



THE REPUBLIC OF UGANDA

MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES

## **"BUY UGANDA BUILD UGANDA POLICY"**

Ministry of Trade, Industry and Cooperatives

P.O. Box 7103

Kampala

[www.mtic.go.ug](http://www.mtic.go.ug)

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## ABBREVIATIONS AND ACRONYMS

<b>ACP/EU</b>	African Caribbean Pacific/European Union
<b>AGOA</b>	African Growth and Opportunity Act
<b>AfDB</b>	African Development Bank
<b>BUBU</b>	Buy Uganda Build Uganda
<b>COMESA</b>	Common Market for East and Southern Africa
<b>EAC</b>	East African Community
<b>FTA</b>	Free Trade Area
<b>FY</b>	Financial Year
<b>GSP</b>	Generalized System of Preference
<b>KCCA</b>	Kampala City Council Authority
<b>MDA</b>	Ministries Departments & Agencies
<b>MoD</b>	Ministry of Defense
<b>MoES</b>	Ministry of Education and Sports
<b>MoEMD</b>	Ministry of Energy & Mineral Development
<b>MoGLSD</b>	Ministry of Gender, Labour & Social Development
<b>MoFA</b>	Ministry of Foreign Affairs
<b>MoFPED</b>	Ministry OF Finance Planning & Economic Development
<b>MoICT</b>	Ministry of Information, Communication &

Technology

<b>MoLG</b>	Ministry of Local Government
<b>MoHLUD</b>	Ministry of Lands, Housing & Urban Development
<b>MoH</b>	Ministry of Health
<b>MoIA</b>	Ministry of Internal Affairs
<b>MoJCA</b>	Ministry of Justice of Justice & Constitutional Affairs
MoTWA	Ministry of Tourism, Wildlife and Antiquities
MoWE	Ministry of Water and Environment
MoWT	Ministry of Works &Transport
MSMEs	Micro Small and Medium Enterprises
MTIC	Ministry of Trade, Industry & Cooperatives
MW	Mega watts
NCP	National Cooperative Policy
NDA	National Drug Authority
NDP	National Development Plan
NIP	National Industrial Policy
NSQP	National Standards and Quality Policy
NSSF	National Social Security Fund
NTP	National Trade Policy
NTSP	National Trade Sector Development Plan
PPDA	Public Procurement and Disposal of Assets
PPP	Private Public Partnership
TIN	Tax Identification Number

UBOS	Uganda Bureau of Statistics
UEPB	Uganda Export promotions Board
UPS	Uganda Prisons Service
UMA	Uganda Manufacturers Association
UNBS	Uganda National Bureau of Standards
URA	Uganda Revenue Authority

## FOREWORD

The Government of Uganda has taken strides in the formulation and effective implementation of policy reforms; with the ultimate aim of poverty eradication and improving the income levels of Ugandan citizens. Consequently, poverty levels reduced from 31 per cent in 2008 to 19.7 per cent in 2013. It is also anticipated that Uganda will achieve the 2040 poverty target of 5 per cent given the rapid levels in poverty reduction.

The Trade policy charges Government with responsibility to create an enabling environment for the private sector to nurture and grow. The Buy Uganda Build Uganda (BUBU) policy is premised on existing Government policies that support and encourage the consumption of locally produced goods and services.

The policy will give guidance to policy makers to ensure that promotion of the consumption of local produced goods is integrated into their policies and procedures. The policy also aims at giving prominence to local produced goods. This policy will be beneficial to the economy and it illustrates the income that can accrue to different sectors.

It is anticipated that the policy will improve the local business environment. Deliberate interventions will be made in areas such as Public procurement preference schemes; promoting the use and conformity to standards; enhancing the capacity of SMEs in meeting supermarket supply-chain requirements; and assisting private sector in the development of the “Proudly Uganda” brand.

The policy has been developed in consultation with all relevant stakes and is therefore inclusive of our nation’s social and economic development objectives.

Finally, I urge all Ugandans, Private Sector Organisations, Government MDAs, and all Ugandans to support this policy document in the fight against poverty and ensuring prosperity for all Ugandans.



Amelia Kyambadde (MP)

Hon. Amelia Kyambadde (MP)

MINISTER OF TRADE, INDUSTRY AND COOPERATIVES

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## 1.0 INTRODUCTION

### 1.1 Historical Background

Between 1971 and 1986, Uganda's economy deteriorated tremendously and hence a decline of about 42% in the per capita income. The structure of the economy changed remarkably, with the virtual collapse of the manufacturing and other economic sectors.

However, from 1986, Uganda achieved considerable progress in instilling democracy, good governance and sustained positive economic growth and prosperity. The Government attained strides in liberalizing the economy through removal of import controls, increased access to affordable foreign exchange, and stabilizing of commodity prices. The removal of these controls enabled the vibrant growth of the private sector into the path of an independent self-sustaining and integrated economy (NRM Manifesto 2011-2016). Ugandans can now engage in meaningful trade, commercial services, and have a variety of alternatives to choose from.

