

Press review (July 13 - 30, 2005)

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New Vision

July 13, 2005

BAT re-opens Jinja factory

BRITISH American Tobacco's (BATU) Jinja factory that was closed on July 1 has been re-opened after talks with the finance ministry. "After discussions with the finance minister and his team, it was agreed that the previous excise duty rates remain," BATU's managing director Glenn Sheppard said at a press conference in Kampala yesterday. BATU suspended operations at the Jinja plant due to uncertainty caused by the increased taxes on cigarettes in the 2005/06 budget. "With other industry stakeholders, we felt the higher duties would exacerbate cigarette smuggling that is eroding billions of shillings in government revenue, while taking market share from legitimate manufacturers," Sheppard said. The Government loses between sh4b and sh6b annually due to smuggling of cigarettes. Sheppard said the uncertainty was created because relevant finance ministry officials were out of the country, making it difficult to clarify on the matter.

MPs advise on dairy deal

MPS have recommended that the Government subjects the management contract of the Dairy Corporation to competitive bidding, reports Mary Karugaba. In a report on the privatisation of the corporation, the finance committee chairperson, Bright Rwamirama, said, "If the Government wishes to attract expertise through a management contract, it should be awarded to recognised corporations through open bidding." The Government sought the services of a Thai businessman, Boonyart Chatchai, who owns several shares in milk and fruit processing plants in Thailand. Privatisation state minister Peter Kasenene said Chatchai

had agreed to run the corporation on the management contract and the Government was studying the terms and conditions of the agreement. Kasenene said there was no need for competitive bidding “because the Government was satisfied with Chatchai’s expertise.”

Coffee exports fall 13%

COFFEE export volume for June dropped by 13% to 229,141 60-kilo bags from 263,178 bags recorded in the same period last year, a monthly report from Uganda Coffee Development Authority has said. The value rose by 43% to \$18.07m (sh31.6b) from \$12.6m (sh22b) in June last year. The report attributed the fall in volume to a small crop in south-western Uganda and rainfall, which hampered harvesting, drying and trading of the coffee beans. The reduction in volume was also due to a fall in prices, which prompted farmers to hold back stocks. Robusta coffee accounted for 80% of the exports while Arabica accounted for 20%. There was a drop in coffee quantities to the European Union to 68.4% from 85% in May while exports to Sudan rose to 15.4% from 10.3% in May. The coffee export for the financial year ended June 30, 2005 amounted to 2.52 million bags worth \$144.5m (sh252b) representing a 0.5% fall from 2.53 million bags last year. July’s exports are projected at 250,000 bags as marketing activities continue to peak.

Govt asked to set minimum price for vanilla

THE Government should set a minimum price for vanilla, Nakifuma MP Joseph Mugambe has said, writes Joel Ogwang. Mugambe said the industry faces an uncertain future because prices are expected to fall further by the end of the year. “This is the time to act. It is very clear that the prices will fall further and what will our people do for a living?” he asked. Addressing residents at Nakifuma sub-county headquarters in Mukono recently, Mugambe said the farmers should not give up. An analysis by the Agricultural Productivity Enhancement Programme said vanilla prices worldwide would not rise. Clive Drew, the project’s managing director, estimated stocks to be 1,000 metric tonnes of cured vanilla by the end of the year.

Airtime tax to limit ICT access in rural areas

THE recent hike in airtime tax will limit penetration of information and communication technology (ICT) in rural areas, MTN and Uganda telecom (utl) officials have warned. “If people in rural areas are to benefit from the Internet Points of Presence (POPs) in 32 districts, the Government should reduce the airtime tax,” MTN’s chief executive officer, Noel Meier, said at an interview in Kampala recently. Meier said the tax would also limit use of ICT by those who need it most. Utl’s company secretary Donald Nyakairu said ICT may not feed the hungry, eradicate poverty or reduce child mortality but it is a catalyst for economic growth. Recently, the Uganda Communications Commission released sh1.7b for MTN and utl to install POPs in 32 districts.

URA warns clients over tax middlemen

THE Uganda Revenue Authority (URA) has warned taxpayers against using middlemen to pay taxes. URA’s assistant commissioner, John Ssegane, said while addressing taxpayers in Nakawa, “The newly-restructured URA listens to clients’ problems hence no need for a third party to mediate between URA and taxpayers. Middlemen take advantage of taxpayers’ ignorance and exploit them by increasing tax figures.” Meanwhile, Joshua Lubandi writes that URA has decentralised its activities to districts to improve services and encourage interaction between staff and clients. Ssegane said this at the launch of the Taxpayers’ Day at Uganda Manufacturers Association Conference Hall in Kampala on Monday.

Kadaga warns on population growth

DEPUTY Speaker of Parliament Rebecca Kadaga has expressed concern over Uganda’s rapidly increasing population and called for immediate action against it. “We must turn the population into an asset rather than a burden. We shouldn’t wait for a crisis to start planning,” Kadaga said. She was on Monday addressing guests at the Population Day celebrations in Kamuli district. Kadaga called for training in skills that would develop the economy. The population growth rate stands at 3.3% per year with a fertility rate of about seven children per woman, a situation that makes Uganda third in population growth in the world, after Niger and Yemen. “If this trend continues, our population will double in 20 years. And for such a large population, there are implications in the provision of social services and infrastructure,” Kadaga said. She said a high population would have a negative impact on the country’s resources and impede economic development. “However, a population that is sufficiently educated, healthy and engaged in meaningful production and employment can promote economic development,” Kadaga said. The Director of the

population Secretariat, Dr. Jotham Musinguzi, said women's rights to decide on the numbers, timing and spacing of children were central to their empowerment and gender equality.

Govt probes ghost widows

THE Government is investigating the reported ghost widows and orphans in the World Bank-funded Community-led HIV/AIDS Initiative (CHAI) projects. A senior official in the Uganda HIV/AIDS control project, Henry Kityo, said this on Thursday at a seminar for community development officers at Bwala Social Centre, Masaka. He said most CHAI groups had experienced poor accountability of funds, adding that the government was to train community development officers at sub-county levels.

July 14, 2005

Entebbe-Nairobi flight route battle rages on

PERMANENT secretaries in the aviation ministries of Uganda and Kenya will meet on Saturday to deliberate on the Entebbe-Nairobi flight route allocation. The contention over the route has been between Kenya Airways (KQ) and East African Airlines (EAA), which early this year started pushing KQ to cede one of its five daily flights on the Entebbe-Nairobi route. The flight was given to EAA, which has not utilised it due to the pending issues. Kenya Airways took over all Entebbe-Nairobi routes after the collapse of Uganda Airlines in 1998. Africa One, a local aviation firm, had taken over the route in 2002 before it collapsed in early 2003. EAA then took over but failed to sustain the route. It reverted to a code share deal with KQ until some time last year when it was not renewed. Ignie Igundura, the Civil Aviation Authority's (CAA) spokesman, admitted there are unresolved issues the permanent secretaries will handle on Saturday.

"The matter is now at a high level. A meeting to review issues that have impeded the airline from starting will take place in Nairobi. "I don't know what the issues are because that is beyond me," Igundura said. Benedict Mutyaba, the EAA chief executive, said on Tuesday EAA is yet to start flights on the route because of unresolved issues with KQ. "There are a lot of outstanding issues which we hope to resolve in a meeting in Nairobi this Friday. For example, times of operation have not been agreed upon. They dropped the midday flight, yet we wanted the 10 O'clock flight that returns at 1 O'clock," Mutyaba said. Mutyaba said, "As a local operator, it is necessary for us to operate a flight on this route and it is necessary for us to get a route to maintain our viability." EAA flies one aircraft, a Boeing 737-200. The aircraft is currently leased to private people who Mutyaba did not disclose. "Our aircraft is currently flying for some people on the continent," he said. But sources said the aircraft was leased to a Malawian company. Earlier this year, EAA signed a joint venture deal with Air Zimbabwe, but Mutyaba said these are joint flights using Air Zimbabwe aircraft.

BOU speaks on interest rates

GOVERNMENT'S fiscal plans will be a key factor in determining the direction and level of interest rates, Emmanuel Tumusiime Mutebile, the governor, Bank of Uganda (BOU), has said. "If the Government continues to rely heavily on foreign aid to finance investment and development, these capital inflows will need to be sterilised through the central bank selling government securities. "Government expenditure policies are an important factor for our monetary policy," Mutebile told Reuters in an interview recently. Mutebile said capital inflows from foreign aid, coupled with remittances by Ugandans working abroad, have caused the central bank to issue Treasury Bills and Bonds to mop up liquidity and dampen inflationary pressures. The governor said the prospect of cancellation of multilateral foreign debt, by the Group of Eight will create fiscal space for the Government to spend more money on education, health and infrastructure. "Whether or not it leads to inflation depends on whether the Government fails to reduce its absorption of foreign grants," Mutebile said. According to the Government, BOU will keep annual growth of money supply around 13% to 15% to achieve a 5% inflation target. Mutebile said drought, which had caused a hike in domestic prices, and the surge in oil prices temporarily had derailed the inflation targets. Last month's headline inflation eased to 10.7% from 11.7% the previous month. "But these are temporary factors. "As the rains return and petrol prices adjust, overall inflationary pressures will ease, especially given that underlying inflation is steady," the governor said. Economists had predicted a rise in short-term interest rates on account of projected increase in inflationary pressures. "A likely increase in underlying inflationary pressures and seasonal factor point towards higher short-term interest rates in the next few months," the Market Insight Report issued by Stanbic Investment Management Services in June said.

Investment deal gets 110m euros

A 110m euros (sh192b) line of fund will be availed to firms to promote investment activities, the chief executive officer of AH Consult, Herbert Rwamibazi, has said. AH Consult has called for proposals from competent firms to undertake the pro-investment activities. The company was contracted by the European Union's Prime Implementation Unit to evaluate research on trade and pro-investment activities in the African Caribbean and Pacific countries. Rwamibazi said this during a workshop on funding opportunities for Uganda enterprises at Hotel Africana in Kampala recently. "Eligible enterprises should present a viable technical proposal based on a survey of an investment's feasible market. They should be from the formal sector. Those who have invested in a project stand high chances of acquiring the funds," he said. Companies should also have sound economic and technical positions and conform to an international code of conduct and environmental guidelines. "The investment must have strong export-oriented potential and quality improvement practices," Rwamibazi said. He said the funds would be availed for short-term projects only. Rwamibazi said companies, which would qualify, would be required to show a positive impact from the use of the funds. The workshop was organised by the Uganda Export Promotions Board.

Mbale traders appeal over Kenyan hawkers

TRADERS in Mbale have appealed to the Uganda Revenue Authority (URA) to protect them from Kenyan hawkers. They complained during a tax and budget sensitisation workshop organised by the URA that the Kenyan hawkers had flooded the market with un-taxed goods ferried across the border in full view of URA staff. "While we are committed to paying tax, URA has failed to protect her own taxpayers. You have allowed the hawkers from Kenya to cross freely to compete with us," said Pierre Rwandarugari, a furniture dealer. Other traders said the Kenyan hawkers had embarked on a door-to-door trade in which domestic appliances were delivered to people's home. "If you cannot protect us from such traders, how do you expect us to pay our taxes promptly," Rwandarugari asked. He said his business had also suffered at the hands of furniture dealers who smuggled their merchandise to Mbale. The half-day workshop, at the Mt. Elgon Hotel, stopped short of banning the Kenyan hawkers from trading in Mbale. URA assistant commissioner Balaam Muheebwa said the hawkers should be handled in the context of the East African Union.

Uganda Seeds sold off

NYAKATONZI Growers Co-operative and Farm Inputs Care Centre (FICA) have won the Uganda Seeds concessions for \$500, 000. The Government will earn 4% of the annual turnover for 30 years the concessions will run. Michael Opagi, the Privatisation Unit's (PU) director, read out the results of the prolonged process on Tuesday at the PU's Communications House offices. "FICA's bid of \$350,000 and 2.5% of annual turnover for Kasindi and Masindi assets and Nyakatonzi Growers' \$150, 000 and 1.5% of annual turnover for the Kasese Properties are the winners," Opagi said. He said some firms failed to provide the bid security while others failed with other conditions. "They will be given 90 days of negotiations and then takeover the concessions. "Firms that lost, will get a refund. We tried to get all the firms to fulfil the bid conditions as those who are here will certify," Opagi said. Chris Kaijuka, the FICA managing director, said they intended to invest about \$1m in the seeds production industry. "We are the only firm in Uganda that is exporting commercial seeds to the region," Kaijuka said. He said they had experience in the seeds trade.

Goods stranded at borders

LACK of adequate training on the new computerised system has hit Ugandan and Rwandan goods at the Kenya customs border points. This has caused delays in the clearance of goods destined for the Great Lakes Region. This follows a move by the Kenya Revenue Authority to computerise operations at all entry points. At Malaba border, the situation is worse as hundreds of trucks transporting goods to Uganda and the neighbouring countries are stranded due to delays in clearance. A clearing agent at Malaba, Abdikadir Said, said recently that several agents operating at the border point were not trained to cope with the new system. The new system has also affected Mombasa Port.

World Bank gives advise

The World Bank has urged the Government to develop a business linkage project for small and large entrepreneurs, it said in a report. The project will enable large companies, foreign and local, commit themselves to establishing supplier relationships with local businesses especially small and medium enterprises. The report said many large local and foreign businesses were forced to import many inputs.

Exporters encouraged

Exporters and members of the private sector have been encouraged to take advantage of the European Union's euro 110m pro-invest programme fund. The Pro- Invest Programme is an EU and African-Caribbean and Pacific (ACP) partnership to promote investment and technological flows in the ACP countries, a consultant said.

Laws require amendments

Commercial laws require quick tracking right from Uganda Law Reform Commission to Parliament to ensure proper running of businesses, a recent report released by the Second Presidential Investors Roundtable Meeting has said.

Rail project extended

The firm that will take the joint concession to operate Kenya and Uganda railways will be known in August, the Privatisation Unit's spokesman, Jim Mugunga, has said, writes Mikaili Sseppuya. Five consortia were shortlisted and the final tenders should have been submitted by April 15. Mugunga said the bidders asked for more time to look at the railways' assets. He said this recently in Kampala

Makerere denies exam scam

MAKERERE University yesterday disputed a Sunday Vision report in which an undercover reporter sat two examinations and exposed gross examination irregularities. Vice-Chancellor Prof. Livingstone Luboobi said he had instituted an internal investigation, which established that the story was false and that it did not correspond with what happened on the dates given by the reporter. He, however, declined to name the members who had investigated the report despite requests from several journalists. Luboobi said exam records did not show either of the registration numbers used by the writer. "The undercover reporter claims he sat for a paper on Tuesday, June 28, but this particular paper was done on Tuesday June 23. This was in accordance with the timetable issued by the academic registrar, which is available for inspection. The examination Records Book in the office of the dean of Faculty of Arts also shows that this particular examination was dispatched on Tuesday, June 23 as time tabled," Luboobi said. Luboobi, Prof. David Bakibinga, the deputy vice-chancellor finance and administration, academic registrar Amos Olal Odur, deans Dr. Edward Kirumira and Associate Prof. Ssengendo addressed a press conference at the university's conference hall. "While the undercover reporter claims to have sat in the Lumumba Hall dining room, this examination was held in 13 different venues, which do not include Lumumba Hall," he said. Luboobi said the registration number 00/U5342/Eve does not appear on the register of those who sat SOC 1203-Introduction to Sociological Perspectives, Theories and Methods exam, which was conducted on Saturday June 25 in Mitchell Hall. Luboobi said the registration number 00/4453/EVE did not exist on the history attendance list since there was no history exam in Lumumba Hall. The writer, however, reported that he/she sat for History 1201 (Themes of East African History Since 1900) on June 28. "It is on record that no single student for that particular paper was permitted to sit for an examination using a Police letter," Luboobi said. Sunday Vision editor David Mukholi defended the story, saying the paper even has a photograph of the reporter coming out of the examination room in Mitchell Hall. A university source said no committee had been instituted to probe the issues raised in the story. "All they have done is to dismiss the story but some staff members want a committee to start probing the issues raised."

Prime Minister Prof. Apolo Nsibambi on Monday asked Luboobi to investigate reports that students hire 'mercenaries' to do examinations for them. The story said lecturers hire non-academic staff like relatives, students or taxi drivers and touts to supervise exams and sneak out to run private business during exams. The undercover writer was allowed into the exam room on the basis of a forged Police letter saying he/she had lost the university identity card. The story told of how invigilators spent most of the time reading newspapers as students shared their answers. The writer said he/she sat for two exams in Mitchell and Lumumba halls because there were no checks to ensure that only genuine students entered the exam rooms. Invigilators were tired and did not check, hoping everyone had the requirements. The students reportedly made outlines of answers on question papers and exchanged them. Some used permission to go to the toilets to consult notes hidden there or to reach their rooms for answers. "University regulations permit only lecturers and postgraduate students to invigilate examinations," Luboobi said. However, last month, Deputy Vice-Chancellor, Lillian Ekirikubinza, in a circular, warned staff against using unqualified personnel to invigilate exams. Luboobi said attendance lists for examinations are signed during and not at the end of an examination. "It can only be concluded that the undercover reporter's story is a malicious fabrication. It is full of untruths and lacks credibility. This raises questions as to what the motive of the story could have

been, especially since no efforts were made to crosscheck the purported facts with the university authorities prior to running the story,” he said.

July 15, 2005

Sh2b set aside for ‘jua kalis’

THE Government has earmarked sh2b for promotion of jua kalis (informal sector) this financial year, the trade minister has said. Daudi Migereko said, “The Government is ready to support jua kalis because they employ many people. Their leaders should work with the ministry to access the money and make plans to utilise the funds effectively.” Migereko said this while meeting jua kalis under their umbrella body, the Confederation of the Informal Sector Organisation of Uganda, in Kampala on Tuesday. He said this was the first time the budget had catered for the promotion of jua kalis. Migereko said the money would only benefit jua kalis with meaningful development plans. He said the Government wants to promote value addition within the sector. Industry minister Jeniffer Namuyangu said 90% of the private sector is made up of jua kalis. Namuyangu said lack of streamlined leadership to link the Government to the sector was retarding the sector’s development. She said part of the sh2b would be used to set up permanent exhibition centres in the country to enable the Jua Kalis capture more markets. “We do not want to come up with policies, which do not support the sector,” Namuyangu said.

URA beats target by sh92b

UGANDA Revenue Authority’s (URA) collections for the 2004/05 financial year exceeded the target by sh92b to reach sh1,922b against a target of sh1,830b, a statement has said. Collections increased by about sh280b in 2004/05 from sh1,642b in 2003/04, when net revenue failed to beat the target of sh1,655b. The improved performance was due to taxpayers’ confidence, efficient administration and good performance of import duty, the statement said. “The improved performance was due to taxpayers’ confidence and the withholding tax, which was not included in the forecast,” the assistant commissioner for public and corporate affairs in the commissioner general’s office, Patrick Mukiibi, said yesterday. This comes in the wake of the just-concluded restructuring exercise at URA, which reduced staff to about 1,800 from over 2,000. The restructuring began last year and ended last month. URA’s target for this financial year is sh2,230b. The statement, which was released yesterday, said the tax body had initiated a modernisation drive to adopt international standards in the execution of services. URA recently started sensitisation campaigns for taxpayers countrywide.

Invest to cut trade deficit - expert

UGANDA needs to attract more investments to cover the deteriorating current account balance, whose decline has been driven by an increase in the trade deficit, Arthur Kamp, an economist, has said. Uganda’s trade deficit widened sharply to \$332.5m (sh581b) in 2004/05, equivalent to 3.8% of gross domestic product (GDP) from \$104.4m (sh182b), equivalent to 1.5% of GDP in 2003/04, a Ministry of Finance report said recently. Kamp said project grants used by the Government to sustain the current account are not reliable, making it difficult for policy makers because they inject a lot of liquidity in the market. “Investors look for high growth rates, low inflation, low unemployment and high productivity,” he said. Kamp, an economist with African Alliance Group, was speaking at a workshop at Hotel Africana in Kampala on Wednesday. The report said the increase in the trade deficit was due to imports increasing by almost twice as fast as exports.

EABL lists in Tanzania

EAST African Breweries (EABL) has listed its shares on the Dar es Salaam Stock Exchange, making the shares tradable in the three East African countries, a statement has said. The statement, which was issued recently, said listing in the three countries was a sign of commitment to the region. “Our award winning brands like Tusker, Pilsner and Guinness are sold across the region. We are pleased that Tanzanians will have an opportunity to buy our shares and enjoy our world-class products,” the statement said. EABL was the first company to be cross listed on the Uganda Securities Exchange in March 2001. It was followed by Kenya Airways in 2002.

High Court blocks sh6b payment to businessman

THE High Court yesterday saved the Government a sh6b loss in an award to Mbarara-based businessman Francis Mwebesa, reports Hillary Kiirya. The money had been fraudulently awarded to B.M Steel Limited against Kilembe Mines Limited (KML), a government body, for loss of income and damages, among other things. Commercial Court’s Justice Egonda Ntende turned down the award and ordered that it be struck out

with costs. It also left no option for an appeal. Former magistrate Andrew Bashaija (arbitrator) now an advocate, presided over the award but presidential aide Charles Rwomusha intervened, saying the law ought to take its course. In his judgment Ntende said the arbitrator acted with evident partiality to B.M Steel and prevented KML from presenting their case fully. "It is clear that the arbitrator never even attempted to assess the evidence in support of the claim. Instead, he offered himself as a conduit for unjust enrichment of B.M Steel Limited through clearly duplicitous claims of colossal sums of money. "I hereby order that this award be set aside with costs here (High Court) and before the arbitration tribunal to KML," said Ntende. James Nangwala, who represented KML in the case was satisfied with the judge's decision saying it was very clear and well argued.

Museveni to launch 1st e-school

Uganda will on Monday become the first beneficiary of the New Partnership for Africa's Development (NEPAD) e-School initiative. President Yoweri Museveni is expected to officiate at the launching of the e-School initiative at Bugulumbya Secondary School in Kamuli, one of the six pilot schools in Uganda. The project is a priority of the NEPAD e-Africa Commission, aimed at equipping African schools with appropriate information and Communication Technology. The other schools, among the 120 in 20 African countries to be covered in one year, are Bukuya SS in Mubende, Kabale SS in Kabale, Kyambogo College School in Kampala, Masaka SS in Masaka and St Andrew Kaggwa SS in Luweero. The project will be implemented through a partnership of MTN, who will do the connection, Helwitt Pacard (HP), who will supply the computers, ESKOM to supply power and the local community upgrading the buildings for the laboratories. Education minister Namirembe Bitamazire said, "This is an opportunity for Ugandan children to embrace Information Technology. I ask the teachers and children to support and to promote this opportunity." The schools are expected to utilise the PCs, software and internet access and other learning materials and established health points in support of the NEPAD e-Health Programme. State minister for planning Isaac Musumba yesterday said the e-School memorandum of understanding was signed on June 30.

No more Japanese loans for Uganda

NO more funds will be given to Uganda in form of bilateral loans. This follows a decision by the G8 countries to write off debts owed to multilateral organisations, officials of the Japanese International Cooperation Agency (JICA) have said. Hanatani Atsushi, the JICA director in charge of East Africa, told four visiting African journalists that Japan, which is a member of the G8, would only give Uganda grants to cover basic infrastructure like construction of roads, human resource development, education and agricultural development. They will also provide technical assistance in various fields, he said. Grant aid is funds that do not have to be repaid. The journalists from Ethiopia, Tanzania, Kenya and Uganda are on a study tour of JICA, Japan External Trade Organisation, Japan House of Representatives, Hiroshima bomb site, Aichi EXPO site and other places. The journalists were briefed on Japan's new policy for Africa, highlighting peace, the health sector and rural development.

AG to hire and fire staff

THE Auditor General (AG) will be empowered to hire and fire his staff when the constitutional changes come into force. Parliament presided over by deputy Speaker Rebecca Kadaga yesterday endorsed the amendment, giving the AG powers to employ and discipline staff after consulting the Public service commission. The Auditor General, John Muwanga, has on several occasions complained of frustration from officers he has no authority to discipline. The MPs approved the provision in the constitutional amendment Bill No.3, providing for a head of the Public Service in the constitution appointed by the President. The position has hitherto not been provided for in the Constitution. Buikwe North MP Wagonda Muguli said the position of the deputy head of Public service was also not provided for. He said he would move a motion for its inclusion. The MPs also approved provisions for procedures for the removal of the AG by the President. Any question for the removal of the AG shall be referred to a tribunal appointed by the president, who may only proceed if the tribunal recommends. The AG may only be removed from office due to failure to perform his functions, misbehaviour and misconduct. He may retire at any time after 60 years of age and shall vacate office at 70 years. The AG has also been given powers to engage private auditors to assist him in his duties.

IGG to probe Makerere

THE Prime Minister, Prof. Apolo Nsibambi, has asked the Inspector General of Government (IGG), Faith Mwendha, to investigate reports that Makerere University students hire 'mercenaries' to do examinations for them. This comes two days after the university vice-chancellor, Prof. Livingston Luboobi, disputed a

Sunday Vision report in which an undercover reporter sat two examinations and exposed gross examination irregularities. Nsibambi, also the university's chancellor, had on Monday asked Luboobi to work with experts to establish whether the report was true and if so, identify and punish culprits. On Wednesday, Luboobi told a press conference that he had instituted an internal investigation, which established that the story was false. Luboobi, however, declined to name the members who had investigated the report nor did he say whether his one-day probe was done by experts in the field of investigation. "In addition to his (Luboobi) internal investigation, I wish to request you to investigate the allegation and make available to me your findings and recommendations," Nsibambi said in a letter to the IGG yesterday. A university source said no committee had been set up to probe the issues raised in the story before Luboobi disputed it. The story said lecturers hire non-academic staff like relatives, students or taxi drivers and touts to supervise exams and sneak out to run private businesses during exams. The undercover writer was allowed into the exam room on the basis of a forged Police letter saying he/she had lost the university identity card, and used a fake examination number to sit for a Sociology paper. Sunday Vision editor said he had a photograph of the reporter coming out of the examination in Mitchel Hall. The story told of how invigilators spent most of the time reading newspapers as students shared their answers. The free-sitting arrangement enabled friends to sit next to each other. For structured (objective) questions, students reportedly pointed at the correct answer with a pen for the neighbour to see. For essay questions, they exchanged answer sheets. Some students reportedly had papers (notes) tucked under their shirts and skirts.

60% unutilised

SIXTY percent of Uganda's beef export potential is unutilised due to insecurity in some parts of the country and lack of a law for the livestock industry, the president of the Agriculture Council of Uganda, Dr John Otim, has said. Otim said in an interview recently that the livestock policy was awaiting the Cabinet's approval before going to Parliament.

July 16, 2005

Museveni appeals to accountants

PRESIDENT Yoweri Museveni has said the fight against corruption in government departments requires a concerted effort and commitment by accountants, accounting officers, auditors, investigators, prosecutors and judges. A statement issued recently said Museveni said this during a meeting with the World Bank's executive director for Africa, Matthias Sinamenye. The meeting was at State House Nakasero in Kampala. The President emphasised the need for value addition to products and employment creation. He said sustainable growth is impossible without value addition and employment creation.

25 state agencies lack standards documents

TWENTY-FIVE out of the 50 government agencies and departments that interact with investors have client charters, a World Bank report has revealed. A client charter is a document used by institutions including investment promotion agencies to set standards and improve them for the customer's satisfaction. A good set of standards enables the institutions compare performance with colleagues in other countries. "Government officials with a specific understanding of investment issues will provide better services to investors and comprehend the needs of investors in different situations," the report code named "Blue Book on Best Practice in Investment Promotion and Facilitation," said. The report was launched recently in Kampala. However, the report says, "While Uganda Investment Authority has embraced the client charter to a large extent, the extent to which other public institutions that handle foreign investors have done so is variable." The bank advised the Government to facilitate completion of agency client charters by November 30 and a joint client charter by December 31. The report also advised the Government to develop a performance monitoring system.

300 register for UMA show

UGANDA Manufacturers Association (UMA) has registered 300 companies for this year's trade fair, the manager of the show has said. T.S Mukasa said during an interview on Wednesday that the association expects over 700 companies to have registered by October. Mukasa said 30 countries and other new companies had confirmed participation in the trade show. He said the show will run from October 4 to 10 at Lugogo show grounds in Kampala. He said adequate space had been provided for local companies and small-scale entrepreneurs, which will participate in the show, to enable them interact closely with customers and get known to the international companies.

G/tax defaulters to pay – minister

Graduated tax defaulters are liable to pay, the Minister of Local Government, Prof. Tarsis Kabwegyere, has said. He said during the Government weekly press briefing on Thursday that unpaid graduated tax for last year was a debt against the defaulters. However, Kabwegyere said it may be too late for the local government's, which did not collect the money on time and that they were to blame because of their methods. He said defaulters would now turn around and cry political harassment if local governments tried to collect the money using the inhuman methods they have always applied. Kabwegyere said the government abolished the tax because of the crude methods employed in collecting it, which sometimes led to unnecessary loss of lives. He said the tax had been politicised in 2001 and there was no link between the tax collected and the services delivered. Kabwegyere said the tax was also abused that the amount collected was not reflected in the district revenue. He said collectors declared some and not all of the money. He said by the time the Government abolished the tax, it had fallen from sh80b to about sh36b. "Assessment was a problem. If the assessors did not like you, you would be over assessed or vice versa," he said.

'Declare foreign assets'

THE Government has been asked to seek support from other countries to enable the Inspectorate of Government verify leaders' assets abroad. The Inspector General of Government (IGG), Faith Mwendha, said there was urgent need for adequate resources to enforce the Leadership Code within and outside the country. She said such funds would be for outsourcing expert services of valuers and verification of assets. The Government should also have mutual assistance with other countries that are party to the UN Convention Against corruption (2003) so that the IGG can verify leaders' assets abroad and locate, seize and dispose of undeclared properties," Mwendha said in the inspectorate's policy statement. Mwendha said her office needs sh449.5m to cater for the proposed salary increments of her staff. She said their remuneration was not commensurate with their contractual obligations.

Dismiss Kaberamaido officials, orders Mwendha

THE Inspector General of Government (IGG), Justice Faith Mwendha, wants Kaberamaido district service commission to dismiss three officials over 'ghost instructors' and embezzlement of public funds, reports Mariam Nalunkuuma. The officials are Timothy Etenu, the community development officer, Alfred Menya, the supervisor of works and Charles Esudu Eswilu, the secretary of public accounts committee. "Timothy Etenu should be dismissed from the district service for maintenance of 'ghost instructors' and embezzling of funds allegedly paid out as allowances to such instructors," Mwendha said. In a June 6 2005 report, Mwendha (above) said Etenu embezzled sh10.6m for allowances to the 34 ghost instructors and sh864, 000 for illegally appointed assistant community development officers.

July 18, 2005

URC needs sh22.7b

THE transport ministry urgently needs sh22.7b to ensure the smooth operation of Uganda Railways Corporation (URC). In a policy statement to Parliament, minister John Nasasira said projects requiring funding were re-opening of the northern Uganda extension, overhaul of 300 wagons and repair of critical rail spots. Other projects are rehabilitation and insurance of wagon ferries, rehabilitation of locomotives and replacement of culverts at the Kampala/Malaba border. "The projects are very crucial to the smooth running of the railways in the event of concession. These can be directly met from funds generated from operations," Nasasira said. He said, "However, the Government intervention in this critical area will restore customer confidence in the railway sector as steps are taken to involve the public private sector." Nasasira said there was a policy on joint concession of Kenya Railways Corporation and URC, whose process is expected to end by December.

Semliki oil eludes Heritage

HERITAGE Oil and Gas may move its exploration activities away from the Semliki following the disappointment of the third oil well (Turaco3) that logged carbondioxide. "The logs there were very disappointing. They fooled us. We believed we were chasing hydrocarbons, yet we were chasing an illusion. "We got our fingers burnt, so there is a real possibility that no further drilling could go on in the Semliki," Brian Smith, the Heritage Oil International vice-president, said in an interview last week. Heritage Oil discovered high concentration of carbondioxide in the oil that was discovered in the third exploration well earlier in the year. This is said to affect the commercial viability of oil. Smith said the discovery of carbondioxide posed a significant exploration risk, and as a result, the company was trying to shift efforts to the northern part of the block, which lies under Lake Albert. "We are acquiring data on Lake

Albert. If we can find a legitimate structural trap in that area, then that could be an attractive drilling target. Semliki is looking less attractive to us because of the carbon dioxide,” he said. The company is undertaking studies to establish the exact prevalence of carbon dioxide on the Semliki area. Block 3, which is licensed to Heritage Oil and partners, extends from the Semliki to the southern part of Lake Albert. Smith said no firm decision has been made, but that if the structures on the lake are attractive, there is a possibility that they will be drilling another exploration well before the end of the year. “We believe that this is a petroleum province, but where are the hydrocarbons. It is difficult to tell, but what we are sure of is that we should concentrate our efforts to finding hydrocarbons away from these carbonatite volcanics. We believe that the northern part is more attractive than the southern area,” he said. Meanwhile, on block one in Pakwach, Smith said exploration work was beginning with environmental impact assessment. The block runs through Murchison Falls National Park.

Africa needs home-grown solutions to development

GRANTING debt relief and increasing aid flows to Africa will not resolve the continent’s development challenges but home-grown solutions are key, Standard Chartered Bank economists have warned. Razia Khan, the bank’s chief economist, says while international help is vital in raising awareness about Africa and debt relief for easing short-term concerns, longer-term solutions will be derived when the continent addresses its own domestic issues. “Complex issues as seen in Africa rarely have quick fixes. Just as Europe has become to the phrase ‘one size does not fit all’ in relation to monetary policy so the same is true for Africa,” she said. In a June 2005 report titled “Africa the solution lies within,” Khan said Africa needs credible macro policies, diversified economies and a greater role for the private sector. According to Khan, few mechanisms are in place to ensure debt savings are diverted to social expenditure for countries granted debt relief. “A related issue is the assumption that countries would have had the resources to meet debt service commitments in the first place. For many highly indebted countries, this does not necessarily hold true. Additional resource flows would still be needed to boost social spending in the hope of meeting the Millennium Development Goals,” Khan said. She said donors are unlikely to provide needed resources. “The recent G8 decision to offer 100% debt relief to highly indebted countries is welcomed. But given the poverty alleviation remains the ultimate aim, there is more that needs to be done,” she said. She said capital markets are another alternative to boost resources available to African countries. Khan said for aid to succeed, absorptive capacity, achievement of the aid given and accountability are essential for it to be effective. On trade, Khan said most African economies lack infrastructures, suffer from low capacity, poor productivity and are not competitive and the move towards correcting these imbalances will be destabilising and hard. Quoting a report from UN Economic Commission for Africa, she said most of the biggest trade barriers are within Africa with the average customs delay in the continent reported at 11.4 days compared to 3.9 in Western Europe.

