International Trade Centre

UEPB

EXPORT IMPACT FOR GOOD

AID FOR TRADE AND EXPORT PERFORMANCE: A BUSINESS PERSPECTIVE

UGANDA

AID FOR TRADE GLOBAL REVIEW: 2011

Acknowledgements

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Contents

Annexes

Figure, Tables and Charts

1. Introduction

Aid for Trade (AfT) has increased in importance since its launch in 2005 and has become a key component of international aid. Aid for Trade has been devised as a facility to advance the integration of developing countries into the world economy, to assist least developed countries (LDC) in achieving greater self-reliance, and to enhance the capacity of the developing world to reach the human development objectives of the Millennium Development Goals. The steady growth of AfT disbursements over the last years, which at present represent over 25 percent of all official development assistance (ODA) flows, explains the deep interest of all stakeholders within the development community to evaluate the effectiveness of AfT initiatives and programmes. The survey presented in this paper has been conducted in preparation for the Third Global Review of AfT, to be held in July 2011, which will focus on assessing the impact of AfT on economic growth, trade creation and poverty reduction. The AfT work programme for 2011 also aims to ensure greater involvement of the private sector, which is the principal concern of this study.[1]

The experience of Uganda is of interest in the context of assessing AfT, as the country is seen as an example of best practice on the adoption of aid management policies and the establishment of institutions that ensure that official aid flows are effectively combined, safeguard country ownership, and are better directed at addressing development needs. It is a landlocked developing country (LLDC) in which trade is perceived as an important vehicle for economic and social development, and where a clear national strategy, comprehensive policies, and a number of AfT initiatives have been implemented. This study attempts to evaluate the impact of AfT in Uganda between 2005 and 2010 from the perspective of the business sector, focusing on the direct and indirect effects of AfT targeted at key economic variables such as transport, energy, communications and sectoral productive capacities, which, in turn, have an effect on the international competitiveness of Ugandan companies. Small and medium enterprises (SMEs) are at the centre of the analysis.

Following an overview of trade and aid dynamics in Uganda, the study applies a stratified random sampling of parallel questionnaires to gather the views of 100 exporting companies and 20 associations on three sequential issues: first, the most important factors to achieve export competitiveness in Uganda; second, whether there has been an improvement in these same factors over recent years; and third, whether AfT, specifically trade support services, has had a tangible impact on the business environment and constraints to trade. In essence, this study aims to offer a contribution to measuring the effectiveness of AfT by mapping the results chain between AfT and enhanced export performance in Uganda. It attempts to focus on what has been referred to as the “missing middle” in the assessment of AfT, namely the link between export development projects and overall outcomes in terms of changes in national trade flows. While the main findings are inconclusive with regard to attribution, the study points to positive correlations and provides an intermediary step towards a better understanding of development needs and AfT priorities.

In line with the guiding principle of country ownership, the study was undertaken in close cooperation with stakeholders from the partner country. The Uganda Export Promotion Board (UEPB) organized and conducted the surveys with the exporting companies as well as with the sector associations, and participated in the analysis, discussion and presentation of the results. The study thus also enhanced in-country capacity for monitoring AfT impact and accountability - and the UEPB stands ready to lead the next steps for further analysis of AfT effects on Uganda's development. Based on the encouraging results and experiences of all partners gained through this pilot study, the methodology is currently being further refined.

[1] See OECD/WTO (2009), *Aid for Trade at a Glance, Maintaining Momentum*

2. Some facts on Uganda

Uganda is a landlocked East African country of 33 million people. It borders three co-members of the East African Community (Kenya, Tanzania and Rwanda), as well as Sudan and DR Congo. The country enjoys a generally benign equatorial climate with adequate rainfall and fertile land, favouring agriculture. It holds an estimated 2.3bn barrels of proved oil reserves located in Lake Albert.

Agriculture accounts for 22% of GDP, services for 52%, and industry the remaining 26%, of which manufacturing constitutes 8%. Close to three-quarters of the working population are employed in agriculture, forestry and fishing. The population is both young and one of the fastest growing in the world.

Uganda is a Least Developed Country with GNI per capita of US$420. The nation is governed under relative political stability and has enjoyed a reprieve from violent civil conflict in its northern region.

Sources: World Bank, ITC

Over the last two decades, Uganda has benefited from vigorous economic growth, averaging around 7 percent annually, and has been seen as a comparative example of social progress in sub-Saharan Africa. Sustained macroeconomic stability and growth have helped reduce the poverty ratio from 57 percent in 1992/93 to 31 percent in 2005/06, signalling that the country could achieve MDG 1 – to eradicate extreme poverty and hunger - by 2015. Although the economy experienced a dip in export demand, remittances and capital inflows, it has been reasonably insulated from the worst effects of the global recession. The principal long-term structural objective is to accelerate the shift from GDP growth induced by discrete events such as the peace and stabilization dividend of the late 1980s and mid 1990s, as well as aid-financed consumption, towards sustainable export and investment driven economic activity. With a young labour force growing at 3.4 percent annually, the country needs a job-creating engine that will generate wage employment.

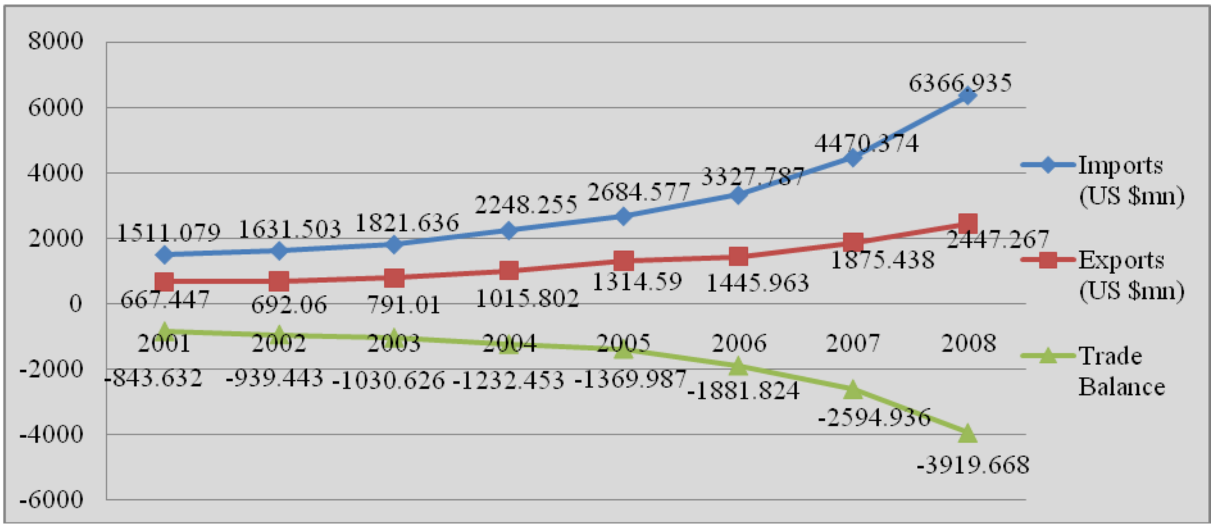
Uganda faces ongoing challenges in terms of human development, inequalities and spatial disparities if it is to build on its success and fulfil the aspiration of developing towards middle-income status within a generation. The country still ranks a lowly 143rd out of 169 countries in the UNDP 2010 Human Development Index. Its regions are unevenly integrated in the development process and the Gini coefficient has increased from 0.3 in 1992 to 0.41 in 2005/06, thereby hindering the pace of social consolidation. In 2006, the food consumption of two-thirds of the population was below the recommended daily calorie intake. While education enrolment has increased with the introduction of universal primary education and affirmative action in favour of women, maternal health indicators and infant mortality rates remain poor. And although the prevalence of HIV/AIDS has declined and Uganda is on course to reaching international targets, malaria remains the main cause of morbidity and mortality with the disease endemic in most of the country. The country's abundant environmental resources are also under strain.[2]

[2] Sources: OECD/African Development Bank (2010), *African Economic Outlook 2010*, World Bank (2010), *World Development Indicators 2010*, and UNDP (2010), *Human Development Index 2010*

2.1. Trade

Merchandise trade (exports plus imports by value) is equivalent to almost 50 percent of Uganda's GDP, with exports accounting for 15 percent. Due to its heavy dependence on imports of oil and manufactured goods (particularly vehicles, machinery and transport equipment), the country runs a chronic trade deficit estimated at 10 percent of GDP for 2010.[3] While Uganda has experienced rapid export growth, the value of imports has risen exponentially to reach 2.6 times that of exports in 2008 (Figure 1).

Figure 1. Uganda export and imports by value, 2001-2008



Source: ITC Trade Map

Uganda has attached growing importance to international trade and exports in its long-term development strategy. The country has formulated a National Trade Policy, and, in 2007, it devised a National Export Strategy (NES) with the assistance of ITC.[4] The new five-year National Development Plan (NDP 2010/11-2014/15) reflects a concern to pursue export development, with an emphasis on the agricultural sector, as well as investment in energy and transport infrastructure to alleviate critical bottlenecks to growth. The strategy aims to continue building on the export diversification achieved since the 1990s.

According to the NDP, the contribution of the four traditional exports – coffee, tea, cotton and tobacco – to total merchandise export earnings fell from 71 percent in 1999 to 30 percent in 2007, while that of non-traditional exports – fish, floriculture, fruit, vegetables, cereals and manufactures – increased from 29 to 70 percent over the same period. Uganda has also succeeded in diversifying its export markets. Intra-regional trade has been boosted with the expansion of the East African Community (EAC) customs union, and the Common Market for Eastern and Southern Africa (COMESA) has overtaken the EU as the main regional destination. Regional markets have become increasingly important for certain traditional products (maize, beans, dairy) that generate income for many poor rural households, while global markets have proved of greater importance for non-traditional, higher-value products as well as competitive cash crops.[5]

[3] Oil production, predicted to reach up to 200,000 barrels per day, is expected to begin in 2011/12. This could transform Uganda into a top-50 oil producer with a radical impact on trade and the future management of resource revenues.