Uganda has pursued export led growth coupled with prudent macroeconomic policy and structural transformation of the economy. Notably, the country is gradually transforming into an emerging economy with business and investment potential. The Government is committed to addressing the regulatory and legislative reforms in order to simplify the economic environment that the private sector needs to grow.

## 1.2 Policy Background

The National Development Plan (NDP) 2011-15 vision reaffirms the role of trade in transforming Uganda into a dynamic and competitive economy in which the trade sector stimulates the productive sectors of the economy to create wealth, employment, enhance social welfare and transform Uganda from a poor peasant society into a modern and prosperous society.

The Ministry of Trade, Industry and Cooperatives (MTIC) is mandated to implement trade policy and provide an enabling environment for the private sector to develop. The Buy Uganda Build Uganda (BUBU) policy is formulated within the framework of several national development policies and strategies particularly the National Trade Policy (NTP), the National Industrial Policy (NIP), the National Standards and Quality Policy (NSQP), the National Cooperatives Policy, the National Textile Policy, the National Sugar Policy, the Public Procurement & Disposal of Assets Act (PPDA) and the Development Strategic Investment Program (DSIP) which is under supervision of the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF).

The National Trade Policy (NTP) 2007, paragraph 25 confirms the role of Government to: “*Encourage the consumption of locally produced goods and services*”. It<sup>1</sup> prompts the use of local materials in the production process with a view of stimulating growth. On the other hand, the policy supports the consumption of locally produced goods and services and provides for an affirmative action to be taken under Government Procurement.

In addition, the National Industrial Policy (NIP) 2008 emphasizes the need to develop domestic resource based industries and promotion of competitive industries that use raw materials. The

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1 The National Trade Policy, MTTI, 2007

policy encourages existing industries and new investors to utilize the services of local technologies and consultants as a means of developing national technological capabilities.<sup>2</sup>

Similarly, the National Textile Policy (NTP) 2009 sets policy interventions to harness the use of local resources for industrialization and employment creation. The Policy seeks to improve the local business environment through forward and backward linkages to exploit local resources for export promotion.

The National Sugar Policy (NSP) 2010 proposes marketing of sugarcane to the benefit of farmers, millers and consumers. Accordingly, the Government shall regulate importation of sugar through appropriate tariff regimes and also promote use of locally produced sugar as a raw material by beverage and confectionary industries.

Likewise, the draft National Standards and Quality Policy (NSQP) 2012 necessitates all products produced to conform to set standards and quality assurance measures. The policy sets strategies regarding training, implementation and promotion of a quality culture.

The Development Strategic and Investment Plan (DSIP) 2010-2015<sup>3</sup> offers a roadmap to guide interventions to enhance growth, food security and poverty reduction. The underlined focus is to assist farmers to move “up” the value chain, improve rural incomes and livelihoods for all.

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<sup>2</sup> Ministry of Tourism, Trade & Industry, 2008, National Industrial Policy,

<sup>3</sup> Ministry of Agriculture, Animal Industries and Fisheries, Development Strategic and Investment Plan, 2010-15

The Public Procurement & Disposal of Assets Act (PPDA) 2013 takes note of preference and reservation schemes that exist in favour of local suppliers when procuring goods, works and services under Government procurement. These schemes will cover specific geographical areas and particular eligible sectors as specified in the act.<sup>4</sup>

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<sup>4</sup> Uganda PPDA Act 2011

## 2.0 SITUATIONAL ANALYSIS

The Government underscores the need to support the development of the private sector to become an engine for growth. Uganda has an extensive Micro, Small and Medium Enterprise (MSME) sub-sector which accounts for approximately 90% of the private sector. The MSMEs are a vehicle through which the rural poor and the jobless Ugandans can transform themselves into the middle and industrial class of tomorrow.

Despite the private sector's contribution to domestic demand, Uganda continues to import shoes, school uniforms, books, and other school requirements needed by pupils. A majority of primary schools do not provide milk to pupils during school term and yet there is a close link between learning and children's health. And yet, improving their nutrition ensures substantial gain in education effectiveness and children's performance. If Government developed a regulation for schools to procure locally produced milk, the estimated incomes could accrue to 1.1 trillion Uganda Shillings with an assumption that each student consumes half a liter of milk in a day.