DANIDA to sink sh30b in agric

THE Danish International Development Agency (DANIDA) has earmarked about sh30b for development of agri-businesses in the country. Dr David Kamukama, DANIDA’s agri-business project representative, said the funds would be channelled through the Agricultural Sector Programme Support. He said the funds would support small and medium enterprises’ agri-business development for the next four years. Kamukama said this during a workshop at Uganda Manufacturers Association Main Hall in Kampala recently. The workshop was organised by the Agricultural Council of Uganda (ACU). “Under the programme, the private sector will be supported in a loan guarantee scheme, delivery of services to small-holder farmers, micro-leasing and enterprise innovation funding,” he said. Kamukama said the Danish organisation chose to support the private sector because of its more vigorous role in the development of agriculture in Uganda. The president of ACU, Dr John Otim, said the programme was an opportunity for small enterprises to access loans. “DANIDA consultants will guide you on how to write good project proposals to acquire loans from financial institutions at no cost,” Otim said. However, he asked the entrepreneurs to take the programme seriously if they are to benefit from the free services. The workshop aimed at increasing lending to small and medium enterprises. It also aimed at creating awareness about how the small enterprises can assess the agri-business development services easily.

Lira passes budget

Lira district has approved a budget estimate of sh38.4b for the 2005/2006 financial year, reports Alex Ocen. The budget showed an increase of 14% compared to the last financial year which was at sh33b. The expenditure budget presided over by the district speaker, William Onyanga, was held on Wednesday at the district chambers hall. The education sector has the highest expenditure of sh14b (38.5%), followed by

council and statutory bodies at sh10b (26.6%). Administration took 14.5% and health 7.3%. A three-year Development Plan for 2005-2008, with special attention on gender, HIV/AIDS and poverty eradication, was also approved.

Shoddy work irks bishop

BISHOP John Bapstist Kaggwa of Masaka Diocese has criticised the Government over the shoddy construction of classrooms, reports Dismus Buregyeya. Commissioning a classroom block for Kyanja Primary School in Kitanda sub-county, Masaka district, on Wednesday, Kaggwa said shoddy work was a result of corruption, adding that the Government was handling corrupt officials with “kids’ gloves.” The block worth sh89m with 180 desks, an underground water tank and textbooks worth sh50m, was funded by the Germany-based Hyden Catholic Parish. Kaggwa asked the Government to emulate the buildings constructed under the Catholic foundation. The head of the German delegation, Reins Nobert, said they would continue supporting the community.

MTN builds for orphans

A 70-YEAR-OLD widow looking after seven orphans was on Friday overjoyed when over 20 MTN workers promised to build her a house. The workers lifted blocks and cement and built a sh2.5m house for Alice Namatovu. Namatovu crawls like a baby as her legs are too weak to support her. Two other widows, Nasur Namisango, 27, and Harriet Nansansa, 32, also benefited from the project. They got houses worth sh3m each. Matthew Kasasira of Nama-Mukono Habitat project said over 102 families had benefited from the scheme. “We plan to construct more houses for disadvantaged families,” Kasasira said. Corporate companies like Barclays Bank, Stanbic Bank and rwenzori mineral water contributed funds for the project.

UEPB launches

THE Uganda Export Promotions Board (UEPB) has launched the Export Development Strategies for the export of services, handcrafts and apiculture. Trade, tourism and industry minister, Daudi Migereko, launched the development strategies recently in Kampala.

Identity card project could solve Makerere problems

ENRAGED members of Parliament on June 21 demanded that Makerere University sets up a taskforce to investigate persistent delays in the issuance of academic transcripts. Despite the 83-year-old university embarking on a multi-million dollar computerisation programme five years ago, most transactions at the university are still manually done. At the programme onset, the University created a fully-fledged Directorate of Information and Communication Technology Support (DICTS) to speed up the computerisation process in critical areas like the processing of transcripts and examinations results. But the students might have to wait a little bit longer to benefit from the computerisation programme. Instead of addressing the critical areas, the university gave priority to the introduction of ‘computerised identity cards (IDs) without the accompanying infrastructure to operationalise them. “We expected the basic infrastructure to have been put in place before introducing these IDs. But it was the other way round. The students have paid dearly for these IDs, yet they cannot use them for the purposes for which they were meant,” said a university official. Sources said DICTS did not take part in setting up the computerised ID project, launched in July 2004. Instead, the university contracted Computer Point Limited, a private ICT provider, to implement the project at undisclosed sum. Private students pay sh11,200 for the new cards as opposed to sh4,000 for the Polaroid IDs currently being phased out.

With the university student population at over 30,000, it means the ‘investors’ will initially garner about sh330m. However, sources say the ID project, the first of its kind in the African Great Lakes Region, cost the university close to sh1b. Nicholas Rwendeire of the Computer Point Limited defended their four-year contract saying the project would reduce costs for both the university and the student in the long run. He says where a student was supposed to pay for the library cards and a separate ID, one would just have to meet the cost of one smart ID card. “This is a smart card that supports maximum functions. Given the ICT infrastructure in place, it can be used for automation services like access control into lecture rooms, library use, printing and photocopying services and as a credit card,” he says adding that a student could also be able to access his or her exam results anytime. Hellen Kaweesa, the university spokesperson, however, said the complex trend towards management was part of the reasons they introduced the project. She said the new IDs were necessary to check on counterfeit identity cards and other university documents. “It may have been easier for anyone to produce a fake ID or transcript, but not any more, with a new computerised system,” she says. Kaweesa says the entire new computerised system will be interconnected with the

various activities of registration and tuition fees payment. "This will ease the whole process of student registration and tuition payment. For instance, when you present your card, all the student details that we need would show," she says. This, Kaweesa argues, would quicken the process of administration and management where a student's records are concerned. This would imply that banking, central registration, or even getting a transcript would be a lot easier and faster, as opposed to doing the job by hand.

But since July 2004, the situation on the ground has not changed. Some university officials and students said all the hardware should have been in place before introducing the cards. "My problem is to make the students pay for these IDs today when their real need may be in five years' time even after some of them have left. What is the rationale of introducing the IDs before installing the necessary infrastructure?" asked a lecturer, who requested anonymity. "It might be a little longer before the university can fully start using the computerised system," an official said. "The university is still processing students data manually, making the production of most academic papers and other reports prone to error," he said. The examination results for a previous semester take almost one to two months before they can be released because a particular department has to manually transfer them to the respective faculty deans who will then forward them to the senate building. The graduates, who initially were the priority to be issued with the new cards, so that they could be cleared faster, are only meeting bureaucracy, which supposedly, should have ended with the introduction of the computerised system. Clearing with the university for instance, takes two to three days since a student has to move from a respective faculty, to the main library, guild offices, the University Hospital and the university police among others. Getting a transcript takes more than a month because one has to first apply for it and then keep on checking whether it has been forwarded. Although one is required to present his or her ID for identification purposes, a student would still have to wait for the attendant to check through a heap of transcripts looking for just one particular file.

July 19, 2005

Investors to inject \$200m in EA submarine cable

Over \$200m (sh350b) in investment interest has been made by African telecom operators to develop the Eastern Africa Submarine Cable System (EASSy) after an initial data gathering meeting in Cape Town, South Africa. The EASSy project is a 9,900km high performance under sea fibre optic cable aimed at linking eastern Africa to the world. The meeting was held to formally announce the project to a commercial, telecommunications and banking audience to attract equity investment and capacity commitment for the scheme. "This meeting was designed as an initial drive to raise interest in the EASSy project. We are delighted with the unprecedented level of investment interest. There are strong indications that almost exclusively, investors from the eastern and southern region will fund the project," Sammy Kirui, the chairman of the EASSy management committee, said in a statement recently. Kirui said due to the success of the data gathering meeting, the project's management committee would proceed rapidly with the next phase of the project. "A detailed tender will be issued to suppliers with a view of beginning construction early in 2006," he said. The EASSy cable system, which is the final link in the telecommunications network, is supposed to be operational by the middle of 2007, bringing with it unprecedented opportunities for economic and social growth throughout the continent. The project has support from the African telecommunications industry like uganda telecom and MTN Uganda, governments and development agencies like the World Bank, Development Group of South Africa, African Development Bank and the New Partnership for African Development.

Loans can't fight poverty – Kasenene

GIVING loans to poor people will not save them from poverty, the privatisation state minister, Prof Peter Kasenene, has said. Kasenene said inculcating a business and saving mindset would fight poverty. He said this during a workshop under the theme, "Making poverty history in Africa: Poverty eradication using domestic means," organised by Centre for African Development (CfAD) at Hotel Africana in Kampala recently. "Ugandans are not poor because of lack of funds but a negative attitude towards saving and investing," Kasenene said. He said a person cannot be rich pocket-wise when the mind is poor. Kasenene said the failure of the Entandikwa Scheme was evidence of the inability of loans to stamp out poverty. CfAD's secretary general Titus Kisenyi decried the unfair lending conditions.

150 countries to compare prices

UGANDA is among the 150 countries participating in the World Bank-funded Price Comparison Programme this year. While officiating at data collection in Ssembabule recently, the principal statistician of Uganda Bureau of Statistics, Vincent Nsubuga, said the programme is the first of its kind in Uganda.

“The project aims at assessing the wealth of countries for fair allocation of development aid. Using ordinary exchange rates gives a distorted picture of prices and the purchasing power in different countries,” Nsubuga said. The programme calculates an exchange rate called the Purchasing Power Parity, which travelers need to compare prices between countries. The Purchasing Power Parity between two countries is the rate at which one country’s currency needs to be converted into that of another country to purchase the same volume of goods and services in the second country. Data will be collected in Kampala, Wakiso, Masaka, Mbale, Gulu, Luweero, Ssembabule, Kamwenge, Kamuli and Sironko. These districts will have a sample of prices in rural and urban areas. Nsubuga said prices of goods and services will be collected from supermarkets, retail and wholesale shops, mobile shops, street vendors, local governments, the private and public service.

Poverty blamed on high population growth rate

OYO A’Lakor, the economic development policy and research commissioner in the finance ministry, has blamed the stinking poverty in the country partly on the high birth rate. A’Lakor said the price fluctuation of agricultural produce and bad weather were also frustrating the Government’s war against poverty. He was addressing about 300 participants at a regional conference on poverty in the Rwenzori Region which ended on Friday at Hotel Margherita, Kasese. The conference, which was organised by the Netherlands Development Organisation and SATNET, was attended by politicians and Non-Governmental Organisations representatives from Bundibugyo, Kabarole, Kamwenge, Kasese and Kyenjojo districts. Presenting a paper on “Government’s Development Strategy - Priorities and Initiatives,” the commissioner said Uganda’s birth rate was the highest in the world. He called for urgent checks. He said though the Government had introduced various poverty eradication programmes, the primary school pupil drop-out was increasing. “This is because most parents are still too poor to provide their children with the basic requirements, which the Universal Primary Education does not cater for,” he said. Presenting another paper on poverty among the rural communities, Kasese district planner, Charles Mugisa, said between 50% and 60% of the people were living below the poverty line. He said those living the poverty line in Bundibugyo, Bushenyi, Kabarole and Kibaale were 59%, 48.96%, 56.1% and 65.6% respectively.

Referendum is not waste of funds, says Kiwanuka

State minister for finance, planning and economic development Prof. Ssemakula Kiwanuka has said going to the referendum is not a waste of money. Kiwanuka said money has to be spent on referendum because the country has to be peaceful and stable in order to attract foreign investors. He criticised the referendum saboteurs, saying, “may be they do not understand the Uganda Constitution. The referendum is a constitutional right that allows people to choose how they shall be governed.” Kiwanuka was on Friday addressing a gathering at Bushenyi district investment forum day at Katungu mothers union hall.

MUASA backs scam investigation

MAKERERE University Academic Staff Association (MUASA) wants the university administration to institute a probe into gross examination irregularities at the university. MUASA said the allegations made by a Sunday Vision undercover reporter should not be ‘pushed under the carpet.’ MUASA chairperson Dr. Augustus Nuwagaba said the teaching staff want an extensive investigation into the examination system. “We support the chancellor’s directive that the examination irregularities should be probed. Much as we think the story was exaggerated, we think an investigation should be carried out which will culminate into solutions,” he said. Most senior lecturers were not happy that Vice-Chancellor Prof. Livingstone Luboobi preferred to deny the story instead of convincing the public that the university would put up measures to curb the irregularities. “It is common knowledge that there are irregularities in any system. Luboobi should have told the public that the university was not just watching. The university has mechanisms of dealing with culprits of examination malpractices, in fact, we have discontinued students in the past over such cases,” a senior lecturer said on condition of anonymity.

Govt to rebuild schools

THE Government is to review its strategic plans for secondary schools and tertiary institutions, President Yoweri Museveni said on Saturday. He said the review would focus government resources towards the rehabilitation of post-independence education institutions. “Our focus has been on the construction of new schools to accommodate the increasing number of fresh intakes from UPE schools. However, the focus will have to change to include the rehabilitation of the old schools,” Museveni said. He was speaking at the golden jubilee celebrations for Masaba Secondary School. Museveni expressed concern about the dilapidated infrastructure at the school. He said this was a result of the bad leadership of the past regimes.

Museveni to support private universities

PRESIDENT Yoweri Museveni has promised to support private universities to enable them measure up to the required academic standards. Officiating at the fourth graduation ceremony at Busoga University in Iganga district on Friday, Museveni asked education minister Namirembe Bitamazire to set aside “a kick-start fund” for all private universities. “There can’t be compromise on quality,” he said. Museveni hailed Busoga for taking advantage of the liberalisation policy to establish the university. He called for emphasis on science-oriented courses. “Avoid producing graduates who merely threaten the public with gowns but cannot compete in the job market because they either took unmarketable courses or were half-baked due to poor standards,” he said.

July 20, 2005

Sh2.5b to relocate city ‘jua khali’

SH2.5b has been allocated to the re-location of jua khali (artisans) operating along major city roads. The Ministry of Local Government Permanent Secretary, Vincent Ssekkono, said the artisans would be re-located to suitable places with shade and appropriate facilities. In a July 15 letter to the trade ministry Permanent Secretary, Sam Nahamya, Ssekkono said the re-location would start with artisans operating along Entebbe Road from Namasuba-Kibuye, Old Kampala road from Kibuye-Natete, Queens Way and Clock Tower. In the letter also copied to the Kampala town clerk, James Sseggane, Ssekkono asked Kampala City Council (KCC) to avail its land in nalukolongo, a city suburb. Ssekkono said if the money is allocated every year for the next three to four years, the Government would be able to decisively meet the challenge of removing them from the road sides. Sseggane said KCC was ready to work with the Government to improve the conditions of artisans. “We have been discussing this issue since last year. We are happy that the Government has set aside money to assist these people,” he said.

Sugar too expensive – legislator

DESPITE the fact that sugar manufacturers have not increased the factory prices, the prices of sugar keep soaring. In a statement to the Speaker, Mawokota South MP Henry Mutebi Kityo (right) said manufacturers had not increased sugar prices despite the increments in excise duty and value added tax. “At sh2,000 and sh2,100 in some places, these prices are prohibitive. I visited Kinyara Sugar Works and the manager told me the factory price had never changed from sh1,050 per kilogramme. “If the factory price is sh1,050, VAT is sh185, tax sh50 and others sh50, the total is sh1185. So who is eating the sh800 from each kilo?” Kityo asked. He asked Speaker Edward Ssekandi to summon the tourism, trade and industry minister to provide an explanation in seven days. “The Government cannot sit back and let people be cheated under the cover of privatisation and liberal markets,” he said. Finance minister Ezra Suruma, in the recent budget, increased sugar prices by sh50, and VAT went up by 1% to 18%. Before the budget, sugar cost sh1,300.

Castor oil can fetch \$23m per year

US\$23m (sh40.3b) can be earned annually from processed castor oil seeds, the executive director of the Uganda Investment Authority (UIA) has said. Dr. Maggie Kigozi said, “This is one of the strategic sectors, which can increase peasants’ incomes but with a strong export bias.” She said this while presenting a paper during the Bushenyi District Investment Forum at the district headquarters recently. Kigozi said re-introduction of castor oil in Uganda would require a core investor on a nucleus estate of about 5,000 hectares and an outgrowers’ programme on 15,000 hectares. The other sectors worth investing in are bee keeping, ostrich farming, production of fruits, goats, coffee, fish farming and processing of okra and chilies.

Kigozi assures investors on transition

THE ongoing political transition will not affect the economy, Dr. Maggie Kigozi, the Uganda investment Authority executive director, has said. She said the government has set a strong foundation for the economy. Kigozi said constitutionalism, which means that all political decisions are made through the vote, was enough assurance that investor-confidence would not suffer. She was addressing participants during the Energy Investment and Awareness Forum organised by the Energy Institute of Uganda at Grand Imperial Hotel in Kampala recently. “Investors are not worried because we will use the vote,” Kigozi said. Dr. Frank Sebbowa, the chief executive officer of Electricity Regulatory Authority, said they had issued a licence to a foreign investor, with a proposal to produce 70MW of power from the Wakaliga landfill.

Sudhir to build sh17b hotel

A US\$10M (sh17.5b) five-star hotel will be built by city tycoon Sudhir Ruparelia at Bujagali Falls in Jinja by 2008, writes Chris Omony. Sudhir said while touring the area to be developed that the 200-bedroom hotel would be on 20 acres of land and would be named Speke Bujagali Falls Hotel. He said recently that work on the hotel, which will start by January 2006, would be in three phases. The Jinja LC5 chairman, Fred Gume, confirmed endorsement of the project. Meanwhile, Abubaker Mukose reports that intrigue among the Basoga has retarded the area's development, the Kyabazinga, Henry Wako Muloki, has said. "The Basoga have embraced intrigue and envy as working tools. Whenever there is a development plan, they are the first to condemn it," he said.

FINCA to serve low-income earners

LOW-income earners have a reason to smile because banking services have been brought closer to them, Scovia Swabrah, the public relations officer of FINCA, has said. Swabrah said FINCA is targeting low and medium income earners like bodaboda operators and food vendors. She said this at the opening of their second branch in Kampala at Ben Kiwanuka Street on Monday. "Many of our clients work in town. It is better to bring services nearer to them to enable them get loans and deposit money daily," Swabrah said. She said the new banking outlet had been approved by the Bank of Uganda. FINCA is a women-based micro-finance institution with branches in Jinja, Arua, Lira and Masaka.

Africa's fraud irks Europe

Corruption in Africa makes it difficult for donated funds to reach the target beneficiaries, European development partners have said. They raised the concern at a recent global poverty eradication workshop, attended by Mukono North MP Peter Bakaluba Mukasa. During a visit by former Gayaza High School teachers sheelagh Warren (former headteacher), Janice Hobday and Maggie Queen to namawojjolo Primary School on Monday, Mukasa said donors were willing to help Africa to eradicate poverty but they were worried that the funds would be diverted. The delegation visited Namawojjolo to inspect a library built in memory of Janice's late mother, Phyllis, a former secretary in a British school. She died at 98 last year. Before her death, Phyllis said mourners at her funeral should not bring flowers, but money to promote education in Uganda. Through the Uganda Women's Effort to Save Orphans UK Trust, the money was sent to build and equip the school library. Book Aid, a British charity, contributed books to the library. Mukasa commended the school for using the funds for their intended purpose.

Parastatals face conflict of interest

CONFLICT of interest is one of the biggest challenges managers and board members of parastatals have to battle with, the chief executive officer of the Capital Markets Authority, Japheth Kato, has said. He said the only way to eliminate conflict of interest is to apply transparency and integrity as packages of corporate governance. Kato said this during a workshop for board directors and senior managers of public enterprises at Hotel Africana in Kampala recently. He said, "To accelerate local and foreign investments, we must improve corporate governance." Kato said although the principles of good corporate governance like transparency, fairness and accountability were meant for listed companies, they apply to all firms including private ones and non-governmental organisations. He said directors/managers of parastatals should have common sense, integrity, confidentiality, commitment and manage conflict of interest. Uganda Securities Exchange chief executive officer, Simon Rutega, said some managers of listed companies forget that the money running the companies belongs to shareholders. Rutega said, "Some managers forget that the money is not theirs and use it irresponsibly but as a manager, you must be ethical and adhere to the laws governing your company."

IGG to try errant leaders

PARLIAMENT yesterday amended Chapter 14 of the 1995 Constitution to provide for the establishment of a leadership code tribunal. The Attorney General, Khiddu Makubuya, said the tribunal would enhance the powers of the Inspector General of Government (IGG) to try leaders who do not declare their wealth. He said the composition, jurisdiction and functions of the tribunal should be prescribed by Parliament. The chairperson of the legal and parliamentary affairs committee, Jacob Oulanyah, had rejected the proposal, saying it was unnecessary. When Speaker Edward Ssekandi subjected the proposal to voting, 142 MPs voted for the tribunal and 17 against. Makubuya had earlier suggested that a special court under the inspectorate of government be established to combat corruption. Oulanyah rejected the idea, saying a special court to fight corruption was unnecessary. Makubuya requested the House to stand over the proposal as the government consults further with stakeholders.

July 21, 2005

MPs approve twenty new districts

PARLIAMENT yesterday approved 20 new districts during a heated debate in the House as MPs disagreed on the demarcations and the dates of commencement of some of the districts. As a result of the squabbling and bitter verbal exchange, the creation of Budaka and Tororo districts was deferred and the matter pushed to the parliamentary local government committee that should report in one month. Two government ministers Mike Mukula, state for health and Jennifer Namuyangu, state for industry, clashed on the floor after Mukula moved a motion that the House approves districts with no controversies and defers the others, pending further consultation. Namuyangu, who has interest in the contentious Pallisa district, raised a point of order, saying Mukula was from Teso, which has an agenda of annexing Pallisa. Speaker Edward Ssekandi ruled that Mukula was in order because he merely wanted business in the House to move forward. Ssekandi had to repeatedly call for order as several MPs scuffled, several of them shouting into the various microphones demanding to contribute. He eventually ordered that the House votes on the creation of each district separately, in order to defer the creation of the ones in contention.

Local government minister Prof. Tarsis Kabwegyere said the districts had been created for the effective administration of those areas and to take services closer to the people. The new districts that took effect on July 1 this year are Ibanda, Kabingo, Kiruhura, Kaabong, Kaliro, Koboko, Butaleja, Nakaseke and Budaka. The others are Amuria, Manafwa, Amolatar and Bukwo. The districts to take effect on July 1, 2006, are Tororo, Oyam, Abim, Busiki, Dokolo, Bulisa, a new district consisting of Maracha and Terego and another consisting of Kilak and Nwoya counties. He said the headquarters of each new district would become a town council. Dr. Stephen Malinga (Butebo) said the new Budaka district carved from Pallisa had been given Kabwangasi and Kakoro sub-counties against the residents' wishes. "This morning I received a protest from the people of Kabwangasi and Kakoro. I communicated to the President, who has ordered that they revert back to Butebo," Malinga said. He presented the petition by the residents. Rainer Kafiire (Kibuku) said the inclusion of the two sub-counties to Budaka was done after consultations with the President in the presence of Malinga and Louis Opage (Pallisa) who are now opposed to the move. Opage moved a motion that the two districts be divided as earlier agreed. He said the only person who could resolve the matter was President Museveni. Meanwhile, Anim Angupale (Arua), Nusura Tiperu (Yumbe) and Cecilia Ogwal (Lira Municipality) demanded that districts from northern Uganda scheduled to take effect next July, be brought forward. Tiperu said all the districts should wait till December this year. They said northern Uganda people were more in need of services than those in peaceful Mbarara that has three districts in the first schedule. Odonga Otto (Aruu) demanded to know the criterion the ministers used to select the districts in the first schedule.

House approves 20 more districts

Parliament yesterday approved the creation of 20 new districts, bringing the total number of districts in the country to 76. The creation of two other districts, Budaka and Tororo was referred to the House's Local Government Committee due to controversies over their headquarters, boundaries and like matters. The new districts include Kiruhura, Ibanda and Isingiro districts out of the present day Mbarara, Kabong out of Kotido, Kaliro out of Kamuli, Koboko out of Arua, Butaleja out of present day Tororo, Nakaseke out of Luweero, Amuria out of Katakwi, Mityana out of Mubende, Manafwa out of Mbale, Amolatar and Bukwo out of Kapchorwa. All become operational effective July 1, 2005. Other districts include Oyam carved out of Apac, Abim out of Kotodo, Busiki out of Iganga, Dokolo out of Lira and Bulisa out of Masindi. Maracha and Terego counties, Kilak and Nwoya counties are also to form two new districts yet to be named. These become operational July 1, 2006. Local Government Minister Tarsis Kabwegyere who tabled the motion for the new districts said the motion was brought under article 179 of the Constitution and was supported by a majority of the members in the House. He said the creation of the districts would cause "effective administration" and "bring services closer to the people." The House first voted on the creation of Ibanda district but later opted to vote enmasse on the rest of the new districts, excluding Tororo and Budaka. One hundred and seventy-five members voted for the motion, none against while one abstained. Lira Municipality MP Cecilia Ogwal and Ben Wacha (Oyam South) later complained that it was evident districts in the north had been put in the category to start off next year while those in the west and south were starting off in the current financial year. Nusura Tiperu (Youth -Northern) commended the House for the creation of Koboko and Busiki districts. She said the approval of the creation of the two districts had honoured the efforts and services of the late former Attorney General Francis Ayume and the late Information Minister Basoga Nsadhu to the country. Okwero Odwong (Woman Kitgum) bitterly complained that the government had failed to create Lamwo district inspite of the area having necessary

conditions. She said if created, Lamwo district would open the area to the Sudan border and enhance peace by denying haven to the rebels. Minister Kabwegyere said consultations over formation of more new districts were going on.

Teachers pay hiked

PRESIDENT Yoweri Museveni (left) has announced an increment of primary school teachers' salary to sh150,000 and promised that the sh200,000 would be realised in the near future. A State House statement said Museveni met the executive members of the National Teachers Union at State House, Nakasero on Tuesday. "A teacher will now earn sh150,000 monthly salary. This is the second increment since the 2004/05 budget was read. Before the 2005/06 budget, teachers were earning sh130,000," the statement said. Primary school teachers protested the sh10,000 increment, which prompted this sh10,000 increase. Museveni told the teachers' leaders that additional adjustments in their salary would be effected in the near future since revenue collections were increasing. "Responding to teachers' complaints of a flat pay irrespective of time of service, the president gave a directive that this should be corrected immediately. He said teachers should be graded and paid accordingly," the statement said. The statement said the teachers' union executive appreciated the increment and promised to work in harmony with the Government to attain better pay. The meeting was attended by education minister Geraldine Bitamazire, labour minister Zoe Bakoku Bakoru, general duties minister Mondo Kagonyera and public service ministry officials.

Jinja farm wins international award

HILLTOP farm, producers of animal feeds, have won this year's International Quality Crown Award (IQCA) in the Gold category. The Jinja-based farm was selected by an international committee of Business Initiative Directions (BID), based on the QC100 criteria. In a May 19 letter to Hilltop general manager Stanley Tumwesigye, BID president and chief executive officer Jose E. Prieto said awards would be presented during the '17th IQCA-BID QC100 convention' on December 2. Prieto said companies from different parts of the world would also receive awards in the Platinum and Diamond categories. The function will be held at the Thistle Tower Hotel in London. He said the promotion was aimed at enhancing competitiveness.

Museveni advises on investment

PRESIDENT Yoweri Museveni has said Ugandans have remained in a vicious cycle of poverty because they lack knowledge on investment. "What is lacking here is not money but the knowledge to make it. Madhvani came to Uganda as a servant but because he had the knowledge to invest, he amassed wealth and is now employing thousands of Ugandans. Where else do you think he gets the money other than from this country? This is an area in which as leaders, we have to assist our people," Museveni said. He was on Monday addressing a rally at Kamuli Boma grounds soon after launching the first e-school at Bugulumbya secondary school. Uganda is the first beneficiary of the New Partnership for Africa's Development's (NEPAD) e-school initiative. Museveni, who earlier said the e-school initiative was to provide African schools with easier access to information and technology, appealed to Ugandans to desist from traditional agricultural practices if they were to get more income from the sector. "You should engage in profitable income-generating activities but at the same time check on your expenditure. Our people don't know income and expenditure," he said.

Kasese imports sh54b fish a year

KASESE district imports fish worth over sh54b annually yet most people there live below the poverty line, the district planner, Charles Mugisa, has said. He said each person lives on less than a dollar (sh1,700) a day, which is far below the international standard of a dollar a day. Mugisa said the district produces 27,000 metric tons (27m kg) of fish but consumes double this amount. He said though the area was famous for maize growing, the average yield per acre each season of three months was merely 26,000kg. Mugisa was presenting a paper on poverty trends in the district at the Rwenzori regional conference on poverty alleviation at Hotel Margherita in Kasese town on Friday. The conference was organised by the Netherlands Development Organisation and the Sustainable Agricultural Trainers Network for stakeholders from Kasese, Bundibugyo, Kamwenge, Kyenjojo and Kamwenge.

Kabale gets sh211m to tarmack 1km-road

The ministry of works has released sh211m for tarmacking of the 1km-Coryndon-Bunigo road that connects Kabale town to the district headquarters. It will be the first tarmacked road to connect the town to the district headquarters. The town clerk, Johnson Munono, thanked the central government for the fund,

saying it was a step ahead in the development of the town. The municipal tender board chaired by Nathan Bisamunyu, approved the contractor on June 24. Munono said M/S Summit Ltd had started work and was expected to complete the road in six months. Several residents praised the government for the project, saying they were about to benefit from their taxes. The road is now closed to allow the constructors do a speedy job.

MPs tour Kinyara Sugar

KINYARA Sugar Works has started packaging one kilogramme packs of sugar, reports James Odomel. "We started producing these packs three weeks ago. We are currently supplying Kampala Supermarkets. We are finalising with others like Uchumi," Jack Mclean, the general manager said last week. This was during a tour by the parliamentary committee on tourism, trade and industry of the Masindi-based plant. Mclean said at the moment, they were producing two tonnes but the capacity could increase if demand picked up. "The market is our determinant. When it shoots up, we shall import the machinery to make sure everybody enjoys the sweetest sugar," he said. Mclean said the state-owned giant sugar company would increase capacity to 93,000 tonnes of sugar per year. The industry state minister, Jennifer Namuyangu, said, "It is focus and vision exhibited by the management and board that is making the company do well."

Contractors told to invest in marble

A Kenyan contractor has advised Ugandan comrades to cooperate and invest in extraction of marble and other valuable building stones in the region. Jayant Paurana, the chairman of the Kenya Association of Building and Civil Engineering Contractors, said during the Uganda National Association of Building and Civil Engineering Contractors meeting at Hotel Africana in Kampala recently.

Graduated tax defaulters to pay

THOSE who had not paid graduated tax before it was scrapped on July 1 will have to pay it. Nebbi district local government is determined to recover unpaid graduated tax assessed in the 2004/2005 financial year. Defaulters are to pay a surcharge of 50% on top of the assessed amount or face arrest. In a statement last week, the chief administrative officer instructed sub-county and parish chiefs to compile a list of defaulters for easy follow up. The statement said operations would start this week. Those who cleared have been directed to move with their tickets. Presenting the budget estimates for the financial year 2005/2006 last month, the district finance secretary, Yotam Agerorwoth, said the district had realised 34% of the expected local revenue, including Graduated Tax as at May 31 in the last fiscal year. The Minister of Finance, Dr. Ezra Suruma, while presenting the national budget in June, announced the suspension of graduated tax. Many districts feared that they would lose the assessed taxes and have a shortfall in local revenue collection. President Yoweri Museveni had earlier promised to scrap the tax, criticising the backward methods of collecting it. He said the system would be strengthened.

July 22, 2005

Political instability holds back savings

Unstable political environments, policy distortions in the economy and a weak financial sector have been major hindrances to domestic savings in Africa. Michael Atingi-Ego, the Bank of Uganda's director of economic research, said most investors prefer to keep their money elsewhere because of the uncertain political environment. "There is no "real" incentive in Africa for people to keep their money in the financial sector, so most people tend to look outside. The political environment has to be predictable for the economic environment to improve," he said. Atingi-Ego was presenting a paper on challenges of enhancing domestic savings in Uganda at the British Council-organised leadership breakfast meeting at the Sheraton Kampala Hotel on Wednesday. He said although the situation is improving due to a stable political climate, there are still huge capital outflows to the rest of the world. "The pool of loanable funds has reduced and domestic investment has been crowded out," Atingi-Ego said. He said political environments determine the amount of savings. "In advanced economies with surpluses, it is okay to have capital outflows because it is the surplus which flows," Atingi-Ego said. He said because of the weak financial sector, many people prefer to keep their money in assets like goats or chicken, rather than save with financial institutions.

World Bank to inject \$38m in tourism development

THE World Bank will spend \$38m (sh66.8b) to develop tourism in 11 districts countrywide. The policy and planning adviser of the World Bank-funded Protected Areas Management and Sustainable Use Project, David Abura-Ogwang, said this at Hotel Margherita in Kasese during a tourism workshop recently. Districts to benefit are Kasese, Kanungu, Kabarole, Mbale, Masindi, Kisoro, Mpigi, Kampala, Kalangala,

Rakai and Jinja. Abura-Ogwang said developing tourism in Kasese and Kabarole would cost \$100,000 (sh176m). Planning involves identifying existing and potential tourism sites and facilities and choosing two major projects, which will be subjected to feasibility studies to establish their viability for funding. Planning in the 11 districts is expected to be completed by the end of August.

Cotton farmers threaten boycott

COTTON farmers in Kasese have threatened to abandon growing the crop complaining of chicken-feed prices, a research feedback workshop at the Rwenzori International Hotel in Kasese, heard recently. The prices fell from sh600 to sh350 in the last two seasons, forcing farmers to resort to growing maize, groundnuts and other fast-cash fetching crops. A Makerere University lecturer, Dr Nicodemus Rudaheranwa, conducted the research initiated by Kasese District Development Network, on the status of cotton in the district. Farmers' representatives reported that unlike other seasons when farmers ploughed fields in June and July, the gardens were still under bush. Rudaheranwa said farmers had faced price fluctuations for some time but could not air their frustration. He said high costs of inputs like land and tractor hire had become expensive for the farmers. The report criticised the Government for lack of a strong policy on cotton trade. It recommends affordable rural micro-finance schemes and a more concentrated effort to enhance production.