[4] In 2008, the Ugandan Government launched the Gender Dimension to their NES, also developed with the support of ITC.

[5] Coffee, cotton and tea are the main source of income for 20 percent of the population and fish for 4 percent. The agricultural sector, traditional and non-traditional, contributes to 60 percent of exports and employs directly or indirectly 70-75 percent of the population. See, UNDP, *Uganda Human Development Report 2007, Rediscovering Agriculture for Human Development*, (UNDP 2007)

The environment in Uganda for business and trade remains challenging. This is partly due to Uganda's landlocked status – a distinct disadvantage for an exporter of bulky agricultural products – coupled with deficiencies in energy and transport infrastructure, as well as weak regional public goods. The distance by road from Kampala to Mombasa in Kenya, the nearest international seaport, is over 1,100 kilometres, and transport is subject to frequent transit delays.[6] Many of Uganda's neighbours, with whom there are important cross-border ethnic linkages, are prone to security problems, which impact on economic and political interactions.[7] Railways are used for less than 5 percent of total freight, the only functional airport for exports is Entebbe, and the Great Lakes commercial waterways are underdeveloped. The World Economic Forum's Enabling Trade Index applies a very low ranking to the quality of roads and railways in Uganda.[8] To this should be added an unreliable supply of energy with frequent power shortages. These logistical difficulties help explain the higher costs associated with international trade, as compared with Uganda's coastal EAC neighbours (see Table 1). Of the estimated US$ 2780 export cost per container, US$ 2050 is attributable to inland transportation and handling.

Table 1. Selected business indicators for Uganda and neighbouring countries, 2011

Country	Ease of doing business (Rank out of 183)	Exporting			Importing		
		Documents (number)	Time (days)	Cost (US$ per container)	Documents (number)	Time (days)	Cost (US$ per container)
Uganda	122 ▼	6	37	2780	8	34	2940
Kenya	98 ▼	8	26	2055	7	24	2190
Rwanda	58 ▲	8	35	3275	8	34	4990
Tanzania	128 ▼	5	24	1262	7	31	1475
South Africa	*34* ▼	*8*	*30*	*1531*	*9*	*35*	*1807*

Source: IFC, Doing Business 2011: Uganda. The arrows indicate the shift in ranking for the respective country from 2010.

The fragmented, (until recently) resource-poor, and landlocked nature of the Ugandan economy has made it difficult to finance imports, develop a competitive export structure factoring high transportation costs into its comparative advantage, and added steep barriers for business to access world markets. Of additional importance are supply side constraints pertaining to trade capacities, productivity levels and human resources, access to finance and market information, institutional quality and the effective delivery of public services, which the ITC business perspective survey will seek to explore below. First we turn to a brief outline of non-tariff measures followed by an overview of Aid for Trade in Uganda.

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[6] A quarter of Uganda's GDP transits through Kenya, and the congested Mombasa seaport handled over 90 percent of its external trade in 2005. The 2008 Kenyan political crisis highlighted Uganda's dependence on unreliable regional infrastructure, with the alternative option of Tanzania's Dar es Salaam seaport already operating at full capacity.

[7] The breakaway South Sudanese region, an important trading partner for Uganda which is also home to many South Sudanese refugees, is currently in the process of voting for independence from Khartoum.

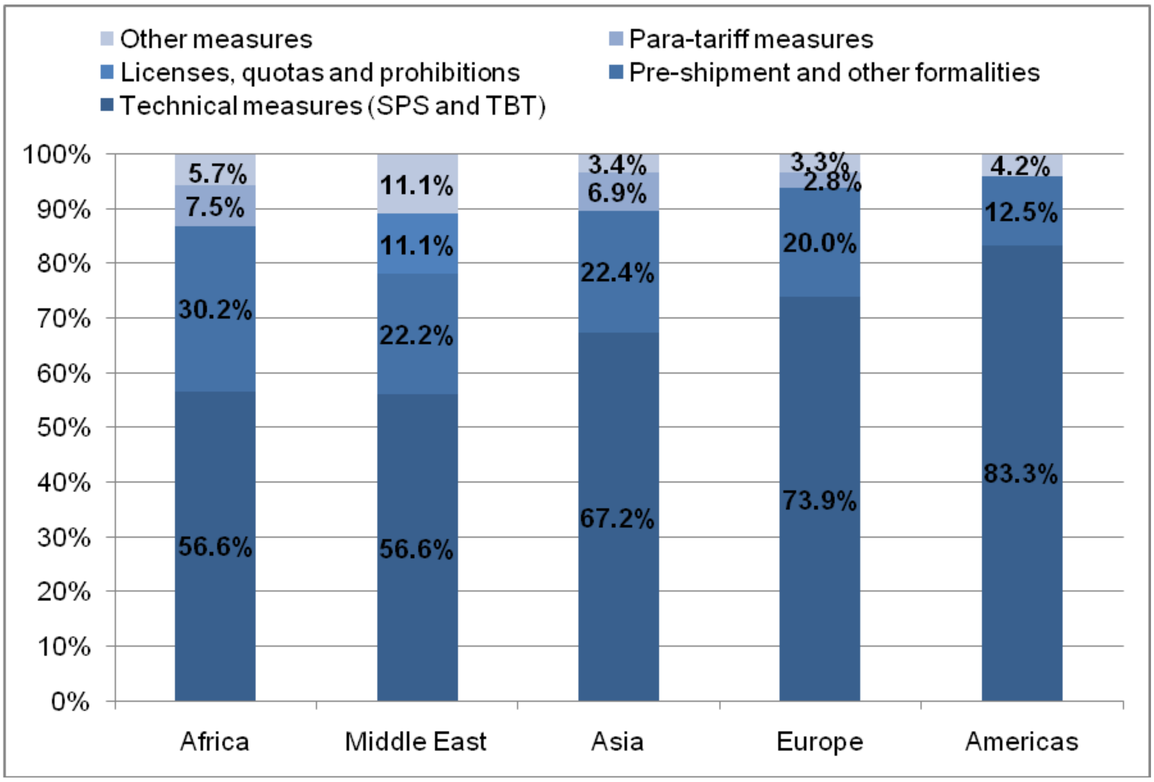
[8] World Economic Forum, *Global Enabling Trade Report 2010* (Geneva, 2010)

2.2. Non-tariff measures (NTMs) survey

NTMs are among the top three trade-related concerns for exporters, as evidenced by ITC's global client surveys. Furthermore, the application and complexity of NTMs is increasing. ITC conducted a business survey of trade obstacles in Uganda in 2008, which covered 5 geographic regions in Uganda.[9] The survey found that while Uganda, as an LDC, benefits from zero or low tariffs in developed markets, its exporters confront a range of NTMs.[10] They include technical measures associated with SPS and TBT, as well as pre-shipment inspections and other customs formalities. The commodities most seriously affected were found to be agricultural products such as coffee, tea, fruit and nuts.

The survey results revealed that NTM-related obstacles experienced by Ugandan companies are very sector-specific, and that they depend on the destination market. Overseas exports are mainly affected by complex technical regulations such as labelling, marking and packaging requirements, as well as related conformity assessment procedures (e.g. testing and traceability requirements). On the other hand, Uganda's exports within Africa are mainly affected by measures that are less product-specific, for example burdensome inspection or clearance procedures and other formalities. However, the largest concern across all export destination regions are with SPS and TBTs (Chart 1).

Chart 1: Main NTMs experienced by Ugandan companies, by export destination region



The survey further highlighted that operating in a landlocked country surrounded by nations with cumbersome business environments and difficult border procedures, Uganda's trading companies reported challenges during transit. The most commonly reported problems include the poor quality of transport infrastructure, frequent controls and informal payments, as well as insufficient transit facilities (e.g. cold storage). These difficulties render the export process and compliance with NTMs both longer and costlier.

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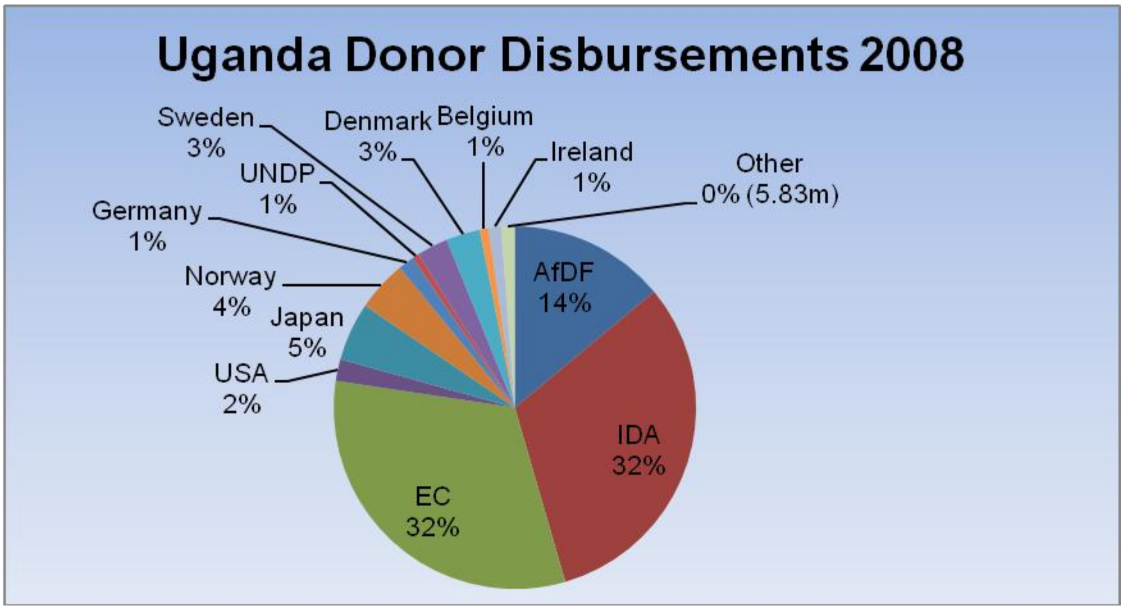
[9] ITC, *Non-Tariff Measures: company-level survey for Uganda* (Geneva: ITC, 2008). The survey of 292 companies covered Kampala, Entebbe, Mukono, Lugazi and Tororo. The identification of NTMs was conducted under a new classification developed by UNCTAD.