Presently, a large number of unskilled people particularly women and youth are engaged in the distribution of goods and services for local supply chains like supermarkets and large retail markets or shops. The emergence of large supermarket chains brings great opportunity to the benefit of producers, suppliers, and consumers - thereby increasing food security and alleviating of rural poverty. Unfortunately, most of the bulk sold in supermarkets is imported. Even though suppliers of local produce have showed ability to supply supermarket chains, they are limited in realizing supermarket demands and standard requirements. Observably, some supermarkets have opened up a number of outlets in the outskirts of town and phasing out small retail shops that would provide a similar service. While others have started producing their own products such as bakery items, beef and beef products, thereby making it harder for locals supplies to attain shelf space.

Due to their small size, MSMEs may find it hard to defend their interests, bargain with suppliers and buyers, and lobby in favour of policies or regulations that are in their interest. They are still grappling to establish themselves in the domestic and export markets and thus need Government support to address the existing threats and weaknesses.

## **2.1 STRENGTHS**

### **2.1.1 Political and Economic Stability**

The political leadership in Uganda is committed to economic development and social transformation, to which trade is a major contributor. The country has enjoyed relative political stability since 1986 and a number of economic reforms have been introduced through the years. This has encouraged the growth of private sector as an engine for economic development.

### **2.1.2 Production and Services potential**

Uganda's economy is dominated mainly by the Agriculture, Industry and Services sectors. However, the Agricultural sector which is subsistence in nature employs over 65% of the country's population. Presently, the Government has deliberate strategies to commercialize the sector. Production and export of agricultural products consist of:- coffee, tea, cotton, fruits, spices, cut flowers, oil seeds, fish, cattle products, cereals, honey and vegetables. The country manufactures beverages, processed foods, textile, clothing, footwear, leather, paper products, pharmaceuticals, building materials, wood and metal products, and handicrafts. Ugandans are also engaged in the supply of tradable services such as - education, tourism, distribution, Business Process outsourcing (BPO), logistics, health, and professional services.

### 2.1.3 Structure of Uganda's Population

The urban population in Uganda grew by 13% in 2010 (UBOS) with potential to create a diverse impact on changing tastes and preferences. The Country's middle class grew from 7.8 million (24.5%) in 2006 to 10 million (32.6%) in 2010. The middle class citizens have income security and capacity to maintain a moderate lifestyle. They can easily change their consumption patterns with increasing incomes and preference to buy from supermarket outlets and large retail stores rather than traditional markets.

Uganda has the youngest population in the world at 83% with 77% below 30 years of age (World Bank, 2012). It is also estimated that 90.9% of the informal sector is dominated by young workers. If fully utilized the Ugandan youth can be a tremendous asset for the country. The Government should increase programs that respond to the needs of large number of youth with more focus on education and vocational skills.

### 2.1.4 Growth of Supermarkets

The growth of supermarkets in Uganda can be attributed to the country's favourable investment climate coupled with increase in the supermarket demand factors like; urbanization, growth in the middle class and increase in employment of women. Customers regard supermarkets with better offers for quality, safety, variety and efficient service care in comparison with other market outlets.

Although it is true that Ugandan supermarkets import most of their food products, some foods are locally sourced depending on their availability, quality, and safety. A few Ugandan smallholder farmers supply supermarkets with fruits, bread, vegetables, and staple foodstuffs. These farmers have found supermarkets to be more reliable and preferred markets than traditional markets. (Gabriel Elepu 2009).

### **2.1.5 Potential of the MSMEs in Uganda**

Uganda's private sector comprises of 90% Micro Small and Medium Enterprises (MSMEs) of which 80% are located in urban areas (Hatega, 2007). MSMEs provide employment to approximately 2.5 million people, contributing 75% of the Gross Domestic Product. If BUBU policy is encouraged, it enhances growth of MSME by empowering them with ready markets hence impacting on their incomes and growth.

## **2.2 WEAKNESSES**

### **2.2.1 The Doing Business Environment**

The procedures of formalization of a business are quite many and involve several institutions such as the Uganda Registration Services Bureau (URSB), Uganda Investment Authority (UIA), Uganda Revenue Authority (URA), Licensing Bodies for example the Kampala City Council Authority (KCCA), Local Government Authorities, National Drug Authority (NDA), and financial supporting institutions. This process sometimes limits the potential for upcoming MSMEs to formalize their businesses.

Many business entrepreneurs have continuously been trapped in the informal sector due to high costs of formalization. The high capital costs for startups, energy shortcomings, low technological base and innovation have hindered the growth of businesses. In addition, the overall ease of doing business in Uganda is still wanting.

### **2.2.2 Constraints faced by local producers in the distribution chain**

Though supermarkets are more reliable and preferred markets, they demand stringent supply terms. They require suppliers to meet minimum requirements such as – a certificate of company registration, a Tax Identification Number (TIN), Barcode/ EAN number, proper packaging, expiry dates inscribed on products, and product ingredients displayed, inter alia. Unfortunately local



producers and suppliers often fall short of meeting these requirements.