HP Invent, NEPAD in e-school

HP Invent and NEPAD e-Africa Commission have launched the first NEPAD e-school at Bugulumbya Secondary School in Kamuli district. The programme aims at rolling out sustainable information and communication technology solutions for education across the continent. Speaking during the launch on Wednesday, the technical services group general manager for HP Africa, Rainer Koc, said, "The e-programme allows stimulation of growth in the local ICT economy, provides business with a way of reinvesting in the communities in which they serve and allows for extensive involvement of the local business." Koch said the approach of encouraging in-country economic growth and skills transfer is synonymous with HP's interactions across the world. HP first announced the launch plans for Bugulumbya e-school in June 2005 at the World Economic Forum Africa Summit in Cape Town. This was followed by the signing of a Memorandum of Understanding between HP, NEPAD e-school Commission and the Uganda Government on July, 1. The programme aims to transform all African secondary schools into e-schools within five years of implementation and all primary schools within 10 years of implementation. More than 600,000 schools across the continent will enjoy the benefits of ICT and connectivity to the NEPAD e-schools network upon completion of the project.

Mukono receives sh300m for roads

MUKONO district recently received sh300m from DANIDA to construct Nakifuma, Nabaale, Bugereka, Kayaro and Lwajali roads in Nakifuma and Nabaale sub-counties. The district secretary for works and technical services, Keefa Sengendo Kaweesa, said this while addressing journalists at his office on Wednesday. "We DANIDA which has provided us with sh300m for the roads. This will boost our people because they have been complaining about the impassable roads hence hindering trade," he said. He thanked President Yoweri Museveni for fulfilling the pledge he made in 2002 when he pledged to construct the roads from Kisoga-Nkokonjeru and Nagunga-Kiyindi landing site.

July 23, 2005

UN adviser calls for more aid

A UN adviser on Millennium Development Goals has called for a "big push" increase in aid to Uganda to boost capacity for economic stability and catapult it out of dependency. Dr. Jeffery Sachs, the Special Adviser to UN Secretary General Kofi Annan, said Uganda needs a big push to cater for universal education, universal health and increase production and then stop aid. "Rather than reducing dependency, they (donors) should be helping the developing countries more so they can get over the bump, so they can address the problem of farm producers who are not good enough," Sachs (right) said.

Suruma writes to IMF over URA recruitment

FINANCE minister, Dr Ezra Suruma, has assured the International Monetary Fund (IMF) that the ongoing recruitment at the Uganda Revenue Authority (URA) is transparent. "The Government has made progress in implementing the IMF's technical assistance recommendations on URA's modernisation and reform," Suruma said in a letter of intent to the IMF's managing director, Rodrigo de Rato, recently. "A reorganisation of URA, which is in line with the programme, has been approved. A commissioner general

has been appointed and new management put in place. Positions are being rationalised with all appointments being transparently refilled, an exercise due to be completed by July 2005,” Suruma said. The letter of intent describes the policies Uganda intends to implement in the context of its request for financial support from the international institution. Suruma said an important milestone at URA had been the relaunching of a unified Large Taxpayer Unit across the value added and income taxes. He said all the reforms had already boosted the 2004/05 revenues. The minister said the remaining challenge was to maximise the impact of the new URA organisational structure and changes in line with IMF’s technical assistance. He said that would be done by strengthening the Information Technology (IT) strategy through tendering an IT system to the Domestic Tax Department and computerising customs.

Mbarara milk prices rise 68%

Mbarara milk prices have increased as the dry season intensifies with the cost of a litre rising to sh500 from sh300, an increase of 68%. Asaph Nagaba, who owns a cooler at Fresh Milk Suppliers on Bulemba Road in Mbarara town, said the increase was due to the dry season and rise in the farm gate price. “I buy a litre from the farmers at sh400 instead of the usual sh200, so I had to increase the price,” Nagaba said. He said he used to get 700 litres of milk daily, but now they are 300. However, the chairman of Mbarara Dairy Company, Elly Kalegira, said Dairy Corporation had refused to increase the price per litre despite the dry season and a fall in milk supply. “We are pressing and have written to Dairy Corporation and the Dairy Development Authority to increase the price but they are not responding. Farmers have resorted to selling their milk to private companies because of the fair price they offer,” Kalegira said. He said Dairy Corporation was paying collecting firms sh216 per litre.

Aichi expo reaps 100 coffee tonnes export deal

UGANDA will supply 100 tonnes of coffee to two companies in Japan following the signing of a contract at the ongoing world trade exposition Aichi, Japan, an official of the Uganda Export Promotions Board, Augustus Mutooro, has said. Mutooro said on Wednesday that the company marketing Uganda’s coffee is Katsuhara Coffee Group of Nagoya, which specialises in Arabica coffee. The firm serves the coffee in more than 12 coffee shops in Nagoya. A 200g packet of coffee costs 600 Japanese yen (\$6). Uganda’s barkcloth is also a major attraction at the exposition, which started in March and will end in September. “Barkcloth products have sold much because most of the visitors to our pavillion wonder how can you make a cloth from a tree,” Mutooro said. An exhibitor said viewers like products from barkcloth especially the lubugo hats, photo frames and handbags.

Datamine, Microsoft seal deal

Microsoft Corporation, a renown US computer company, will facilitate establishment of an information and communication technology (ICT) centre at Datamine Technical Business School in Kampala. The ICT centre will be a transfer centre to schools, the private sector, non-governmental organisations (NGO), local governments and higher institutions of learning. The move follows signing of a partnership between Datamine, Microsoft Corporation and Computers for Uganda, an NGO. Speaking at the signing of the partnership at JOJOS Ark in Ntinda, Kampala, recently, Fredrik Winsnes, the head of the Microsoft team, said, “Computer training will create jobs for Ugandans and a link with the developed world. Once an ICT centre is in place, Datamine will play a leading role in dissemination of ICT skills in Uganda and East Africa.”

Only 1.2 million Ugandans have bank accounts

Out of 26 million people, only 1.2 million have bank accounts, making Uganda one of the least banked countries in sub-Saharan Africa, a Bank of Uganda (BOU) official has said. Elliot Mwebya, the director of the National Payment Systems Secretariat, said low bank account holding hinders utilisation of efficient and electronic payment systems like the Direct Debit facility. “Due to few account holders, it is a challenge for the Direct Debit facility because you need an account to use it,” Mwebya said. He said this at Citibank’s launch of the Direct Debit facility at Sheraton Kampala Hotel on Wednesday. “BOU and Uganda Bankers Association implemented the Electronic Fund Transfer scheme with Direct Debit functionality in August 2003, but since then, no other bank has aggressively utilised it except Citibank,” Mwebya said. He said Direct Debits are very useful for payment of utilities and other services like insurance. Kioko Musyimi, Citigroup’s East Africa cash management head, said the Direct Debit would be offered through an electronic online banking platform, CitiDirect Online Banking.

July 25, 2005

Sh1 trillion projects licensed

UGANDA Investment Authority (UIA) has licensed 210 projects worth \$675m (sh1.18 trillion) in the last financial year, a report issued on Friday has said. "We had set a target of licensing projects worth \$345m, but we have exceeded it by \$182m. Most of the investors are setting up the businesses now," UIA's executive director Dr Maggie Kigozi said. Ugandans are the leading investors with projects worth \$492m followed by Indians with \$66m, while UK investors have projects worth \$28m. China is fourth with projects worth \$21m, Kenyans are fifth with \$14m followed by Korea with \$13m. Austria has projects worth \$131,000, British Virgin Islands \$750,000, Canada \$4.3m, Denmark \$1m, DR Congo \$703,000, Egypt \$2m, France \$493,000 while Germans have projects worth \$3.1m. Water and energy are the leading sectors with six projects worth \$298m. They are expected to employ 2,584 people. Manufacturing has 70 projects worth \$116m with a plan to employ 4,552 people. It is followed by agriculture, forestry and fishing with 54 projects.

Central bank warns MFIs on deposit-taking

BANK of Uganda (BOU) has warned unlicensed Micro Finance Institutions (MFIs) against taking deposits, saying action would be taken against those who do not comply with the law, top officials have said. Agnes Kanya, the deputy director of Non-Banking Financial Institutions Department, said a survey will be carried out to ascertain MFIs that are not complying with the law. "There are about 1,500 MFIs all over the country. "BOU will undertake a countrywide survey and appropriate action will be taken against those found still taking deposits," she said. Kanya was addressing journalists during a monthly press briefing at BOU offices on Friday. She said unlicensed MFIs can continue operating but should have ceased accepting deposits from the public by July 1. They should have also stopped intermediating compulsory savings or loan insurance funds. Kanya said the central bank had licensed only three Micro Finance Deposit-Taking-Institutions (MDIs), which include Pride Microfinance, Finca and Uganda Microfinance, while it is processing a licence for Uganda Finance Trust. David Kalyango, the assistant director of accounts, said not all MFIs are licensed by the central bank. "Not all MFIs are licensed by BOU but only those taking deposits from the public. "The categories of licensees permitted include the 15 commercial banks, seven credit institutions and the three MDIs," Kalyango said. He said categories like circles are regulated under the trade ministry. Kalyango said they should not accept money from the public but particular group members. The central bank has been encouraging all MFIs to apply for MDIs licences.

Museveni to launch kyeyo law

PRESIDENT Yoweri Museveni will on August 5 launch the new rules and regulations that legalise and govern the employment of Ugandan migrant worker, the gender, labour and social development minister, said last week. Zoe Bakoko Bakoru, said in an interview at her office, the launch would be held at Munyonyo in Kampala. She said after the launch, local and international employment agencies would export labour in a formalised procedure after securing licenses from the Government. "This is one of the Government's strategies to fight unemployment among Ugandans who can work in any part of the world," Bakoru said. Bakoru's ministry through its subsidiary body, the External Employment Unit (EEU), which is charged with externalisation of Uganda's labour would issue guidelines for the private employment agencies that want to join labour export business. "This ministry is going to be responsible for policy matters, licensing of private agencies, supervision and monitoring of their offices and activities. "Labour export is very sensitive, so we want to reduce the level at which willing citizens might be cheated or trafficked illegally to various countries. So the EEU will execute the necessary obligations to ensure that externalisation of our labour does not get setbacks," she said. The new law provides for the licensing of the recruitment agencies, inspection of the agencies, fees payable for operation, advertisement of jobs, accreditation of the agencies, documentary processing, recruitment and placement of labour, employment standards and miscellaneous matters. that cater for insurance covers of migrant workers, offenses and penalties and foreign exchange remittances. Bakoru said Ugandan embassies and foreign missions are also going to be instrumental in sourcing for employment opportunities in different countries. She said the Government targets having its citizens get employed outside before the end of the year.

Hoteliers ask govt for support

HOTELIERS have called for more support from the finance and trade ministries ahead of the Commonwealth Conference in 2007. The Uganda Hotel Owners Association chairman, Bulaimu Muwanga Kibirige (BMK), said, "There has been lack of cooperation and failure by these ministries to fulfil some promises ahead of the Commonwealth Conference." Kibirige said this during a press conference at Mosa

Courts in Kampala recently. He said the hoteliers had borrowed a lot of money to expand, but are worried about sustainability of the facilities after the Commonwealth Conference. "Many hoteliers have borrowed huge sums of money to expand their hotels to be able to host the 3,000 plus Common Wealth delegates who are expected," Kibirige said. He said the Government should support hoteliers as they prepare for the conference because the facilities set up for the conference are permanent and would continue employing many Ugandans.

Pan-Afric installs \$2m bakery

PAN- Afric Commodities, a leading wheat processor, has installed a new machinery at their Kawempe plant in Kampala worth \$2m. Pan-Afric is a subsidiary of AYA Group of Companies. The Group chairman, Mohamed Mohamed Hamid, conducted the press on a familiarisation tour of the factory on Friday. He said the installation of the hi-tech machinery was in line the Group's expansion strategy, aimed at increasing production. Hamid said the machinery would serve as an ultra -modern bakery used in the production of quality bread and other related products. "We are embarking on a vertical integration of our plant with this new expansion programme. We are looking at producing quality bread as well as other related products with a minimum shelf-life of at least 30 days. This is the first of its kind in the region," Hamid said. He said the new bakery will produce 1,000 loaves of bread per hour and at least 52,000 loaves a day. "We also hope to create some 100 new jobs directly and indirectly with this new development," Hamid said. Pan Afric Commodities was incorporated in 1997 with an initial investment of \$7m. It has now grown to become one of the leading wheat processing plants in Uganda with an investment of \$24m. It employs 300 people.

UN tips on development

UGANDA is off-track when it comes to achieving Millennium Development Goals (MDG), a special adviser to the UN Secretary General Kofi Annan, Prof. Jeffrey Sachs, said on Friday. "The idea of MDG is not to stay on constant levels as it is in Uganda. There are serious un-met challenges," Sachs, who is also the director of the UN Millennium Project, said. Sachs told journalists at the UN Development Programme (UNDP) head office in Kampala that maternal mortality was not reducing adequately. He named Uganda's unmet challenges under MDG as child survival, malaria control, poverty caused by conflict, AIDS control, small-hold farmers and infrastructure. The UN adviser called for 100% debt cancellation in Africa and for more aid. He, however, added that aid must be channelled into real investment. "Aid should be given according to specific understanding so as to achieve investment projects like increase in bed net distribution, seed supply and ARVs provision. There should be some conditions. If aid is given without restrictions, it won't do the work," he said. Sachs called for the improvement of the Kampala-Mombasa road and railway line, saying they were vital in improving business in Kampala. "The Kampala-Mombasa road is in bad shape. It is full of potholes. It needs to be widened and improved to reduce transport costs," he said. He also noted that there was serious depletion of fertility in Africa's soil.

PTA Bank profits up by 50%

THE PTA Bank's profits increased by 50% in 2004 to \$2.7m, up from \$1.8m in 2003, a senior official said last week. "The bank's total lending volumes increased by 74% in the past year, with project finance approvals reaching \$92m, compared to \$55m in 2003," Michael Gondwe, the bank's president, said in a statement issued at the opening of the bank's annual general meeting in Lusaka, Zambia recently. He said trade finance also posted very good growth, with disbursements reaching a record \$153m, up from \$85m in 2003. A financial institution of the Common Market for Eastern and Southern Africa, the PTA Bank promotes members' economic development via project finance.

Barclays Bank pledges more support to SMEs

BARCLAYS Bank will help Small and Medium Enterprises (SMEs) become efficient and create more jobs. Vision Reporter, writes that Julius Omoding, Barclay's head of SME banking, said on Thursday, the bank will continue to encourage SMEs network and share best practices with peers and larger organisations within the country and abroad. "We recently took some clients to Dubai, where they were exposed to advanced ways to doing business. They learnt a lot and we are going to continue doing this. We are organising another trip to China before the end of the year," Omoding said at the Business Club cocktail at Hotel Africana in Kampala recently. The cocktail was aimed at getting feedback from the SMEs on the bank's products and to enlighten them on the new initiatives. Nick Mbuvi, Barclays managing director, thanked the members for continued support. He said SMEs play a crucial role in driving economic growth in developed and developing countries.

KCC contracts firm to oversee buildings

FOLLOWING construction-related accidents across the country, a private firm is to monitor the industry in Kampala. The firm, to be hired by Kampala City Council (KCC), will also crack down on illegal buildings. Deputy mayor Dr. Hasib Takuba on Wednesday told journalists at City Hall that several structures in the city were built illegally. He warned city residents against renaming roads, saying road names must be approved by the district council. Takuba said when roads are named illegally, it becomes difficult for KCC to identify areas and service delivery is affected. Takuba said the majority of the illegal structures were in the outskirts of the city. Due to limited staff in the planning department, KCC cannot crack down on all illegal structures, hence the hiring of a private firm, Takuba said. "A lot of buildings, especially in the divisions, are coming up illegally. Buildings are falling and injuring people while others are being built in road reserves," he said. Kampala City secretaries Francis Rwego (finance), Hajji Amis Bireke (works) and Winnie Makumbi (social improvement) attended the press conference.

JICA aids farmers with sh44m machine

THE Japanese Cooperation Agency (JICA) has set up a rice-milling machine worth sh44.3m in Ziobwe sub-county Luwero district. The modern machine was constructed with the help of the locals under a farmers group, Ziobwe Agalya Awamu Agro-Business and Training Association. Janat Mukwaya, the agriculture minister, launched the machine on Friday. She called on the locals to engage in massive production of rice to fight poverty. "Under the Plan for Modernisation of Agriculture, the Government is looking at adding value to products. Now that the machine is located within the vicinity, you should serve the existing local demand," said Mukwaya. The Sasakawa Global 2000 country director, Dr. Michael Foster said machine will increase farmers' incomes.

Uganda to host copyright conference

UGANDA will host the Africa Copyright Conference, an official of the National Library of Uganda has said. "The meeting will discuss emerging copyright regimes, implications to national development and establish the Copyright Forum Agenda to review old copyright laws in Africa especially Uganda," Charles Batambuze, the library project manager, said recently in Kampala. The conference also aims at establishing a network of copyright advocates in education, training, libraries, publishing and creative arts in Africa. Batambuze said some countries don't adequately protect creators of works.

Silk farmers to reap big

MILLIONS of dollars are up for grabs by local farmers growing silk, the agriculture minister, Janat Mukwaya, has said, writes Joel Ogwang. She said, "There is a readily available market in Korea. Farmers need to concentrate on growing silk." Mukwaya, who was meeting Korean delegates, led by the former minister of agriculture, Jin Young, in Kampala, said Ugandan soils and weather are conducive for silk growing. Young hailed the good Korea-Uganda relations, urging the Government to invest in research to develop agriculture.

PU to pay former workers sh4.6b

THE Privatisation Unit (PU) will pay over 1,500 former employees of Uganda Spinning Mills in Lira sh4.6b in terminal benefits by July 22, the PU's spokesman, Jim Mugunga has said. Mugunga said the exercise is the second tranche payment for former workers of the factory, which was closed in 1984. "The former workers will get their cheques after presenting an identity card, appointment letters and introduction letters with a passport photograph from the LC chairman," he said. Mugunga said recently that the PU has promptly paid former workers of most divestitured companies.

25% import duty on used cars begins to bite

THE rise in import tariff on used commercial vehicles from 7% to 25% is killing the sector, dealers said over the weekend. Muhamed Tariq Javaid, the Used Cars Importers Association chairman, and the managing director of COIN, a car depot in Ntinda, told a press conference at his office, since the tariff was effected on February 1, their sales had dropped by 40%. "This has an effect on government revenue. We have appealed to the line ministry on tariff," Javaid said. He said this increase and the 1% rise in Value Added Tax and increase in road license fees, "means importers are not getting profits and government losses a lot of money in taxes because the more we sell, the more the government revenue." COIN imports over 200 vehicles per month. It has does minor repairs.

Mukono University to increase admissions

UGANDA Christian University (UCU) is to increase its admission from last year's 3100 to 3,800 students in the 2005/06 academic year, Prof. Steven Noll, the vice-chancellor, has said. He said the university had invested over sh3.9b in building more lecture rooms, dining halls and residence halls to match the increase, ahead of the September admission. Noll said UCU had been invited to negotiate a US\$450,000 grant with USAID under the American schools and hospitals abroad programmes. He said, "This grant will be used to construct a second residence hall for 180 students." In a statement recently, Noll added "Over 100,000 students are expected to study in universities next year. This is an achievement to celebrate, but enrolment is still far below the world average."

Sh40m given

THE Government has advanced a sh40m bonus to Mukono town council for proper utilisation and accountability of Local Government Development Programme funds in the 2004/05 financial year. Johnson Ssenyonga, the mayor, said the funds would be used for roads, schools and health centres.

July 26, 2005

Export earnings hit \$665m

EXPORT earnings rose to \$665.5m (sh1.1 trillion) in 2004 from \$522.5m (sh966b) in 2003, a Uganda Export Promotions Board report has said. The 2004 annual report said the sector has continuously grown since 2001 and recovered from a record low of about \$401m (sh701b) earnings in 2000. Non-traditional exports' receipts grew from \$321m (sh561b) in 2003 to \$408.5m (sh714b) in 2004. Fish export earnings increased from \$87.4m (sh152b) in 2003 to \$103.3m (sh180b) in 2004. "In 2004, non-traditional exports contributed to 63% of the earnings from 62% in 2003. Traditional exports contributed 37%, a fall from 2003's 39%," the report says. Earnings from cotton grew from \$17.7m (sh30.9b) in 2003 to \$42.7m (sh74.7b) in 2004, coffee's from \$100m (sh175b) in 2003 to \$124m (sh217b) in 2004. Manufactured exports to the East African Community and Common Market for Eastern and Southern Africa also increased. Agriculture contributed 68% to the export earnings, manufacturing 23% and minerals 9%. The growth is due to improved organisation especially in fish and flowers, which enabled exporters respond to market demands and get improved global prices. "Challenges are low-value exports, lack of developed infrastructure and finance, lack of strategic and rapid action in emerging markets and making export trade beneficial to the poor," says the report.

COMESA telecom deal needs US\$272m

THE Common Market for Eastern and Southern Africa (COMESA) needs \$272m (sh476b) to set up a regional terrestrial telecommunications network called COMTEL. COMTEL is aimed at linking national telecommunication operators in the region. "Members' transport and telecommunications ministers are failing to turn their commitments to the project into a reality. Out of the \$272m, \$50m is for telecommunication equipment," Francis Osakonor, the managing director of Anderberg International, said. Osakonor said during an investment conference in Kampala recently that the remaining \$222m is the cost of digging trenches and professional services. He said the budget should be covered by 20 countries. "But the company mandated by COMESA to design and implement the project has received no funds from members. It remains the only party committed to the project and is carrying out the project at its own cost," Osakonor said. "On average, each country will contribute about \$2.5m (sh4.3b), but such a project has never been carried out. There is no blue print of how to design, fund, implement and manage such a network," he said in a report.

Safi makers to install multi-billion packaging materials plant

HOUSE of Eden, the producers of Safi fruit drinks and Azur mineral water, are to launch a multi-billion thermo-forming plant in Jinja, writes James Odomel. Thermo-forming is a manufacturing process used to make specific packaging materials. The company's sales and distribution manager, David Mutebi, said this at an interview at Industrial Area in Kampala recently. "The establishment will solve the problem of importing packaging materials," he said. Mutebi said the plant, which would be the first of its kind in Uganda to produce polystyrene and cup packaging materials, is almost ready. He said after meeting the company demand, they would sell the packaging materials to users of thermo-formed items, who pack dairy and juice products. Mutebi said, "Packaging requirements of flower and vegetable exporters will be met."

Coffee farmers to use receipts as collateral

COFFEE farmers can now use their produce as collateral following the launch of the warehouse system. The depositor to obtain credit from banks or solicit better markets for the commodity can use the warehouse receipt as collateral. A maiden auction of five tonnes of Robusta coffee deposited by Ruhinda Area Cooperative Enterprise in Bushenyi was recently offered to coffee exporters at the Uganda Agricultural Commodity Exchange on Nkurumah Road in Kampala. The auction, which aims at getting the depositors best prices, will improve coffee marketing and integrate marketing systems. It will create regulated warehousing where farmers can deposit their coffee, and also create legalised warehouse receipts and market information systems that will reach farmers and farmer groups through enhanced quality control and monitoring, and reliable insurance for efficient marketing. "The auction will provide a platform where quality coffee will be deposited at certified warehouses. Warehouse receipts will be issued and the coffee traded openly," F.E Mwesigye, the project coordinator, said recently. The receipt system is implemented by the tourism ministry.

VP tips Kalangala

THE Vice-President, Prof Gilbert Bukenya, has said private Foreign Direct Investments (FDIs) can solve the unemployment and industrialisation needs of the country. Bukenya, who was visiting BIDCO Oil Palm Project in Kalangala recently said such ventures would provide jobs, construct schools and health centres, exploit cheaper power sources and develop the community the medium and long terms, a statement issued by his press unit said. BIDCO is a multi-billion dollar investment on 10,000 hectares of which 726 have been planted with palm oil trees. It employs 350 people. Its long-term objective is to produce 130 tonnes of oil for local consumption and export. It will also generate two mega watts of thermal power and construct schools, hospitals and feeder road networks. The VP advised the area leadership not to waste time seeking government's intervention for power but work with BIDCO management. which is set to produce power for three quarters of the district and use the budgeted funds on other development programmes. Prof. Bukenya cautioned the people against frustrating the initiatives of the company, which he described as a "gold mine" not only to Kalangala but also to the country in general. BIDCO managing director, Kodey Rao said they had already built a processing plant in Jinja for Sunflower and oil palm.

Poor contractors rile health chief

THE acting director general of health services, Dr. Sam Zaramba, has expressed disappointment over substandard work done by companies contracted to build health centres. "We have been disappointed by shoddy work on health centres. This could be due to political interference or unqualified contractors, but it must stop," he said. Zaramba was speaking at the closure of a two-day review workshop on Support to the Health Sector Strategic Plan project at the Crested Crane Hotel in Jinja on Friday, where he represented the primary healthcare state minister, Dr. Alex Kamugisha.

Licences top KCC revenue

TRADING licences were the biggest contributor to Kampala City Council's (KCC) local revenue in the 2004/05 financial year, raking in sh3.53b. The city secretary for finance, Francis Rwego, said KCC expects to collect sh4.6b from licences this year. "Council will propose new licence categories in agreement with the trade ministry. The increase ranges between 8% and 10% depending on the inflationary trends in the country," Rwego said in the 2005/06 budget document recently. He said collection of licence fees using the private sector and improved contract management would increase compliance. The second biggest performing source was graduated tax with sh3.16b. Rwego said car parks, which include special hires and taxis under the Uganda Taxi Operators and Drivers Association, contributed sh3.14b followed by property rates with sh2.98b. Rwego said contracts for car parks have been repackaged. The Central Division contributed over sh1.93b to the trading licence dues, while Makindye's was over sh309m and Rubaga over sh433m.

'Kisoro district promoting shoddy work'

THE Kisoro district tender board has been accused of promoting corruption in the district by conniving with poor contractors, reports Ignatius Bahizi. The district chairman, Dr. Philemon Mateke, told the press at his office on Thursday that the council had recommended that NIYO Construction Company be blacklisted for persistently doing shoddy work. He was responding to complaints from local government ministry officials that some projects under the Area Based Agricultural Modernisation Programme (AAMP) were poorly done. Benjamin Kumumanya said work on the two AAMP markets being constructed by NIYO was shoddy.

'Illiteracy bars development'

EDUCATION minister namirembe Bitamazire has decried the high illiteracy rate in Uganda, saying it has hindered the public to keep abreast with the on-going developmental programmes. Bitamazire said HIV/AIDS had greatly affected Ugandans, among them teachers who would help to reduce on the high illiteracy rate. She said this on Friday at Lugogo while flagging off 12 members of the Uganda Bikers Association (UBA). The bikers, six of them Ugandans, are to ride 2,000km for three days to Rwanda to raise funds for HIV/AIDS victims. Other riders are from Italy, South Africa, USA and Britain. "People must be sensitised on developmental programmes but the problem is that many are illiterate. That is why the government has invested in the education sector," he said. UBA president Banni Rennerbaum hailed organisations and individuals for supporting the association.

WB funds

The World Bank increased financial support to developing countries during the year ending June 2005, with \$22.3b disbursed for the 279 projects worldwide, financial results released recently have shown. The bank reported that lending reflected the varying demands and needs of borrowing countries.

LRA conflict

Rehabilitation and elevating the northern region to a national level of development will cost the Government trillions, a policy analyst at the Poverty and Monitoring Unit at the finance ministry said recently. Rosette Nabbumba said 63% of the region's population below the poverty line.

\$6.2m project

The finance ministry will spend \$6.2m to install Financial Integrated Management System (IFMS) in 22 districts. IFMS is an IT-based budgeting and accounting system being implemented by the Government. It is funded by the World Bank. The system integrated in six modules, simplifies accounting processes.

Investors call

Italian investors in the leather sector want the Government to implement the 20% levy on hides and skins to create a level playing field. They expressed concern over the implementation of the 20% levy on exports of raw hides and skins, saying Uganda Revenue Authority must ensure the tax is levied to stop smuggling.

Farmers' deal

MUKONO – Mukono district council has received sh300m from DANIDA to construct 15 kilometres of roads. "We thank DANIDA for providing us with sh300m to construct roads. This will be a big economic boost to the district," the secretary for works and technical services, Keefa Kaweesa, told a press conference last week. He said the first phase of construction would cost sh150m.

July 27, 2005

Bugisu Coop Union lays off 70 workers

BUGISU Cooperative Union (BCU) has laid off more than 70 workers from its coffee factory to pave way for a Swiss firm to take over management and processing of coffee at the mill. The board chairman, Stephen Wakyaya, said recently that the workers had become redundant after the union rented the factory to M/s Jobbing Properties Limited in a \$1.6m (about sh2.8b) debt repayment scheme. "They were redundant and had turned to stealing the few bags of coffee in the factory. It was a burden to continue with them," Wakyaya said. He said 15 bags of high-grade coffee were stolen from the warehouse shortly after the union had resolved to rent out the factory to the Swiss firm for 10 years. Wakyaya said BCU would borrow money to pay terminal benefits of the laid off workers. He said about 10 people would be recruited to look after BCU's interests at the factory when the Swiss firm takes over. At a special meeting recently, the union surrendered one of its prime assets, Mt Elgon Hotel, to the Swiss firm to offset the debt. BCU secured the debt to pay for a loan owed to the former Uganda Commercial Bank and Uganda Development Bank. At the meeting, BCU also agreed to a proposal by the Swiss firm to rent the coffee factory for 10 years to offset the loan.

200 SMEs take part in technology exhibition

OVER 200 small and medium enterprises (SMEs) are participating in a technology exhibition at the Uganda Manufacturers Association show grounds in Lugogo, writes Peter Kaujju. "The exhibition is an opportunity for SMEs to showcase their technology and share information. It is also part of celebrations to mark 10 years of Gatsby in Uganda," Robert Semukaaya, the innovations manager of Uganda Gatsby

Trust's (UGT) small enterprises project, said. UGT, a non-governmental organisation, which helps develop technology of small enterprises in Uganda organised the week-long exhibition. Irene Ntanda, the project manager of Urban Livelihood project of Living Earth Uganda, said the exhibition was an opportunity for participants to share information and innovate further.

Commercial teak growing to kick off

RESIDENTS in the vicinity of Ozubu Forest Reserve in West Nile should brace themselves for better times if commercial planting of the teak tree starts. Speaking during an interview on Monday in Kampala, Gaster Kiyingi, the spokesman of the National Forestry Authority (NFA), said teak makes valuable timber, but has not been widely planted in northern Uganda where it can thrive. Kiyingi said a cubic metre of teak costs \$190 (sh336,300) in Sudan, \$250 (sh442,500) in Kampala and \$340 (sh601,800) in India and Europe where it is exported as round wood. He said NFA would establish a nursery of 500,000 teak seedlings out of which 400,000 trees would be planted. The remaining 100,000 would be sold.

Entebbe to get sh6b solar plant

SOLAR Energy for Africa, a US non-governmental organisation, is to establish a \$3.4m (about sh6b) solar assembling plant in Entebbe municipality. John Ssemanda, the president of Solar Energy Uganda, said on Saturday that the ground-breaking would be in two weeks. Claude Associate Constructors will handle the project, which will assemble solar panels, controller gadgets, invertors, lanterns and water heaters. Ssemanda, a Ugandan living in the US, was speaking at the installation of two solar power systems worth \$1,200 (about sh2.12m) at Kashare Health Centre III in Mbarara. He said they have done 100 solar light installations in schools and health centres in Tanzania worth over sh309.7m. Another solar project of 100 solar light installations will be launched in Rwanda today. "The beneficiaries of solar light pay 50% of the costs in 12 months," Ssemanda said. The 53-man team headed by the retired Bishop of Pittsburgh Diocese in Pennsylvania, Alden Hathaway, is targeting 100,000 homes in rural Uganda within five years under the theme "Let there be light."

ICT network group registers to become limited company

THE Information Network (I-Network) has become a limited company, writes Davis Weddi. Previously, it was a network of individuals and organisations, who shared knowledge on Information and Communications Technology (ICTs). The Netherlands-based International Institute of Communication for Development (IICD) has remained the major financier of I-Network. IICD's country programme chief, Nathan Ducastel, who was in the country recently, said previous executives (coordinators) of I-Network would do the same work in the new company. The coordinators are Dr Johnson Nkuuhe (MP), engineer Elisha Wasukira (Rank Consult) and Vincent Waiswa of CIPESA and AITEC.

Uganda's tea value drops as competition stiffens at auction

THE value of Uganda's tea has fallen at the Mombasa Auction Market to \$1.09 per kilogramme compared to last year's \$1.34 per kilo, a Uganda Tea Association (UTA) official said recently, reports, David Muwanga. "Uganda's position in tea export is being threatened by the increasing volumes of tea at the auction market in Mombasa," Isaac Munabi, the UTA executive secretary, said in an interview. He said countries were producing more while new entrants like Vietnam had increased supply. "There is need for the Government to help local industries become competitive by reducing the cost of doing business," Munabi said. The tea sector was ranked the fourth largest foreign exchange earner during 2004.

URA burns contraband cigarettes

THE Uganda Revenue Authority (URA) has burnt contraband cigarettes worth sh240m in Jinja. The 437 cartons of mainly Supermatch cigarettes, were impounded by the Special Revenue Protection Service (SRPS) between the 2003/2004 and 2004/5 financial years. Enock Walugembe, the assistant commissioner in charge of enforcement, told journalists at the Bank of Uganda Jinja currency centre on Friday that 99.6% of the cigarettes was Supermatch smuggled from Kenya, while other brands like Stella, Mpala, Sportsman, Sweet Menthol, Boss and Marlboro, were from the DR Congo and Kenya. He said URA was committed to fighting illicit trade. He appealed to smugglers to stop the business and warned the public against buying cigarettes that do not have tax stamps. Most of the packets of cigarettes burnt in an incinerator at Kirinya prison did not have tax stamps. Walugembe asked the public to cooperate with URA by giving it reliable information that would lead to a successful war against the vice. Lt. Bahoku Barigye, the SRPS spokesman, said in the period covered, about 21 vehicles were involved in ferrying contraband impounded.

Fraud hits education sector, says judge

DEPUTY Chief Justice Laetitia Kikonyogo has condemned the rampant examination malpractices in higher institutions of learning. She said corruption was becoming rampant in the education sector. "Tendencies of cheating exams are on the increase. As a result some teachers do not teach, which is a serious offence," she said. Kikonyogo said this at a swearing-in ceremony of three members of the Education Service Commission at the High Court on Friday. Sunday Vision recently published a story of an under-cover reporter sat for exams at Makerere University without a valid identification card.