[10] The EAC is currently negotiating as a group an economic partnership agreement (EPA) with its traditional trading partner the EU.

2.3. Official Development Assistance (ODA)

Uganda has been the recipient of considerable aid flows ever since the normalization of its internal politics and external relations in the mid 1980s. It currently receives approximately US$ 1.6 billion of ODA per year, roughly equivalent to US$ 50 per capita, 14 percent of GNI and about half of public expenditures. Perforce, development cooperation plays an important role in Uganda, with the economy relatively dependent on international assistance.[11] Data on disbursements for 2008 indicate that the three largest ODA donors were multilateral: the World Bank, European Commissions and the African Development Bank. These three sources, which are heavily weighted by capital spending on infrastructure, accounted for 78 percent of total ODA (Chart 2). Other donors, not captured in the OECD CRS database, include China, which provides health, infrastructural and technical assistance.

Chart 2. Main ODA donors to Uganda, 2008

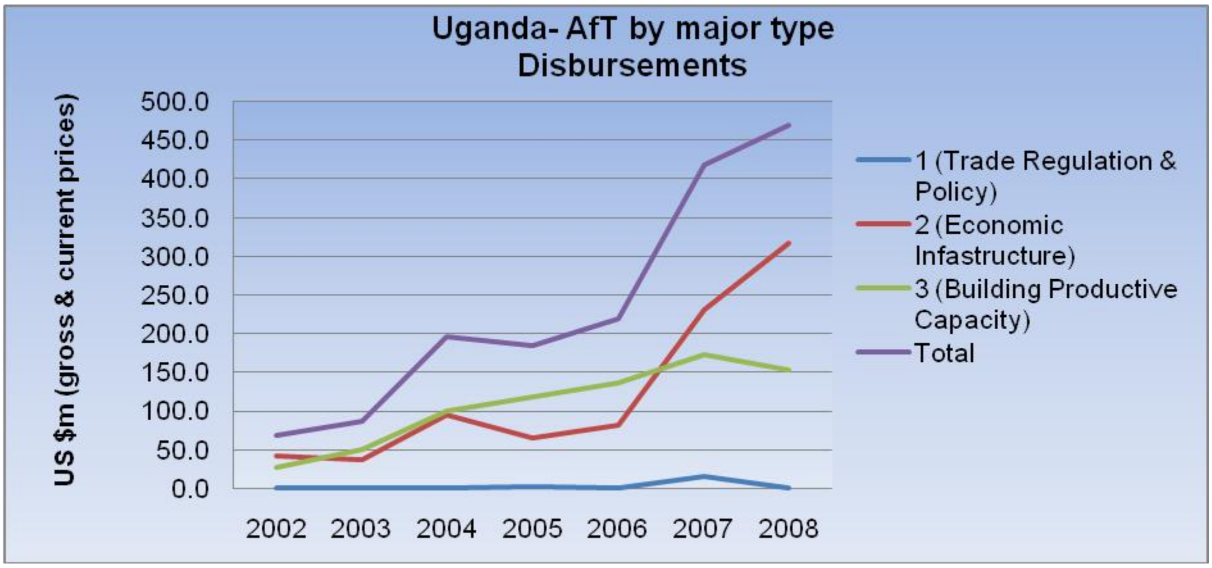


Source: *OECD CRS database*

According to OECD data, while social spending and budget support remain the key aid destinations, Uganda has received a growing amount of AfT, which reached an estimated US$ 472 million in 2008 – equivalent to just over one quarter of ODA. This percentage is slightly higher than the Least Developed and sub-Saharan country average in that year. The largest share of AfT disbursements (US$ 317 million) was directed at economic infrastructure, with most of the remainder targeted at building productive capacity (Chart 3). Of note is the exponential growth of flows geared at economic infrastructure (transport, communications and energy) in proportion to building productive capacity, with the relative share jumping from 35 percent in 2005 to 67 in 2008. This can be read as a reflection of the shifting nature of aid priorities as well as a realization of the deep infrastructural constraints confronted by Ugandan exporters.

[11] Uganda (along with neighbours Tanzania and Rwanda) is seen as an example of best practice on the adoption of aid management policies and the establishment of institutions that ensure that official aid flows are effectively combined, safeguard country ownership, and are better directed at addressing development needs. Sector strategies have been developed, donor coordination has been centralised in a single ministry, and a set of "Partnership Principles" have been outlined for coordination and dialogue. In 2005, the Government and several major donors agreed to a Joint Assistance Strategy for 2005-2009 (UJAS). "This built on the principles of the Paris Declaration, committed partners to important changes in behaviour intended to raise aid effectiveness and further aligned donors' support with the country's poverty reduction strategy." See, UNCTAD, *Least Developed Countries Report 2008, Growth, Poverty and the Terms of Development Partnership* (Geneva 2008). It should be noted, however, that there is disagreement amongst experts as to the extent to which transaction costs associated with managing these funds have been significantly reduced and cooperation harmonised. See, ODI, *Uganda: Case Study for the MDG Gap Task Force Report* (London: ODI, May 2010)

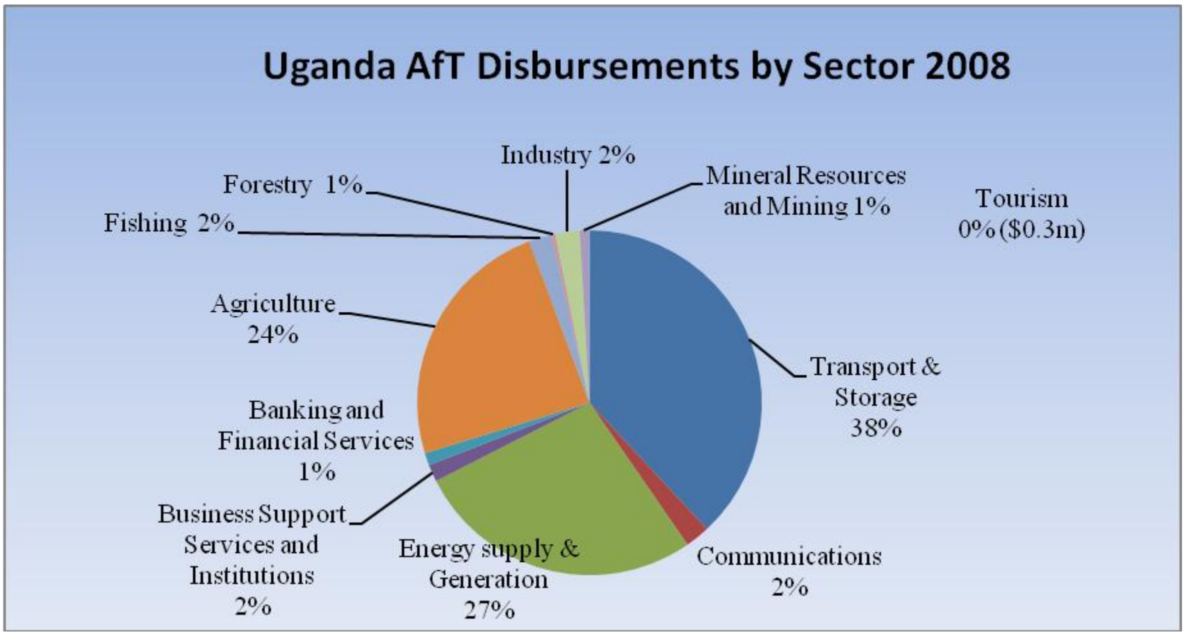
Chart 3. Aid for Trade in Uganda by type, 2008



Source: *OECD CRS database*

Data on the sectoral distribution of AfT disbursements (Chart 4) reveal that in 2008 the largest share was absorbed by transport & storage (38%), followed by energy (27%) and agriculture (24%).[12] As intimated above, this sectoral allocation of AfT has been quite erratic over time and may not always have been consistent with Uganda's most critical supply-side bottlenecks, trade priorities or development needs – an issue to which we return in the main findings of the ITC survey on business perspectives. For example, despite a high percentage of AfT targeted at the agricultural sector over the period of analysis (2005-08), its effectiveness in terms of productive growth appears to have been curtailed by under-developed value chains, insufficient quality management, poor infrastructure and undependable regional networks.

Chart 4. Aid for Trade in Uganda by sector, 2008



Source: *OECD CRS database*

[12] Aid for Trade flows to Uganda, listed by category, are summarized in Annex 1.

Table 2 compares AfT to individual sectors with the export growth of those same sectors (2005-08). It does not suggest a direct correlation between these two sets of variables although some interesting points emerge. First, as mentioned above, while agriculture export values doubled over the period, this growth does not appear to be commensurate with generous disbursements, and may reflect price hikes in export commodities such as coffee.[13] Second, the industrial sector received very little direct AfT yet recorded the fastest sectoral export growth for goods. It is likely that high levels of AfT in structural features essential to the industrial sector (reliable energy, improved transport) have helped expand industrial output. Third, the service sectors received three-quarters of Aft disbursements in 2008, most of which was targeted at economic infrastructure and finance. The data needs to be interpreted rather differently in this case, as AfT directed at services can have the dual effect of increasing service exports, while also strengthening those services which support other exports, especially transport, communications, energy and finance. When mapping the causal relation between sectoral export growth and AfT disbursements, it may be important to chart changes in overall domestic production rather than simply exports in order to better understand development impact. In so doing, one should beware of mistaking correlation for impact. We now turn to the ITC survey on business perspectives on AfT and export performance.