### **2.2.3 Conformity to Standards and Quality requirements**

As a condition for trading in Uganda, producers and manufactures are required to meet the minimum standard requirements for their products to be accepted for sale or public use. The approval process requires users to either apply for a certification (quality mark) or a standard mark normally referred to as ‘Q&S’ mark. The UNBS Product Certification Scheme guarantees quality, safety and reliability of products to consumers. The certification process is laborious and expensive and is attributed to the low compliance levels from local enterprises and MSMEs.

## **2.3 OPPORTUNITIES**

### **2.3.1 Consumption Patterns**

The consumption trends in Uganda reflect huge expenditure on imported products compared to local products. Majority of household consume agricultural produce consisting of; rice, bread, milk, oil/fats, vegetables, maize, and beef. Similarly, Ugandans consume manufactured products like clothing and footwear, water, electricity, generators/paraffin, soap, cosmetics, fuel, tobacco, cigarettes, alcohol, soft drinks, housing equipment's, petrol, tyres, batteries, electronic equipment, and plastics. The opportunity to locally produce what is being imported is still high though untapped.

### **2.3.2 Uganda's Trade Deficit**

Efforts to promote Uganda as an export led economy regionally and internationally are lying in suspense since the country cannot produce enough products for both local consumption and export markets. This explains the worsening trade balance from a deficit of \$2.4 billion in 2010/11 to \$2.5 billion in 2011/12 (UBOS). The deficit was attributed to the reduced exports earnings estimated at \$2.4 billion compared to the increasing imports estimated at \$5.0 billion. Uganda continues to

exports primary products that yield low revenues and on the other hand import finished manufactured products that fetch higher cost. If BUBU is institutionalized, consumption of local produce would be enhanced.

### **2.3.3 The discovery of Oil**

Since the discovery of oil in 2006, a total of 18 fields have been discovered with approximately 2.5 billion barrels of oil. However with only 30% of the total prospective area, the total number of fields and prospects discovered is expected to increase and hence a further increase in the oil reserves.

This discovery presents a window for local manufacturers and producers to supply the sector. The Uganda oil and petroleum Act requires contractors or sub-contractors to give preference to goods and services produced or available in Uganda, and services rendered by Ugandan citizens or companies. In the absence of such goods or services, a joint venture company in the oil and gas sector with a minimum of 48% shares for local entrepreneurs can be used to provide the goods or services.

### **2.3.4 The Services sector**

The Services sector is one of the fastest growing segments of Uganda's economy, accounting for 52.6% of Gross Domestic Product (GDP) in 2011. The importance of sector in Uganda is emphasized by its diverse linkages to the wider economy, playing a pivotal role in the development of other sectors. It offers a high potential for trade and investment of which MSMEs Play a crucial role. The education sector is recognized as one of the key drivers for poverty reduction especially given its positive impact on productivity. The sector provides a huge market for scholastic materials, uniforms, school meals, furniture, and pharmaceutical items thereby creating opportunities for local producers and manufacturers.

## **2.4 THREATS**

### **2.4.1 Established brands**

There are already established brands world over that have penetrated

the market, for example Coca-Cola, Pepsi, Heinz, cornflakes, blue band, Zester, Nescafe, Basmati, and Bata. The impact of aggressive and costly marketing, branding and advertising cause a challenge for local products to compete favourably with these brands.

#### 2.4.2 Changing taste and preferences

The rapid change in tastes and preferences can be attributed to increase in consumer incomes, change of lifestyle, and improved standards of living. This is aggravated with a poor mindset that Ugandan products are inferior to foreign products.

In addition, the demand for stringent private standards especially related to food safety and human health is increasingly posing a challenge to the local producers and suppliers. The high standards may impede market access for local products and services.

### **3.0 CONSULTATION/ JUSTIFICATION PROCESS**

In 2006, the Private Sector appealed to Government to take policy decisions and promote practices that encourage consumption of local products. They requested the Government to take the lead in formulating and implementing a policy that encourages the purchasing of locally produced goods and service; amend the Public Procurement Act to provide special preference for local suppliers and service providers.

A committee of Permanent Secretaries was set up to study the matter comprising of Office of the Prime Minister, Minister of Internal Affairs, Ministry of Defense, Ministry of Justice and Constitutional Affairs, Ministry of Finance Planning and Economic Development, and Ministry of Tourism, Trade and Industry who provided the chair.

In its findings, the committee observed that Ministry of Defense, and Ministry of Internal Affairs procure some of their uniforms from Southern Range Nyanza textiles Ltd, and that they were satisfied with their deliveries and quality of the products.

The extent to which Government Departments and Agencies (MDAs) buy from the local manufacturers is still obscure. According to PPDA, information or data regarding MDAs' procurement has not been compiled, and therefore is not available.