Jua Kali fund

Small-scale manufacturers, the Jua Kalis, should form associations to benefit from the sh2b Government fund. F.K. Rwashana, the chairman of the Uganda-Chapter for the Confederation of Informal Sector Organisation, a regional body, said the stakeholders needed to register with their associations.

Trade deficit

Uganda recorded the highest trade deficit in 2003 of \$841m, a report by the Uganda Bureau of Statistics has indicated. "The economy has continued to experience unfavourable trade balance throughout the five years to 2003," says a 2004 statistical abstract report.

Import duty

The implementation of the common external tariff has led to an increase in the prices of sugar and rice, the spokesman of the Kampala City Traders Association, Issa Sekitto, said on Monday. Sekitto told reporters that the increase in import duty on finished goods from 15% to 25%, was high.

July 28, 2005

What next after MTN, utl duopoly?

The duopoly period, which gave MTN and Uganda telecom (utl) exclusive licences to run as the only national operators ended on Monday. The five-year exclusivity rights offered the duo licences to compete without geographical limitations. They also had the only rights to provide fixed lines, data bases, international gateway connections and Internet connection alongside mobile phone communications. The expiry means the telecommunications industry will be opened to full competition. Celtel, currently providing only mobile phone services, has been anxious about duopoly's expiry. Celtel stands the highest chance of upgrading into a third national operator. Public expectations are high that another mobile operator would be licensed to join the three giants. The expectation is heightened by the belief that more operators will create stiff competition, which would bring down call tariffs, which are currently prohibitive since the increase in excise duty on airtime from 10% to 12%. A source at Uganda Communications Commission (UCC), the regulators, say the industry can absorb more operators. The source said the duopoly licence could not be extended. "Our survey shows that there is room for more operators. Demand for telecom services is still available," the source said. Early last December, UCC held a stakeholders' meeting to discuss the post-MTN and Uganda telecom duopoly era. But the meeting turned out to be a review of the general telecom policy. Little was discussed on the post-duopoly era after the current giants requested for another private meeting with UCC. The public has never known the outcome of that meeting.

Since Monday, all the three giant mobile operators' executives have been engaged in long meetings, probably to make new strategies. Fred Mwale, the UCC corporate affairs officer, said on Tuesday, "UCC is waiting for political direction. It is only the works and communications minister who has a prerogative to make a ruling." John Nasasira, the works minister, said recently at a national ICT symposium in Kampala that conditions for bringing on a new operator from July, 2005, will be based on one who can provide adequate and affordable bandwidth and not one who can simply provide access to telephones like it is the case today. Bandwidth is the amount of data that can be transmitted in a fixed amount of time. According to Research ICT Africa, by the end of 2004, the usage of Internet bandwidth in Uganda was 25Mbps. This is insufficient in mature economies because the 25 Mbps are insufficient for even a single academic institution like Makerere University. "The issue of exclusivity cannot work in such a situation," Nasasira said then. David Turahi, the works assistant commissioner for communication, said on Tuesday, the licensing of the third national operator had been delayed by a telecommunications policy awaiting Cabinet's approval. He said despite the delay, the Government wanted a third national operator. This, he said, would provide small aperture terminals to bridge the coverage gaps left by the giant providers. The third national operator's licence was supposed to have been issued between July, 2005 and June, 2006. However, the existing national operators claim no new entrants can join the industry where 30% of a phone

call goes to tax. They also claim the market is already saturated. MTN sources said the current operators had heavily invested in infrastructure. The source said this would shrug off competition from the new entrants, making their survival tough. Tim Bahrani, the Celtel managing director, said yesterday, "If you associate this with the rigorous obligations in the contracts, I cannot see any large players coming in the future. The return on investment will be minimal." "The end of the duopoly means nothing to us. We are already the third national operator only that the UCC puts some limits on the technology to be used in the communication infrastructure."

Uganda hosts Regional ICT policy body

UGANDA has been chosen to host the Collaboration on International ICT Policy for East and Southern Africa (CIPESA). CIPESA will enhance regional participation in international information and communications technology (ICTs) policy processes. A Cape Town-based bridges.org programme, CIPESA aims at supporting governments and civil society organisations in east and southern Africa participate in international and regional decision-making processes on ICT. "The collaboration will facilitate dialogue and debate among the media and stakeholders. "It will connect diverse initiatives with common goals and build on efforts already underway to bolster momentum around ICT policy-making," Vincent Waiswa, the CIPESA executive director, said in a recent interview. Waiswa who was formerly the executive director AITEC Uganda, said Uganda would be a coordinating centre for all CIPESA's mother organisation, bridges.org's, projects in Africa. "Uganda stands to gain from bridges.org's presence as it will foster real access to ICT by providing information and resources, advising decision-makers and the public on key issues, and supporting grassroots projects, local businesses and e-government efforts," Waiswa said. Bridges.org promotes effective use of ICTs in developing world to reduce poverty and improve people's lives. It deals with ICT policy, technology research and ICT project evaluations.

Tax relief policy to be reviewed

THE Government is to review the policy on tax relief, state minister for housing Captain Francis Babu has said, writes Carol Natukunda. He said the review would benefit NGOs and individuals who contribute positively to the development of the social service sector. Babu said this on Saturday at the opening of the new Out Patients' Complex at Kibuli Muslim Hospital in Kampala. The complex, donated by Haider Somany, has a capacity of handling 200 patients at a go. Prince Kassim Nakibinge, the patron of the complex, had raised concern that fiscal authorities needed review. He said it was double tax if a donor paid a tax on top of what he had already given for the benefit of the community.

Sh2.6b to upgrade western roads

THE Ministry of Works has released sh2.697b to upgrade about 260kms of marrum roads in south-western Uganda. The Mbarara district engineer, Silver Byarugaba, said in an interview on Thursday that the contractors had started upgrading the eight roads. He said the 55km-Mabona-Ngarama-Kasese road of 55km was being maintained at sh462.98m and the work was contracted to MML Construction. Kamuri-Kyangaju-Kyeirumba road, contracted to Aquifer International, would take sh250.5m, while the 43km Kabagore-Kyegegwa road, contracted to EMTEZ, would cost sh144.25m. He said the 38km Kazo-Rushere road will take sh478.9m. The Kazo-Ibanda road will cost sh687.9m. He said the 35km Nyakaita-Rushere and the 10km Rushere-Rwakitura roads, would cost sh303.58m. The Katerera-Bihanga road will take sh369.6m.

Districts share UWA's sh200m

Bushenyi THE Uganda Wildlife Authority (UWA) has released sh200m to the districts neighbouring Queen Elizabeth Conservation Area. The money is part of sh340m to be passed on to the beneficiary districts as a share of the revenue collected from tourists. Kasese received sh96m, Bushenyi, sh44.2m, Kamwenge, sh32.2m, Rukungiri, sh17.5m and Kanungu, sh10.6m. Handing over the cheques to the chief administrative officers of the districts on Friday, Senior Park Warden Nelson Guma said UWA was committed to uplifting the livelihood of the communities living around the parks. "We are also committed to ensuring that we live in harmony with people in the areas neighbouring protected areas and we shall make sure that we share the devidends," Guma said. "This money must be used for the projects it is released for," he said. The chairperson of the inter-district committee, Enos Kyalisiima, said development would not wait for parishes which do not submit their project proposals in time. "We are aware that there is shoddy work going on where this money goes. But this time we shall strictly monitor the implementation of the second phase," he said. About sh300m was released in the first phase sometime back.

Procurement association in offing

Procurement practitioners are going to form a professional body. The Public Procurement and Disposal of Public Assets Authority (PPDA) has called the practitioners for a meeting at the Grand Imperial Hotel in Kampala on August 13 to start deliberations. This follows the PPDA's initiative to establish certification and an accreditation system during the last sectoral review recently. "A progress report will be made at the next review on the establishment of the association," PPDA's executive director, Edgar Agaba, said. The body will give PPDA momentum to get public acceptance of the importance of the profession.

MUK to hike fees

A JOINT Cabinet and Makerere University committee is working on the new private students' tuition fees structure to be effected next academic year, which opens on August 13. The committee, after meeting President Yoweri Museveni, agreed that the fees should be increased but rejected the University Council's proposal that the fees be increased by over 50%. Vice-Chancellor Prof. Livingstone Luboobi yesterday called an emergency meeting of top administrators to discuss the government position. A top university official said the committee was still debating whether the new fees structure should affect the over 20,000 continuing students or only the 'freshers.' "The question of whether the tuition fees will be increased was settled. What we are now working on is the new structure, which will be slightly lower than what the university council had recommended," the official said. University secretary Sam Akorimo yesterday said the committee was making progress although it was not yet clear whether only the 'freshers' would be subjected to the new fees structure. "I am in a meeting and I cannot discuss the issue further. All I can say is that the committee will soon strike a compromise," he said.

Mbarara varsity to get books from MUK

Makerere University (MUK) Bookshop has won a tender to supply textbooks to Mbarara University of Science and Technology (MUST), writes A. Ahabwe. According to the list of pre-qualified suppliers for 2005/06, MUK will supply the books with Aylesbeare Common Business of Mallory, UK. RAPS, Kazinga Channel, Computer Point and Nile Computers will provide computer services and accessories.

July 29, 2005

Only 6,000 inter-bank cheques cleared daily

ONLY 6,000 inter-bank cheques are cleared daily for a population of 26 million, reflecting an under-developed payment system in the economy, a central bank official has said. Elliot Mwebya, the director of the National Payment System Secretariat, said during a workshop at Sheraton Kampala Hotel that the transactions show a per capita volume of one cheque for every 4,350 persons. "About 6,000 inter-bank cheques are cleared daily against a population of 26 million, giving a per capita volume of one cheque for every 4,350 persons. Swaziland, a small mountainous kingdom, with two million people, clears 10,000 cheques daily," he said recently. Mwebya said a payment systems survey conducted by the central bank shows that cash and cheques are the most widely used payment instruments in the economy. "Excessive reliance on cash and cheques impacts on the security, convenience and efficiency of payment. Cash is a low-value instrument and an indicator of under-developed systems," he said. Mwebya said the same volume of cheques was cleared daily 30 years ago. He said while the central bank had introduced an Electronic Fund Transfer system in August 2003, few banks have marketed the system to their customers.

Bushenyi boosts honey farms

NINE sub-counties in Bushenyi district have received 480 beehives, 48 smokers and 48 huts and vails worth sh19m under the agriculture modernisation programme. The items were given to 48 farming groups. District secretary for production and marketing Enos Kyarisiima handed over the items to the groups on Monday at Nyakabirizi. He said the Government had many programmes to fight poverty but people had failed to maintain them. However, the district agricultural coordinator, David Byamukama, said shortage of bees in the district had disrupted the honey production project. He said farmers had failed to plant flowers and trees to attract bees.

Ugandan traders flock to Dubai

UGANDAN traders are emerging as the newest bulk buyers of consumer goods in Dubai. They go to Dubai daily, looking for lucrative bargains. Hajji Tamale of Taimex Commercial Brokers and a member of the Uganda Business Council in Dubai says there are many attractions to Africans in Dubai. Tamale said some of the attractions are the absence of sales, income and corporate taxes with free local telephones. "Dubai is a shopper's paradise, especially for gold and electronics. It offers maximum value for money," he said.

Rashid Ssemugenyi, a businessman, said he comes to Dubai every month to buy used cars from Awir Used Car Market and Sharjah, the largest market for used cars in the world. "Cars are very cheap. One can buy a Toyota SE 100 for less than \$1,500 (sh2.6m) and sell it back home for \$4,000 (sh7.1m). A Toyota Rav4 which costs \$4,000 can be sold in Uganda for \$7,500 (sh13.3m)," Ssemugenyi said. He said although Uganda's customs duty is high, reasonable profits can be made from sale of the used cars. Margaret Zawedde, who works from William Street in Kampala, visits Dubai once every month to purchase ready-made garments. Zawedde said Deira City Centre is her favourite. "There are designer outlets like Mexx, Debenhams, Laura Ashley and others," she said. Zawedde said the best time to shop is during the annual Dubai Shopping Festival (DSF) in March when the whole city becomes "one big discount alley." She said the raffle draws, with prizes ranging from Lexus cars to a million Dirhams, were another attraction. Her colleague, Saudah Bukirwa, says although much is gained during the DSF, the best discounts are during Ramadhan, the Islamic holy month. However, a muslim trader will not do much during that time.

Train leaders, schools told

THE Masaka Diocese Bishop, John Baptist Kaggwa, has said Uganda lacks good leaders and asked schools to train and shape students to become leaders. "I must say this again. I do not mind being quoted but the fact is that Uganda is lacking good leadership. We have no leaders who can stand by the truth, but those who play on people's minds," he said. Kaggwa was passing out trainees of the St. John's Ambulance Brigade at St. Charles Lwanga Kasasa Secondary School in Bukoto East, Masaka district. The school also marked the Saint's day (Charles Lwanga) with a mass and a parade. The bishop told the students that there were many things that went wrong in the country and asked them to prepare to correct them. He said a good leader must be aggressive, stand and walk by the truth and cause a positive difference in the life of the people. "What we see today are leaders full of lies and playing on people's minds everyday. this is not the future of the country that we look forward to," he said. Kaggwa said apart from academics, the other role of schools was to train students to become good leaders and citizens. "This school's other role is to turn you into law-abiding citizens who will bring justice and peace to society," he said.

URA nets smuggled phones

THE Uganda Revenue Authority (URA) on Wednesday impounded 1,200 new mobile phones worth sh209m and watches worth over sh1.5m. The items belonged to city businesspeople. "Our enforcement team impounded the Akamba Bus registration number KAR558M from Nairobi with smuggled mobile phones and watches. "We have always warned the public against smuggling but some people have continued," said Enock Walugembe, the URA's assistant commissioner in charge of enforcement. Walugembe said the bus had an in-built system designed to allegedly carry smuggled goods. The mobile phones would have attracted a tax of sh55m but the owners will pay a fine of sh104m. The owner of the watches will attract a fine of sh0.5m. Walugembe said URA would punish the bus owner for encouraging smuggling. He said this was the fourth time Akamba buses were impounded with smuggled goods.

Mbarara gets meat plant

MBARARA has got the first meat-processing plant in a pilot project by Uganda Industrial Research Institute. Beefy Products Limited was opened this week by the area MP, John Kigyagi. Kigyagi was accompanied by MPs Bright Rwamirama and Nathan Byanyima. The plant will process 50 kilogrammes of meat daily. It will make Ankole beef sausages, beef and goat barbecue sausages, meat and goat balls and burgers and minced meat. Kigyagi said as a member of Parliament's trade and industry committee, he would support the plant to become a fully-operational factory.

EU gives sh1b to PSFU

THE European Union (EU) has availed sh1b to the Private Sector Foundation (PSFU) to disburse to enterprises this financial year. Siraje Bazibu, the scheme manager, said the funds are aimed at increasing production and enhancing competitiveness of the enterprises. Bazibu said during an interview on Tuesday in Kampala, that the PSFU would distribute the money through its 50% cost-sharing programme, Business Uganda Development Scheme-Enterprise Development Support. He said the funds will go to enterprises and consultants registered in Uganda.

PSFU gets

The Private Sector Foundation Uganda (PSFU) has received a grant of euro 60,000 from Germany. The money will be used to develop local private businesses, Robert Kyukyu, the scheme manager of Business Uganda Development Scheme-Enterprise Development Support, said recently.

Cabinet directed on trade

PRESIDENT Yoweri Museveni has directed Cabinet to implement recommendations made by the presidential investors roundtable team aimed at improving the investment climate. The recommendations were among others on the agriculture, education and information technology sectors.

Total aids northern IDPs

TOTAL Uganda has donated 22 cartons of insecticides to Charity of Peace Foundation to fight malaria at the internally displaced people's camps in northern Uganda. Total's managing director, Wilfred Konde, and the human resource and administration manager, Susan Matovu, handed over the donation to the foundation's chief, Zakariya Kidega, in Industrial Area, Kampala recently.

July 30, 2005

1.7b earned from services sector

US\$1.7B (about sh3 trillion) was earned from the service sector in the last five years, a report from the Uganda Service Exporters Association has revealed. The \$1.7b was in form of an average of \$118m (sh209b) from Foreign Direct Investments annually. "Balance of Payment accounts over the last five years show that Uganda's service exports grew from \$203m (sh360b) in 1999/2000 to \$331m (sh587b) in 2003/2004. In 2004/2005, the service sector accounted for over 43.3% of the Gross National Product. It is projected to continue growing by 6.8% annually," Walusimbi Mpanga, the chairman of Uganda Securities Exchange, said during an interview at the Grand Imperial Hotel in Kampala recently. He said Uganda's earnings from the service sector were small compared to global trade, where the sector accounts for 20% of world trade. "Service exports account for about \$1 trillion, representing 20% of the world's exports," Walusimbi said. In 2003, international trade in services increased by 12% annually, accounting for about two-thirds of the world's economic activities. He said 1.7 billion jobs were created by the sector's projects licensed from 1991 to 2005. Walusimbi said the sector employs over 30% of the world's workers.

UIA projects to create 6,000 jobs

UGANDA Investment Authority (UIA) has licensed 61 projects in the second quarter of this year. The projects are expected to create 6,383 jobs, a UIA quarterly report released on Tuesday said. "In the second quarter starting April to June, we licensed 61 projects worth \$136.6m (sh242b). These should create 6,383 jobs," Dr Maggie Kigozi (right), the UIA's executive director said. She said agriculture, forestry and fishing sectors had 16 projects worth \$28.9m (sh51b). These should employ 1,757 people. The transport, communication and storage projects worth \$55m (sh59b) will employ 1,141 people. Six companies were licensed in the construction sector.

Celtel, MTN, uganda telecom invest sh525b in ICTs

CELTEL, MTN and uganda telecom have invested \$300m (about sh525b) in the development of information and communications technology (ICTs) sector, a top official said on Monday. "The sh525b was to meet the requirements of their over one million clients," Godfrey Kibuuka, the works, housing and communications director, said. He said Stanbic Bank had also invested \$10m (sh17.7b) to meet the demands of over 500,000 clients. Kibuuka was presenting a progress report compiled by the ICT working group of the Presidential Investors Roundtable Team (PRIT) at a seminar at the Sheraton Kampala Hotel. PRIT was set up by President Yoweri Museveni (left) to identify problems and find solutions to hindrances to investment in Uganda. "If we undertook a cost-benefit analysis of utilising ICTs in development programmes, we would find that they are very important in the development of any country. But Uganda's is slow progress," Kibuuka said. In the sector, Uganda has been rapidly outpaced in economic development by Ethiopia, Mozambique and Senegal," Kibuuka said. PRIT recommended Museveni to become the patron and champion of ICT development in Uganda.

Kasese coffee in UK shops

THE first ever Arabica coffee from Kasese has been launched in 140 UK supermarkets, causing a huge appetite for the product, Mathias Nabutele, Rwenzori Finest Coffee Company said on Tuesday. He said the launch had created a golden chance for Kasese coffee farmers. Nabutele said farmers will initially be paid sh2,800 per kilogramme, up from the open market's sh1,600. The company buys pulped dry coffee from farmers and sends it to South Africa for processing for sale to various countries. Nabutele said regional coffee shops would be established in Sudan, Tanzania, Kenya, Egypt and South Africa to market coffee from the district. He said the company was targeting 500 tonnes of coffee worth shs1.5b. "Consumers will

be able to go to these coffee shops and taste the aromatic coffee that you people are growing,” Nabutele said. He was speaking at a coffee demonstration and awareness workshop in Kasese town. According to the company’s June newsletter edition signed by its chairman, Andrew Rugasira, coffee is the most traded commodity in the world after petroleum. Nabutele called on farmers to adopt improved coffee handling methods. The company has mobilised and trained 12,000 farmers’ groups of 50 and given a wet coffee hurler on loan to each group. Nabutele said they were sharing a 50:50 profit with farmers to improve household incomes.

Import duty hikes sugar prices

THE surge in sugar prices is due to the recent increase in excise duty on local sugar, Mayur Madhvani (right), the Kakira Sugar Works managing director, said recently. The Government introduced a sh2, 500 excise duty per 50-kg bag of sugar on top of a 15% Value Added Tax (VAT). This pushed up the factory price for a 50-kg bag before VAT from sh53, 500 to sh56, 000. “This implies that after VAT, each bag goes for sh66, 080 as factory price,” Mayur said. He said middlemen also took advantage of the sugar scarcity in June, the time when Kakira had closed for annual maintenance. In June and first half of July, market prices hit sh78, 000 per 50-kg bag. Mayur was, however, confident that their increased production would see prices come down. “This year, we are targeting an increase in sugar production from 87,000 to 100,000 metric tones,” Mayur said.

Kanyomozi warns on environment

EAST African legislative assembly MP Yona Kanyomozi has warned the three member states against pollution and degradation of the environment as they establish more industries after the East African federation. “We intend to establish more industries under the East African federation but we shouldn’t develop them at the expense of the environment. “Developed countries have degraded their environment in the process of industrialisation. We should not make the same mistake,” he said. Kanyomozi was recently discussing a paper on ‘conceptualising regional integration: the East African community as a case study’ at a one-day consultative meeting on fast-tracking the East African federation at Mbarara catholic social centre in Mbarara town. The meeting, with the theme, ‘Pan Africanism: A strategic national imperative’, was organised by the Pan African movement secretariat and Friedrich Ebert Stiftung. The Pan African chairman, who is also the environment minister, Maj. Gen. Kahinda Otafiire and the Kasese Woman MP, Loice Biira Bwambale, a member of the Pan African parliament, attended. Kanyomozi said they had started a programme of carbon trading, whereby people plant trees that reduce carbon emissions to control environmental degradation. He said those involved in carbon trading were supposed to be paid by developed countries like the US. On reports that he intended to stand for the presidency on the Uganda People’s Congress ticket next year, Kanyomozi said, “The delegates’ conference selects a candidate. If selected, I am willing to stand, but I wouldn’t exceed the constitutional presidential term limits.”

Traders to sue govt

RICE importers have threatened to sue the Government over what they call double standards in the implementation of the Common External Tariff. “We have evidence that the import duty imposed on Pakistan rice in Kenya is 35%, Tanzania and Zanzibar are at 25%, yet in Uganda the duty is 75%, Issa Ssekito, the Kampala City Traders’ Association spokesman told a press conference in Kampala this week. Pakistan is one of the countries that exports rice to Uganda and other East African states. Ssekito said the 75% import duty had impacted negatively on importers. He said this had encouraged smuggling by unscrupulous traders. “It is sad that despite the various petitions the Government has done nothing,” Ssekito said. He said much as the Government was promoting upland rice, it is still evident that production cannot meet the local demand.

Silk farmers get sh20m

SILK farmers in Bushenyi and Kanungu districts have received inputs worth over sh20m for the production of silk yarn for export. The support was provided by Uganda Exports Promotion Board and the International Trade Centre through the Joint Integrated Technical Assistance Programme of the UN and World Trade Organisation. Florence Kata, the UEPB executive director, recently handed over knapsack sprayers to the two districts. She urged farmers to increase production. Kata said there was export market for silk yarn but Uganda had failed to produce sufficient quantities. Uganda used to export to Japan and Egypt but failed to meet orders. “We receive orders and inquiries monthly but we have nothing to offer. “The little that comes out of the factories ends up onto the local market,” Kata said at the handover in

Kampala recently. Uganda has two silk procession factories in Bushenyi and Kawanda. The silk industry requires another sh50m to curb lack of cocoon eggs and a granary.

Mayende advises on changing technology

GRADUATES from technical institutions need to continuously review their knowledge to suit the ever-changing technology, the State Minister for Higher Education, Simon Mayende, has said. "Technology is so dynamic that you should continue widening your knowledge to improve your skills and avoid extinction otherwise three years from now, your knowledge will be inapplicable," he said. Mayende was presiding over the sixth graduation ceremony at Spear Motors Training Centre in Nakawa, Kampala, recently. Fifty-two graduands of the Automotive Mechanics Course got certificates. Mayende, who represented the education minister, Namirembe Bitamazire, said, Uganda's economic recovery and industrial development must lie in technical skills and know-how, rather than theoretical ideologies.

Secondary school fees limit coming – Minister

THE Government is to impose a ceiling on fees charged in government secondary schools, the minister of education, Namirembe Bitamazire, has said. She said this would allow more students access secondary education, and make education permanently cheap. Bitamazire was presenting the ministerial policy statement for the financial year 2005/2006 to parliament. She said various steps had been taken to mitigate factors that contributed to overcharging in school fees.

Monitor

July 4, 2005

Agoa Was Successful in 2004 - U.S.

THE African Growth and Opportunity Act (Agoa) was a "measurable success" in 2004, an annual report prepared by the United States government has said. The report titled: 2005 Comprehensive Report on US Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of AGOA <<http://allafrica.com/sustainable/resources/00010690.html>>, indicates that AGOA exports to US were about \$26.6 billion, an increase of 88 percent in 2003. Agoa exports from Uganda worth \$2.6 million (Shs4.8 billion) in the first half of 2004 greatly exceeded the country's total Agoa sales to the US for all of 2003. Overall, the country's 2004 exports under Agoa and its GSP provisions were valued at \$5.1 million, representing 20 percent of total Ugandan exports to the US. At least 37 African countries, including Uganda are eligible for the programme launched in 2001. Agoa was intended to spur development in African countries by integrating their economies more fully into the global economy especially the US market. Its object was to make Sub Saharan African countries more attractive and more cost effective sources for purchasing raw materials and finished products.

According to the report, the US remains Africa's largest single country market, purchasing 24.3 percent of the region's exports in 2003. Followed by textile and apparel, petroleum products continued to dominate Agoa exports to the US with an 87 percent share. Other products were worth \$3.5 billion, growing by about 22 percent in 2003. Agoa textile and apparel exports increased by 35 percent to \$1.6 billion and Agoa minerals and metals imports increased 76 percent to \$728.1 million. Although Uganda qualified for the 'Wearing Apparel' provisions on October 23, 2001, by year-end 2002 it had not yet exported any goods under this rule. Total Agoa-eligible exports were still insignificant as of full year 2002 trade data. Uganda is classified as a 'Lesser Developed Country', providing it with a limited opportunity of utilising non-qualifying third country textile inputs in the manufacture of Agoa-eligible apparel exports, which has now been extended until September 30, 2007. The Bugolobi-based textile firm, Apparel Tri-Star has been Uganda's main flag bearer in the Agoa market. It is sourcing its raw materials and fabric from Sri Lanka because of concerns about the quality of local cotton materials for use in apparel production. Apart from apparel, Uganda has also reaped some earnings from processed Agoa-inspired coffee exports. Under Agoa, Star Coffee Ltd is processing coffee before exporting it to the US -the first time the country has ever added value to its coffee exports. Consequently, total Agoa exports rose to \$1.5 million in 2003, up from a mere \$32,000 in 2002. Agoa provides countries, such as Uganda with duty-free and quota free access to hundreds of exports products into the US market. "As a country, we are pushing for better policy framework to enable us maximise benefits accruing from Agoa," Mr Onegi Obel, the Presidential advisor on Agoa, told Daily Monitor recently. In a June 10 message on Voice of America to the African people, US

President George Bush, said there was a growing consensus in both Africa and the US that open trade and international investment are the surest and fastest ways for Africa to progress. "Our goal is improve the lives of the African people, and our partnership is yielding results. The economies of many African nations are growing," Bush said. Additionally, Bush said Agoa nations are strengthening the rule of law, lowering trade barriers, combating corruption, protecting workers, and eliminating child labor.

According to the report, Uganda's economic growth has slowed in recent years. It said Uganda is at a crossroads and needs to launch a second wave of reforms to sustain high economic growth and poverty reduction. Compared to other Agoa countries, Uganda's benefits from Agoa are still a far cry. South Africa, Kenya and Lesotho have made three figure earnings from their Agoa exports. South Africa, Africa's largest and most diversified economy, earned a mind boggling \$1.7 billion from Agoa in 2003, an increase of 25 percent in 2002. Lesotho's 2004 exports under Agoa and its GSP provisions were valued at nearly \$448 million, up from \$ 373 in 2003. Kenya's 2004 exports under Agoa and its GSP provisions - mostly apparel, but also including cut flowers, nuts and light manufactures – were valued at \$287 million, up from \$184 million in 2003. Comparatively, Uganda's 2004 exports under Agoa and its GSP provisions were valued at a meager \$5.1 million. Tri-Star Apparels employs less than 2,000 people, while Nyanza Textiles and Lira Spinning Mill are yet to start production. To realize more benefits of Agoa, the report recommends that eligible sub-Saharan African countries would need to diversify their exports, develop intra-regional trade linkages to attain economies of scale, and enhance external competitiveness.

July 13, 2005

BATU resumes operations

AFTER suspending its cigarette manufacturing operations for almost two weeks, British American Tobacco Uganda (BATU) has resumed operations. BATU, the leading manufacturers of cigarettes in the country, resumed operations yesterday after fruitful discussions with the Minister of Finance, Planning and Economic Development, Dr Ezra Suruma. "British American Tobacco is pleased to announce resumption of its operations at the Jinja cigarette factory. This follows the suspension of the manufacturing operations on July 1 due to the uncertainty occasioned by the proposed duty taxes in the 2005/06 National Budget," the Managing Director, Mr Glenn Sheppard, told a press conference at BATU headquarters yesterday. Flanked by, among others, BATU's Leaf Director Dr Glenn Stocks, Head of Corporate and Regulatory Affairs (CORA), Mr Jimmy Kiberu, Head of Marketing Mr Crispin Achola and Finance Director Mr Peter Ndegwa, Sheppard said BATU and other industry stakeholders felt that the higher duties would exacerbate cigarette smuggling which is eroding billions of shillings in government whilst unfairly taking market share from legitimate manufacturers, thus diminishing government revenue potential. "After fruitful discussions with the Minister of Finance and his team, we now have clarity on the way forward-hence our decision to resume operations," Sheppard said. According to the excise tax changes that took effect from July 1, excise duty on cigarettes went up by 10.5 percent and 8 percent respectively for the Soft Cap Safari and Soft Cap Sportsman cigarettes respectively. Safari went up from Shs19,000 to Shs21,000 per 1,000 sticks, while Sportsman went up from Shs25,000 to Shs27,000. The current taxation is based on a three tier specific system, which was introduced in the last budget. The three tiers are Hinge Lid (Benson and Hedges), Soft Cap (King size) like Sportsman and Soft Cap (Low Price), which includes Safari and Supermatch. The increase was in two tiers. The resumption of operations therefore means that BATU will continue operating on the previous taxes. Jimmy Kiberu said retail-selling prices for cigarettes remain unchanged.

Minister to probe sugar prices

MINISTER of State for Trade, Mr Nathan Nabeta, has decried the escalating sugar prices and promised to investigate. Since the new national budget was read mid last month, the retail price of sugar has soared by over Shs500 per kilogramme. Before the budget, sugar cost Shs1,200 per kilogramme and Shs1,100 in Kikuubo and some supermarkets. A kilogramme now is Shs1,700 and in some shops Shs2200. Nabeta told Daily Monitor after a meeting with Members of Parliament on the Tourism Committee at Parliament recently, that he would meet his technical committee over the matter. He was appearing before the committee to explain the falling vanilla prices in the country. The price of sugar soared, after the new budget introduced a specific excise duty rate of Shs50 per kilogramme on imported or locally produced sugar. Finance Minister, Dr Ezra Suruma, increased the price of sugar by Shs50 in anticipation of Shs16 billion revenue. Nabeta said the Shs50 increment could not tantamount to such a hike hence calling for an investigation. On falling vanilla prices, he said Madagascar, the leading producers of vanilla was faced with a natural disaster and production went down creating an opportunity for other countries to produce more.

"After recovering from the disaster, the demand for vanilla in other countries went down," he said. Nabeta said according to research done by the ministry, the prices might not go up.

Fuel prices up again

A HIKE in petroleum prices on the international market has yet again forced local fuel companies to raise pump prices of petrol and diesel by Shs 110 and Shs 60 respectively. The new prices, which took effect yesterday will now see motorists part with Shs2, 100 up from Shs1, 990 for petrol and Shs 1,710 up from Shs 1,650 for diesel per litre. However, Kerosene price remains unchanged at Shs 1,500 per litre. Kobil's commercial and communication Manager, Mr Joseph Kisembo, yesterday said the price of crude oil on the international market had shot to "its highest level ever" in early June. "Once oil prices rise on the international market, we have no choice but to respond by increasing pump prices too," he said by telephone yesterday. Crude oil prices surged to unprecedented high of \$62 per barrel recently. Shell's Country Manager, Mr Ivan Wambuzi Kyayonka, said their pump price was rising in response to rising fuel prices on the international market. Leaders of the Group of Eight most industrialised nations, who met in Gleneagles in Scotland last week expressed concern about the surging oil prices, which they said posed a risk for the world economy. This is the fourth time fuel prices are going up in the last three months in Uganda. It is only the second highest increase since the price shot up by Shs 150 in January when petrol prices rose from Shs 1640 to Shs 1790 per litre.

Poverty to reduce to 20%, says Nyombi

THE government plans to reduce the level of poverty to 20 percent in the next 10 years, Mr Nyombi Thembo has said. Thembo, the Minister of State for Education, said resources were being spent on education, primary health care, agriculture, rural transformation, good governance and security to ensure poverty is reduced. He said this during the installation of a new President for the Rotary Club of Kiwatule, Mr Godfrey Ssemugooma, over the weekend in Kampala. Ssemugooma replaced Mr Robert Kiggundu. "Under the poverty eradication framework, we are trying to tackle areas where we are determined to see poverty reduced in the next coming decade," Thembo said. Thembo said the democratic practices enshrined in the Rotary governance was a good lesson to politicians engaged in public affairs. Ssemugooma called upon club members to participate actively in the club activities to meet their objectives. He said the number of club charter members had grown from 26 to 42 Rotarians. Meanwhile, the Rotary Club of Mengo on Friday installed a new President, Mr Arthur Muguzi Babu. Babu replaced Mr Dani Mayanja at a ceremony at Hotel Africana. Electoral Commission Chairman, Eng. Badru Kiggundu, was the chief guest at the function.

Teachers protest over pay

Mukono Teachers on Thursday camped outside the office of the LC5 Chairman, Mr Godfrey Ddamulira Kyeyune, protesting the delayed payment of their June salaries. It all started when the teachers went to Stanbic Bank to cash their salary cheques which bounced. They claimed the bank officials showed them a letter signed by Ddamulira ordering the bank not pay any salaries. In a letter dated July 7, Ddamulira ordered the bank to postpone giving out salaries until further notice. "The district has developed some financial problems," the letter said.