Table 2. Uganda Export Value and Aid for Trade Received, 2005-2008

	Export Value (US $ mn. 2005)	**Export value (US $mn. 2008)**	**Growth (%) (2005-2008)**	**Aid for Trade Received (US $mn 2005)**	**Aid for Trade Received (US $mn 2006)**	**Aid for Trade Received (US $mn 2007)**	**Aid for Trade Received (US $mn 2008)**	**Average Aid for Trade (2005-2008) Received (US $mn)**
Goods								
Agriculture, forestry	412	870	111	93	97	118	115	106
Fishing	140	119	-15	1.0	3.3	1.5	11	4
Minerals, mining	55	88	61	0.2	1.9	3.8	4	2.5
Industry	130	585	349	7.0	12.4	9.6	11	10
Other goods	76	62	-18					
Total Goods	***813***	***1,724***	***120***	***101.2***	***114.6***	***132.9***	***141***	***122.5***
Services								
Transport	11	52	373	39	62	113	179	98
Communications	18	28	55	3	1	2	11	4
Banking, Finance	11	19	73	9	11	31	6	14
Business Support*				7	10	8	8	8
Energy*				24	19	116	127	72
Tourism*				1	0.5	0.8	0.3	1
Other Services	462	624	35					
Total Services	***502***	***723***	***44***	***83***	***103.5***	***27***	***331.3***	***197***
TOTAL	**1,315**	**2,447**	**86**	**184.5**	**218.2**	**403.7**	**472.3**	**319.7**

Source: ITC, OECD/DAC (see Annex I)

*comparable trade data not available due to the different methodologies for defining sectors and sub-sectors

13 Primary sector growth (agriculture, forestry and fishing) was a disappointing 2.2 percent in 2008, up from 1.7 percent in 2007. The industrial sector (manufacturing, construction and mining) grew by 15 percent in 2008 compared to 8 percent in 2007. The services sector, which accounts for half of GDP, grew by 9 percent, driven by financial services, transport and communications. (OECD 2010)

3. Survey of AfT impact on business

In 2010, ITC and the Uganda Export Promotion Board (UEPB) undertook a detailed survey of trade associations and enterprises in Uganda in order to identify the problems the private sector faced in its export activities, the quality of trade support services and the perceived impact of AfT. The aim was to harness business insight on the binding constraints to trade and the extent to which AfT addressed these concerns while enhancing the competitiveness of exporters. The survey included a sample of 100 companies and 20 associations. The samples were representative but not especially large.[14]

3.1. AfT survey methodology

The main objective of the survey was to shed light on the perceptions of the business sector on AfT design and implementation, and, more generally, to draw conclusions on AfT efficacy. To meet this objective, two parallel questionnaires were formulated – one for exporting companies and another for associations. Both questionnaires were based on AfT categories (also called “proxies”), which made it possible to match aid flows to export flows, while appraising business sector opinion on AfT impact.[15] The Ugandan Export Promotion Board (UEPB) conducted the survey in June 2010 through face-to-face interviews.

The survey, which applied stratified random sampling[16], aimed to be representative of the export sector in both goods and services. The UEPB provided the sectoral distribution of the number of Ugandan companies exporting goods (1933 companies) and services (403 companies). The team at ITC created sampling quotas for each sector, based on the number of companies and the value of exports per sector. The UEPB team then used these quotas to interview a total of 65 companies exporting goods and 35 companies exporting services. This distribution reflects the relative proportion of goods (US$ 1,724 million) and services (US$ 723 million) in the total export value of Uganda. Companies participating in the survey were officially registered exporting companies. Within each sector, companies were selected at random, thus ensuring a correct representation of enterprises by company size. In addition, 20 specific sector associations and trade support institutions were interviewed. These associations were selected by the UEPB. The key criterion for selecting associations was their membership: either countrywide in outreach and/or covering the country’s key economic sectors.

3.1.1. The surveyed associations

The sample of associations included the Ugandan National Chamber of Commerce and Industry, farmer and agribusiness federations, SME organizations, industry and professional groupings, and export organizations. Their core activities ranged from advocacy on issues of domestic and sectoral policy to advisory services and the promotion of a favourable environment for cross border trade. Thirteen of the 20 associations had a membership of 100 or less. One organization, attending to organic agriculture, reported over one million members. Eight of the associations, exclusively affiliated with agriculture and/or small-scale enterprises, received over 50 percent of their total budgets from foreign aid programmes.

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[14] This was essentially due to a relatively high level of non-responses to certain of the ultimate sections of the questionnaire attendant to trade support services

[15] The survey approach is summarized in Annex 2. The questionnaires are available from ITC upon request.

[16] Stratified random sampling is one of the methods used for selecting units from a population. First the population is divided into categories (or “stratum”, hence the name). The categories should be relatively homogenous and each member of the population should belong to one category. Random sampling is then applied within each category. This approach improves the representativeness of surveys – by reducing heterogeneity (variability) of the population, and hence the sampling error. (Cochran, W.G., *Sampling techniques*, 3rd ed. New York: John Wiley & Sons, 1977). Source of trade data: Trade Map 2008, International Trade Centre (www.intracen.org/marketanalysis)

3.1.2. The surveyed companies

Following is a descriptive breakdown of the officially registered exporting companies sampled for the survey. The majority of companies (80%) were over five years old and virtually all (97%) were privately owned. As mentioned above, the proportion of companies producing goods (65%) and companies providing services (35%) was representative of the relative share of goods and services in Uganda's total export value.

Tables 3 and 4 categorize the goods and services companies according to main export sectors – defined as the largest sector by share of the company's exports. In line with the introductory description on Uganda's evolving trade profile, the two main export sectors of the goods companies (Table 3) were in non-traditional products such as fresh and processed food and agro-based production. Nine of the companies were exporters of Uganda's traditional cash sub-sectors: coffee and tea. Of the 35 services exporters (Table 4), 12 operated in financial services, while 6 were active in transport and 5 in education – three of the key service areas in which Uganda is deemed to be troubled with weaknesses.

Table 3. Main export sectors of goods

Goods companies: Main export sectors	Number of Companies
Coffee and cocoa (not processed)	6
Tea, mate and spices	3
Fish and marine products (fresh and frozen)	2
Other fresh food & raw agro-based products	12
Processed food & agro-based products	19
Wood, wood products and paper	4
Yarn, fabrics and textiles	1
Chemicals	4
Metal and other basic manufacturing	3
Miscellaneous manufacturing	3
Other	8
Total	**65**

Table 4. Main export sectors of services

Services companies: Main export sectors	Number of Companies
Financial services	12
Business support services	2
Tourism and travel related services	2
Recreational, cultural and sporting services	1
Transport services	6
Communication services	2
Construction & related engineering services	1
Educational services	5
Environmental services	1
Distribution services	2
Other	1
Total	**35**

The following charts offer a dissection of surveyed companies by sales profile and size, which for the large majority would be classified as SMEs. The 2010 sales profile of the companies varied from a fraction of 11 percent with less than US$ 50,000 per annum, to 39 percent above US$ 1 million (Chart 5). Almost half (45%) had 50 or fewer employees and a third (32%) exceeded 250 employees (Chart 6)

Chart 5. Sales profile of companies

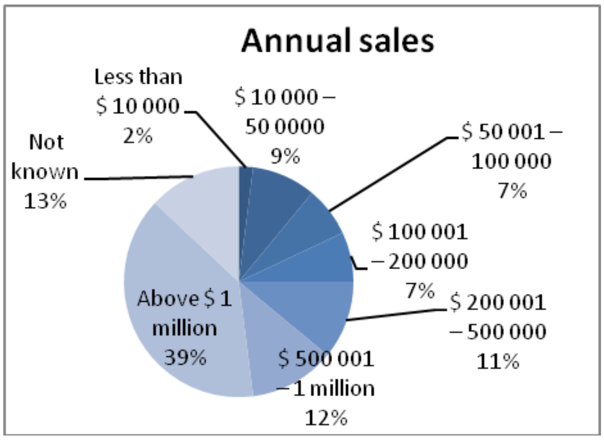


Chart 6. Size profile of companies

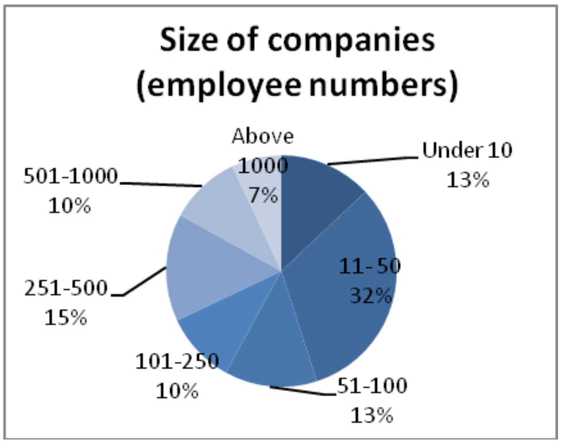
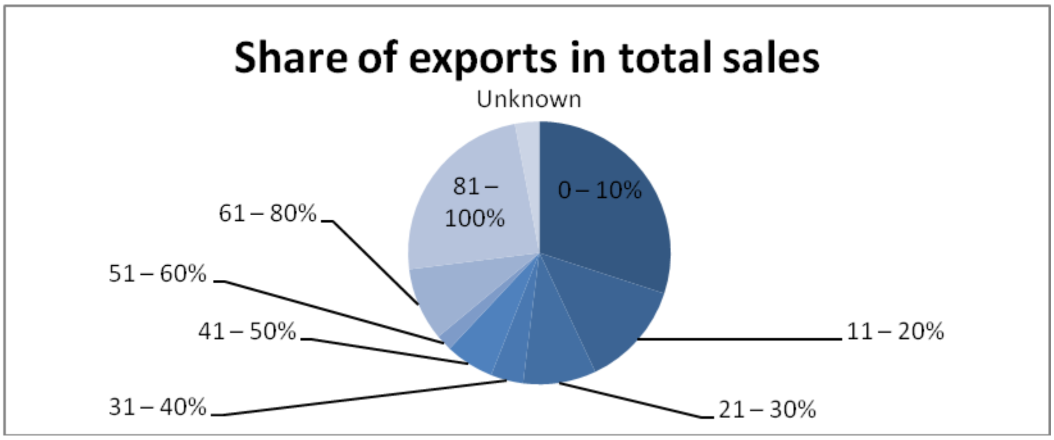


Chart 7 – with which a number of correlations can be put forward with the preceding overview of company size as well as the subsequent breakdown by export destination – shows the share of exports in the total value of each company's sales. A third of the sample (35%) earned over half of their sales in overseas markets. The domestic market represented over 70 percent of total sales for half of the sample (52%).