#### **3.1 Supermarket Surveys**

The Ministry of Trade, Industry and Cooperatives (MTIC) has undertaken several surveys on large scale super markets in and around Kampala. The super markets visited included among others; Uchumi, Nakumatt,

Game, Good price, Quality, Capital Shoppers, Kenjoy and Shoprite. The objectives of the survey were:

- To establish Ugandan products sold in the supermarkets, their pricing, display and packaging.
- To identify Uganda products that could be substituted with the currently imported products by the supermarkets.
- To identify the challenges facing Ugandan products from attaining supermarket space.

During the survey it was observed that Ugandan products are:

- Not accorded vantage display.
- Not well packaged.
- In some cases, Ugandan products were found to be more highly priced compared to the imported similar products.
- Not consistently supplied- this is the case with vegetables and fruits.

### 3.2 Uganda PPDA Amendment Act 2013

On May 12, 2013 the Parliament passed the Public Procurement and a Disposal of Public Assets (PPDA) regulation which operationalizes the PPDA Act 2013 as amended. The law provides for the application of preference and reservation schemes under public procurement. The schemes guarantee Government to take an affirmative action to encourage supply from small medium industries when procuring goods, works or services by the Procurement and Disposal Entity (PDE).

Regulation 28(1) allows procurement of works, services or supplies to be subject to a *preference scheme* that is consistent with Government's economic and social policies. On the other hand, regulation 30(1) allows procurement of works, services and supplies to be subject to a *reservation scheme*. A reservation scheme targets a specified group or community by reserving certain public procurement contracts for their products and

services. It is expected that Government will enhance the development of local private sector enterprises, particularly MSMEs that are engaged in the production, supply and manufacturing of locally produced goods and services.

### **3.3 Comparative Regulatory Framework and Practice within the TRIPARTITE region (EAC, COMESA AND SADC)**

#### **3.3.1 The Kenyan PPDA Act 2009**

The revised Kenyan PPDA Act 2009 supports the promotion of locally produced goods for instance Article 6(2) gives priority to Kenyan citizens when undertaking bids and tenders. On the other hand, Article 39(1) (2) allows the Minister responsible to prescribe preferences or reservations in public procurement and disposal. Similarly, Article 39 (8c) provides preference to citizens of Kenya where funding is at 100%.

#### **3.3.2 The Tanzanian PPDA**

Article 49(1) of the PPDA Act pronounces that potential suppliers or contractors of procurement activities may sometimes be limited on the basis of their Nationality.

Likewise, Article 49(2) allows the procuring entity to grant a margin of preference for the benefit of certain goods manufactured, mined, grown by local Tanzanians when evaluating their tenders. While, Article 49(3) offers guidelines that local companies have to meet to access preferential treatment under section 49(2). However, in the case of a joint venture - the local companies have to prove local registration of the company with a 50% ownership of a local Tanzanian citizen.

#### **3.3.3 South Africa's experience**

The Proudly South African brand campaign was launched in October 2001 with the goal of encouraging South Africans to buy local. The campaign was based on the idea that boosting consumption of local products by South Africans and those visiting the country would lead to

economic transformation and job growth in the country. The campaign encourages South African citizens, residents, and visitors who love South Africa to actively invest in the country and its people. At the heart of the campaign is the Proudly South African logo and companies who meet the prescribed standards can use a number of different versions of the logo to identify themselves, and their products and services.

The campaign is driven by the National Economic Development Council (NECLAC) and enjoys the support of the South African Chamber of Business as well as the Congress of Trade Unions (COSATU), one of the most powerful political forces in the country. Close to 2000 companies now bear the proudly South African logo and 90% of the South African consumers said they would support locally made products out of patriotism while three-quarters said they would find it encouraging if they knew buying South African products would help in the country's efforts for job creation.

#### **3.3.4 Other Campaigns**

There are similar campaigns done in other countries such as the Buy Malawi Build Malawi, Buy Africa Build Africa for COMESA where local companies are required to improve their quality and standards in order to acquire the certification mark or the right to use a national 'brand.' or logo.

### 3.4 Potential for Buying Ugandan Products

The BUBU policy can be fully achieved if the Government of Uganda partners with the private sector. The rewards will not be limited to producers, manufactures and suppliers of local produce but rather a positive spillover effect on all sectors of the economy. The table 'A' below illustrates a summary of potential estimates that can be realized if BUBU is implemented.