July 14, 2005

Construction of Bujagali Power project for 2006

CONSTRUCTION of the much-awaited Bujagali Hydropower Project will start in June next year, the Commissioner for Energy in the Ministry of Energy and Mineral Development, Mr Paul Mubiru, said last week. The project, expected to stretch on for a minimum of four years, dampens hopes of effectively ending the nightmare of load-shedding soon. Mubiru said negotiations were continuing between the government and Industrial Promotion Services (IPS), the firm selected to sponsor the dam early this year. The company, which is a member of the Agha Khan Fund for Economic Development (AKFED) successfully out bid about five other companies to develop the hydropower project supposed to produce 250MW. Intense negotiations are particularly about the two fundamental aspects of the power purchase agreement and the implementation process. Mubiru, who was speaking at an energy sector investment and awareness forum, said the discussions would end early August. The Forum, which was organised by the Energy Institute of Uganda, brought together energy policy formulators, regulators, industry executives and independent analysts to share knowledge and insights about the potential of the nation's energy resources.

According to the agreed timeline, IPS will, beginning September, start sourcing for funds for financing the project and signing agreements with subcontractors and suppliers. The entire cost of Bujagali has been put at about \$300 million. The first developer to enter into agreement with the government, United State's AES Nile Power, abandoned the project after criticisms about the dam's environmental destruction and the subsequent financial bankruptcy. The government contends that upon completion, Bujagali would end the power outages, which have grown far more frequent since late last year after a drastic decline in Lake Victoria water levels and resultant decline in power production capacity at the two dams of Kiira and Nalubaale. Uganda currently experiences a power deficit of about 120 MW. A geothermal plant commissioned in May though has reduced that void with an additional 50MW. The Executive Director of Uganda Investment Authority, Dr Maggie Kigozi, said Uganda had registered an impressive progress in making its investment climate attractive. "Inflation has been kept at normal levels and our politics are absolutely predictable," she said.

Japan boosts VP's upland rice project

THE Japanese Ambassador to Uganda, Mr Ryuzo Kikuchi, has said his government will contribute to the success of the upland rice growing initiative promoted by the Vice President, Prof. Gilbert Bukenya. Kichuchi, who met Bukenya in the VIP Lounge at Parliamentary Building last week, said the success of upland rice could make Uganda a major rice exporting country on the continent. A statement from State House said Japan would supply Nerica seeds, fertilisers and machinery to ensure a high value product of the crop. Bukenya said there are over 30,000 farmers growing upland rice in the country and that the number is growing, creating demand for 450 tonnes of seed. "I have just returned from Lango in northern Uganda and they want 50 tonnes right away. Everywhere I go, people are asking for the seed. We are grateful for all the support," he said. In January last year, Bukenya launched the ambitious poverty eradication campaign urging Ugandans to grow upland rice varieties. The Namulonge Agricultural and Animal Research Institute (NAARI) identified the three upland rice varieties, Naric 1, Naric 2 and Nerica and released them in 2002 for agricultural production. It is widely believed that upland rice, especially Nerica, has the potential to solve the problems of poverty and food insecurity throughout the country. Nerica can grow in almost all parts of the country. It is not only high yielding with about 2,500- 4,000 kg per hectare, but also matures early. The breed is also resistant to most of the rice pests and diseases and is environmental friendly. One kilogramme at wholesale price is Shsh900 and between Shs1,000 and Shs1,200 on retail. By end of 2004, production of upland rice had risen to about 300 tonnes countrywide. The initiative has reverberated along the entire market chain, with the crop being on high demand in Congolese and Kenyan markets. The demand for rice milling machines has equally increased to 200 rice mills annually, compared to the previous average of about four per year. Bukenya hailed the Japanese government for its support to the country, citing the Japan International Cooperation Agency (JICA) and its involvement in education and technical assistance programmes.

Govt told to adopt flat income rates

GOVERNMENT has been asked to introduce the flat income rate tax and reduce Value Added Tax (VAT) systems to expand its tax base. With the VAT increment to 18 percent, taxpayers in the country are being subjected to double taxation yet if the flat income rate tax is applied, revenue generation will be increased and over taxation eliminated in the long run. "The flat income tax rate has proved to be less cumbersome in terms of calculations, effectiveness, easy payment and has generated more revenues. Countries like Russia are complying to this rating," Mr Joseph Kasibante, the Executive Director General of the National Tax Payers and Tax Protection Organisation, said. He was speaking at the Uganda Revenue Authority first sensitisation meeting for Kampala taxpayers at the City Complex Main Hall on July 11. He said despite passing the 2005/2006 financial year budgets, it is not too late for the government to adopt the flat income rate tax and reduced VAT systems. He said tax payment would be made easier and affordable when the reduced VAT system is adopted and the government would in turn realise maximum benefits as regards revenue collections and development. Kasibante expressed fear that the tax system being used in the country may freeze public sector. However, Kasibante's pleas may have come a little late because all the tax increments announced in the budget became operational on July 1.

The URA Assistant Commissioner Domestic Arrears, Mr Stephen Lubega, said they would discuss and transfer the concerns raised to the ministry of Finance where policies are made. In his presentation on VAT, Mr Jamil Ssenyonjo, the Head of VAT desk at the Kampala office, said many people who are not eligible to pay VAT have been doing so ignorantly yet those who are liable have been dodging it by avoiding registration. Agricultural goods with no value added are exempted from paying VAT, yet so many have

fallen victims ignorantly. "Failure to declare and register will lead to penalties. Just help us to collect the taxes by keeping proper books of record. Registration is free of charge," Ssenyonjo said. Mr Moses Kigumba, the Manager URA Kampala Office, called on taxpayers to be honest in their dealings to avoid paying excessive tax. He said URA was able to realise Shs92 billion revenue surpluses in the last financial year 2004/5 because of compliance.

Two firms qualify for lease of Uganda Seeds Limited

PRIVATISATION Unit (PU) has qualified two firms for the lease and concession of the Uganda Seeds Limited (USL). The firms are Farm Inputs Care Centre Ltd (FICA) and Nyakatonzi Cooperative Union Ltd. Two the firms, Babugirana Farmers Association and Uganda Ex-Servicemen Association, were thrown out of the deal for failure to submit the initial agreement and business plan. "You were required to submit a bid bond and business plan, which you did not. So on that basis, we shall be returning your bid and proceed to open the others," PU Director Mr Michael Opagi said. Only about 10 people including journalists witnessed the opening of the bids. FICA offered a lease fee of \$350,000. Nyakatonzi Cooperative Union Ltd offered \$150,000. The two firms will lease land and buildings, plant and machinery formerly owned by USL in Masindi, Kisindi and Kasese Stations. The Privatisation Unit on June 28, opened technical bids submitted by the bid submission date of June 28. The bidding process included lease and concession of the company assets, which include land and buildings, plant and machinery. Masindi station is located 3 km on Masindi-Hoima Road, where it operates a seed processing factory, laboratory and offices. Kisindi station located in Buruli County operates a seed production farm, a mechanical workshop and offices. Kasese station near Mubuku Irrigation Scheme operates a seed production farm, a mechanical workshop, laboratory and offices. The assets in Masindi are being tendered together as one lot while the Kasese assets are being separately. The government, through PU initiated a tender process to lease and concession assets of Uganda Seeds Limited. Seed companies and other interested parties were invited by the government to participate in the tender for the concession of the assets. FICA Managing Director Mr Chris Kaijuka said FICA has an annual seed multiplication capacity of 5,000 metric tonnes. Formerly, the output of Uganda Seeds Ltd was 8,000 metric tonnes. "We have the biggest seed multiplication seed programme with 600 contract farmers and we are using about 60 percent of Mubuku Irrigation Scheme," Kaijuka said.

KCC blames revenue shortfall on politics

KAMPALA City Council has claimed that revenue shortfalls last financial year was affected by dubious political utterances that misled taxpayers. KCC's Finance Minister, Mr Francis Lwego said when President Yoweri Museveni in his last campaigns announced a tax reduction, most people despite having better jobs insisted on paying Shs3,000 as graduated tax. Lwego was on July 6, giving a revised budget and the financial management report for the 2004/2005 financial year and projections for this financial year. He said revenue from motorcyclists (boda boda) was completely destroyed by government interventions leaving the KCC in revenue deficits. KCC has a revenue shortfall of Shs4.3 billion during 2004/05, which according to Lwego was a result of under collection from graduated tax, property, vehicle and market taxes. KCC expected revenue from graduated tax has a shortfall of Shs521m, it incurred Shs336m on vehicle collections, Shs1.373b in market tax collection, Shs793m on property rates and Shs1.2115billion on property arrears. KCC had set a target of Shs68.3 billion as total revenue for its 2004/2005 budget of which Shs33.4 billion was to be generated from local revenues. However, due to the shortfall in tax collection, the local revenue contribution was reduced to Shs28.6 billion. Lwego said the government contributed Shs25.2 billion for the 2004/2005 city budget. External funding totalled Shs20.1 billion. Kampala City Mayor John Ssebaana Kizito meanwhile has refuted claims by some individuals that the government is finances 90 percent of KCC's budget. Ssebaana said KCC works hard to generate local revenues to finance its budget. KCC revenue generation has grown to Shs69.8 billion over the last eight years, which is an average growth of 16.5 percent over the years.

ILO child labour report dents Uganda's coffee market

THE escalating number of children of school-going age working as labourers is threatening to disrupt Uganda's agricultural exports to the international market. A recent Child Labour report by the International Labour Organisation and the ministry of Gender, Labour and Social Development and the Uganda National Bureau of Statistics indicates that more than 2.7 million children in Uganda are employed as workers. It stated that 28 percent of these children work on the employers' premises and 18 percent work on plantations. The problem, according to the report, is most common in the coffee sector, which is the country's major contributor to export earnings. The Federation of Uganda Employers (FUE) has called for policy makers and implementers to ensure compliance to the ILO and national legal requirements of not

employing children. "At an international level, child labour can have a lot of consequences to employers including sanctions or boycotts of products," Mr Aloysius Ssemmanda, the Chairman FUE, said in a speech read for him by Mr Isaac Munabi, the Secretary General of the Uganda Tea Association, at the opening of a one-day FUE council and staff meeting on child labour at Hotel Africana on July 5.

Mr Swizen Kyomuhendo, a lead consultant, warned that the problem is likely to affect our export commodities. "We have to be careful because whatever little is mentioned can lead to a slap on the Ugandan coffee exports," Kyomuhendo said. The survey was conducted with 197 employers from the ten coffee growing districts of Masaka, Mbarara, Wakiso, Mpigi, Bushenyi, Jinja, Mukono and Kayunga among others. He said the age bracket they came across in the survey was between 5-17 years old and majority were in the 12-17-age bracket and 46 percent are still in school but go to look for school fees. "Part of the problem is caused by poverty, the HIV/Aids challenge and lack of information. Most of the employers claim they employ children to help them to raise school fees," Kyomuhendo said. But the findings of the survey do indicate that much as the children are helped to raise school fees, when it comes to payment they are exploited. However, Mr George Tytens the General Manager of the Entebbe Handling Services, argues that employers should work towards eliminating child labour by improving the general standard of living for their workers.

Govt to spend Shs9b in new LC salary scale

GOVERNMENT will spend Shs8.7 billion annually to pay district leaders under the new local government salary scale. The Secretary of the Local Government Finance Commission, Mr Lawrence Banyoya, said according to the new salary scale, district chairpersons/ city mayor shall be paid Shs2 million a month. Division and municipality chairpersons shall receive Shs1 million while sub-county chiefs, town and municipal division heads shall receive Shs300, 000 per month. "The new salary arrangement involves all approved districts and municipalities including the new ones," Banyoya said at his office on Tuesday. The Permanent Secretary in the Ministry of Local government, Mr Vincent Ssekono, confirmed the development saying, "The new scale started July 1 this year." The government will spend Shs6.5 million on each district per month and Shs78 million annually. Banyoya said the ministry needed about shs8.2billion to cater for the 56 districts, five city divisions, 13 municipalities, 37 municipal divisions, 71 town and 863 sub counties this year but the new districts and town councils have raised the budget to over Shs8.7billion. The developments come after donors last month strongly opposed government's move to abolish graduated tax and the continued creation of districts. Donors contend that revenue from graduated tax has been supplementing donor funding in the implementation of local government development projects. "We have no reasons to support the suspension of graduated tax. The contribution of tax from the local people is very important because it has been co-funding donor projects, paying councilors and putting up infrastructure," the chairperson of the donor sub-group on decentralization Mr Eric Hilberink said. He was speaking to local government leaders from all over the country at the Local Government Development Program (LGDP) mid term review workshop at Imperial Resort Beach Hotel, Entebbe. Districts have been collecting around Shs 40 billion in graduated tax revenue annually. Donors also asked government to plan for self-sustainability on Local Government Development Projects (LGDP) at district level. The chairperson of the donor sub-group on democratization Mr Charles Drazu said that government has a challenge to sustain LGDP program and asked district authorities to devise means of sustaining it in future. "While we are having this achievement, you have a challenge to sustain this program. We would like to see clear-cut target to keep decentralization drive on," he said. Meanwhile, cabinet has cleared the creation of seven new districts and town councils effective from July 2005. The districts include Ibanda, Kabingo, Kiruhura, Kaabong, Kaliro, Koboko and Butaleja.

Mak denies exam scam

MAKERERE University has disputed the story in which an alleged hired undercover reporter sat for university exams last month. The university administration said the story was a "malicious fabrication," to tarnish the institution's image. "It is full of untruths and lacks credibility. This raises questions as to what the motive of the story could have been," the Vice Chancellor, Prof. Livingstone Luboobi, told a press conference yesterday. Luboobi demanded an immediate apology and retraction of the story by the New Vision or else the university would seek legal redress. The Deputy Vice Chancellor in charge of Finance and Administration, Prof. David Bakibinga, deans of the affected faculties and other officials attended the press conference. Bakibinga described the story as "pure fiction." The New Vision insisted their story was true and they had "worked on it for a long time." "We cannot retract it because it is true. Makerere University administration should not bury their heads in the sand. We are highlighting a problem that they

must solve because the university's reputation is at stake," the New Vision Editor-in Chief, Mr David Sseppuuya, said by telephone yesterday. The paper's Chief Executive Officer, Mr William Pike, said he had "a lot of confidence" in his staff who authored the story. On July 10, the Sunday Vision published a story, "I Illegally Sat for Makerere Exams," saying the newspaper's undercover reporter sat for two first year examination papers on June 25 at Mitchel Hall under Registration Number 00/U/5342/EVE. The reporter had an authority letter secured from the university police post stating that he/she had lost the identity card. The reporter also allegedly sat for a sociology paper on June 28, this time without any identification under another Registration Number, 00/U/4453/EVE at Lumumba Hall. The reporter said he/she also witnessed numerous examination malpractices during the sitting. "My two days at Makerere during the examination period proved to me that it is very possible for one to get a degree without stepping into the lecture rooms," the story concluded. The University Chancellor, Prof. Apollo Nsibambi, instructed Luboobi to cause an investigation into the reports. "Unless this story is disproved, it is likely to damage the reputation of our great university," Nsibambi is quoted to have said. Luboobi, who declined to reveal the names of the people who carried out the investigation, disputed the particulars of the story. He said the registration number (00/U/5342) that the undercover reporter purportedly used did not appear anywhere on the examination attendance register. He said no student for that paper was permitted to sit for the examination using a police letter.

Thousands miss out on Makerere private admissions

MAKERERE University on Tuesday closed receiving applications for private students, with thousands of applicants missing out. Most students failed to beat the deadline because they had not paid the application fees. The long queues at the banks made it impossible for several students to pay the application fees within the deadline. The university gave students three weeks to apply for the private sponsorship. The deadline ended on Tuesday. The university had advertised 11,000 vacancies in all courses under the private sponsorship scheme, down from 13,000, advertised in the last academic year. Competition for this year's private admissions is expected to be stiff after the university reduced the intake. "I applied for law but I am worried I may miss out since I have seen many people applying for it," said one applicant Ms Lydia Kanagwa. The Academic Registrar for Undergraduate Admissions, Mr Elisha Obella, told Daily Monitor in his office recently that the deadline had been made short to compensate for the long time the university spent in selecting students for the government sponsorship. Obella said the admission of students under the new district quota system had delayed because Parliament approved the new policy late. Students were required to pick application forms from the university or alternatively download the application forms from the university website, www.makerere.ac.ug or photocopy from their friends. Up-country students in the districts of Mbarara and Tororo had the option of picking the forms from the university offices in those districts.

University sues NCHE over licence

The Uganda Pentecostal University (UPU) has petitioned the High Court challenging the decision of the National Council for Higher Education (NCHE) to deny it a provisional operation licence. The case has been fixed for hearing in the High Court tomorrow. During a meeting on June 27, NCHE refused to give UPU the licence alleging among other things that the university has no departments and lacks full-time staff in key offices. They said the Academic Registrar Prof. Samson James Opolot is a full-time employee at the Centre for Basic Research (CBR) and is only a part time staff at UPU. The council said the University Secretary, Ms Christine Akello, has full-time employment with the National Environmental Management Authority. The university is the upgraded former Grotius School of Law and Professional Studies, which commenced operations in 2001 at its campus in Mengo, which has now shifted to Fort Portal. The university wants the High Court to order NCHE to issue a licence and gazette the university immediately. The University Vice Chancellor, Mr John Ntambirweki, states in an affidavit that on March 25, the university paid Shs4 million as application fees for the licence with the knowledge of the NCHE Assistant Executive Director, Ambassador Yeko Acato. Ntambirweki says the council erred to deny the university the licence without giving them a hearing. He denies Opolot is a full time employee of CBR. The university sued the council jointly with the Attorney General. The university challenges the council's finding that the library space is unacceptable, yet there is no set standard for such.

July 15, 2005

Govt assigns Shs2b for Jua Kali homes

GOVERNMENT has earmarked Shs2 billion for the construction of different industrial Small Scale (Jua kali) sites countrywide. The sites, which will be permanent, will help in the location of the Jua kali products

and easily link them up with the big manufacturers in Uganda and the East African region. "The government is committed to the development of Jua Kali business and money has already been earmarked," the Minister of Tourism, Trade and Industry, Mr Daudi Migereko, said on July 12. He was meeting with executive members of the Confederation of Informal Sector Organisation (CISO)-East Africa -Uganda Chapter at his offices in Kampala. He said the government is now working towards the elimination of briefcase businesses, which is why they want the Jua kali businesses to declare their leaders who will coordinate with the government in streamlining the businesses. "We have upto March 2006 to leave office yet we have to produce results, the earlier you solve the leadership issue the better," Migereko said. He said much as the government will help them, they should also look at other avenues like commercial banks. Of recent, commercial banks have been providing financial facilities to SMEs in a programme called SME Banking to help them acquire loans for business expansion. Mr Fred Katto Rwashana, the interim Chairman of CISO EA Uganda Chapter, was assigned to lead a delegation of nine members who will coordinate with the ministry towards the implementation of the facilities. "We wanted government's assurance otherwise we now have a 15-month interim committee which is working towards the organisation of all members countrywide," Rwashana said. Ms Jennifer Namyangu, the Minister of State for Industry urged the Jua Kali to make use of the Industrial Research Institute.

Private sector funds HIV training at workplaces

ABOUT Shs129 million has been set aside by the Private Sector Foundation of Uganda (PSFU) to combat HIV/Aids in the work places. The Uganda Manufacturers Association and Federation of Uganda Employers will be the first beneficiaries of the Fund. According to a communiqué to the Daily Monitor the funding will be made available from this month till September 2005 subject to positive evaluation. Participation. "PSFU urges the private sector to get involved in the fight against HIV Aids so that the Medium Small and Micro Enterprises (MSMEs) improve on losses incurred in businesses," Ms Annette Ssemuwemba, the Manager Trade Development Unit PSFU, said. Ssemuwemba said it has come to the attention PSFU that the MSMEs lose profit through death of workers where close associates of the deceased have to go for burial and absenteeism due to sicknesses as a result of HIV/Aids. As a result of this the private sector have to do a fresh recruitment and conduct staff training for the new recruits and this way, money is lost from the company. She said PSFU is now the lead coordinating alliance of private sector organisations to mainstream HIV/Aids in work places. PSFU is working together with the Global Fund under the ministry of Health and USAID. A number of companies have started to adopt the national HIV/Aids policy manual for example Tropical Fish Industries Limited, Kakira Sugar Works and Kinyara Sugar Works among others. These companies are expected to help their employees cope with HIV/Aids. Copies of the manual can be obtained free of charge from PSFU offices, Plot 43 Nakasero Hill Road, Kampala.

Govt to privatise roads - MP

THE MP for Bukanga County, Mr Nathan Byanyima, has said the government will privatise infrastructure like roads. Byanyima, who is also the Chairperson of the Parliamentary Committee on Works, said this would improve the traffic flow on major roads. "Private companies will be able to carry out routine maintenance on the roads," he said. He was on Sunday speaking at the celebrations to mark 10 years of Women of Banda, a community group in Kampala. "To improve service delivery, there is need for every citizen of Uganda to support privatisation because the government cannot deliver all the services," Byanyima said. At the same function, Mr Fred Ruhindi, the MP for Nakawa, advised Kampala residents to desist from being divided by selfish politicians.

Kamuli school gets Nepad ICT

A SECONDARY school in Kamuli stands to be the first in the country to benefit from an information and communication initiative by the New Partnership for African Development (Nepad) this week. Bugulumbya Secondary School is among the six schools in Africa selected for the Nepad e-school initiative in which ICT equipment shall be installed, the Executive Director of the National Planning Authority, Mr Saul Kaye, told the Daily Monitor on Tuesday. Said Kaye, "Bugulumbya is going to be the first e-school under the Nepad initiative in the whole of Africa. President Museveni is expected to officiate at the ceremony". Kaye said: "The African heads of states, in an effort to bring the continent closer to meeting the Millennium Development Goals decided to build ICT in the whole of Africa targeting 600,000 schools over a 10-year period." Kaye said Uganda had been chosen among twenty other African countries where a demo e-school project will be launched for a period of twelve months. "The demo will convert a total of 120 schools in twenty countries, including Uganda, into fully pledged Nepad e-schools initiative within one

year," Kaye said. The other schools that stand to benefit are Kyambogo College School, Masaka Secondary School, St. Andrew Kaggwa Secondary School, Kabale Secondary School and Bukuya Secondary School. Uganda and other countries were chosen because they adhered to the African Peer Review Mechanism (APRM). The APRM is a voluntary self-assessment tool where African countries evaluate their rates of growth and development. In March 2003, Uganda signed a memorandum of understanding in Abuja, Nigeria joining 17 other African countries that had accepted to be peer reviewed.

July 16, 2005

Financial firms urged to start productive schemes

THE Minister of Tourism, Trade and Industry has told stakeholders in the financial sector to set up appropriate financial schemes that target productive sectors of the economy. Mr Daudi Migereko, said the schemes would make them become serious partners with the government's process of economic development. "I would very much appreciate, if at an appropriate time, you came up with a proposal in that area for consideration by government," he said. Migereko was opening a Business Empowerment Clinic organised by Allied Bank International (U) Ltd at the Sheraton Kampala Hotel on July 14. The clinic with the topic "Self Transformation in the Business World" is the first in the series of the bank's clinics. A business empowerment clinic is an interaction session that provides opportunity for leaders in the industry and commerce to share ideas with leading stakeholders in various fields of business management. Migereko said the clinics expose the players to the requirements of bank finance and emerging practices for successful growth. "Let the banks and government work together to ensure transformation of the business and our economy," he said. Allied Bank Chairman, Mr John Carruthers, said the concept of the clinic seeks to invoke evolving partners of business practices that are necessary for qualitative change and lead to successful growth in industry, trade and commerce. "Recent research seems to confirm the debate in the banking industry that bank performance is driven by levels of service, product quality, pricing policy, organisation structure and indeed, quality of its bank personnel," he said. The Managing Director Allied Bank, Mr Kwame Ahadzi, said the bank's mission is to satisfy client's interests by providing innovative financial products in their chosen market segment. "Allied bank is now ready for the period ahead; to consolidate its base for growth over the years, putting a human face to banking in order to deliver quality services to its clientele as well as meeting the needs of various stakeholders. Allied Bank International (U) Ltd was founded as an investment finance company in 1985 and granted banking licence in 1991. The bank is a member of a family of 13 banks in Africa owned and run by Banque Belgolaise of Belgium and is a fully owned subsidiary of the FORTTS Group, a large banking and insurance group in Western Europe. The bank's growth has been achieved mainly with three branches, one in Jinja and two in Kampala. The bank has partner banks in all countries of the Great lakes Region including Banque de Kigali, Eurafrican Bank in Tanzania, Midde East Bank in Kenya and BCDC in the Democratic Republic of Congo (DRC).

Scrap tax on fishing nets

UGANDA Fishnet Manufacturer Ltd is considering closing business if the government does not scrap the 10 percent import duty on fishnet raw materials by December. The firm wants the current import duty on fishnet raw materials of 10 percent scrapped to 0 percent to boost the local manufacturing sector in line with the East African Customs Union Protocol. "Business is increasingly becoming difficult. This duty should be scrapped to protect the fishnet manufacturing sector from collapsing," Mr Nitin Suvarna, the company General Manager, told Daily Monitor at his Bugolobi office on Monday. The East African Customs Union Protocol provides for raw materials to be taxed at 0 percent, intermediates at 10 percent and finished goods at 25 percent. However, according to Nitin, fishnet raw materials, twines and synthetic fibres are still being taxed at the same duty of 10 percent like imported finished fishnets. "We can hardly run business successfully in a situation where raw materials and finished products are treated equally, the duty on imported finished fishnets should be increased to 25 percent to deter imports from non-East African Community countries," he said. "If no positive response is realised after December, Uganda Fishnet Manufacturers Company Ltd would consider suspending manufacturing business and probably set up a fishnet shop in Kampala," he said. He said the closure would render over 200 workers jobless and impact on government revenue. Nitin also said the company has been planning to inject over Shs450million in machinery to boost quality and volumes but the plan is put on hold because of the unfair import duties.

Ahamadiya to start oil factory in Mbale

THE Supreme Head of the worldwide Ahamadiya Muslim Community, Hazrat Mirza Masror Ahmad Khalifatul Massih V, has sent a special envoy of Mr Mujeeb Rahman Dard to carry out a feasibility study for an edible oil factory to be established in Mbale district. This was disclosed recently by the outgoing

Ahamadiya spiritual leader in Uganda, Mr Maulana Rabbani, at their Wandegeya Headquarters during a press conference to welcome the new national Ahamadiya leader, Mr Mualana Inayatullah Zahid. He said the Ahamadiya community is looking keenly at the agro-based sector. "Mr Mujeeb Rahman Dard is a specialist Food Technologist and also a consultant in agro-based industries. He has been in Gambia on a similar mission," he said. The new leader promised to strengthen the economic relations between the government and the Ahamadiya community.

July 18, 2005

'Uganda's farmers lack innovation'

UGANDA needs to adopt and apply innovative ways to boost her agricultural productivity and compete favourably in the fast growing lucrative regional market in agro-based products. The Chairman of the Dairy Development Authority, Mr Henry Kanyike, said the country is ill prepared to exploit the agribusiness bounty emerging in East Africa, Comesa region and the EU market. Uganda's agricultural sector is predominated by subsistence production. Commercial farming (both livestock and crop) has remained severely limited on account of poor production techniques, poor breeds and financial constraints. This has subsequently left the country open to a challenge from Kenyan competitors whose commercial agricultural production is highly mechanised, expansive in scale and use high yield breeds. Kanyike who was speaking at a ceremony for awarding of the best students in veterinary medicine at Makerere University recently, said Uganda should fully utilise her trained agricultural personnel like veterinary specialists to transform her agriculture industry. He cited areas where output was still low both in quality and quantity: dairy and beef sector, cereals, vegetables and others. Early this year, the government announced plans to revive cooperatives aimed at addressing the chronic problem of poor yields especially by medium to small-scale farmers. The cooperatives will be vehicles of government intervention where producers will be facilitated with high yielding crop varieties, animal breeds, cheap credit, advanced storage and marketing strategies. The best five students were selected from a finalist class of 85 students and given prizes by Quality Chemicals. The first was given a Vet's tool kit worth 1 million shillings. The second best was also given equipment worth Shs800,000. The Managing Director of Quality Chemicals - it imports and retails bednets, pharmaceuticals and veterinary drugs - Mr Emmanuel Katongole, said the company would continue to recognise excellent achievement among students as an incentive for good academic performance. The event will be held annually. He urged the students to be aggressive and innovative, saying such would enable them to break into the highly competitive private sector and contribute to development.

EAC air transport to be liberalised

AIR transport in the East African Community region skies is to be liberalised allowing airlines in the region to operate with less restrictions. This is in line with the Yamoussoukro convention of 1999. The move will remove all restrictions, enhance cooperation and improve airline's efficiency in the region. Thus airlines will be able to pick passengers from any part of the region regardless of which country it comes from, a move, which had not been put in place by the EAC states. The decision to liberalise the air transport was arrived at during a two-day Heads of East African Community states Civil Aviation and Airport Authorities' meeting held at the Imperial Resort Beach Hotel Entebbe on July 6-7. The 1999 Yamoussoukro liberalisation of air transport agreement in Côte d'Ivoire provided for the full liberalisation of skies within two years. The decision was approved in July 2000, during the ordinary session of the Organisation of African Unity (OAU) Heads of States summit held in the Togolese capital, Lome. The Yamoussoukro Declaration called for a guaranteed harmonisation of the development of civil aviation in Africa. Civil Aviation Authority's (CAAs) Director of Air Transport and Regulatory Affairs, Mr Kabbs Twijuke, said on Saturday that in 1988, governments and airlines met in Yamoussoukro and agreed that there should be enhanced cooperation between airlines in order to improve their efficiency. Twijuke said in 1999, the aviation authorities went back to Yamoussoukro and made a decision to remove all restrictions in the region. "It was agreed that all restrictions be removed at the continental level including marketing, pilot training and other things. We are trying to line up our airline services in a way that is commensurate with the Yamoussoukro convention," he said. Twijuke said the decision would be implemented at the forthcoming EAC council of ministers meeting in Arusha. "It is so funny that something seems to be wrong with our air transport. Our hope is that these recommendations are incorporated and implemented to ensure smooth cooperation among carriers," Twijuke said. Adding: "Buses like Scania move from Kampala to various East African destinations and pick passengers on the way. All the restrictions in air transport should be removed so that airlines can take passengers the other way round. When this issue takes off, then these problems won't be there."

Insurance recovering from bad image - expert

A senior insurance broker has said the insurance sector is on its way to regaining public confidence after a long past of negative reputation. In the past the general public in Uganda has held insurance firms with a lot of mistrust. Manager Business Development at AON, an insurance broker that has global network in 125 countries, Ms Irene Kego, said on July 12 that the insurance industry had a lot of problems in the past but it has now reformed. She was speaking during a workshop at Hotel Africana while presenting a paper titled: Administration and employee benefit services in Uganda. "I agree that there was a lot of mistrust in Uganda's insurance industry because of a monopolistic habit and currency reform that led to striking off two zeros -30 percent, in turn these factors triggered a lot of mistrust from the people who did not understand it," she said. She assured the audience that the industry has shaken off its previous bad image and that it is maturing. That what the public needs to do is to choose which insurance is a suitable partner. "There are over 20 insurance companies in Uganda, this has led to stiff competition among the insurance firms and as such it is yielding efficiency in the industry," she said. Speaking broadly on the insurance visa vie pension benefits after retirement she explained that it may be advisable for the pensioners who are on a retirement benefit scheme to be moved to an insurance based scheme through the purchase of an annuity. An annuity is a type of insurance that pays a fixed amount of money to a subscriber. On the pension schemes, she said that Uganda lacks specific legislation and clear guidelines to regulate the registration and management of pension schemes. This means that there is no legal requirement and clear guidelines in Uganda for registration and management of pension schemes outside NSSF.

'Aim for top jobs'

ENTEBBE TO improve the level of accountability and good governance in public offices and the private sector, accountants have been urged to seek top positions like chief executive officers, senior personnel officers and general managers. Mr Samuel Mpiima Lubulwa, President of the Association of Certified Chartered Accountants (ACCA), Uganda Chapter and Chief Operations Officer, NSSF, said this at a tree planting ceremony at Entebbe International Airport recently. The activity is part of the celebrations to mark ACCA's 100 years in existence. "Gone are the days when accountants could only sit in offices waiting to balance books and do book keeping," he said. He said in this era where corporate governance and transparency have taken centre stage in management, accountancy as a profession has never become more important. Mpiima called on accountants to uphold professional ethics and work towards reducing corruption in the country. He said membership to the accountancy body in 2004 grew by six percent. There are over 105,000 members in the whole world and over 600 in Uganda.

Ugandan appointed among hunger experts

THE Senior Presidential Adviser on Agriculture, Animal Industry and Fisheries, Dr. John J. Otim, has been appointed on the experts group on Poverty and Hunger, a project under the World Economic Forum Global Governance Initiative. The initiative was launched two years ago by the World Economic Forum to encourage the public, opinion leaders, governments and corporate actors to take key global goals seriously and cooperate in achieving them. According to the appointment letter signed by Poverty and Hunger Committee Co-Chairman, Dr Joachim von Braun (USA based), a copy of which Daily Monitor has seen, Otim will work with other members to monitor international landmark events of the year and assess the quality of commitments and actions taken. The events to be monitored include releasing the UN Millennium Project Report, the ended G-8 Summit in Scotland, the September UN General Assembly, the World Trade Organisation ministerial to be held in Hong Kong in December and studying the report of Blair Commission for Africa. "We are pleased to invite you to join the Initiative's Group on Poverty and Hunger, which we are co-chairing," Von Braun's letter reads in part. Otim said: "I am really honoured to be appointed on such an international body. This is a clear manifestation that the world is now recognising our (Uganda's) progress in economic, social and political affairs." Otim becomes the first Ugandan to serve on the expert group on poverty and hunger.

Vendors to get free Aids drugs

THE Coordinator of Market Vendors Aids Project(MAVAP), Ms Angelina Wapakhabulo, has said market vendors living with HIV/Aids will get free anti retroviral drugs (ARVs) with effect from Tuesday. She said the targeted market vendors are those operating in St Balikuddembe, Nakawa and park yard. "We are collaborating with Marie Stops Clinic to start providing ARVs and comprehensive care to vendors in the city starting July19," she said. Wapakhabulo said this after signing a memorandum of understanding with Aids HealthCare Foundation/Global Immunity, Kampala City Council and Uganda Cares at City Hall on Friday. The memorandum was to address issues related to HIV/Aids awareness, prevention, care and

support to vendors in targeted markets. Wapakhabulo said since they started offering Voluntary Counseling Therapy services in St. Balikuddembe in 2004, many vendors had tested for their HIV status. She said the project was initiated in markets because they employ large population in Kampala. City Mayor John Sebana Kizito commended MAVAP for bringing a pilot HIV/Aids project in Kampala's where there are busy and large markets. He said St. Balikuddembe market alone had over 40,000 vendors, who are in most cases too busy to go for HIV/Aids services in distant centers. "Every person is eligible to get or to have Aids so no one should be afraid of knowing his status because we now have the drugs," he said.