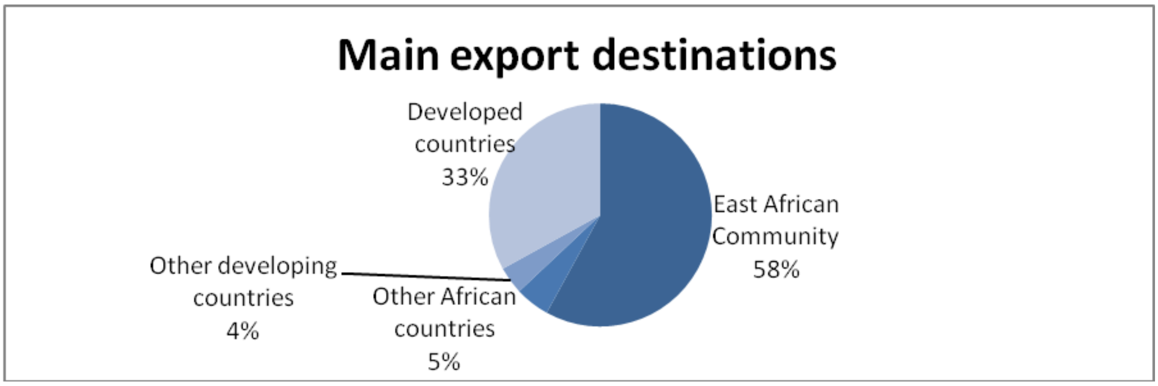
Chart 7. Export profile of surveyed Ugandan companies, 2010



By correlating data between Charts 6 and 7, we realize that two-thirds (63%) of the larger companies with over 250 employees were primarily turned towards the domestic market, from which they derived over 70 percent of sales. Companies with over 250 employees also exported in majority to regional markets (69%). In contrast, 47 percent of the smaller companies with less than 50 employees earned an above average 50 percent of their revenues abroad, mostly in developed markets.

As illustrated in Chart 8, the East African Community was by far the main export destination.[17] However, comparing data between export profiles and destinations (Charts 7 and 8), 71 percent of the companies with export shares above 50 percent of total sales were trading with developed countries. Of the locally oriented companies with export shares totalling less than 50 percent of sales, 87 percent exported primarily to the regional EAC market. This cross-data will be of importance when attempting to differentiate business perceptions on supply-side constraints to trade as well as their assessment of AfT effectiveness.

Chart 8. Export destinations of surveyed Ugandan companies, 2010



[17] Uganda's EAC partners are comprised of Kenya, Tanzania, Rwanda and Burundi. It should be noted that this high percentage is at odds with Uganda's official export profile, as the Regional Economic Community is grossly over-represented in relation to COMESA members Sudan and DR Congo in particular. The comparative share of developed countries (33%) roughly equates with national data.

Finally, before proceeding to the main findings of the survey, it is worth looking at the destination patterns of the exported goods and services (linking Tables 3 and 4 to chart 8). Of the eleven companies active in the traditional cash sub-sectors (coffee, tea) and fish, nine exported primarily to developed countries. Mature markets were also the main destination for eleven of the 31 companies active in fresh and processed food and agro-based production (mostly tropical fruits, flowers and seeds). Processed foods with low value-added, as well as all non-agricultural related goods (chemicals, metals and basic manufacturing), were mainly destined for the regional EAC market. With the exception of the business support, tourism, environmental and recreational sectors, the main export destination of the services companies was largely regional. Financial, transport, communication and educational service providers were virtually exclusively trading with Uganda's EAC partners, albeit mostly at very low levels of exposure.

3.2. Main findings of the survey

We now turn to the main substance of the survey aimed at investigating domestic business perceptions of the effectiveness of AfT in Uganda over the last five years (2005-2010). The companies and associations were asked to provide detailed responses to three sequential questions to which we will attend in corresponding succession. First, working on the basis of OECD-DAC proxies (see Annex 2), the sample was asked to identify the most important factors to achieve export competitiveness. Second, the sample was prompted to assess whether there had been an improvement in these same factors over the preceding years. Finally, companies and associations responded to parallel questionnaires designed to evaluate how AfT had affected their business environment and constraints to trade, with a firm focus on trade support services.

3.2.1. Perceived impact of factors on the ability to export

The association and company responses pertaining to the impact of various factors on the ability to export are classified in Charts 9 and 10 (ranked in decreasing order of company concerns).[18] The survey results concurred on the fact that all six factors included in the questionnaire were of significance for export performance. There were notable variations, however, which warrant clarification. The fragmented, mostly rural, and landlocked nature of the Ugandan economy, hindered by deep infrastructural bottlenecks, both domestically and in its near abroad, should be kept in mind.

Chart 9. Impact - association perceptions

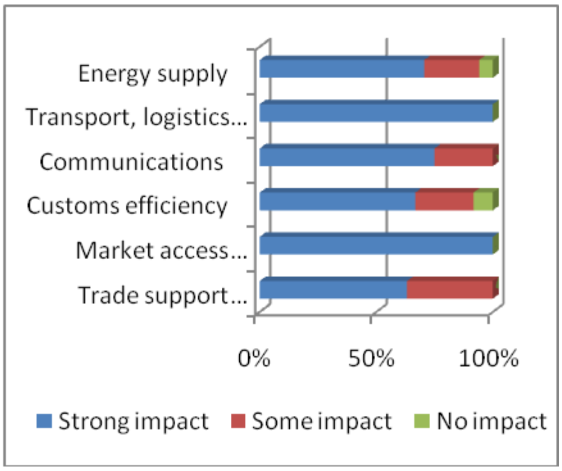
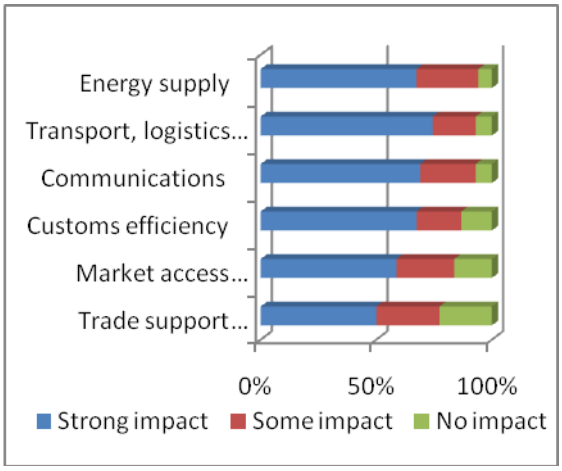


Chart 10. Impact - company perceptions



[18] The percentages are for those providing an answer; i.e. discounting non-respondents.

Companies identified the first three factors, which relate to economic infrastructure (energy supply, transport, logistics and storage, and communications), as the main areas of concern. As noted in the analysis of Chart 3 and Table 2, these sectors (along with agriculture and to a lesser extent finance) correspond to the sectors earmarked for the lion's share of AfT in Uganda over the past years. They further conform to the priorities set out in Uganda's National Development Plan (NPD 2010/11-2014/15), with a high proportion of the budget allocated to transport expansion and maintenance, as well as hydroelectric power. Associations also assigned a high ranking to these three components of economic infrastructure, although market access was given precedence alongside transport.

Clearly, high transportation costs and unreliable energy supplies were perceived as critical barriers to stimulating the international competitiveness of Ugandan exports – with little tangible distinction between export destination, company size, or foreign exposure. As expected, transport and energy constraints were deemed marginally greater for exporters of goods, which brings us to communications – universally judged to have a strong impact by the sample of service providers and ranked third in importance by the associations. Given Uganda's physical barriers to trade and high transaction costs, ICT could presumably offer the backbone of a competitive export structure in which e-services play a greater role.

Access to regional and international markets (trade policy and regulations) and customs efficiency (trade facilitation), were respectively ranked fourth and fifth in the hierarchy of company concerns. This partly brings us back to the ITC survey on NTMs, described in the introductory overview, in which it was observed that obstacles are often sector specific and depend on destination markets.[19] As a beneficiary of preferential access to developed markets, tariff structures do not represent fundamental constraints to Ugandan exports. The main barriers reside in stringent standards and technical regulations. Companies trading within the EAC are primarily subjected to burdensome customs procedures. With the majority of Ugandan goods transiting through neighbouring countries (essentially Kenya), one would expect these procedures to have an impact on exporters regardless of final destination – a perception borne out by the homogeneous responses provided by companies with an above average share of exports to total sales.[20]

3.2.2. Perceived changes in factors over the last five years

Building on their evaluation of the factors affecting the ability to export, the companies and associations were asked to put forward their opinion on the relative improvement or deterioration in these same factors over the last five years. A review of the responses grouped in Charts 11 and 12 testify to a certain degree of optimism, as nearly all the factors were perceived to have improved by a majority of respondents over the period of study. There are, moreover, three striking elements that stand out: the modest performance of transport and storage, the vast improvement in communications, and the low rating applied to market access and trade support services by the companies.