**Table A: This table has been derived from Annex (1a) attached**

N o	ITEM	SECTOR	SECTOR	QUANTITIES	ESTIMATES IN UGX.
1	Uniforms	Pre-Primary	Textile/ Education	20.000/= per 334,895 pupils	6.7 Billion
2	Uniforms	Primary/secondary	Textile/ Education	20.000/= per 9,599,888 students.	199 Billion
3	Uniforms	Army, Police, Prisons, Health, UWA	Textiles	Not available	33 Billion
4	Shoes	Pre-primary	Leather/Education	30.000/= for 496,644 pupils.	15 Billion
5	Shoes	Primary/Secondary	Leather/Education	45.000/= for 8,374,648 primary and 65.000/= for 1,225,240 secondary students.	457 Billion
6	shoes	Security agencies	Leather/army	140.000/= for 175,000 persons	25 Billion
7	Exercise books- 48/98pgs	primary	Timber/education	3420/= for 8,374,648 pupils and 5500/- for 1,225,240 secondary students	35 Billion
8	Milk	Primary, Secondary	Dairy/ education	Half a liter for 9,599,888 pupils/students	1 Trillion



## **4.0 POLICY VISION, MISSION & OBJECTIVES**

### **4.1 Policy Vision**

To develop a vibrant dynamic and competitive private sector that transforms local products through the value chain to meet the required standards.

### **4.2 Mission Statement**

To support the production, purchase, supply, and consumption of local goods and services.

### **4.3 Objectives of the BUBU Policy**

The objectives of the policy will be to:

- (i) To promote consumption of local goods and services.
- (ii) To promote the use and conformity to standards to guarantee quality goods and services.
- (iii) To provide capacity building programs to local suppliers of goods and services.

### **4.4 Policy Target**

In order to attain the objectives set out in this policy, the policy will aimed at achieving the following strategic targets by end of the five year period:

- i. 20% of Government procurement by value should be of local products and services.
- ii. 50% of shelf space in supermarkets should be populated by local products.
- iii. All MDAs strictly abide by PPDA Amendment Act during procurement processes.
- iv. 50% of local products conform to national standards.
- v. 50% local resources and raw materials utilized in production.

## **5.0 POLICY GUIDING PRINCIPLES**

### **5.1 Private Public Partnerships**

Government shall partner and promote synergies with the private sector when implementing the BUBU policy.

### **5.2 Quality assurance, standards and competitiveness**

Government shall exploit policy synergies and provide mechanisms for standardization and service delivery geared towards promoting competitiveness and quality assurance.

### **5.3 Facilitate branding, packaging, innovation and trade**

The Government will support the private sector in the development and marketing of Ugandan brands through supporting private sector initiatives like the *PROUDLY UGANDAN* campaign, exhibitions, and trade fairs.

### **5.4 Procurement**

Government shall create awareness and cultivate supportive measures in local sourcing of procurements in Uganda.

## **6.0 IMPLEMENTATION FRAMEWORK AND POLICY ACTION AREAS**

The Government shall embark on a number of policy interventions to provide an affirmative action to local producers and suppliers through public procurement systems. The following are the key objectives of policy with specific strategic policy interventions:

### **6.1 To achieve the objective of promoting consumption of locally produced goods and services, Government shall:**

- i. Carry out an inventory of locally produced goods and services.
- ii. Carry out an inventory of locally consumed products.
- iii. Facilitate bulk marketing and adherence to commodity standards through; inter alia, Cooperative Societies and Area Marketing Cooperative Enterprise and Farmer's Groups.
- iv. Oblige industrial enterprises to use local materials and or products in their production processes.
- v. Develop through a Public-Private Partnership a market information system to facilitate the collection; analysis and dissemination of trade information.
- vi. Facilitate local suppliers to attend trade fairs, exhibitions, bazaars that will help promote Ugandan products in the market.
- vii. Provide incentives to support local producers in order to promote this policy.
- viii. Enforce transparency in private and public procurement procedures.
- ix. Create awareness among the Government MDAs and local suppliers concerning the PPDA preferential schemes.

**6.2 To achieve the policy objective of promoting the use of and conformity to standards and ensure the provision of quality goods and services, Government shall:**

- i. Create awareness among the local private sector producers and manufactures regarding conformity to standards and quality requirements.
- ii. Encourage and support the acquisition and use of appropriate technology.
- iii. Create consumer awareness on standards and quality certification marks.
- iv. To promote innovation, value addition, and exploitation of local materials.

**6.3 To achieve the policy objective of providing training and capacity Programmes for local producers of goods and services, the Government shall:**

- i. Enhance the capacity of local producers, suppliers in complying to supermarket requirements such as bar-coding packaging, business registration and standard certification.
- ii. Address other supply side constraints to influence acceptability and increased shelf space in leading supermarkets.
- iii. Undertake capacity building programmes with a view of boosting the capacities of socially and economically disadvantaged sections of the community.
- iv. Design and implement appropriate strategies to promote value addition, production of high-value-low volume products, and niche marketing.
- v. Increase public awareness of the BUBU policy through local leaders and district commercial offices.