IGG blocks sale of govt assets

GULU THE Inspector General of Government has blocked sale of local government property in Gulu municipality and directed that the town clerk be sacked for incompetence and abuse of office. A report dated June 22, signed by the deputy IGG, Mr Baku Obudra says a House Sale Committee chaired by the Town Clerk, Mr Samuel Okot, was appointed in 2002 to sell off local government property in Pece and Labour Line Estates contrary to the law. "The Town Clerk appointed a House Sale Committee to carry out the sales. This is contrary to regulation 75(1) of the Local Government Financial and Accounting Regulations, which says the power to award all contracts and to decide on disposal of Local Government assets is vested in the district or Urban Tender Board," the IGG said. "Okot should be submitted to the District Service Commission for dismissal for failure to properly implement the council decision to dispose of council properties," Obudra said in the report whose copy the Daily Monitor has seen.

Staff to sue Mak over pay

MAKERERE University Administrative Staff Association has threatened to take legal action against the University Council for alleged violation of their terms of service. "It is our request as administrative staff members that the council should address the violation of terms of service created by paying a section of staff contrary to the existing terms of service. Short of that, the members shall not hesitate to take legal action," read their memorandum dated July 11 and sent to the University Council. The administrative staff asked the Council to address the problem July 31 or else be taken to court. The association's General Secretary, Mr Tom Otim, said they had held a general meeting on July 5 and given the council up end of month to resolve the issue. The University Spokesperson, Ms Hellen Kaweesa, said the council had met over the matter. "The council sat on July 14 to address the issue, but never saw any source of funding to cover the salary enhancement and arrears the administrative staff are seeking," she said. She said the Council was looking up to the proposed fees increment for private students, which has not been approved by the Ministry of Education, as the likely source of funding. Otim said they had not received any communication from the council. They are claiming about Shs1.9 billion arrears for 2004/05 and salary enhancement for 2005/06 from the university. They contend that the university selectively gave a salary increment to the academic staff. The staff want their pay elevated.

We do not control Makerere - NCHE

THE National Council for Higher Education (NCHE) has said the law does not give it powers to control Makerere University. "According to the Universities and Other Tertiary Institutions Act, only the Visitor (the President) is mandated to deal with issues at public universities. We can only give advice, but we cannot take any responsibility," the NCHE Executive Director, Dr A. Kasozi, said by telephone yesterday. NCHE is a regulatory body charged with overseeing institutions of higher education in the country. Kasozi said it has been proposed that the Act be amended to give NCHE more powers to supervise public universities like it does with private universities. He said the proposal is before the Social Services committee of Parliament. The committee chairperson, Ms Dorothy Hyuha, said by telephone, "We shall have it debated as soon as the House finalises the Constitutional amendments." The Daily Monitor has learnt Makerere University Academic Staff Association has requested for a meeting with Kasozi on July 29 to discuss issues pertaining to higher education in Uganda. The university came under the spotlight last week when an alleged undercover Sunday Vision reporter reportedly sat for two first year examination papers undetected. The reporter said he witnessed numerous examination malpractices during the examinations. But university administration dismissed the story as malicious fabrication and threatened legal action unless the newspaper published a retraction and an apology.

July 19, 2005

Export earnings to hit \$1 billion

UGANDA'S export earnings for the year 2005 are projected to hit the \$1 billion mark up from the current about \$700 million but only if the private sector is energised through capacity building. The State Minister

for Trade, Mr Igeme Nabeta, said the government is keen to support the private sector, now considered the engine of growth, to boost trade by diversification export products. Nabeta was speaking on July 6 in Kampala during the launch of the export development strategies for honey, handcrafts and the services sector. The three sector strategies are of the non-traditional exports, designed to guide the private sector and the government to increase export earnings. Flowers, fish, fruits and vegetables are the other non-traditional exports, which are fast overtaking coffee, tea and cotton in bringing more foreign earnings for Uganda. Last year, non-traditional exports brought earned over \$400 million from \$300 million in 2003. "We have created and properly marked highways through formulating the sector strategies. The challenge now lies in the hands of the implementers," Ms Florence Kata, the Executive Director of UEPB, said at the function.

The honey industry has largely been producing for the domestic market. The sector has also one of the poorest documentation, according to Ms Maria Odido, the Chairperson of the Uganda National Apiculture Development Organisation (TUNADO), an umbrella body for honey producers. The global consumption of honey currently stands at 1.3 million tonnes but despite producing almost one third of that [580,166 kgs] annually, Uganda has not been able to exploit the international market for, among other reasons, lack of certification from the European Union, Japanese and US markets. Uganda's honey though is rated among the best in quality for being organic and no chemical contamination. In April the EU finally certified and allowed Ugandan honey to enter their market. The challenge now is whether farmers can produce high quality honey in large quantities to sustain and compete with other suppliers like China, Vietnam, Thailand and Australia. "Producers are on small scale and the few with large honey processing plants have limited capacity and technologies to comply to the international standards," said Odido. The honey sector strategy targets to transform the predominantly subsistence apiculture farmers into viable market oriented enterprises so that farmers can export a wide range of apiary products to generate substantial and sustained revenue inflows. UEPB is aware of the shortfalls. Mr Ben Naturinda, the Director for Management Information Systems at UEPB, argued that farmers, policy makers and legislators must be educated on the need to cooperate. He said all stakeholders should rally around TUNADO and lobby for funds and technical support. At the same time farmers need to be trained and organized to deal with competition, new technologies, access credit and monitor quality control.

Despite a wide range of handcrafts products ranging from basketry, mats, ceramics, pottery, hand textiles and woven products among others, production is still cultural, traditional and predominantly cottage-based. The sector has limited access to raw materials and credit, is fragmented and individualised. The absence of a national handcraft development strategy, lack of organisation and high freight charges have been the main market challenges to the sector. The USA and the EU both provide market opportunities under Agoa and Everything But Arms programmes respectively. However, according to Ms Juliet Musoke, the Chairperson of the Uganda Women Entrepreneurs Association (UWEAL), "it has been difficult for Uganda to increase exports of handcrafts due to failure to adopt to consumer needs on international markets in terms of quality, designs, dimensions, standards and sizes and above all the supply capacity in the sector". There are no recorded earnings and in 2002 the contribution to export earnings was registered as nil. The handcraft strategy aims to develop this sector into a substantial foreign exchange earner. It will target to increase diversity, volumes and quality. Naturinda said under the strategy studies to model crafts development centers outside the country would be undertaken including identifying, mobilising, and organising producers into identification groups under the export production villages (EPV) schemes. "The EPV will be linked to established exporters, agents or buyers, provide them with logistic support, and organise raw materials supply to these EPVs with the help of organised sector umbrella association," Naturinda said. Also an annual district, regional, and national art and craft exhibition, and facilitated international trade fairs are vital for the development of markets. The demand for exports of services in 2005, according to the International Trade Center rose by 40 percent by developing countries. This is projected to rise to 70 percent in the next five years. The Uganda Investment Authority cumulative report on the contribution of the Foreign Direct Investment on services has contributed \$1.7 billion with an annual average of \$118 million earned in the last 15 years.

The FDI services include the mobile operators like MTN Uganda, Celtel Uganda and finance and health services among others. "Looking at the remittances of Ugandans in the Diaspora where recent records indicate over \$700 million earned last year is clear evidence that the country has a potential to export organised value added labour," Mr Mpanga Walusimbi, the Executive Secretary of the Uganda Services Exports Association, said. The services which Uganda has the potential and are the main target include higher education, health in the line of HIV/Aids, niche tourism, Information Communication Technology

and migrant labour. "We should embrace, brand Uganda in the region as a hub of excellence for health management expertise with particular emphasis in HIV/Aids and communicable diseases, higher education and consultancy," Kata said. Many of the higher private schools and institutions are accommodating big numbers of Rwandese, Kenyan, Tanzania and Ethiopian students among others thus creating a niche market in the Common Market for East and Southern Africa.

Fish, fruits, vegetables lead Entebbe cargo

CARGO exports passing through Entebbe International Airport have grown at an annual average of 26.3 percent compared to 6.5 percent of imports indicating that Entebbe is the logistical center for perishable agricultural products for the economy. According to Entebbe Handling Services Limited (ENHAS) statistics for the period 2003-2005 fish, fruits and vegetables are the major products that are exported exclusively by air. The total exports jumped from 12,721,294 tonnes in 2003 to 19,396,071 tonnes in 2004 and 6,133,736 tonnes in the first three months of 2005. While the imports grew from 7,252,777 tonnes in 2003 to 8,713,231 tonnes in 2004 and 2,133,967 tonnes in January to March this year. From just 5,477,032 tonnes of fish exports handled by ENHAS in 2002 the numbers tripled to 15,344,437 tonnes last year and reached 20,504,604 tonnes in the first five months of 2005. Fruits and vegetables grew from 2,216,155 tonnes in 2002 to 3,334,824 tonnes between January and May this year.

The number of passengers coming in by air moved from 194,749 in 2003 to 216,911 in 2004. While there were 200,707 passengers going out in 2003 and 223,461 in 2004. ENHAS estimates that the departing passengers this year will be around 233,000. "All in all we are happy as a company because we find the environment conducive," Mr Tytens Georges, the ENHAS Chief Executive Officer told the Daily Monitor. "We find CAA generally doing well, supportive and very active in the sensitive area of the development of the airport in the near future including security," Tytens added. In 1994 the ministry of Works, Housing and Communications directed both the defunct Uganda and Sabena Airlines and CAA to work together to create a private handling company to take over from Uganda Airlines. ENHAS was established in April 1996 in view to develop quality ground handling services at Entebbe International Airport. It provides a full range of ground handling services to both regional and international airlines. Dairo Air Services is the only cargo transporter that does self-handling at Entebbe. ENHAS was the first African ground handling company to be certified AHM804 SLA, a quality system from IATA. "Since February 2005, ENHAS is certified as a Dangerous Goods Training Centre by IATA. This will allow us to train our own staff but also accept people from other organisations for dangerous goods training," Tytens said.

East Africa's aviation industry growth stunted

By WOLFGANG H. THOME

It was pointed out to me after some of my recent articles and letters to the editors, that geographically rather small countries in the Middle East with much less population than Uganda have their own airlines and are developing them at a breathtaking pace and why could Uganda not copy such a concept. I will therefore devote another article to the Gulf aviation scene but for now back to East Africa where the Ugandan aviation market within the EAC is the smallest amongst the sister states, making indigenous international aviation even more of a challenge. We have a large geographical area, big populations but no oil to drive our economies. Our traditional exports have suffered price slumps in recent years on the international markets while the prices of our imports have continued to rise. And we are faced with huge debt burdens and financial constraints on government budgets, besides the dictates of the Bretton Woods institutions, which no longer allow our government to engage in business or outright subsidies. Even with the recent debt relief, government is rather unlikely to find the resources to back the re-establishment of a national airline, as such 'savings' will have to go to education, health and infrastructure.

Private attempts to enter our international aviation market have so far either failed (AfricaOne) or struggled (East African), since Uganda Airlines was put into liquidation. Yet, few appreciate that this is equally so in the biggest economy in the EAC, Kenya, where private airlines too have tried and failed. Even the initial success story of East African Safari Airways came to an abrupt end, when the airline ceased operations last year, in spite of high occupancies on their flights from Nairobi to Rome, Madrid and Paris. And now Regional Air, flying since 2000 and more recently as a British Airways franchise, has run into similar problems, when they suspended all their flights except the Asmara - Khartoum route. Regional Air incidentally also flew for a while on the Entebbe route, before it became obvious to them too that they could not make ends meet by only offering point-to-point connections. Their flights are 'due to resume shortly' - an all too familiar phrase used by carriers on their way out of the skies. The withdrawal of the

British Airways franchise two months ago may just have been the last nail into yet another airline coffin. Traffic between Nairobi and Entebbe has about 20 percent point-to-point passengers, i.e. travellers who only move between the two cities, while the remaining 80+ percent join other flights to Europe, the Far East or across the African continent. An airline, which can only serve point-to-point traffic, is therefore at a distinct disadvantage, and no level of directives can produce the extra traffic needed to make ends meet. When KQ ceded their fourth flight (between Monday and Thursday) on April 1, the bitter fact is that the remaining flights operate since then on near full house and we are losing 200 seats each day (a total loss of nearly 13,000 seats up to now), a blow to our efforts to increase arrivals into the country, which in recent years grew by a solid 20+ percent margin. In order to grow more we need more air seats of course. To achieve this we need the goodwill and cooperation of the airlines, which are serving Entebbe and upsetting this equation means there is eventually a price to pay - but are we ready to pay that price or can we afford to? Fares between the two cities are of course an important issue, and KQ would be well advised to review ticket prices on the route but when told to give up a flight it does not make a good bargaining position to ask for lower fares at the same time. The more appropriate way would have been to add a fifth flight per day and eventually a sixth to the route. The market demand is not as static and inflexible as one might assume, and special fares and regular lower prices will attract the additional passengers, specially when combined with the East African vision to bring the internal borders down and do away with expensive Visa fees to visit each other and reducing flight cost through a single airspace administration. But as an immediate measure, we should allow KQ to resume their 4th daily flight and encourage them to add another as soon as possible, with lower fares of course to make flying more affordable for our people. That is, unless E.A Airlines would indeed begin their flights on the route, which are now available to them since April but ever more unlikely.

Smuggling costs govts multi-billion tax losses

WHEN the British American Tobacco Uganda (Batu) suspended cigarette manufacturing recently, it was obvious that smugglers would step up the illicit trade racket by pumping in colossal chunks of smuggled cigarettes. But even as Batu resumed its operations on July 12, cigarette smuggling and tax evasion, still remain a serious phenomenon in the region as governments continue to lose billions in revenue. One reason for the increasing trend of smuggling, according to industry players in the region, is the differences in VAT and excise duties levied by different governments. VAT for Uganda has moved from 17 percent to 18 effective July 1. Kenya's is 18 percent while Tanzania is at 20 percent. There is overwhelming evidence, according to researchers, that smuggled goods have out competed legally traded products in the market. Cigarettes and house hold consumer goods top the list of smuggled goods in the Great Lakes region. The government of Uganda loses between Shs4 - 6 billion annually in revenue to smuggled cigarettes, especially Supermatch brand. Once a leading taxpayer, Batu has had its revenue contribution to the government stagnated at Shs40 billion for several years now. Last month (June 29), South African Revenue Services (SARS) reported that it busted a racket in which a cigarette manufacturing company allegedly defrauded SARS of R48 million (Shs12 billion) by falsely claiming to export cigarettes.

SARS spokesperson, Mr Adrian Lackay, said in a press statement at the time, that four people employed by Mastermind Tobacco SA (Pty) Ltd in East London, were arrested when police raided the company. SARS says the fraud was allegedly committed by means of falsely representing SARS that certain consignments of cigarettes were exported, which was not the case. Products manufactured in South Africa destined for export are VAT-exempt. "A joint investigation by SARS and the Scorpions found that documents presented by Mastermind to the customs office in East London since October 2003, supposedly proving that the cigarettes were exported were false," Lackay said. Anti-smoking activists also agree that the government loses a lot of revenue through cigarette smuggling. However, they say the tobacco industry is a precursor to other problems. Uganda Medical Association's President, Dr. Margaret Munghereza, said: "I am not against the tobacco industry, but smoking. Let them grow tobacco, but government should tax them highly so that the cost of smoking goes up and people will not be able to afford it. This will lower the hazards like lung cancer." Unlike Kenya, which has ratified the WHO's Framework Convention on Tobacco Control, Uganda has not. As a result, tobacco farmers are unable to diversify their farming system from being dependent on tobacco growing. The Environmental Action Network boss, Mr Phillip Karugaba, says Uganda should ratify the WHO's framework to help Uganda handle the hazards caused by tobacco. "Uganda should ratify this convention as soon as possible. Otherwise, we shall continue losing people from tobacco related hazards," he says. While referring to a survey done at Mulago Oral Cancer Center in 2003, Karugaba said 75 percent of the cancer patients were smokers. He said three out of every four had a history of smoking. "In Kenya, for every one dollar earned, three dollars is being used for treating tobacco related diseases," he

says. According to a study: *Illicit Trade in East Africa: The case of Uganda*, by Dr. Marios Obwona, of the Economic Policy Research Centre, annual illicit cross border trade between Uganda and Kenya is estimated at 60 percent of the value of formal trade. It cites distortion of Balance of Payment, loss of market for industries and increased costs due to spending on sub-standard goods. "There are not well defined policies against illicit trade except for the East African Community (EAC) Customs Management Act that bans illicit trade." Dr. Obwona says. Illicit trade manifests itself through, among other ways, dumping, where imported products are sold at prices lower than those charged in the home market, smuggled products disguised to attract zero taxes like cigarettes. Last year, 50 tonnes of counterfeit products including foodstuff, soft drinks, salt, cosmetics and clothes were impounded. Products manufactured locally within or outside the Export Processing Zones, such as cigarettes and dry cell batteries are diverted into the local market. EAC estimates the black market for dry cell batteries banned from China at 30 million pieces per year. In February 2004, one company in Uganda imported 4,400 cartons of Tiger Head brand dry cell batteries worth \$87,296 and falsely declared them as tax-free agricultural implements. Regional Trade Analytical Agenda surveys in 1994-98 estimated that annual illicit trade cross-border trade between Kenya and Uganda was at \$140 million, 63 percent of which was in agricultural products. Counterfeit goods alone are estimated to cost the Indian government \$198 million annually. The International Narcotics Control Board indicates that in 1998, the annual international illicit drug trade was estimated at \$400 billion. The World Customs Organisation losses from counterfeit are estimated at \$150 billion annually. A workshop on illicit trade in East Africa held in Nairobi in May, realised that differences in tax regimes in the region, low penalties and lower levels of detection are factors fuelling the trade. Stakeholders and policy makers want border surveillance, tracking of transit goods and punitive penalties, which are 10 times the value of the smuggled items and forfeiture of the means used be instituted. Such measures, they say, will make smuggling as difficult and unprofitable as possible.

Busia smugglers, SPRS in peace talks

BUSIA THE cat and mouse game between smugglers and the anti-smuggling personnel hit a dramatic turn recently when the two held a face-to-face meeting in Busia town to 'agree' on their operations. Smuggling at the Uganda-Kenya boarder could best be described as a way of life and to bring it to a complete stop might require more than it took to build the 'tradition'. On July 7 a number of smugglers and the Special Revenue Protection Services (SRPS) operatives met in Busia town and although the talks yielded no positive results, they discussed alternative means of survival that the smugglers, most of whom have known no other trade since childhood, could engage in. The SRPS Spokesperson, Lt. Barigye Ba-hoku, sounded war drums against smuggling as the smugglers stared blankly at him in a tense meet. "This meeting is called to caution you and share views about the alternatives other than continuing the illicit trade," he said. "We shall not stop our operations and stay warned as the intelligence gets doubled." Ba-hoku said the meeting would attempt to address ways of solving the now increasing trend of smuggling that has for years cost the government billions in revenue loss. The exact number of smugglers is not known but most are engaged in ferrying across the boarder mainly house hold items like soap, cooking oil, baking flour, cosmetics, cigarettes and polythene bags. Most of the smuggled goods are transported into Uganda on bicycles through small village paths to dodge SRPS surveillance and evade taxes. Ba-hoku advised the smugglers to pay taxes and conduct a descent trade rather than risk their lives. According to security sources, smuggling is big business involving some "big names even in Kampala." But the smugglers, talking on condition of anonymity, said they are not willing to give up. "We grew up in this kind of trade and that is how we have lived through. We are not scared of the bullets they shoot at us," one of the smugglers intimated to Daily Monitor. The SRPS in-charge of the region, Lt. Eric Mugume, said unless the habit is stopped, the operatives would continue with their routine operations. SRPS said they want to sensitise the smugglers about the dangers of their trade to the economy and encourage them to shift to other legal means of survival. "We have been hard on them that they have started calling for peace talks which we had heeded to but without a recess in the operations," Ba-hoku said. He said smuggling has reduced with doubled intelligence networks and security.

Norway cuts aid over kisanja

THE Norwegian government has cut budget support to Uganda by about 30 percent, citing problems with the political transition, human rights, and the fight against corruption. The Norwegian Ambassador, Mr Tore Gjos, confirmed yesterday that his government had cut aid to Uganda for the financial year 2005-2006. This cut translates into about Shs7 billion (Nok25 million). Uganda receives on average about Shs20 billion annually in budget support from the Norwegian government. "I have communicated to the Ministry of Finance, Planning and Economic Development and the Parliamentary Committee on Finance about my

government's decision," Gjos told the Daily Monitor yesterday. But the State Minister for Finance (general duties), Mr Mwesigwa Rukutana, said he was yet to receive communication from the Norwegian government about the decision. Gjos said, "We have been in dialogue with a number of other development partners and more are considering taking the same decision we took." In March, Britain cut aid to Uganda by 5 million Pounds (about Shs16.5 billion). Ireland also later announced it would reduce its support by Euro3 million (about Shs6.5 billion). Norway's announcement came the same week Parliament passed the constitutional amendment to remove presidential term limits, which many of Uganda's donors have opposed. The Norwegian Information Bureau on Friday quoted the Norwegian Minister for Development, Ms Hilde Frafjord Johnsen, as saying, "The reason for the cuts is a growing awareness related to the negative development in the Ugandan government's handling of democracy, human rights and the fight against corruption. The Norwegian Department for Foreign Affairs has decided to reduce the budget support to Uganda by Nok 25 million (about US\$4 million) for the budget year 2005-2006. This is about one-third of the planned yearly budget support to Uganda." The Minister's statement said it was unfortunate that the Ugandan government had forced through Parliament constitutional changes that will see President Museveni getting elected for a third term. "This trims down government's legitimacy," the statement said. In Kampala, the Minister of State for Information, Dr James Nsaba Buturo, said the transition process was Uganda's business, adding that the government was satisfied with the progress. "We are determined not to have a process that does not conform to democratic standards," he said. "It is only fair that our partners respect the way we are doing our things." Parliament last week voted to remove the term limits from the Constitution, a move that was widely seen as paving the way for Mr Museveni, whose last term expires next year, to stand for re-election in 2006 and beyond. Although the Museveni administration claims that the constitutional review process has been transparent, critics argue that it has been compromised by bribery and intimidation of members of Parliament. Ambassador Gjos said, "We've been monitoring the Uganda government's promises, but the implementation of the promises has been very slow." The envoy cited the slow implementation of the rules of multiparty system and the political roadmap. He said the government was reluctant to follow up commissions of inquiry on corruption, citing the Porter probe on the alleged squandering of DRC natural resources by some military officers and the Justice Julie Ssebute report on corruption in the Uganda Revenue Authority. Gjos said Norway was not happy with the government proposal to weaken the powers of the Inspector General of Government. Under pressure from donors over the handling of the political transition and governance, Museveni's government announced during the budget speech last month that 60 percent of the national budget for the financial year 2005/6 was projected to be financed by domestic revenue amounting to Shs2, 280 billion. Donors have been funding about half the national budget.

Microsoft tags local firm

MICROSOFT Corporation, a computer hard and software company based in Washington D.C has entered into partnership with Datamine Technical Business School, a local institution, to develop Information and Communication Technology (ICT) in the country. The institution will disseminate ICT knowledge in local tertiary institutions of learning, Non-governmental Organisations (NGOs), government employees, private sector, secondary and primary schools among others. The partnership memorandum of understanding was signed last week when the Microsoft team visited Uganda. The Microsoft Corporation team was lead by Mr Fredrik Winsnes, the company's community outreach program manager. Winsnes said Microsoft would facilitate the establishment of a state-of-the-art ICT centre for Datamine to enhance its capacity to teach modern computer technology that will help Ugandans measure up to international standards in the application of computer programmes. "This is a sure deal to the country's ICT development. Microsoft identified Datamine as a competent institution to serve as our base in outreach programmes in Uganda, we have confidence that people will get high-class services from the training," he said at farewell dinner. He said Microsoft is soon undertaking a cardinal programme in Uganda code named 'Internet for schools' for which Datamine will provide backup in the area of training internet users in the benefiting schools and at the same time coordinate networking of internet services in the same schools. Mr Mathias Mpuuga, the Principal for Datamine, acknowledged the importance of the partnerships to boost the ICT sector.

Pallisa workers in panic

PALLISA civil servants in Pallisa are in panic over the on-going restructuring exercise that begun last week. The exercise is a directive from the Ministry of Public Service and involves interviewing all workers in the country to ascertain their qualifications. A commission sitting at the Country Inn started with the top positions of the chief administrative officer and their deputies. The district service commission, chaired by Mr James Mudidi, is carrying out the exercise. Officials from the Ministry of Public Service are also part of

the team. Many civil servants are scared of losing their jobs due to lack of the required qualifications for the jobs they hold. A commissioner, who declined to be mentioned, told Daily Monitor before the exercise that most heads of department do not have the required qualifications as per the ministry guidelines. They are likely to lose the jobs, he said.

Kasese sets up desks for traders

Kasese town council has set up four desks to handle complaints from traders who lost their merchandise in the inferno that gutted the Central Main market over a week ago. The town council chairman, Mr Sande Nelson Ndungo, told Daily Monitor the desks will handle complaints from traders in the four sections of the market. Each desk comprises of four people including a police officer.

July 20, 2005

China to boost tourism earnings

WILDLIFE-based tourism earnings are projected to rise following the recent signing of a protocol for Chinese tourists to come to Uganda beginning 2006. Last year, wildlife-based tourism earned \$200 million. "Chinese are the highest spenders so if we can capture a small fraction, the numbers in tourism will even triple," Mr Moses Mapesa, the Acting Executive Director of the Uganda Wild Life Authority, said recently at a press conference. Mapesa was officially announcing the commissioning of their new Shs4 billion World Bank funded four-storey home on Plot 7, Kira Road in Kamwokya. According to the signed protocol, Chinese tourists are expected beginning next year but it calls for the establishment of more infrastructure, especially, in the protected areas. These include offices, accommodation and outposts all estimated to cost Shs20 billion. Mapesa said Queen Elizabeth Park has accommodation occupancy of 40 percent and 70 percent during the low and peak seasons respectively. Last year, over 500,000 tourists visited Uganda and about 124,000 were destined for the protected areas.

IGG to investigate Mukono funds

MUKONO THE LC5 Chairperson, Mr Godfrey Ddamulira Kyeyune, has asked the Inspector General of Government (IGG), Ms Faith Mwendha, to investigate the financial mismanagement in the district. This is contained in a letter dated July 12 to the IGG and copied to the Daily Monitor. Ddamulira asked the IGG to investigate six major areas, which he said were full of irregularities since 1999. "I request your office to investigate the district debt burden and how they arose since 1999," the letter said. Ddamulira asked the IGG to investigate the management and disbursement of local revenues, the construction of the district administration block and remits to the Uganda Revenue Authority since 1999. He also asked the IGG to investigate the status of the statutory disbursement by the district lower local government and the salary payroll, with special emphasis on payrolls for teachers, medical workers and extension staff. Recently, the Education Committee Chairman, Mr Steven Musoke, said they had scraped 30 ghost teachers from the payroll. He said the district had spent Shs30 million on them. Daily Monitor has also learnt that Mukono Town Council wants to sue the district for failing to remit its Shs16 million from last financial year's Graduated Tax collections. Ddamulira's letter comes at the time when the district is in a financial crisis, which is a result of financial mismanagement. Mr Robert Kalemba, who was the Chief Finance Officer, was recently interdicted over allegations of embezzlement.

Mak private students selection starts Aug 1

Makerere University private students selection will start on August 1, the Academic Registrar for Undergraduate Admissions, Mr Elisha Obella, has said. "We have proposed August 1-3 for the selection of private sponsored students for the next academic year," he said. Obella told Daily Monitor yesterday that the Public Universities Admissions Board would select 13,000 students. That is 10% less than last year's intake where 18,000 students were taken on the private scheme. He said about 21,000 students had applied on the private scheme, 18,000 direct entrants from secondary schools and about 2,500 mature applicants. This means over 8,000 students will not be taken on. The new academic year opens on August 13. The university closed receiving applications for private students on July 12, with hundreds of applicants missing out. Obella said by yesterday more students were crowding the university senate offices to request for applications forms. "The deadline was 12th July but up to now we are still having many students crowding our offices asking us about admissions. Many people were disappointed because of the time frame we gave for handing forms but they have to respect deadlines," he said. Obella said in order to ease the process; names of applicants were entered in the computer instantly and there would be no problems of people with points that are not called. "We were entering the names as we receive the forms so we expect no problems of some students not being admitted when they have points above our cut off due to misplacement.

Whoever has the required points will get a place," he said. However Obella added that the competition was so high and many students would stand to be disappointed because the university has reduced on the number of students admitted from 18,000 to 13,000 for this year. The university advertised 11,000 vacancies in all courses under the private sponsorship scheme, down from 13,000, advertised in the last academic year.

July 21, 2005

Coffee body drafts marketing strategy

IN a bid to harmonise coffee marketing in the country, the coffee marketing and trade promotion project, also known as the Warehouse Receipt System (WRS) in collaboration with Uganda Coffee Development Authority (UCDA), has started an auction system for Uganda's coffee. WRS, is project funded by the Common Fund for Commodities and implemented by the Ministry of Tourism, Trade and industry. Speaking at the inaugural auction at the Uganda Agricultural Commodity Exchange (UACE) in Kampala on July 14, by UCDA and Project Management Unit, WRS National Project Coordinator Mr F.E Mwesigye said this new strategy was aimed at providing a trading platform to allow coffee deposited at certified warehouses that meets standardised quality parameters and for which warehouse receipts are issued to be traded in an open and transparent manner. In a July 15 statement, Mwesigye said: "The Warehouse Receipt System under which the coffee auction was enabled is a mechanism through which farmers and traders can deposit their coffee of acceptable quality and obtain a Warehouse receipt. This receipt can be used by the depositor to obtain trade credit from banks or used to solicit better markets for their commodity from buyers." He further said WRS would ensure enhanced quality control and monitoring and would create regulated and legalised warehousing and well managed market information systems which would have an overall impact of creating efficient marketing under a managed price risk regime. Mwesigye however lamented that though the liberalisation of the coffee sector in the early 1990s increased internal competition for coffee at farm level, it also led to fragmentation of the farmers, lengthening of the marketing chain and disorganised the orderly marketing system that existed prior to liberalisation. He said numerous individual small-scale intermediaries who came in after the liberalisation are undercapitalised and often do not pay quality premiums to farmers resulting into quality adulteration. "It was against this background that WRS was conceived, to facilitate bulking and supply of quality produce by farmer groups directly to the exporters and also enabling access to credit at various levels of the marketing chain," Mwesigye said.

Nepad launches e-school

KAMuli President Yoweri Museveni on July 18, launched the first e-school in Africa under the initiative of the New Partnership for African Developed (Nepad) at Bugulumbya Secondary School in Kamuli district. Speaking at the function, the the minister of state for Planning, Mr Isaac Musumba, said: "As a country and a continent, we face a time of great opportunity to bring about change, transforming our nation into a competitive world economic player." He added, "For centuries, the power of of information has liberated people. The technological advances of the last century have charted the course to make information even more accessible to all." African leaders, in an effort to bring the continent closer to meeting the Millennium Development Goals decided to build ICT in the whole of Africa targeting 600,000 schools over a 10-year period. Uanda was chosen among twenty other African countries where a demo e-school project would be launched for a period of twelve months. Musumba said Bugulumbya, which is a rural school as a result of the ICT installation shall undergo a radical transformation, where students will be equipped with the latest information technology innovations. The Technical Services Group General Manager,HP Africa, Mr Rainer Koch, said, "In achieving this objective, the programme also allows for extensive involvement of local bussiness and stimulating growth in the local ICT-economy." HP computer firm, contiributed significantly in the the installation of the computers at the school. The other schools that stand to benefit are Kyambogo College School, Masaka Secondary School, St. Andrew Kaggwa Secondary School, Kabale Secondary School and Bukuya Secondary School. Uganda and other countries were chosen because they adhered to the African Peer Review Mechanism (APRM). The APRM is a voluntary self-assessment tool where African countries evaluate their rates of growth and development. In March 2003, Uganda signed a memorandum of understanding in Abuja, Nigeria joining 17 other African countries that had accepted to be peer reviewed.

July 23, 2005

Government challenged on domestic savings

GOVERNMENT has been challenged to create an enabling environment to allow local and foreign investors save and invest in the country. Domestic savings provides the pool of resources to finance

investment activity within an economy and is an important indicator of an economy's ability to sustain growth. "A strong savings base reduces an economy's vulnerability to external shocks. Investors need certainty that their investment decisions will not be tampered with by conflicts. A stable political state translates into stable savings and investments," Dr Michael Atingi-Ego, the Executive Director Research Bank of Uganda, said. He was presenting a paper titled: The challenges of enhancing domestic savings in Uganda at a leaders breakfast meeting organised by the British Council, Uganda at the Sheraton Kampala Hotel, Rwenzori Ball Room on July 20. The meeting, under the British Council Leadership Programme, is part of an on-going series aimed at promoting learning and knowledge sharing between leaders across all sectors of Ugandan society. Atingi-Ego attributed capital outflows in Africa to policy distortions in the economy, a weak financial sector and unstable political environment. "With such conditions, capital is bound to flow out of the economy, there would be a reduction in the pool of loanable funds and domestic investment would be crowded out," he said. He said savings mobilisation was being constrained, by among other factors, costly provision of financial services in rural areas, limited diversity of institutions, inefficiency of service provision and poverty. He urged government to implement programmes aimed at reducing poverty. He suggested the sensitisation of the public on the alternative instruments of saving.

