand these implications and part of this project is to sensitise people about these realities.

What do you aim to achieve with the Matching Grant Facility?

With the recent admission of South Sudan into the East African Community (EAC), Ugandan businesses are enjoying more market access for their products. Already, there is the Common Market for Eastern and Southern Africa (COMESA), and soon tariff free access to the European Union market when the Economic Partnership Agreement (EPA) between the EU and EAC comes into force.

Increased market, yes, but what about market sustainability? We need to be able to produce and sustain these markets. You sustain these big markets by improving standards, branding, quality assurance, and value addition.

The matching grant contributes 50% towards the cost of a recipient on a particular agreed activity but also in key targeted sectors of tourism, agri-business, fisheries and information technology and business outsourcing. The aim is to enhance productivity so that our enterprises are more competitive.