The comparatively weak appraisal of improvements in transport, storage and logistics by the sample is surprising given the large amount of AfT targeted at the sector since 2007 (see the preamble to Table 2).[21] There are, nonetheless, at least two important elements that warrant deeper analysis based on the survey responses. First, Ugandan exporters face deep transport and logistical constraints beyond their jurisdiction. Directing assistance to public goods peripheral to Uganda's landlocked borders should have a profound impact on the facilitation of trade. Second, there may be domestic policy and regulatory impediments to capitalising on the country's large-scale investments in physical infrastructure.

[19] The inordinate difference in perception between associations and companies with respect to market access essentially reflects the presence in the sample of businesses with limited foreign sales and many non-respondents amongst associations.

[20] Trade support services, rated of lesser impact by the sample, will be covered in the final sub-section on AfT effectiveness.

[21] This analysis applies primarily to exporters of goods, as service providers were more sanguine in their appraisal, which must in part be attributable to lesser export dependency and the perceived improvement in communications.

Chart 11. Change - association perceptions

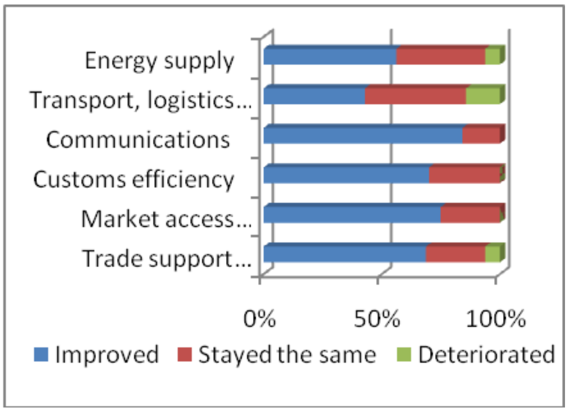
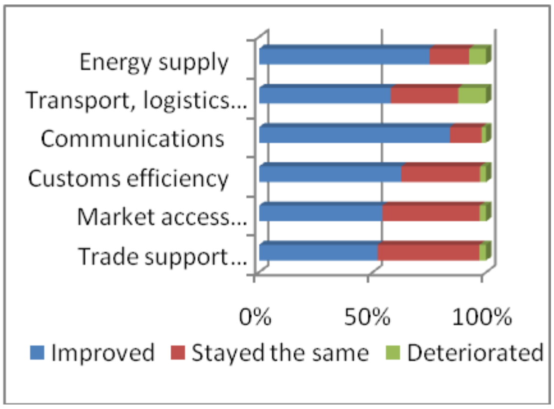


Chart 12. Change - company perceptions



Communications, which received modest yet appreciable amounts of AfT, was perceived to have made the most headway by the full spectrum of companies and associations. The industry has gradually been liberalized over the past decade and rapid sectoral growth should probably be seen in the context of an explosion in telecommunications in the region, most notably mobile telephony penetration rates, with many services often driven by homegrown entrepreneurs. A point worth reemphasising is the importance of education and training to further profit from the potential ICT could bring in terms of productive capacity and competitive export services that build on Uganda's comparative advantages.

Market access and customs efficiency were generally considered to have improved according to the sample of companies mainly reliant on EAC markets, while exporters to developed countries perceived little palpable difference in market access.[22] The latter may be attributable to the longstanding stalemate in the Doha Round of multilateral trade negotiations, as well as the difficult nature of economic partnership agreement (EPA) negotiations between the European Commission and the EAC. The former could be an indication of deeper regional integration, as tariffs on intra-EAC trade have gradually been phased out, regulations are being harmonized, and certain non-tariff barriers dismantled.[23]

3.2.3. Perceptions of changes in the area of trade support services

Having elaborated on economic infrastructure and trade policy, the attention will now centre on building productive capacities (see Chart 3) – specifically on trade support services. As noted in the previous sub-sections, companies ranked these services last in their hierarchy of factors impacting on export competitiveness and also applied the lowest (albeit positive) ranking in terms of perceived progress over the last five years. This needs to be grasped, as substantial funds are being channelled toward trade support services in an effort to tackle supply-side constraints, improve the business environment, and add value to private sector initiatives. The sectoral allocation of AfT flows targeted at productive capacities in Uganda were presented and commented in Chart 4 and Table 2. The overarching brief is to examine the link between export development projects and overall outcomes in terms of changes in national trade flows, and assess whether present interventions are the most effective means towards achieving development objectives of equitable growth, trade expansion, job creation and poverty reduction.

[22] Exporters to developed markets had, on average, a far higher degree of exposure to international trade than the companies engaged in commerce within the region, and were generally smaller in size.

[23] It is worth reiterating that the survey sample overly weighs the EAC relative to COMESA members Sudan and DR Congo in Uganda's export structure. This could have induced significant variances in terms of assessing the evolution of regional trade dynamics. Uganda has overlapping membership of both EAC and COMESA, which can occasion procedural complications.

In the descriptive outline of sampled companies, it was recorded that the vast majority would be classified as SMEs. Almost half operated with 50 or fewer employees and only a third exceeded 250 employees. Just over sixty percent generated sales below US$ 1 million (Charts 5 and 6). This is of importance as trade support institutions and business associations can often provide an important link between the public and private spheres in the implementation of AfT strategies, particularly for the small companies and rural activities that supply the predominant source of income opportunities in poor countries like Uganda. It was also registered that two-thirds of the larger companies were primarily turned towards the domestic and regional markets, while the smaller companies earned an above average percentage of their revenues abroad, mostly in developed countries. In terms of destination, traditional sectors (coffee, tea), non-traditional agriculture (fruits, flowers) and specific services (business support, tourism, environment) were mostly destined for developed markets, while regional markets were the main export destination for low-processed foods, all non-agricultural related goods, and nearly all remaining services (finance, transport, communication and education) (Table 3 and Chart 8).[24] For the descriptive analysis that follows, it should also be recalled that eight of the twenty associations in the sample received over half of their total budget from foreign aid programmes, while five were non-aid-reliant.[25]

Through parallel questionnaires, associations were asked to describe the trade services they had provided to members over the period of study (2005-2010), and companies were invited to outline the services they had received from trade support institutions over the same timeframe. The responses are classified in Tables 5 and 6. The samples were also prompted to define whether these services had been dispatched in the form of training, advisory services, information or financial assistance.

Table 5. Associations providing trade support services (#)

Associations Providing	Access to trade and market information	Supply chain management	Production process and quality assurance	Marketing, promotion and branding	Facilitating access to trade finance
Yes	19	7	15	14	11
No	1	13	5	6	9

Table 6. Companies receiving trade support services (%)

Companies Receiving	Access to trade and market information	Supply chain management	Production process and quality assurance	Marketing, promotion and branding	Facilitated access to trade finance
Yes	54	17	41	36	19
No	46	83	59	64	81

The first element to be drawn from the sample response is highly evocative. The above tables would imply that there is a striking disconnect between AfT flows directed at productive capacities in Uganda and private sector awareness of these aid initiatives. With the exception of market information (and to a lesser extent production process and quality assurance), the vast majority of sampled companies did not avail themselves of trade support services over the last five years (and association averages, for the most part, were surprisingly low). This appears to be in line with the low ranking ascribed by companies and associations to trade support services in their perception of factors affecting export performance. As to be expected, the degree of company participation increased above a threshhold of 30 percent exports to total sales, and almost exclusively concerned agriculture and manufacturing.[26]

[24]The questionnaire responses do not bring out a clear independent pattern correlating company size or sales with perceptions on the impact or relative improvement of trade support services. These would appear to be more sensitive to sectoral, destination and export share variables.

[25] As noted, the aid-dependent associations were exclusively affiliated with agriculture and/or small-scale enterprises.

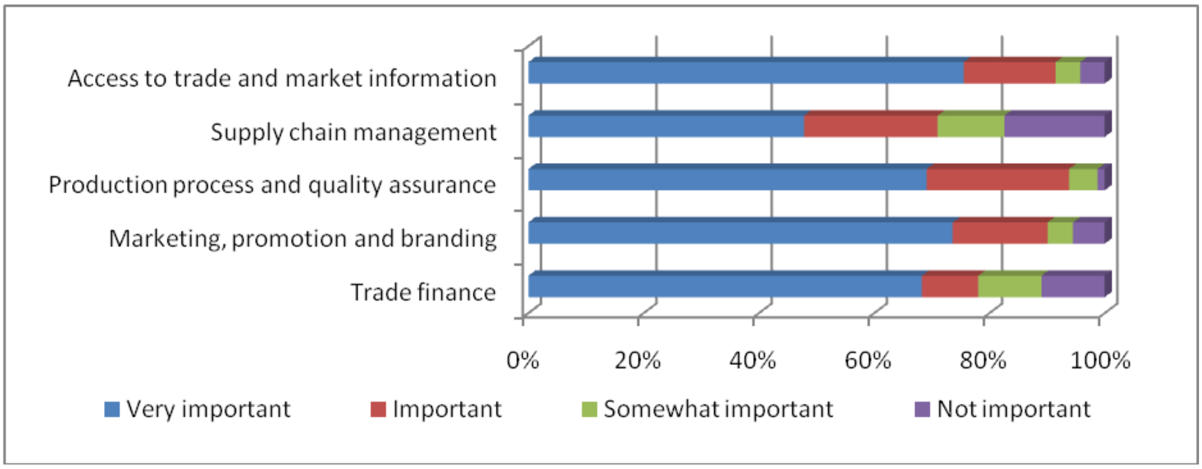
[26] Although there were a number of discrepancies in the responses, support services were provided by associations, and employed by companies, mostly in the form of information and training, followed by advisory services.