MPs summon Migereko, Sabune over cotton row

MASINDI Minister of Trade, Tourism and Industry, Mr Daudi Migereko, has been summoned by the Parliamentary Committee on Trade, Tourism and Industry to explain the cotton wrangles in Pallisa district. Mr John Odit, the Chairperson of the Committee, told the Daily Monitor that Migereko has been jointly summoned with the Cotton Development Organisation Managing Director, Ms Jolly K. Sabune and the Chairman of the Uganda Cotton Ginners Association, Mr Okello Ociro. He disclosed this during a visit of Members of Parliament to Kinyara Sugar Works Ltd on July 16. The MPs were on a fact-finding mission. Sabune blames Uganda Cotton Klub Ltd (UCKL) owned by Ms Juliet Rina Kafire, MP for Kibuku County and a Russian investor for supplying untreated cottonseeds to farmers for planting. The Development Organisation (CDO) is a government regulatory body for the cotton sector in the country. However, Kafire has denied any wrongdoing saying her seeds were well treated. She argues that CDO had vowed not to supply seeds to farmers in the districts who were dealing with her. She has threatened to sue CDO for impounding her 350 tonnes. They were due to be distributed to farmers for planting early this year. The Minister of Agriculture, Animal Industry and Fisheries, Ms Janat Mukwaya, recently told the Daily Monitor that UCKL Russian investor, who owns majority shares, had realised the error of his transaction and decided to stop the project bringing the wrangles to an end.

PU pays former Lira Spinning Mill workers

Former employees of the Uganda Spinning Mill Ltd Lira who were retrenched following the closure of the factory in 1984, will have reasons to smile as they get their terminal benefits. The Privatisation Unit (PU) has commenced an exercise to pay terminal benefits amounting to Shs4.6 billion to former employees. PU Spokesperson Mr Jim Mugunga said on Thursday that the exercise commenced on July 22 at Lira Hotel and will go on until July 27 to ensure that all the retrenched employees are paid. This is the second payment being done by the Privatisation and Utility Sector Reform Project under the Ministry of Finance. The first payment of Shs1.3 billion was done in 2000. This second payment of Shs4.6 billion will now bring total payments to former workers to Shs5.9 billion. "It is part of our policy as PU, to see that terminal benefits are paid. Our team is already in Lira and payment start on Friday," Mugunga said. He said the second retrenchment payment exercise will ensure that the former workers get their full terminal benefits. Uganda Spinning Mill Lira was closed in 1984 after the production went down following low output of cotton in the area.

Kutesa airline gets presidential tax waiver

AN airline where Foreign Affairs Minister Mr Sam Kutesa is a director received a one-year tax waiver following a directive from President Yoweri Museveni, Daily Monitor has learnt. Mr Museveni said in a May 13, 2003 letter to the Minister of Works, Transport, Housing and Communications, Mr John Nasasira, that East African Airlines (EAA) should be given a 12-month waiver on landing, navigation, and parking charges. Other EAA directors are the Chief Executive Officer, Mr Benedict Mutyaba, the former Director of the defunct East African Airways, Mr Justine Okot, the proprietor of Sunrise Newspaper, Mr Patrick Kabunakuki, and Mr Ramesh Masrani, the managing director of Speedbird Group of Companies. Mr Kutesa, an in-law to the President, is widely believed to be a strongman in Museveni's government. In his letter, Museveni said the directors of EAA had approached him and briefed him about the airline's operations and short-term problems. "I was also informed that the airline's operations have been negatively

impacted on by the Iraq war and the SARS disease. This has led to unanticipated escalation in costs and a drop in passengers. The airline, therefore, is seeking government intervention to overcome the short-term problems," he said. "The airline has requested that it should be extended a waiver on landing, navigation and parking charges for sometime to allow it recover. I suggest that we waive these charges (landing, navigation and parking charges) for a period of 12 months," Museveni's letter Ref. PO/10.4 a copy of which Daily Monitor has seen reads. Museveni said that EAA was rendering commendable services and contributing to the economy and our development programmes through services and should be helped to recover. The Civil Aviation Authority (CAA) granted EAA the waiver in June 2003 after Nasasira communicated Museveni's apparent order to the authority in a June 2, 2003 letter.

Museveni's press secretary, Mr Onapito Ekomoloit, said yesterday that he was not familiar with the issue but defended the President. "There must have been a very good reason as to why the President acted like that," he said. "Airlines even in the USA get problems and file for bankruptcy so that is not only unique to our world," Onapito told Daily Monitor by telephone. Kutesa couldn't be reached for comment while Mutyaba said the airline has started a policy of not talking to the press. "We are no longer talking to the press. East African Airlines is a private company so there are no issues," he told Daily Monitor by telephone. CAA officials were also not available for comment as they were said to be in a board meeting. Museveni's waiver to EAA prompted other aviation operators to ask for relief. In May this year, DAS Air was granted a \$ 1.2 million debt relief after it appealed to the CAA Board citing operation problems because of the Iraq war, SARS and collapse of its passenger plane, Africa One. EAA, which started operating in December 2002, following the collapse of the Uganda Airlines, the country's national carrier, time and again landed into problems until it suspended its Johannesburg flights in March this year. The airline also reduced its workforce from the original 400 to the current 50, 30 percent of which are the crew. The wrangles with Kenya Airways have also not helped EAA. Earlier in July 2003, EAA ceased its own flights to Nairobi, and in August 1, the same year, started booking its passengers on KQ's flights through a code-share agreement. However, the agreement was cancelled in 2004, after Kenya Airways insisted that East Africa Airlines could not enter similar agreements with other airlines. In turn, East African Airlines argued that as the only Uganda-owned international airline in operation, it should be given the status of designated to the national carrier, including the routes formerly operated by the defunct Uganda Airlines, which collapsed in the 1990's. EAA got its way and took away one of four weekly flights Kenya Airway's was operating to the lucrative Entebbe-Nairobi route.

Districts to receive Shs30b

THE government will give Shs30 billion to local governments this financial year as compensation for the loss of revenue arising from the abolition of Graduated Tax. "Until a new source of revenue is identified, local governments will be compensated. Shs30 billion will be made available in the 2005/2006 budget," the Minister of Local Government, Prof. Tarsis Kabwegyere, has said. In a letter dated July 18, 2005 to all district and town council chairpersons and mayors of municipalities, Kabwegyere said the local government finance commission and the ministry were working out the modalities to be followed in the distribution of the money. The letter was copied to the Minister of Finance, Members of Parliament (MPs), the secretary to the treasury, the finance commission, resident district commissioners, chief administrative officers and town clerks. During the presentation of the 2005/2006 budget last month, the Minister of Finance, Planning and Economic Development, Dr Ezra Suruma, announced the abolition of Graduated Tax with effect from July 1, 2005. Kabwegyere said Graduated Tax used to be collected by sub-counties, city and municipal divisions, and town councils. He said sub-counties, city and municipal divisions were retaining 65 percent, 50 percent and 50 percent respectively of the total amount collected and remitting the balance to districts, city and municipalities.

July 25, 2005

Museveni rejects Makerere fees hike

MAKERERE University and Cabinet on Friday failed to agree on increasing tuition fees by over 50 percent. Daily Monitor has learnt that talks between the university officials and a Cabinet sub committee set up to study the matter ended "without conclusion". President Yoweri Museveni chaired the meeting at which he reportedly directed the Vice Chancellor, Prof Livingstone Luboobi to cut down operation costs before increasing tuition for private sponsored students. Luboobi and his team were holding out on the President's demands insisting that the unit cost (UC) of maintaining a student at the university justified the increase. The Minister of State for General Duties in the office of the Prime Minister, Prof. Mondo Kagonyera, confirmed that the meeting did not reach a consensus. Kagonyera is the chairman of the

Cabinet sub committee. "What we have decided to do is go back on the drawing board," he said in a telephone interview. "What the President has decided is that we go back and see if Makerere can reduce the costs." The University Senate, at a meeting in December 2004, recommended an increase in tuition for privately sponsored students of between 50 and 80 percent. The fees increase, which was to be rolled out over a period of three years, was due to begin with the 2005/2006 academic year and reach full implementation in the 2008/2009. The proposed increases would see as Arts student's fees shoot up by at least 50 percent while science courses would shoot up by 80 percent. Currently students of Arts in Arts degree, which is the cheapest course at Makerere University, pay about Shs560, 000 each for the first semester. This represents a breakdown as follows; Shs450, 000 tuition, Shs50, 000 registration, Shs60, 000 examination, Shs10, 000 for research. There are other costs like for identity cards at Shs11, 200, application fees of Shs8, 000 plus bank charges of 2000. The fees for the second semester is about Shs462, 000. But according to the new proposed structure the university will keep on raising the fees by 42 percent for the next four years. If approved, a student doing a Bachelor of Arts degree will pay Shs791, 250. This is less accommodation, meals, transport (for those leaving off campus) and photocopy, which is a common phenomenon at Makerere. By 2008, a Faculty of Arts student will pay Shs1.7 million for the first semester and Shs1.5 million for the second semester The next academic year begins on August 13, 2005.

Kagonyera said there were many variables to be considered before the cabinet can approve the proposed increase. He said they include the ability of students and the parents to pay, the unit cost of maintaining each student and the need to access university education to as many Ugandans as possible. Makerere says it needs to raise an extra Shs13 billion to effectively teach the students. The University has over 30, 000 students but the government pays for only 2,000 of the number. "The President and all of us [Cabinet] are agreed that before you increase the money can't you reduce on the money you spend? Can't Makerere reduce on the Shs13billion they want to spend for example can't you reduce on the money for meals?" Kagonyera asked. The University spokesperson, Ms Hellen Kaweesa, said she was aware that the VC and the President held a meeting on Friday evening but did not get details. The University spokesperson, Ms Hellen Kaweesa, said she was aware that the VC and the President held a meeting on Friday evening but did not get details. 'Much as Makerere genuinely needs more operational funds, increasing tuition fees would render University education only affordable to a few people.' Kagonyera said on Saturday. He said Museveni directed the sub committee to extensively consult all stakeholders and other technical people before approving the new fees structures. The Prime Minister Prof. Apollo Nsibambi who is also the University Chancellor said it was "premature" to comment on the discussions between Makerere and government. He, however, said the discussions had to put into consideration the genuine case made by Makerere to justify the hike but also the economic realities of those who need to benefit from University education. "There is the issue of the unit cost per student. We have a challenge here, we have to have fees which are not too high," he said. Kagonyera said the two sides will meet again in the next five days to hammer out a compromise.

Central Bank to crack down unlicensed MFIs

AS part of its move to ensure efficiency in the micro finance industry, Bank of Uganda (BoU) is starting a countrywide crackdown on unlicensed micro finance institutions that continue to take deposits from the public. The move commences in August. It comes hardly a month after the Micro Finance Deposit Taking Institutions Act (MDI) deadline caught up with the over 1,000 institutions in operation. BoU's Deputy Director non-banking financial institutions, Ms Agnes Kamya, said on July 22, that the Central Bank has worked out a programme to look at MFIs countrywide. She said the exercise has already started in Kampala. "Unlicensed institutions found taking deposits will face appropriate action as provided by the act. As Central Bank, Our role is to implement the law passed by Parliament," she said. The act defines micro finance business as the business carried on as a principal of acceptance of deposits and employing such deposits wholly or partly by lending or extending credit for the account at the risk of the person accepting those deposits, including the provision of short-term loans to small enterprises and low-income households. Section 4 (1) of the act states that "No micro finance business shall be transacted in Uganda except by a company, which is in possession of a valid license granted by the Central Bank authorising it to conduct micro finance business. Any person who contravenes subsection (1) commits an offence and is liable on conviction to a fine not exceeding two hundred and fifty currency points or imprisonment not exceeding three years or both". BoU's Director Public Relations, Mr Juma Walusimbi, said the inspection applies to institutions taking deposits and intermediating loan insurance. "BoU recognises their role of services to people. We are not interrupting their jobs, but the primary objective is to protect depositors by ensuring that it is only licensed institutions that can take deposits," he said. BoU's policy statement on micro finance

regulation has identified three categories of institutions under BoU's supervision that can take deposits. They are Banks, Credit Institutions and Micro-Finance Deposit taking Institutions (MDIs). The fourth category comprise two types of institutions that are non-deposit taking institutions such as credit-only NGOs and small member-based organisations mobilising subscriptions from their members, whose size will be determined. They include money lenders. There are currently 15 commercial banks, 7 credit institutions and 3 MDIs being regulated by BOU. Banks have to post a minimum capital base of Shs4 billion before they begin operations. Credit institutions have to post a minimum capital base of Shs1 billion while Micro Finance Deposit Taking Institutions have to post a minimum capital base of Shs500 million. According to the Micro Finance Deposit- Taking Act 2003, all unlicensed micro finance institutions who have been taking deposits from clients, were to cease doing so by July 1. However, only three institutions were able to beat the July deadline namely; Foundation for International Community Assistance (FINCA) MDI Ltd, PRIDE Microfinance MDI Ltd Uganda Microfinance MDI Ltd. BoU said on June 27, that the move would not affect cooperative societies licensed under the Cooperative Societies Act. Parliament passed the law, which regulates the industry in November 2002.

Jinja feeds makers win Gold Award

JINJA THE international selection committee of the Business Initiative Directions (BID), a body that helps to promote a Quality Culture in firms in 166 countries, has awarded Jinja-based animal and poultry feeds makers, Hiltop, an International Quality Crown Award in the Gold Category. Hiltop produces about 500 metric tonnes of high quality poultry and animal feeds per month and about 400 trays of eggs per day. BID's President and CEO, Mr Jose. E. Prieto, said in a statement dated May 19, that Hiltop's award is due to its innovation, consistent and quality presence on the market. BID is equal to bodies like the European Foundation for Quality Management, the W. Edwards Deming Institute, the American Society for Quality and International Organisation for Standardisation. They have in the last 40 years contributed to the promotion of a quality culture and continuous improvements in the world's most competitive companies through awards programmes to recognise business achievements. Prieto said the BID awards, which are in three categories, namely Gold, Platinum and Diamond, are awarded to each company as an entity, for corporate achievement, to recognise quality and excellence in one or several concepts. Cardinal among the concepts considered are: customer satisfaction, communication strategies, benchmarking, information and data analysis leadership and planning and decision-making. Hiltop's Managing Director, Mr Stanley Tumwesigye Murumba, said the award ceremony would be held on December 17 at the 17th International Quality Crown Award and Convention to be held in the Thistle Tower Hotel, London.

Petro starts HIV/Aids campaign

PETRO Uganda has rolled out an HIV/Aids awareness campaign to sensitise its staff on the dangers of the scourge. The General Manager, Mr Ahmed Ladha, said: "The programme is aimed at sensitising our employees on how to avoid catching HIV/Aids and help infected workers live positively." Ladha told Petro staff at the launch of the awareness campaign at Petro Head quarters in Nalukologo on July 16, that the campaign is particularly targeting employees because the company appreciated their contribution. The Petro campaign is being supported by the Business Part Project, a USA funded project, working with business companies to control HIV/Aids. Dr. Milly Nanyombi Kaggwa, the Deputy Chief of the Business Part Project, said the Party Project was introduced to support HIV/Aids programmes among business organisations where the pandemic has affected the most energetic working group of society. She warned that many people do not know how to use condoms as a preventive measure.

Kirya advises on corruption

AFRICA must employ its resources cost-effectively if it has to compete efficiently in the global market, a senior scientist has said. Prof. George Kirya says Africans should also promote regional integrations such as the East African Community, Preferential Trade Area and the Common Market for East and Central Africa. This, he said, would provide an opportunity to expand the market beyond the domestic market and generate economies of scale. "Africa in general, has received significantly lower inflows of Foreign Direct Investment compared to other developing countries like those in South or East Asia. In spite of the abundant endowments in natural resources, African economies have failed to attract investment necessary to turn the natural resources into wealth," he said. Kirya, Commissioner Health Service Commission and former High Commissioner to UK, was on July 15 presenting a paper on good governance and poverty eradication with the theme; "Making Poverty History in Africa" at a two-day conference held at Hotel Africana. He called for zero tolerance to corruption, which he said is so deeply entrenched that even the rapid economic growth experienced in recent years in some countries had done little to alleviate it.

Does it matter where you choose to get a degree from?

This year, four universities operating on provisional licences have been closed down. Only chartered universities are permitted to pass their students through Law Development Centre, and some institutions like Makerere University may not accept students from non-chartered universities for postgraduate studies. With so many universities around, one may be tempted to think that students are spoilt for choice. However, a closer look shows that that may not be the case. Here is why. The National Council for Higher Education (NCHE) can revoke a licence any time it feels a university has fallen below the required standards. Early this year, Namasagali University was closed down for lack of the required minimum standards. Last month, the NHCE decided to close three more private universities, that is Uganda Pentecostal University, Fairland University and Kigezi International School of Medicine. This comes at a time when senior six leavers are looking around for a place to continue with their studies. According to Prof. A.B.K Kasozi, the Executive director of NCHE, a licence is revoked if the university has fallen below the quality indicators. So what is the fate of students, once a license is revoked? Kasozi says: "Students who enrol when the university is still under a provisional licence are not affected when the licence is revoked." Once a licence is revoked students are allowed to complete their programmes and academic qualifications attained are not affected. However, the university is prohibited from recruiting any more students. "The suspension or revocation of a licence... shall not affect the validity or other status of any certificate, diploma, degree or other academic awards granted by the university in question when still under a provisional Licence," the Universities and other Tertiary Institutions Act reads. The question however is, who would be willing to employ someone from a university that is non-existent?

If universities face the risk of being shut down, what then does it take for one to offer competitive education? A chartered university is one that has been certified as having met standards prescribed by the NHCE. Mr Phenny Birungi, the assistant Executive Director of NHCE says: "Awards offered by chartered universities are equal in merit to those offered by other public universities." Birungi adds that awards offered by universities under provisional licences are not equal in merit to those of chartered universities. It is for this reason that institutions such as Makerere University may not accept students from non-chartered universities for postgraduate studies. However, Kasozi cautions that no one is safe because even a charter is reviewed after five years to establish if a university is still operating at the required standards. "Universities should seek to maintain high standards," Kasozi says. Mr Paul Banya, an education counsellor at Makerere University says: "A student who has his eye on further studies should be very careful when choosing a university because some universities are hardly recognised outside Uganda." Therefore, one needs to use personal judgment to ascertain whether a particular university is not likely to drop below those standards.

In May 2004, Uganda Christian University, Mukono was the first private university to become chartered and in December the same year, Uganda Martyrs University, Nkozi was granted charter. Uganda Management Institute (UMI) is also a chartered institute. Nkumba University, Kampala University, Kampala International University (KIU), Kabale University, Islamic University in Uganda (IUIU) and Busoga University among others are still operating on provisional licences. Besides being chartered, universities also need to seek approval from professional bodies such as the Law Council and Uganda Medical and Dental Practitioners Council if they are to offer affiliated professional courses. Ms Hellen Obura, the acting secretary of the law council says: "It is a legal requirement that any university wishing to offer a law degree should first get permission from the council." Obura says that most universities have not applied to the council for authorisation. Some have applied but failed to meet the requirements. However, she would not disclose the universities. Thus, only Makerere University and Uganda Christian University, Mukono, are permitted to send their students to Law Development Centre (LDC). Although universities such as KIU and IUIU offer Bachelor of Laws, they cannot send their students to LDC. The implication cannot be ignored. To practise law in Uganda, you must have gone through LDC to get a diploma in legal practise. Obura says: "Maybe these universities are training students to be lawyers but not to practise law in Uganda." Obura adds that KIU applied but its system was found deficient. The council has not yet approved IUIU. Students studying at public universities have reason to smile. According to Kasozi, public universities do not go through the process of certification because before establishment, the government goes through a rigorous process of consultation of which NCHE is involved. And so by the time a public university is established it already meets the required standards. Besides, public universities are protected by an Act of Parliament. Uganda has four public universities: Makerere, Kyambogo, Mbarara and Gulu Universities. However, in January this year, a team from NHCE together with Uganda Medical and Dental Practitioners Council evaluated the academic medical programmes and teaching facilities of faculty of

medicine at Gulu University. It was found that Gulu University lacked facilities to teach medical students beyond the second year of study. Consequently, the team suggested that these inadequacies be addressed immediately. Whether the university has addressed this remains to be known. When asked what criteria she used to select a university for her children, Sarah Mutebi, a parent of three university students says, "Most of the children would have liked to go to Makerere University but some could not make it so they ended up in Nkumba University." However, Beatrice Mwesigye a parent of two university students says, "I believe that public universities offer the best education. I would not like my children to join private universities. They would rather join other institutions." Ben Nsubuga who is in his senior six vacation says, "I do not know if some private universities are better than others but personally, I would like to go to Makerere. If not, I can go to KIU (Kampala International University)." For now, though, chartered and public universities seem to be the best option.

Schools to get connected to the Internet

About nine primary and secondary schools which could not afford Internet connection, will soon be connected under a new partnership between communications company MTN and the Ministry of Education. The partnership, known as the Schools Connectivity Programme, was launched on July 19, 2005 by the Minister of Education and Sports, Namirembe Bitamazire at the ministry head office at Development House. Speaking at the launching ceremony, the communication manager of MTN, Phillip Besimire, said MTN was proud of being involved in connectivity projects especially in schools. Said Besimire: "The MTN Africa group has had similar initiatives in South Africa, Nigeria, Rwanda and Swaziland among other countries where MTN operates. Minister Bitamazire welcomed the project noting that it was in line with the government's policy of promoting science subjects in the country. "Studies have revealed that Information Communication Technology (ICT) enables more and better teaching. Our expectation is that ICT, especially the Internet, will empower teachers and learners and enhance education," she said. Bitamazire was also happy that ICT would boost the UPE programme and improve planning in the ministry as well as reforms in the education sector. The programme, which is being managed by Uconnect, will initially run for one year. Uconnect is a non-governmental organisation working with the Ministry of Education to extend information communication technology to schools and rural areas.

July 26, 2005

Manufacturing slows down

THE growth of Uganda's manufacturing sector appears to have slowed down significantly in the last two years after a rapid expansion in mid to late 1990s, according to a review of the industrial and trade performance published recently. Data contained in the review produced by the ministry of Tourism, Trade and Industry in collaboration with the UN's Industrial Development Organisation, indicates that production in most manufacturing sectors warped in 2002/3, occasioning declines in exports and corresponding surges in imports of most products. That slump in manufacturing, the review reported, has also worsened the country's trade deficit, escalating to an all time high of \$606 million in 2002 from a bottom figure of \$515.5 million in 1999. "The deficit was mainly due to poor terms of trade, a narrow export production base and export reliance on raw materials," the review notes. The basket of Uganda's exports is still dominated by raw or semi processed primary commodities (coffee, cotton, minerals, tobacco oil seeds etc) whose prices fluctuate bringing disaster to farmers and destabilising the economy. There has been a gradual reduction though in exports of raw materials as a result of stepping up of investments in processing facilities. The year 2003 for which data is elaborate, registered a total textile, clothing and foot wear sector import bill of \$99.5 million, almost four times the value of the nation's export receipts for the same sector that stood at \$29 million. In the same year, there were increased production and export of garments and textiles but this positive trend was easily tripped by a greater rise in imports of apparel and footwear.

High end manufacturing (standard quality consumer products, machines and spare parts) in Uganda has remained limited due to low rate of investment and accumulation of technological skills in the sector. Because it requires colossal amounts of capital resources, investors in this sector, need firm guarantees of big markets for their goods. Uganda, which has nearly half of its small population (27 million) trapped in absolute poverty, cannot provide such a sufficient market. Due to this realisation, small African countries are starting to integrate their economies to form larger and richer markets. Against this background of low capacity in top range manufacturing, sectors like chemicals, petroleum, and basic metal and metal products have continued to struggle, operating at small scales. Chemical products include medicaments, petroleum oil, paints, dyes, fertilizers, insecticides, herbicides, cosmetics, soaps and other toilet preparations and others. Uganda imported a staggering \$375 million worth of products in this category while it exported a

tiny \$46 million. While steel rolling and manufacturing has expanded lately responding to a boom in construction industry, production has still not grown enough to cut back the huge import bill, estimated in 2003 at \$122.9 million. Commenting on the performance of the industrial sector, the Finance Minister, Dr. Ezra Suruma noted in the 2005/06-budget read on June 8, that the level of research and development - the two foremost pillars of industrial growth - must be upgraded together with mobilisation of long term financing, intensification of market search and attraction of foreign direct investment. The government also set up the Innovation and Industrialisation Fund as an incentive to stimulate research so that thousands of proto types can be developed and suitable ones commercialised. The slow industrialisation in Uganda has also, in part been caused by woefully inadequate energy supplies. Hydro electricity in Uganda, which is the principal source of energy for manufacturing plants, is often erratic (frequent power outages and drastic voltage surges) which depresses production and damages equipment. The power supply crisis hit the skies in November 2004 to February 2005 when production by the two dams of Kiira and Naalubale decreased as a result of the shrinking L. Victoria water levels. At the height of that power crunch, the Uganda Manufactures Association reported that the power outages were causing a 30 percent decline in production. Assessments by economists indicated that such losses spike the costs of manufacturing and raise the prices of products making them regionally uncompetitive. Such also depresses the sector's growth.

Airlines in murky waters

LAST week, the aviation industry was more than ruffled as business rivalry in the sector broke banks and underscored the neglect that the sector is facing in the wake of tough times since September 11 and rising fuel prices. First, a Ugandan-owned Lockheed Tristar “overshot the runway and crashed” in Lagos while attempting to land in poor weather, according to Ugandan High Commissioner to Nigeria, Ms Joan Rwabyomere. She also reportedly told Daily Monitor that the plane belonged to the Ugandan-owned but London-based Dairo Air Services, a major cargo transporter, which hubs at Entebbe. It turns out that the plane did not belong to Dairo but to new entrant in the trade, Almiron Aviation. Ian Walker, Dairo’s Managing Director, when contacted about the Lagos incident said some troubling things about Almiron. He is quoted to have said the Lockheed was flying illegally, that its ownership is not yet known and that it had been illegally registered through some influence peddling by “someone in government”, that it was not airworthy and had in fact been “chased away from Entebbe Airport. Almiron has since sued Ian Walker and Dairo Air for \$7 million (Shs15b) for these utterances in the Daily Monitor story. Almiron lawyers, Bitangaro and Company Advocates, wrote on July 19: “Our client had, prior to your utterances concluded a purchase of two McDonald Douglas DC 10-30 onto their fleet of aircraft. Following your much publicised utterances, our clients business partners have withdrawn their interest and offer to invest (\$20,000,000)”.

Almiron officials have also claimed that unfair competition led Dairo Air to cast their infant business in bad light and in a public statement run in the press, suggested that Dairo too flew outdated aircraft. By press time the regulator CAA had not intervened in the wrangles possibly because the press was also inundated by stories of questionable dealings in CAA itself apparently passed on anonymously by interested parties. First to come out was a story that Dairo air had suspiciously lobbied and procured a debt relief of Shs2.2 billion and comfy repayment terms of its debt to CAA (which were worth much more). The waiver raised eyebrows within CAA ranks with some officers questioning the criterion used by the authority. Others argued that Dairo was a virtual monopoly in the cargo business. Informed sources told Business & Finance that CAA had not consulted the line Minister, Mr John Nasasira, whose board sanctioned the Das Air waiver. Tax authorities who spoke to Business & Finance on condition of anonymity are also wondering how the CAA decision, which cost government much needed revenue, had been arrived at in the absence of a clear policy of interventions to assist domestic airline companies. It turns out that East African Airlines; the only Ugandan passenger carrier had also lobbied President Yoweri Museveni, who in a June 2, 2003 letter “suggested” to Nasasira that the company receive waivers on landing, navigation and parking charges to allow the airline recover from a global contraction in the aviation business. Nasasira then wrote to CAA instructing CAA Managing Director, Mr Ambrose Akandonda, to “take necessary action”. While these stories were coming to light, CAA’s Director of Air Navigation Regulatory Services (DANRS), Mr Andrew F.K. Musoke, was also cited for suspiciously okaying a license for an Air Maintenance Engineer, a senior official in the Authority, who did not have the required qualifications. An internal investigation said his action put CAA’s professional reputation on the line. By close of the week, sources in the industry said the Inspectorate of government would soon take an interest in the issues being raised. CAA Public Affairs officer, Ignie Igundura, told Business & Finance the Authority would not condone unprofessional conduct in a globalised aviation industry bound by stringent standards. “CAA encouraged competition within the rules,” he said and added it would act against anyone who acted outside the law. Independent sources in the

industry consulted for this article say the events of last week show weaknesses in the aviation sector, resident in the inability of CAA to assert itself against the operators. "The operators are too strong for the regulator which is now being regulated instead" one shareholder in an airline company said. According to this source, CAA, just like other domestic regulators, suffers the influence of well-connected company board of directors who often feature powerful political figures. One of the Directors of East African Airways for example is Foreign Affairs Minister Sam Kutesa, who also operates the major ground handling business at Entebbe, ENHAS. Fellow Cabinet colleague Maj. General Kahinda Otafiire, is the Chairman of Almiron. Dairo, which has dominated the market, is said to be the closest to CAA. Thus whenever business rivalry becomes the issue, company executives lobby through these connections to elbow their interests to the fore.

Analysts of the sector would like to see more action from the government both on the regulator and to give the airlines a hand. Prof. Wolfgang H. Thome, for example, has pointed out that private enterprise in Uganda's aviation sector has traditionally faltered without government help while other governments like the Gulf states are deliberately building their industry using state resources. Mr Robert Kasango, a lawyer and partner in Das Air Services, argues too that more and not less help should be extended to the airlines. "We deserved the 2.2 billion tax waiver. Remember that Das Air spends close to \$ 9 million annually excluding salaries on landing and navigation, ramp and warehouse as well as rent. Fuel, which costs \$6 million alone, is the most expensive because Uganda has the most expensive fuel in Sub-Saharan Africa. Since 9/11, fuel costs have trebled from \$20 to \$60 while freight charges have remained the same, he argues. On competition, Kasango said the absence of anti-trust and fair competition laws means that disgruntled businessmen cannot go to court to challenge regulators and instead depend on the IGG who is overwhelmed and under staffed. Moreover, for a land locked country dependant on an increasingly lucrative export market, Uganda is in need of even more not less carriers to ferry its perishable fish, cut flowers and vegetables. Cargo traffic for Das Air alone shows a steady decrease in inbound cargo in favours of export cargo over the last four years with 2004 recording 5, 454 tonnes of import compared to 9,216 tonnes flown out of Uganda. Moreover, Uganda's export niche in fish and vegetables depends on air transport compared to its import demand, which is brought cheaply and in bulk by sea via Mombasa port. Within the region, poor road infrastructure has made air transport relevant. 46 percent of all Ugandan manufactured goods and re-export went to Rwanda, Congo DRC and Congo Brazzaville, all countries apart from Rwanda have poor roads. It is the economic challenge that analysts point out which should spur the government to grow the aviation sector and this should probably begin with a clean up of the CAA and setting up of a relevant incentive regime which can be impartially available to all the current airline companies including new entrants.

VAT compliance helps URA beat targets

IMPROVED business registration and compliance to Value Added Tax (VAT) payment by traders have helped the Uganda Revenue Authority (URA) beat the revenue target for the June 2005 financial year. The URA financial performance report for the year ending June 2005, released recently revealed that for the month of June 2005, VAT collected from locally produced goods totalled to Shs14.45b against a target of Shs13.42b, posting a surplus of Shs1.03b. The report says VAT for beer products and non-excisable goods posted a surplus of Shs2.37b, which was enough to put this category above the forecast levels. In June 2005, VAT collections from the services sector amounted to Shs24.50b against a target of Shs15.09 billion with a surplus of Shs9.41b. For the period July to June 2004/05, a surplus of Shs33.31b was recorded. "The performance is attributed to increase in monitoring of locally consumed services, audits, import services and collection of government arrears," says the report. According to the report, VAT registration has continued to expand as a result of a policy that requires all traders who transact business with the government to register for VAT regardless of their turnover or whether they have been successful or not in any government tender. During the month of June 2005, 445 taxpayers registered with URA for VAT. For the month of June 2005, direct domestic tax collections totalled to Shs86.29b against a target of Shs89.86b, leaving a shortfall of Shs3.57b. The report states that PAYE, presumptive tax, withholding tax, casino tax and other income tax managed to perform above target levels.

Most of the tax lines that performed above target levels are those that require stronger enforcement measures, an indication that the strategic measures implemented during the month of June 2005 were effective, the report says. Withholding tax posted a surplus of Shs1.21b mainly due to increased contract payments by the govt. Other income tax: Rental income tax and tax on bank interest stayed below their target levels. "The majority of the taxpayers under the presumptive tax have continued to be difficult to

monitor and mutate a lot hence the poor performance. Non-compliance by the absentee landlords has kept the performance of rental income tax below expectation," says the report. In June 2005, indirect domestic tax collections totalled to Shs50.14b against a target of Shs40.60b, posting a surplus of Shs9.53b. For the month of June 2005, Excise duty collections amounted to Shs10.84b against a target of Shs12.09b, leaving a deficit of Shs1.25b. Cigarettes sales that were required to generate revenue in June 2005 were higher than those that generated revenue for the same period last year by 26 percent. "Because of the policy change from the advalorem rate of 130 percent to the specific rates now in use during the year, which are lower than the specific value equivalent to 130 percent, revenues failed to perform as projected because of this change," reads the report. The change was passed by the legislature to ensure that the rates are in line with what other EAC countries have. "Beer sales that were required to generate revenue in June 2005 were lower than those that generated revenue for the same period last year by 31 percent" the report reads.

URA believes, though, that the government could be losing revenue through improper declaration of damages, mis-classification of both malt and non-malt beer products and improper export activities. The performance of spirits was affected by the closure of one of the major companies for renovation. Soft drinks sales require to generate revenue in June 2005 were higher than those of the same period last year by 35 percent but lower than expected. Smuggled cigarettes have continued to penetrate the cigarettes market, causing undue revenue losses. With a Customs Union though, the situation is likely to improve particularly with stronger enforcement actions. Soft drinks and phone talk time tax collections were on target during the period. Improved performance in the soft drinks was due to a year-by-year 22.18 percent increase in consumption of the product. The high collections of excise duty on phone talk time, according to the report, is explained by the continuous expansion of the industry. In June 2005, licenses and fees collections amounted to Shs6.04b against a target of Shs5.50b registering a surplus of Shs0.54b mainly due to good performance of traffic related penalties. Also the newly registered vehicles have grown by 41.28 percent while license renewals grew by 38.24 percent on a year-to-year basis. Additionally, the 10 percent increase in various fees also helped this line to perform well. Drivers' permits did not perform as expected: Forged permits on the black market and issuance of International drivers' permits by other agencies have kept collections below forecast levels. For the period July to June 2004/05, Shs2.93b was collected as a surplus under this subheading. URA noted that its services to tax taxpayers have greatly improved especially due to the reorganisation of the institution.