## 7.0 CONCLUSION

The Ministry of Trade, Industry and Cooperatives (MTIC) will lead the implementation of the Buy Uganda Build Uganda (BUBU) Policy while in collaboration with relevant Government Ministries, Department and Agencies (MDAs) and Private Sector Organizations. Government Ministries include; Finance, Planning & Economic Development (MoFPED), Justice, and Constitutional Affairs (MoJCA), Local Government (MoLG), ), Education and Sports (MoED), Agriculture, Animal Industry and Fisheries (MAAIF), Defense (MoD), Health (MoH), Housing, Urban Planning and Development (MoHUPD), Information, Communication, and Technology (MoICT), Tourism, Wildlife and Antiquities (MoTWA), Works &Transport (MoWT), Foreign Affairs (MOFA), Gender, Labour and Social Development (MoGLSD), Water and Environment (MoWE), Internal Affairs (MoIA), and Energy & Mineral Development (MoEMD). The relevant Department and Agencies include; Uganda National Bureau of Standards (UNBS), Uganda Bureau of Statistics (UBOS), Uganda Registration Services Bureau (URSB), Uganda Investment Authority (UIA), Uganda Prisons Service (UPS), Uganda Police (UP), National Drug Authority (NDA), Uganda Revenue Authority (URA), Uganda Public Procurement Disposal of Public Assets Authority (PPDA), and Kampala City Council Authority (KCCA). The Private sector associations are; Uganda Manufacturers Association (UMA), Private Sector Foundation Uganda (PSFU), and the Uganda National Chamber of Commerce and Industry (UNCCI).

In order to implement this policy, a BUBU detailed and costed strategic plan will be developed by MTIC. The benefits to be realized are enormous as explicitly illustrated in table 'A' and the annex attached to this policy.

## ANNEX 1(A)

### Textiles Products for Schools

Illustration in tables 1 and 2 demonstrates figures from the education and textile sector and how both can be synchronized to promote BUBU.

**Table 1: Estimates for Uniforms - Pre-Primary**

CATEGORY	NO OF PUPILS	UNIT COST/PER UNIFORM IN UGX SHS.	AMOUNT IN UG SHS.
Baby class	205,022	20,000	4,100,440,000
Middle class	129,873	20,000	2,597,460,000
<b>TOTAL</b>			<b>6,697,900,000</b>

*Source: Uganda Education Statistics Abstract 2010*

**Table 2: Estimates for Uniforms - Primary and Secondary Schools**

CATEGORY	STUDENTS	NO OF STUDENTS	UNIT COST	TOTAL/UGSHS
Primary	Males	4,179,248	20,000	83,584,960,000
	females	4,195,400	20,000	83,908,000,000
Secondary	Males	654,519	25,000	16,362,975,000
	female	571,173	27,000	15,421,671,000
<b>TOTAL</b>				<b>199,277,606,000</b>

It is estimated that total expenditure on school uniforms from pre-primary to senior secondary levels would amount to UGX 199.2 billion - assuming that each child will use at least one uniform in a given year.

**Table 3: Estimates for Uniform Requirements**

<b>Institution</b>	<b>Item Description</b>	<b>Budget in Uganda UGSHS</b>
Army	Back-pack, poncho, socks, Water bottle, pistol belt, warm Suit, berets jungle boots, pull overs, uniform, T-shirts and nametags.	<b>16 Billion</b>
Police	Regular Uniforms, Training Uniforms, Ponchos, and Socks.	<b>12 Billion</b>
Prisons	Prisoners yellow Uniform, Check pink uniform, white uni- form, and staff uniform.  Brown DMS leather Boot, rub- ber sole with toe cap.  Officers, leather boots, 100% Nylon socks, Woollen Belts, Black cotton liner.	<b>3 Billion</b>
Health	Nurse Uniforms	<b>0.5 Billion</b>
Uganda wild life Authority	Ranger Trousers, shirts, jackets, overalls, ceremonial attire, pon- chos, safari suit etc.	<b>1.05 Billion</b>
Approximate total annual ex- penditure		<b>32.6 billion. UGSHS</b>

*Source: TEMAU Paper on the implementation of the Textile Policy 2010.*

**Table 4: Estimates for Shoes for Pre-Primary Schools**

CATEGORY	NO OF PUPILS	UNIT COST/PER shoe	AMOUNT IN UG SHS
Baby class	205,022	30,000	6,150,660,000
Middle class	129,837	30,000	3,895,110,000
Top class	163,785	30,000	4,913,550,000
TOTAL			14,959,320,000

*Note: A pair of shoes is estimated to cost UGX 30,000.*

**Table 5: Estimates for Shoes required at Primary and Secondary Levels of Education**

CATEGORY	GENDER	NO. OF STUDENTS	UNIT COST	TOTAL COST (UGSX 000)
Primary	Males	4,179,248	45,000	188,066,160
	Females	4,195,400	45,000	188,793,000
Secondary	Males	654,519	65,000	42,543,735
	Females	571,173	65,000	37,126,245
TOTAL				456,529,140



Table 6: Assumptions on Shoe Requirements for Security Agencies

SECURITY FIRM	NO OF SECURITY OFFICERS	UNIT SHOES PER OFFICER	TOTAL UGX
Police	50,000	140,000	7,000,000,000
Army	100,000	140,000	14,000,000,000
Prisons	25,000	140,000	3,500,000,000
<b>TOTAL</b>			<b>24,500,000,000</b>

*Uganda Allied Leather Association data, 2012*

Note: The demand for primary schools pupils is approximately 8.4 million pairs of shoes which requires 29,400,000 sq. ft. of hides to produce them. It is also estimated that each cow produces 28 sq. ft. of hides.