A second inference which can tentatively be put forward on the basis of the above tables and preceding analysis (although the correlation in this instance may be slightly more tenuous) is that the private sector in Uganda, and small enterprises in particular, have been insufficiently involved in AfT design and implementation. This would touch upon fundamental issues of domestic ownership and participatory processes – issues which would benefit from deeper investigation. Further analysis is needed, which may reveal that the aforementioned disconnect extends to the comparative assessment of AfT priorities as gauged by the donor community and domestic constituents – in this case the dissemination of business services for export competitiveness, enhanced productive capacity and sustainable development results. These circumstances will have to be taken into consideration for any future mapping of a causal results chain between foreign aid disbursements and trade outcomes – a useful yet perilous exercise given the exogenous factors at play and the many imponderables inherent to skills development and capacity building.[27]

3.2.4. Private sector perceptions on trade service priorities

This brings us to the perception of the private sector in Uganda on the primacy that should be assigned to various trade support services. In conclusion to the survey, the companies were asked to prioritize the trade support needs that would have the greatest impact on their international competitiveness, and the associations were requested to rank the importance of AfT funding for the services they had provided.[28] The company responses are illustrated in Chart 13. By comparing these articulated priority needs with the trade services companies were able to benefit from over the period of study (Table 5), a number of conspicuous gaps between demand and supply (or awareness of supply) can be identified: first, in trade finance and marketing, promotion and branding; second, in production process and quality assurance; and third, in access to market information and supply chain management.

Chart 13. Perceived future service needs of surveyed Ugandan companies



The partial disaggregation of the above chart offers the following landscape. Financial, educational and communications service companies primed market information, marketing and quality assurance. Small companies were mostly in demand of market information, marketing and trade finance. Companies with export shares above 50 percent requested the full panoply of services, with an above average demand for

[27] The follow-on questions in the survey were precisely aimed at evaluating the comparative impact of the five trade support services on the ability to export, as well as the change in the quality of services provided from the point of view of companies. Unfortunately, the ratio of responses was too low to be able to draw conclusions, which, in itself, could be seen as an indication of the work that still needs to be done in Uganda to raise awareness of the potential value of this technical assistance. Nonetheless, of the goods companies which had benefited from trade support services, the general trend was undeniably to have judged the quality of services to have improved, particularly in the two services most employed: access to trade and market information and production process and quality assurance.

[28] Again, clear inconsistencies in the association responses between the levels of foreign aid received, the services actually provided, and the importance assigned to AfT for these past services do not allow for any conclusive analysis. This specific question, combined with third variables such as sectoral involvement, gender participation or geographical outreach, is worthy of deeper examination.

supply chain management (as was the case for companies working in transport services). Of sufficient importance to be emphasized, production process and quality assurance services were highly valued in equal measure both by goods companies exporting mainly to the EAC (including processed food, agro-based products and manufacturing) and to developed markets (including traditional cash crops, fresh food and raw agro-based products).

In short, the sample responses to the questionnaire (comparing Charts 10 and 13 with Table 6) would suggest that private sector demand in Uganda for targeted assistance in trade support services exists, and that there may be a mismatch between perceived needs and the allocation of AfT funds. This gap would merit further investigation at two levels. First, identifying the means through which domestic constituents, notably small enterprises and their member organizations, could be more engaged in the ex ante impact assessment and design process of AfT initiatives. Second, diagnosing the channels through which the multiplier effect of trade support services on productive capacities and trade creation could better build on Uganda's domestic conditions and comparative advantages.[29]

3.2.5. Lessons from the pilot study

The aim of the Uganda survey on private sector perspectives was to offer an intermediary step in the mapping of results chains for AfT and identifying possible links between disbursements and changes in national trade flows – referred to in the introduction as the "missing middle" in the assessment of AfT. It set out to sketch a mapping of the results chain between AfT inputs in key economic factors (with the emphasis on trade support services) and enhanced trade performance measured as sectoral export growth and greater diversification. A number of imperfections in the methodological approach to this difficult assignment have been identified ex post, which may serve to narrow the attribution gap between these variables in future surveys.

The first shortcoming attends to semantics. Sufficient inconsistencies between responses to a logical sequence of questions on trade support services would indicate that private sector interviewees were ill accustomed to either the survey language or categories or objectives. This may explain why the sample did not consider support services to be of great impact while applying high value to these same services for future export performance. An important step towards assessing the effectiveness of AfT would be to apply language that is clear and comprehensible to the intended beneficiaries and intermediary institutions. The leadership and capacity development of in-country partners in the design and preparation of the questionnaires for future AfT assessment initiatives would help address this problem. This brings us to the second point on local conditions.

Operating in a landlocked developing country, Ugandan firms face very distinct binding constraints to trade that the survey was poorly equipped to capture. In light of this weakness, mapping a causal results chain along essential variables, and identifying comparative advantages based on local transaction costs, becomes questionable. An obvious example is regional public goods (transport and communications infrastructure, storage facilities, processing zones, overlapping preferences and rules of origin, standards and regulations) for which the survey design did not permit disaggregation with domestic supply-side bottlenecks. Disentangling the direct and indirect effects of trade capacity building is, at best, an intricate task, but this should not preclude from directing one's attention and observations to important endogenous factors.

[29] The associations were invited to list the programmes that had made a significant difference to the exporting capacities of their members. The most frequently cited was the Business Uganda Development Services (BUDS) programme of the Private Sector Foundation of Uganda (PFSU) (http://www.psfuganda.org). The BUDS scheme offers financial support to small enterprises for the use of business services. The PFSU, an umbrella organization comprised of business associations, corporate bodies and public agencies, manages a large World Bank loan aimed at improving private sector competitiveness in the country. For a discussion of business associations and AfT in the EAC, see also PricewaterhouseCoopers and Hamburg Institute of International Economics (HWWI), *Aid for Trade: making trade effective for development – Case studies for Kenya, Tanzania and Uganda*, (July 2009)

Although the argumentation can appear circular at times, the weighted inclusion of Ugandan trade support institutions and sector associations also highlights numerous gaps in the provision of trade support services. It would have been of added interest to further pinpoint where these intermediary institutions believe their impediments to deliver broader, continuous and effective services reside.

A final limitation pertains to data collection and analysis. Future surveys could aim to concentrate more narrowly on specific sectors (with third variables, depending on objectives, such as gender participation, spatial outreach, impact on poverty reduction and social progress, degree of employment creation, environmental sustainability) in order to obtain detailed feedback on the implementation of AfT and correlate these findings with export and development outcomes. This probably entails a more systematic approach to the pooling of data than is apparent in this survey, as well as greater attention directed at changes in overall productive capacity rather than a narrow focus on short-term export growth indicators.

Despite these imperfections, the study provides original insights into the perceptions of AfT by the private sector in Uganda, and raises new questions for further analysis and exploration. The experiences of this pilot study are guiding the ongoing refinement of the survey approach, to contribute further to the monitoring of AfT impact. There is inherent value in gathering private sector perceptions on trade-related technical assistance, especially SMEs, in a least developed country like Uganda, which receives sizeable amounts of international aid and urgently needs to create employment for its young population.

4. Summary and recommendations

Uganda has achieved considerable progress in social and economic development over recent years yet must confront numerous challenges if it is to meet its objective of reaching middle-income status within a generation. With a young labour force growing at a rapid annual rate, the country is in the process of accelerating a shift towards GDP growth based on sustainable export and investment driven economic activity so as to further generate wage employment and social opportunities. With an export structure at present heavily reliant on traditional and non-traditional agricultural goods, Ugandan exporters suffer from the disadvantage of operating in a landlocked country with significant domestic and regional supply-side constraints – in particular weak infrastructure and high transportation costs. The administration has formulated a new quinquennial National Development Plan, which aims to alleviate critical bottlenecks to growth and develop a competitive export structure based on its comparative advantages.

The country receives considerable flows of Official Development Assistance and benefits from quantitative levels of AfT that are above the average for both LDCs and sub-Saharan Africa. In 2008, approximately US$ 317 million of AfT was directed at economic infrastructure, while US$ 150 million was steered towards building productive capacities through technical assistance. The study attempts to evaluate the impact of these aid flows, from the perspective of the Ugandan private sector, on alleviating domestic constraints, stimulating an environment conducive to trade, and enhancing export performance in accordance with development objectives. The business survey analysed in this paper highlights the importance of deficiencies in economic and physical infrastructure (transport and logistics, energy, communications) as hurdles to international commerce, although the general perception is that these factors, especially communications, have improved over recent years (Charts 11 and 12). It further points to constraints attendant to customs efficiency and market access, most notably the existence of non-tariff measures in regional and global interactions, which affect transaction costs and the ability to trade.

The core of the study attempts to assess the impact of trade support services on the enhancement of export opportunities, with the majority of sampled participants considered SMEs. Results would indicate that there is a divergence between AfT flows geared towards productive capacities in Uganda and private sector awareness of these initiatives (Tables 5 and 6). When comparing AfT directed at individual sectors with sectoral export growth (Table 2), it is possible to infer that investments in structural features have helped enhance output and trade flows. The service sectors, which received three-quarters of AfT disbursements in 2008, both increased in export value (transport and communications) and strengthened via direct and indirect channels the capacities of Ugandan exporters. The survey also confirms that private sector demand in Uganda for targeted assistance in trade support services clearly exists, and that there is room to further enhance the multiplier effect of these services on productive capacities (Chart 13).