Table 7: Estimates for Exercise Books required by Pupils and Students

PUPILS	NO OF PUPILS	UNIT COST (48 Pages)	TOTAL COST(UG SHS)
Males	4,179,248	3420	14,293,028,160
Females	4,195,400	3420	14,348,268,000
<b>Sub- Total</b>			28,641,296,160
STUDENTS		UNIT COST (98 Pages)	
Males	654,519	5500	3,599,854,500
Females	570,721	5500	3,138,965,500
<b>Sub-Total</b>			6,738,820,000
<b>TOTAL</b>			<b>35,380,116,160</b>

Note: Table 7 does not include other requirements like mathematical sets, pens, pencils rulers, files, rims of paper that that would tantamount to higher revenue gains.

Table 8: Estimated Milk Requirements

CATE- GORY	NO OF PUPILS	LTS PER DAY	ANNUAL INTAKE @270 DAYS	TOTAL COST
Primary	8,374,648	4,169,324	1,125,717,480	1,013,145,732,000
Secondary	1, 225,692	612,620	165,407,400	148,866,660,000
	9,599,888	4,781,944	1,291,124,880	<b>1,162,032,392,000</b>

Note: It is assumed that:-

- i. Each pupil consumes  $\frac{1}{2}$  a liter of milk a day which accumulates to 1.1 billion which is higher than Uganda's annual production of 1.5 billion liters.
- ii. Uganda produces 1.5 billion liters of milk annually. The per capita consumption of milk per year has increased over the last 10 years from 40 liters per annum in 2001 to 50 liters per annum in 2009. However, this is still below the recommended WHO capacity of 200 liters per annum. (Diary Development Authority Uganda DDA profile for EAC Government hand book 2012.)

Table 9: A Range of Imported Products that Uganda can Produce

FORMAL IMPORTS BY VALUE ('000 US \$), SITC GROUPINGS, 2007 – 2011							
SITC	DESCRIPTION	2007	2008	2009	2010	2011	Total by Product
84	Articles of apparel and clothing accessories	48,813	56,978	46,879	47,731	50,313	250,714
11	Beverages	19,294	40,012	43,875	35,888	37,367	176,436
04	Cereals and cereal preparations	158,779	173,226	203,044	187,126	231,112	953,287
07	Coffee, tea, cocoa, spices, and manufactures thereof	5,032	6,801	6,335	7,755	8,352	34,275
02	Dairy products & bird's preparations	5,589	5,727	3,978	4,426	5,578	25,298
03	Fish, crustaceans	698	839	759	1,486	2,768	6,550
85	Footwear	38,243	43,849	38,659	40,765	39,079	200,595
61	Leather, leather manufactures, & dressed fur-skins	92	77	119	98	107	493
01	Meat and meat preparations	933	1,244	1,304	2,663	2,254	8,398
64	Paper, paperboard, & articles of paper pulp, paper or paperboard	69,127	99,415	97,758	96,748	120,871	483,919

54	Medical and Pharmaceutical products	175,778	246,202	213,797	204,424	259,249	1,099,450
58	Plastic in non-primary forms	14,188	19,862	17,566	19,900	33,813	105,329
06	Sugars, sugar preparations and honey	71,349	71,457	75,216	90,556	136,352	444,930
65	Textile yarn, fabrics, made-up articles, & related products	73,979	73,378	66,164	102,248	73,684	389,453
26	Textile fibers (other than wool tops), wastes; not manufactured	28,582	34,768	34,556	41,892	50,417	190,215
12	Tobacco and tobacco manufactures	9,283	10,669	11,895	11,952	14,018	57,817
55	Essential oils, perfumeries; toilet cleaning preparations	52,786	71,679	60,274	65,662	83,407	333,808
05	Vegetables and fruit	20,303	19,705	15,205	13,809	16,685	85,707
Total		794,855	977,896	939,392	977,139	1,167,437	4,856,719

Source: UBOS statistical abstract 2012.

Table 9 displays a range of products imported into Uganda which can be locally produced. The items listed in the table are mainly sold in large super markets chains. It is projected that if Ugandans can produce these products to the required standards, the country would save 4,856,719,000 UGX on imports.