A preliminary conclusion that can therefore be drawn from the survey findings – notably limited private sector awareness on the provision, content and potential benefits of AfT – is that the effectiveness of AfT will presumably increase through the dissemination of information across the business sector regarding AfT initiatives. A second is that it would be good practise to promote greater dialogue between development agencies and the private sector, notably small enterprises and their affiliated organizations, on AfT strategies. This would allow a better appreciation of the channels through which trade support services could be targeted at building on Uganda's potential strengths, thereby increasing the efficacy and impact of AfT programmes.

The study concludes with a review of recommendations and lessons to be drawn from the pilot survey, which could facilitate the challenging objective of mapping an effective results chain between AfT inputs and export performance. These point to semantics – demystifying AfT by adopting a terminology which corresponds to the language of business –, the need to capture additional elements of Uganda's domestic and regional circumstances, and a narrower focus on specific sectors in order to obtain feedback on the implementation of AfT and correlate these findings with SME competitiveness and export outcomes. It is hoped the study will help to position more in-depth evaluations of AfT initiatives, draw attention to the private sector's role and interest in effective AfT, and shed some light on the "missing middle" between project level assessments and an analysis of changes in the overall trade performance and its contribution to development priorities.

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Annex I Aid for Trade flows in Uganda

2008 constant prices, million USD, according to OECD's CRS database

Aid for Trade Category	Area (CRS Purpose Code)	Commitments 2005	Commitments 2006	Commitments 2007	Commitments 2008	Disbursements 2005	Disbursements 2006	Disbursements 2007	Disbursements 2008
1.Trade Policy and Regulations	Trade Policy & administrative	5.3	0.7	2.0	8.6	1.4	1.2	15.7	2.3
	Trade facilitation (33120)	-	-	-	0.4	-	-	-	0.2
	RTAs (33130)	0.2	5.2	0.1	..	0.2	0.2	0.5	..
	Multilateral trade negotiations	-	-	-	-	-	-	-	-
	Trade education, training (33181)	0.2	0.0	0.0	0.0	0.2	0.0	0	0.0
Sub-Total		5.7	5.9	2.1	9	1.8	1.4	16.2	2.5
2.Economic Infrastructure	Transport & Storage (21010 to 21081)	195	95.8	95.4	108.5	45.3	72.9	119.9	178.5
	Communications (22010 to 22040)	0.8	0.4	11.5	1.0	2.9	1.3	2.3	10.8
	Energy supply & generation (23010	18.9	7.8	528.6	32.9	28.6	22.2	122.5	127.1
Sub-Total		214.7	104	635.5	142.4	76.8	96.4	244.7	316.4
3.Building Productive Capacity	Business support services and	5.8	3.5	9.7	26.5	8	11.7	8.6	7.5
	Banking and financial services	2.4	7.7	4.4	19.2	11	12.0	30.7	5.5
	Agriculture (31110 to 31195)	29.4	54.1	99.4	76.9	101.6	105.4	122.0	112.7
	Forestry (31210 to 31291)	0.1	0.0	0.1	14.4	6.1	5.6	2.7	1.5
	Fishing (31310 to 31391)	0.2	0.1	0.3	0.2	1.2	3.8	1.5	10.2
	Industry (32110 to 32182)	8.7	22.0	4.8	22.0	8.3	14.5	10.0	10.8
	Mineral resources and mining (32210	9.2	..	0.0	2.5	0.2	2.1	4.0	3.9
	Tourism (33210)	0.1	0.0	0.0	0.1	1.3	0.6	0.8	0.3
Sub-Total		55.9	87.4	118.7	161.8	137.7	155.7	180.3	152.4
4.Trade-Related Adjustment	Trade-Related Adjustment (33150)	-	-	-	0	-	-	-	-
Total Aid for Trade		**276.3**	**197.3**	**756.3**	**313.2**	**216.3**	**253.5**	**441.2**	**471.3**
Sector allocable ODA		1639.2	1482.9	1991.6	2050.7	1406.9	5396	1697	1659.3
Aid for Trade as a % of sector allocable ODA in the country		17%	13%	38%	15%	15%	5%	26%	28%
Total ODA		84434	91933	99268	115502	68198	71665	79477.8	88479
Aid for Trade as a % of Total ODA		0.3%	0.2%	0.8%	0.3%	0.3%	0.4%	0.6%	0.5%

Annex II Business survey in Uganda – Briefing Note

Aim of the Aid-for-Trade (AfT) business survey

The main objective of the survey is to capture the perspective of the business sector on AfT design, implementation and evaluation, and more generally on AfT effectiveness.

The analysis will be based on:

1. Export flows of goods and services produced in Uganda
2. AfT flows: commitments and disbursements
3. Results of the company-level survey
4. Results of the survey of sector/exporters/business associations and trade support institutions

The survey will cover the period 2002-2009. Questions will match three AfT proxies (see below) and a sectoral perspective.

Similar questions will be addressed to the companies and associations – to voice the opinion of both, companies and associations who provide services, which may be financed by AfT initiatives.

Number and characteristics of the respondents

- 65 companies exporting goods and 35 companies exporting services in the key economic sectors of Uganda (companies: officially registered, of different sizes)
- 20 trade support institutions and sector/exporters/business associations (membership: countrywide or covering key economic sectors)

Implementation

An AfT questionnaire for enterprises and an AfT questionnaire for associations will be administered through face-to-face interviews by the Ugandan Export Promotion Board.

General Framework (Relations to the AfT Proxies of the OECD/WTO)

Both questionnaires are based on AfT proxies – to make it possible to match aid flows to export flows and business sector opinion on AfT. Yet, it is also important to keep the questionnaires simple. The AfT proxies are, therefore, expressed in a plain business language, through the factors affecting exports along the value chain, and through the trade support services offered by sector associations.

Separating business support services offered by sector/export associations from more general factors affecting business environment will also allow juxtaposing the views of the recipients of the services (companies) and the view of the service providers (associations).

Creditor Reporting System (CRS) codes and AfT categories	**Reference to different Aft categories in questionnaires for the business survey**
Trade policy and regulations	
Trade Policy and administrative management	Captured in the category “Market access to regional and international markets”
Regional trade agreements (RTAs)	
Multilateral trade negotiations	
Trade facilitation	Captured in the categories “Customs Efficiency” and “Compliance with non-tariff measures”
Trade education/training	Questionnaire for enterprises captures type of trade support services, their mode of delivery, and companies’ appreciation of them (questions 21-25) Questionnaire for associations captures which training and in which form was provided (question 15)
Economic infrastructure	
Transport and storage	Captured in the category “Transport, logistics and storage”
Communications	Captured in the category “Communications”
Energy supply and generation	Captured in the category “Energy supply”
Building productive capacity	
Business support services and institutions	Questionnaire for enterprises: questions 19-20 capture companies’ perspective on business support services vis-à-vis other factors; while questions 21-25 capture information on specific support services along the value chain
Banking and financial services	Captured in the category “Trade finance”
Agriculture	Enterprises from all specified sectors will be interviewed An effort will be made to include all corresponding sectoral associations in the sample of associations
Forestry	
Fishing	
Industry	
Mineral resources and mining	
Tourism	

Annex III ITC in Uganda: an overview

ITC is the joint agency of the World Trade Organization and the United Nations. As the development partner for small business export success, ITC's goal is to help developing and transition countries achieve sustainable human development through exports. ITC partners with trade support institutions to deliver integrated solutions through five complementary business services: business and trade policy, export strategy, strengthening trade support institutions, trade intelligence and exporter competitiveness. Through strategic development and capacity building based on these business services, ITC connects producers to markets for "Export Impact for Good". There is a long standing technical cooperation between Uganda and ITC for export development. In recent years ITC's work in Uganda has focused on:

National Export Strategy:

ITC has and is supporting the Uganda Export Promotion Board and notably the Ugandan business community as well as other partners to design, implement and update the Uganda National Export Strategy 2008-2012 (NES). The NES serves as one of the national instrument to effectively formulate and channel resources to priority export development initiatives.

Economic empowerment of women:

In addition to its efforts to ensure that the voice of the private sector is heard in the national development discourse, a focus of ITC's work in Uganda is to ensure the inclusion of business women in trade and exports. Under its programme named "ACCESS! for African in International Trade Programme", ITC works closely with its counterparts and in particular with the Uganda Women's Entrepreneurs Association Limited, to enhance women's access to trade support services, including export training, business finance and peer monitoring.

Ethical Fashion:

Women are also the main protagonists of ITC's Ethical Fashion programme in Uganda which aims to enable distributors and designers to source fashion and lifestyle products from marginalized communities of micro producers. ITC works with four partners, Watoto Kacel (Gulu), Kinawataka Women Initiative Project (Kampala), Banda Internally Displaced Women Association (Kampala) and Uganda Paper and Craft (Kampala) to support 278 small women-led enterprises. These women utilize inputs ranging from discarded paper and straws to banana grass and pineapple tops to create a variety of unique handmade accessories for the export market.

Developing coffee exports:

Coffee is one of the twelve key sectors identified in Uganda's National Export Strategy for export development, as it is a major source of export revenues and provides employment for thousands of Ugandans. ITC, in collaboration with the National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE), Uganda Coffee Development Authority (UCDA) and Uganda Export Promotion Board (UEPB) recently embarked on a project aimed at creating exporter competitiveness in the coffee sector. It addresses challenges identified in the Ugandan coffee supply chain. Capacity-building measures are undertaken for selected partner trade support institutions to provide effective post harvest and marketing services, including compliance with recognized certification schemes and organic certification. The programme supports the formation of business linkages and transactions between Uganda producers/exporters and foreign importers.

Regional integration and capacity building for Ugandan trade support institutions:

As a member country of COMESA, Uganda benefits from the 'Programme for Building African Capacity for Trade' (PACTII) through: training of UEPB, other trade support institutions and Makere University on market analysis and export potential assessment; provision of specific-product and market development services for the leather sector and capacity building and support to export oriented enterprises under the COMESA Business Council.