In June 2005, taxes on non-oil imports (excluding government imports) amounted to Shs89.49b against a target of Shs77.55b registering a surplus of Shs11.95b. This surplus is explained by the good performance of import duty, VAT and gains from withholding taxes. Cumulatively, a surplus of Shs26.38b was collected. Non-oil import volumes grew by 11.60 percent and that are not in 0 percent band grew by only 1.45 percent. This suggests that customs taxes were improving mainly due to the implementation of EAC tax rates and gains from withholding taxes, which totalled to Shs22.99 billion. The report reveals that for the period July to June 2004/05 period, the revenue yield from international trade (including government payments) increased by 9.67 percent compared to same period last fiscal year. This is lower than what it was for the same period last fiscal year. The URA officials have noted that in 2004/05, the contribution of international trade to total taxes fell below 50 percent. "It should be noted that commission on imports was abolished at the start of February 2005 as a custom union bloc was enforced. However, URA managed to collect what was expected from commission on imports before implementing EAC trade policy. Hides & Skins levy performance continued to exhibit negative growth," says the report. Petroleum duty totalled to Shs312.97b against a target of Shs297.52b, registering a surplus of Shs15.44b for the period July to June 2004/2005. Hides and skins levy collections totalled to Shs1.14b against the target of Shs1.51b, recording an achievement rate of 75.31 percent during 2004/05. The report says Cumulatively, the collections stayed below target levels by Shs0.37b. This is attributed to lower than expected exports of unprocessed hides and skins.

Basajja closes 200 shops in Kampala

Businessman Hassan Basajjabalaba yesterday closed scores of shops housed in his buildings in the city center over nonpayment of rent, bringing business to a near standstill. The Chairman of Kampala City Traders Association (Kacita), Greenland Tower business zone, Hajji Mustapha Kanya said about 200 shops were closed and rent increased across the board by Shs200,000. Traders yesterday protested the rent hike and asked Kacita to intervene. Basajjabalaba controls most of the trading premises in the city center, owning City Complex on Luwum Street, Central Complex Plaza on Market Street and Regency Hotel at Bakuli, Mengo. In addition, his companies Sheila Investments and Victoria Trading Company run

Kampala's biggest two markets of Owino and Nakasero respectively, which have hundreds of lock up shops. Basajjabalaba's Assistant Property Manager, Mr Sowed Arinaitwe said management decided to close defaulters' shops in all the businessman's shopping malls because they were reluctant to pay. He said increasing rent was inevitable following the depreciation of the shilling. "We are locking up shops for traders who have not cleared rent for June and July, we have also decided to increase rent given the depreciation of the shilling. This cuts across all Basajjabalaba's properties in the city," Arinaitwe told Daily Monitor shortly after talking to protesting traders at City Complex yesterday. He explained that the traders signed an agreement with them (management) binding them to pay increased rates after four years of tenancy but were turning against it. "We have never increased our rates since this place (City Complex) was opened but we signed an agreement with our tenants to this effect," he said. Angry traders told Daily Monitor they would not pay the new rates because they were too high. Traders said rent had shot from Shs600,000 to Shs800, 000 and in some cases to Shs 750,000 up from Shs500, 000 per month. Kamyia said the increment was unrealistic given the current market structure. "Increasing rent is not bad but an abrupt increment of Shs200, 000 is too much. Traders are not ready to foot such unplanned expenses and management should revise the new rates," Kamyia said. Kampala City Council (KCC) said it did not have jurisdiction over the matter. "We (KCC) are not concerned with Basajjabalaba's tenants. They made an agreement with him and there is no way we can intervene in issues we are not party to," the Assistant Public Relations officer, Mr Herbert Ssemakula said. Ssemakula said they were only concerned with trade licenses. However Kacita said it had no powers to solve the problem. The association's Executive Coordinator, Mr Samuel Byansi, said the landlord has powers to evict rent defaulters and that he (Bassajjabalaba) has rights to increase rent charges. "With this liberalized economy, landlords can do any thing and we can't intervene. We only ask government to intervene especially on regulating rent charges and to stop the culture of paying rent in foreign currency," he said. Byansi asked traders to file their complaints to Kacita representatives in the area for possible resolutions. "What Kacita can do is to humbly ask landlords to lower their charges," he said.

July 27, 2005

African bourses for big growth

African capital markets are expected to grow faster in the next 5-10 years compared to their counterparts in Western Europe. "We still have room for growth unlike those in Western Europe, which have reached the curretted stage. Strong and faster growth in capital markets can be seen in Nigeria, South Africa, Morocco, Ghana, Zimbabwe and Tanzania," the Capital Markets Authority (CMA) Chief Executive Officer, Mr Japheth Kato, said. He was speaking during the signing of a bilateral memorandum of understanding between CMA and the Securities and Exchange Commission of Nigeria on July 25. "The signing of the memorandum is very timely as it comes in the wake of increased fraud on the global arena, making it important for financial regulators to share information and cooperate to combat crime and ensure integrity in markets" Citing the recent acquisition of 60 percent of the National Insurance Corporation (NIC) by Industrial and General Insurance Company Limited, a Nigerian firm, he said the agreement also puts Uganda and Nigeria in a stronger position to monitor the company's activities when it finally lists on the exchange. The Director General of Securities and Exchange Commission Nigeria, Mr Musa Al-faki, called for more cooperation among financial market regulators. "We should start thinking of organising an international forum that will usher in a repositioning of African capital markets as the effective channel for achieving the laudable goals of NEPAD and other global initiatives," he said. He said the memorandum is to promote investor protection, integrity of the securities, other investment products and increase mutual understanding and exchange of regulatory and technical information. Al-faki said the Nigerian Stock Exchange presently has 209 listed companies, much higher than Ugandan's Stock Exchange, which has only seven listed companies.

Buganda University gets certificate

THE government has granted Buganda University an interim certificate allowing it to start preparatory operations and to recruit staff. Buganda Minister for Education and Sports, Mr Chrysestom Muyingo, said the National Council for Higher Education (NCHE) had approved the university programmes and would come for final inspection soon. "We have received the interim certificate allowing us to do everything except recruiting students," Muyingo said after addressing the university council and Buganda Royal Institute administration at Mengo on Monday. Muyingo blamed the central government for delaying to handover Masaka Technical Institute to the kingdom. The institute was planned to house Buganda University headquarters, known as Mutesa I Royal University. Kabaka Ronald Mutebi has given 12 acres of land for the university's new site at Mengo.

July 28, 2005

Expert tells companies to reveal trade data

COMPANIES should embrace the practice of disclosing important information concerning their financial and administrative operations and growth strategies to gain public confidence. According to the Chief Executive Officer of Capital Markets Authority, Mr Japheth Kato, disclosure of information is fundamental in maintaining a culture of transparency so critical to successful businesses. He told a meeting of mid-level managers at Hotel Africana recently that secrecy creates conditions suitable for deceptive accounting, lowering of product or service standards and fraud. Companies in Uganda are often averse to public access of internal information, fretting that exposure of details relating to issues such as sales, production, marketing, designs, expansion strategies could give advantage to their rivals. This hinders the growth of Uganda's stock market, which requires companies to open up to the public before they are allowed to list and trade shares. To maintain harmony and good will among personnel, Kato said, corporations must also devise a communications policy that keeps all employees abreast of all developments. The two-day meeting, organised by the Institute of Corporate Governance of Uganda, was to allow seasoned managers share their insights and experiences in standard company management with dynamic mid-career business leaders.

Govt challenged on domestic savings

Government has been challenged to create an enabling environment that allows local and foreign investors to save and invest in the country. The Executive Director Research, Bank of Uganda, Mr Michael Atingi-Ego, said domestic savings provide a pool of resources to finance investment activities within an economy and is an important indicator of an economy's ability to sustain growth. "A strong savings base reduces an economy's vulnerability to external shocks. Investors need certainty that their investment decisions will not be tampered with by conflicts; a stable political state translates into stable savings and investments," Atingi-Ego said. He was presenting a paper titled: The challenges of enhancing domestic savings in Uganda, at a leaders breakfast meeting organised by the British Council at the Sheraton Kampala Hotel on July 20. He said because of uncertain political and economic policies, investors were finding it hard to keep their capital in African economies. "The political and policy environment determines the extent to which savings are generated. With such conditions, capital is bound to flow out of the economy causing a reduction in the pool of loanable funds and as a result domestic investment would be crowded out," he said. He said savings mobilisation was being constrained, by among other factors, costly provision of financial services in rural areas, a limited diversity of institutions, inefficiency of service provision and poverty. He urged government to move swiftly to implement projects and programmes aimed at reducing poverty.

Rice traders to sue govt over high taxes

RICE importers have resolved to take government to court for what they called exhibiting double standards in the implementation of the Common External Tariff. According to East African Customs Union CET, rice imported from Pakistan is charged 75 percent, which is way too much compared to the neighbouring Kenya and Tanzania traders in the same business who pay 35 percent and 25 percent respectively. "The taxes charged are too much, our government promised to solve this issue but up to now, nothing has been done and yet our neighbours in Kenya and Tanzania are paying less. Let us battle it out in the courts of law," a rice trader who preferred anonymity said. Before the coming into force of the CET, a tonne container, was liable to a tax of Shs25 million but this has since been increased to Shs46 million. "We are afraid! The government's action is very detrimental to our business operations in Uganda and in the long run, it may encourage smuggling," another importer, who preferred anonymity, said. Kampala City Traders Association (KACITA) spokesperson, Isah Ssekitto, said KACITA had been notified of the impending court action. Ssekitto, who was commenting about the performance of the East African Customs Union on July 25, said: "As KACITA, we are yet to find the best option, but cannot discourage whoever is aggrieved to seek legal redress. It is sad that despite several petitions given by importers, government has deliberately ignored them." On May 21, the traders met President Yoweri Museveni at Nakasero State lodge and he promised to address their pleas immediately. "It's close to two months now, neither the President nor the parent ministry has responded to our pleas," Ssekitto said. He also complained about the persistent harassment of traders by URA officials. He said despite reforms in URA, traders' goods were still being wrongfully confiscated and taken to the Nakawa URA offices.

Traders petition KCC, Utoda over vendors

SHOP Owners under the umbrella of Kampala City Traders Association (KACITA) have asked city authorities and the Uganda Taxi Operators and Drivers Association (UTODA) to regulate the activities of street vendors and taxis to save their businesses from collapsing. The Public Relations Officer KACITA,

Mr Issa Ssekito, said taxis are blocking access to the shops by parking on the streets thereby stopping the customers from accessing the shops while the street vendors also sell similar products like those in the shops. This forces shop owners out of business. Sekitto was on Thursday speaking during a stakeholder public dialogue held at the Royal Complex building to address the problem of street disorder and its effect on trade in the city. He blamed the escalating trade disorder on greed among city law enforcement officers who take advantage of the weak law to solicit for money from the vendors and other illegal traders in the city. Ssekito lamented that the money collected illegally does not even go to the city authorities to improve service delivery. "Instead this money is taken by these individuals making the whole situation absurd," he said. He added: "It is the vendors you find in the parks whereas the vehicles are on the streets. This is causing total trade disorder; customers have nowhere to park and have resorted to buying from the vendors, leaving out the shops. "The problem of trade disorder in the city has not been there before, it has only come about due to corruption and negligence by KCC. UTODA refuses to remove the taxis from the streets whereas KCC have not come up with well laid out plans to tackle the problem of street parking and vending," he said. The KCC Principal Assistant Town Clerk central division, Mr Stephen Higobero, denied corruption claims. He said only a few individual cases of corruption exist but the whole council should not be blamed. He said growing trade disorder in the city is caused by lack of employment and the fast rate of urbanisation that supercedes service delivery. "KCC is to continue arresting street vendors to restore sanity and orderly trade in the city," he said. The General Secretary UTODA, Mr Twine Ibabaza, said they are working to turn the park into an ultra modern parking facility to create space and bring order.

July 29, 2005

Uganda to export snakes, chameleons

UGANDA Exports Promotion Board (UEPB), in a bid to diversify exports has embarked on the development of a strategy aimed at streamlining wildlife trade. The strategy will look into ways of how a limited number of wildlife such as non-endangered or threatened species like snakes, snails, cow dung beetles, spiders, scorpions, millipedes, lizards, chameleons, birds and tortoises will be exported on a nature friendly basis. The strategy also aims at promoting other activities associated with pet trade such as sport hunting. The project is funded by the United Nations Conference on Trade and Development (UNCTAD). UNCTAD will be working with UEPB to promote the trade in Uganda alongside other bio-tradable products such as essential oils, gum, latex and resins, and tropical flowers among others. "We want to see if this product group is feasible and which product group to focus on," Ms Susan Bingi, the National Director and coordinator of the programme said. Mr Justus Tindirukayo, Commissioner Wildlife in the Ministry of Tourism, Trade and Industry, however said the animals targeted are those outside protected areas. "These pets have to be captured outside the protected areas and those involved in the trade must breed these species for multiplication purposes. Wildlife outside national protected parks is not sustainable if no value is added on to them. Value chain on pet trade, and the policy issue need to be addressed and a strategy discussed," he said. Tindirukayo who was speaking at a stakeholder workshop at Speke Hotel recently said pet trade in addition to sport hunting have a big potential for Uganda. "To sport hunt and kill a buffalo, a tourist in Tanzania pays close to \$600, this excludes the expenses on accommodation, food and other services which in the long run can go up to \$35,000. This has been a major contributor to the country's economy, South Africa is also doing it," he said. Sport hunting is currently carried out in Lake Mburo National Park.

URA to auction Akamba bus over smuggled goods

The Uganda Revenue Authority (URA), 7 will auction a bus belonging to the Akamba transport company of Kenya as a penalty for ferrying smuggled goods into Uganda. In a press briefing at the URA goods shed in Nakawa, Kampala, the body's Assistant Commissioner of Enforcement, Mr Enoch Walugembe, said Akamba buses had been involved in transporting smuggled merchandise on four occasions. In the latest incident, which occurred on July 26, URA customs staff detected undeclared goods buried in tunnels carefully built in the bus's belly. They immediately impounded and escorted it to Kampala. Walugembe said URA had repeatedly warned the proprietors of Akamba to desist from allowing smugglers to use their buses but the warnings had gone unheeded. "This time we have no option but to sell off this bus (Reg. No KAR 558M) and remit the money to the government," he said. About 1,200 pieces of cell phones and 2,000 watches were packed in safari bags and skilfully hidden so they could easily escape casual inspection. Walugembe put the worth of the smuggled goods at about Shs212 million. Anyone caught smuggling has to pay the tax plus 50 percent of the smuggled goods' worth. The owners, he said would now have to pay about Shs164 million. Walugembe said there has been concern that Kampala was being flooded with phones, something that wasn't reflected in customs records that show the actual numbers coming into the

country. "We have mounted intense campaigns to locate all illegal channels used by these guys evading taxes and we are starting to catch up with them," he said. The cell phone market in Kampala is said to be one of the most irregular; marked by inexplicably high margins of price differences for similar brands. There have also reportedly been cases of side markets that deal in stolen and smuggled phones that sell at cheaper prices than those of legal dealers.

Govt short of Shs1.4b for LCs

THE Local Government Ministry is short of Shs1.4billion to pay local council leaders under the new local government salary scale. Statistics from the office of the Secretary of the Local Government Finance Commission, Mr Lawrence Banyoya, show there is a Sh1.4 billion deficit of the required annual Shs8.7 billion to meet the new salary scale. "The new salary arrangement involves all approved districts and municipalities including the new ones. This has increased the number of districts from 56 to 76 creating a big deficit," Banyoya said last week. The Permanent Secretary Local Government, Mr Vincent Ssekkono, said, "The new scale started July 1." According to statistics, the ministry needs over Shs500 million to run the new districts. The developments come after donors last month strongly opposed government's move to abolish Graduated Tax (GT) and the creation of new districts. Donors argue that revenue from GT has been supplementing donor funding in the implementation of local government development projects. "We have no reasons to support the suspension of GT," the donors' chairman, Eric Hilberink said.

July 30, 2005

Fate of Uganda's goods still pending

Six months after the East African Customs Union (EACU) protocol was ratified, there is still no consensus on the taxation regime on products Uganda calls raw materials. These comprise a wide range of goods like chemicals, steel sheets and plastics among others. The delay follows a request by Uganda to postpone a crucial meeting of the East African Community (EAC) Sectoral Council of Trade, Finance and Investments, which was supposed to resolve the issue, to allow Ugandan ministers who sit on the committee to conclude with the referendum on whether Uganda should return to multiparty rule. The meeting was pushed from July 20 to August 4. This is the second time the meeting is being deferred. It should have sat on June 20, but was pushed. The Executive Director Uganda Manufacturers Association, Mr Hilary Obonyo, said on Wednesday that the meeting will seek to authenticate the existence of industries that use these materials and whether these materials are repackaged and sold as finished products. "The issue of Uganda's raw materials remains unsolved. The meeting is to establish whether these industries actually exist and use these materials. The principle to support Uganda was already agreed upon but the question is, are these industries genuine?" said Obonyo. A three-band Common External Tariff structure allows zero percent tax on raw materials and capital goods from non-member countries, 10 percent on intermediate goods and 25 percent on finished products. In related news, a statement from the EAC secretariat says the three Heads of State have agreed to appoint Ministers solely responsible for EAC affairs. This, it is hoped, will help aggregate the integration of the Customs Union into the activities of the various partner states. The Heads of State have also directed the Council of Ministers to expedite the process of admitting the Republic of Rwanda to become a member of the community. The target deadline for concluding this matter is November 2005 when the Heads of State hold their ordinary summit.

Upgrade kyeyo transfers'

THE Director for Economic Affairs at the Commonwealth Secretariat, Dr Indrajit Coomaraswamy, has called on African central banks to work out ways of remitting kyeyo money through official channels such as banks, instead of money transfer agents who instead charge excessive commissions. He was speaking during a meeting of Central Bank governors and finance officials from Uganda, Ghana, Kenya, Mauritius, Nigeria and Tanzania in Accra, Ghana on July 18. Coomaraswamy said such exorbitant commissions and transfer fees eat into the actual impact of the remittances. The meeting whose main theme was 'Managing Migration, Remittances and Development Challenges for Africa,' discussed ways through which African states can remodel the effects of brain-drain for national development. "There is need to strike a balance between a regulatory regime that minimises money laundering, terrorist financing and general financial abuse, and one that facilitates the flow of funds between migrants and their families back home," he said. He said with such a policy in place, the funds could be invested in productive ventures instead of direct private consumption, thus making the remittances an important source of wealth creation. Ghana's Finance and Economic Planning Minister, Mr Kwadwo Baah-Wiredu, said there is a need to examine the comparative benefit of maintaining skilled labour for development and losing them to receive remittances. "In terms of remittances, migration is seen as a positive development since it assists in the resource flow

into the economy to aid development. What is important is to maximise the benefits that can be drawn from the effects of migration," he said. He said if properly invested, kyeyo remittances could soon replace Foreign Direct Investment (FDI) as a means of wealth creation. Last year, remittances earned from Ugandans living in the diaspora mainly the UK, USA, and Western Europe among others, was more than \$700 million.

More trade not aid - Chalker

Former British Overseas Development Minister, Baroness Lynda Chalker, has joined other pro-Africa trade agitators in asking the G8 countries to open up more trade opportunities for Africa instead of more aid. Chalker, who is also the Non Executive Director of Unilever's Africa Advisory Council, was speaking during a Uganda business community cocktail hosted by the Unilever Group at the Sheraton Kampala Hotel on July 27. She said while the G8 countries address issues on debt relief and increasing aid, they should also consider opening up their markets to African products. "We want a chance to trade and it's the businessmen that can help us to trade," she said. She called on the business community to lobby and advocate a change in the western world's trade policies by telling positive stories about Africa mainly through their actions. Chalker advised African businessmen to utilise opportunities to prove that they are reliable partners by being accountable, effective and focusing on efficient delivery. "Increased responsible trade can make a difference for all. Collective effort by the private sector, working closely with their local governments, will definitely breed sustainable growth in Africa, create wealth and remove poverty," she said. Mr William Kalema, the Chairman of Uganda Investment Authority (UIA), said although Africa is on the right path to development, government should put more effort especially in infrastructure development and favourable business and investment policies "The 1990s saw economic change in USA, then the rapid economic growth in Western Europe and Asia, now it is time for Africa. We have the energy we need; Africa is ready and this will be proven in the next 10 years," he said. Also present at the meeting was Unilever's Group President of Africa, Middle East and Turkey, Mr Doug Baillie.

East African

July 11-17, 2005

Flower firm gets credit insurance

ATI, Africa's only multilateral export credit agency, has issued its first credit insurance policy, to Redlands Roses Ltd of Kenya, a major exporter of fresh flowers to the European and Australian markets. The policy has been issued under ATI's partnership with Atradius (formerly known as Gerling NCM), the world's second largest credit insurance group, with premium income of over \$1 billion. The Redlands policy was also issued in conjunction with a local broker, Clarkson Notcutt Insurance Brokers Ltd, one of the oldest insurance brokers in East Africa, which has just re-entered Uganda after a 20-year absence. The deal comes at a time when flower exporters in Kenya have been exploring alternative market outlets beyond the international flower auction. Since ATI commenced operations commercially in 2002, the agency has been providing political risk cover in partnership with Lloyd's of London and credit insurance in partnership with Atradius on cross-border transactions involving its African member states. Under the arrangement, Redland Roses is secured against the risk of non-payment by buyers for its products. Credit insurance is a new product in Kenya. Its other advantage is that it allows the examination of the creditworthiness of potential clients before business deals are concluded. "It is a product that we have been looking for for sometime to hedge against the business risk associated with the export business," said Isabelle Henin Spindler, the managing director of Redlands Roses. She said that the company is now ready to venture into new niche markets without the risk of losing the payments. "We see this as a window of opportunity for fresh produce exporters to expand their business and market," she said at a ceremony to announce the deal. Although the flower auction only presents a slight non-payment risk, the margins are very thin.

Uganda gears up for trade with Sudan

Uganda has opened a consulate in the southern Sudanese city of Juba to assist Ugandan firms to participate in trade and investment in country. An official in Uganda's Ministry of Foreign Affairs, Julius Kagamba, said, "Uganda's foreign policy is currently geared towards trade and investment, so the consulate will help Ugandan companies to sell more goods to Sudan. Uganda was already supplying goods to southern Sudan, he said. Last week, Mr Kagamba told The EastAfrican that the consulate would also enable Uganda to support the implementation of the Sudan Peace Agreement, being one of the countries given a mandate by the African Union to do so. Arapta Mangusho, who previously worked at the Foreign Ministry's Multilateral Organisations and Treaties Department, will head the Juba consulate. A memorandum of

understanding between Uganda and Sudan signed in April 2004 allowed Kampala to open a consulate in Juba, while Khartoum was to set up one in Gulu in northern Uganda. Government officials said the arrangement was aimed at enabling Ugandan firms to compete favourably with business from Kenya and Egypt for business opportunities in Sudan. Uganda has also planned business conferences and trade missions for manufacturers, traders, contractors and government departments. Ugandan authorities and companies are worried that if they do not move quickly, they could lose the anticipated windfall to Egypt – which is already doing roaring trade with Sudan – and Kenya, which is opening a commercial bank and is likely to erect infrastructure at Sudan's Rumbek airstrip. Uganda is currently home to about 240,000 Sudanese refugees, and it is anticipated that when they return home they will form a major basis for growth of trade with Uganda.

The UN says it will use Entebbe airport for most of its relief operations in southern Sudan, as it already does for its eastern Congo mission. During an investment and trade conference for Sudan held on June 7 in Kampala, Janet Namuyangu, Minister of State for Industry, said Uganda needed to devise a strategy for entering the Sudan market, bearing in mind budgetary and funding implications and other logistics. "It is also important to establish a sustainable and entrenched trade platform in Sudan by opening up permanent trade and exhibition points for continued business promotion and creation of strategic business linkages," she said. Sembule Steel Mills, one of Uganda's big companies, says it has sent a team to Sudan to do a market survey for its products, which include barbed wire, chain link, wire mesh, roofing sheets and mild steel plates. Roofings Ltd, a leading manufacturer of building materials, which last year earned \$10 million from exports to Burundi, Congo, Rwanda, Sudan and Tanzania, says it is anticipating higher export earnings from Sudan, with the new political dispensation and planned erection of communication infrastructure between the two countries. When he toured the Sembule mill last week, Trade and Industry Minister Daudi Migereko said Uganda had paid a heavy price for its involvement in the Sudan conflict and stood to gain by doing business with Sudan. On June 8, President Yoweri Museveni said Ugandan firms were playing a major role in rehabilitating southern Sudan. Uganda was training a contingent of its soldiers to be part of the UN peacekeeping force in Sudan and Uganda was training 250 Sudanese police officers. Ignie Igundura, public relations manager of the Uganda Civil Aviation Authority, says resumption of Entebbe-Khartoum flights two months ago – after a 10-year hiatus – is boosting trade and tourism between the two countries. While passengers from Entebbe to Khartoum had to fly Kenya Airways through Nairobi, now they can fly straight to Sudan. Air Sudan operates a weekly direct flight from Entebbe to Juba and Khartoum.

Uganda is keen to establish a rail link from Gulu to Sudan's Nimule and Juba, and from Pakwach to Sudan's Wau and Yei towns. Kawaga Zalwango, spokesperson of Uganda Railways Corporation, said the line to Gulu had already been rehabilitated while work is going on on the Pakwach line. Meanwhile, Ugandan and Kenyan investors attending a southern Sudan investors' conference in Kampala last month said much needs to be done before they move there. The investors said Sudanese authorities have to create a modern legal system to run alongside the traditional one and set up a data system that enables investors to make informed decisions. They also asked the Sudanese delegation, which was led by the Sudan People's Liberation Movement (SPLM/A), vice chairman Dr Riek Machar, to formulate modern traffic rules. Currently, for example, if a foreigner knocks down a Sudanese national, he has to compensate the family of the deceased with 52 cattle. "We need to respond to the opportunities that will accrue from the peace agreement reached between the SPLM/A and Khartoum, but we need a good environment," said Florence Kata, executive director of the Uganda Export Promotion Board. The meeting also asked Sudan to address the internal contradictions such as the inconsistencies in levying taxes by various local governments. "Though Uganda and southern Sudan have been trading informally and co-operating for the past 23 years, we need to formalise the cross-border trade as we share cultures and common languages," Ms Kata said. The two-day conference running from June 22-23 was organised by Knight and Day Consortium in collaboration with Resource Team Uganda Ltd and attracted over 140 potential investors and exhibitors from as far as Kuwait, Kenya, Tanzania and Uganda. The investors were told that they could tap into the \$4.2 billion Multi-Donor Trust Fund for South and North Sudan that will become operational in six to 12 months. For example, the UN peacekeeping mission for the Sudan will need 10,000 peacekeepers for six years, who will need housing and related services. USAid is to run a \$400 million project to refurbish and build new infrastructure, while GTZ will look at roads and water dykes, all offering big contracts for construction companies in the region.

Tetu Coffee promoter now eyes Uganda and Rwanda

The man behind an ambitious direct coffee marketing scheme, rejected in Kenya early this year, is planning forays into the Uganda and Rwanda coffee markets. Job Kareithi, chief executive of Tetu Coffee Kenya, says that a second window announced in last month's budget for selling the commodity outside the central auction still leaves growers at the mercy of middlemen. Mr Kareithi told *The EastAfrican* that he was negotiating with producer organisations in Uganda to market their coffee on a single-origin basis in the current season. Ugandan farmers already sell their coffee at the parchment stage but the produce is lumped together as Uganda Coffee. Mr Kareithi said he would start marketing Bugisu coffee as a single origin, organic and Fair Trade beverage in the world speciality coffee market from this month. "We are going to start competing for coffee this season," Mr Kareithi said, adding that he had almost reached an agreement with financiers from South Africa to support the venture. Some of them, he said, had approached Tetu Coffee for equity in the venture based on his financial projections. In Kenya, Mr Kareithi said he would start participating at the central auction directly or through an agent to service Tetu Coffee's clientele in the developed world. However, the Kenyan coffee would not be sold on a single origin basis, thereby limiting its rating in the speciality market. Mr Kareithi asserted that his proposal to buy coffee directly from farmers and add value to it on a "single origin" basis fell foul of some players in the Kenyan establishment on "personal rather than economic" considerations. The proposal to buy cherry from farmers at Ksh50 (64 US cents) per kg would, however, have required a change in the coffee law to allow for farmgate sales, which had been agreed upon by key players, including the Coffee Board of Kenya. The Kenya Planter's Co-operative Union and the Ministry for Co-operative Development and Marketing objected to the proposal, saying Tetu Coffee should seek a marketing agency's licence first and provide safeguards to protect farmers against losses after the coffee left their hands. Mr Kareithi had proposed to pay farmers Ksh10 (12 US cents) in advance for each kilo of cherry and to pay the balance of Ksh40 (50 US cents) once the coffee had been exported, in a scheme that promised to earn the country Ksh48 billion (\$623 million) a year from 5,000 tonnes of coffee. In 2003 – the most recent year tallied by the Central Bureau of Statistics – Kenya earned Ksh6 billion (\$78 million) from 1.7 million tonnes of coffee compared with Ksh11 billion (\$143 million) from 2.7 million tonnes in 2000 and a peak Ksh16.5 billion (\$214 million) earned from 1.8 million tonnes of coffee sold in 1997. The erratic earnings reflect fluctuations in world coffee prices following the collapse of the International Coffee Agreement in 1989 and the elimination of crop quotas, twin maladies to which developing countries are yet to find a lasting solution outside uprooting the bushes and putting the land to other uses. Under the coffee sub-sector reform agreed with the World Bank in January, the government was to issue rules for direct coffee sales by marketing agents outside the coffee auction in a bid to increase private-sector investment and higher returns to peasant farmers.

Although the ground for this was laid by Mr Mwiraria's announcement during the 2005/06 budget, the rules are yet to be regularised. The Kenya Coffee Producers and Traders Association, which was to manage the auction, is yet to be registered despite receiving the Cabinet's approval seven months ago. Under the terms, certain licences for organisations with potential for conflict of interest arising from their multiple roles were to be revoked – a clause that appeared directed at the Coffee Board of Kenya and KPCU. Collection of coffee levies was also to be placed under the Coffee Act. Of concern to farmers, besides the waiver of debts owed by farmers through their co-operatives, was a review of how the crop was marketed at the farmer's and co-operative society level to maximise quality and returns for the farmer, which appeared to open the door for farmgate sales as envisaged by Tetu Coffee. Mr Kareithi said Tetu Coffee would have purchased parchment coffee at the factory level and guarantee a minimum return to the farmer while paying stipulated levies to the pulping factory, the co-operative society, CBK, the Coffee Research Foundation and the local authority. He said the coffee would have been sold directly to buyers on a single-origin basis to compete against the best in the world, including Jamaica's famed Blue Mountain range. Cupping tests conducted by Tetu Coffee show that Kenyan coffee – particularly from Kisii and the central highlands – ranks higher than the Jamaican brand. However, Kenyan coffee is cheaper on the world market because "there has been no effort to establish its value" since it is used to blend coffees from Brazil and Vietnam, which retail at \$45 per kg, compared with \$110 per kg for the Blue Mountain range. In contrast, Kisii coffee was valued at about \$1 per kg last season, out of which the farmer received about 15 US cents.

July 18-24, 2005

Cost of doing business in Uganda rises amid price hikes

An increase in taxes that has resulted in price hikes, has made the cost of doing business in Uganda go up, which the International Monetary Fund says will hinder economic growth. The IMF, in its latest review of Uganda released last Friday, says the country's main challenge is to maintain high economic growth and

make further progress on alleviating poverty. This, the bank says, requires lowering the cost of doing business and addressing governance issues. "Looking ahead, the main challenge will be to maintain high economic growth and make further inroads in alleviating poverty. This will require persevering with the stabilisation effort and improving the investment environment by lowering the cost of doing business," advises the IMF. The report comes just a month after the country's 2005/06 budget was unveiled. The budget increased the prices of fuel, mobile phone airtime, sugar and commercial space in Kampala's central business district – all leading to higher costs of doing business. The British American Tobacco plant in Jinja and Leaf Tobacco Commodities Ltd were shut down and several workers suspended due to increase in excise duty. Telecom operators recently warned the government that the increase in taxes on mobile phone airtime from 10 to 12 per cent would adversely affect the sector and that the planned roll out of the service in rural areas would become harder to achieve. "If people in rural areas are to benefit from the Internet Points of Presence in 32 districts, the government should reduce the airtime tax," said MTN chief executive officer Noel Meier. Mr Meier added that the tax would also limit use of ICT by those who need it most. At Ush2,100 (\$1.2), per litre, motorists are saying petrol is becoming not unaffordable and they may be forced to resort to public transport. "As the cost of fuel continues to go up, we will have no alternative but to ground our private vehicles," said Paul Seruwagi, marketing manager of Top Radio and TV.

The Uganda Taxi Operators and Drivers Association, which represents public transport in the country, told The EastAfrican that it is considering raising fares, as its members cannot absorb more fuel price increases. If this happens, says Richard Kyeyune, an independent economist, it will lead to other price increases, as every sector of the economy revolves around transport. Petrol station dealers blame fuel price increases on the increase in the price of crude oil in the world market, where it has reached \$60 a barrel, and increases in the taxes on petrol from Ush560 (\$0.32) to Ush610 (\$0.35) a litre. Manufacturers say the increase in taxes and fuel price is having an adverse effect on their production. BAT's Jinja factory, for instance, which shut down last month, re-opened last week only after being allowed by the Finance Minister Ezra Suruma to continue paying taxes using the old rates. Another cigarette manufacturer, Leaf Tobacco Commodities Ltd, also temporarily closed its operations because of the VAT and excise duty increase. After discussing the situation with Dr Suruma, it was agreed that the previous excise duty rates remain," BAT managing director Glenn Sheppard said at a press conference last week. The company maintains that the high taxes imposed on cigarettes will encourage smuggling, which already exists. "With other industry stakeholders, we felt the higher duties would exacerbate cigarette smuggling that is already siphoning away billions of shillings in government revenue, while taking market share from legitimate manufacturers," said Mr Sheppard. The economy is projected to grow by 6.8 per cent in 2005/06. Traders in Kampala, under the umbrella of Kampala City Traders Association (KACITA), are threatening a strike over what they call unfavourable taxes on their merchandise that have brought down sales. And only last week, landlords re-adjusted their rents, saying that even those who had already paid rent in advance would have to take into consideration the issue of VAT increase. In his budget, which President Yoweri Museveni described as pro-poor, Dr Suruma increased VAT from 17 to 18 per cent, setting the stage for landlords to raise rent. "I have been sent a demand note for rent with an increase of \$40 and the landlord is citing VAT increase as the reason for the new rent," said a manager at a regional company.

Processors working below capacity as catch declines

Experts are sounding the alert over the future of Lake Victoria's fisheries as Ugandan fish processors report declining capacity utilisation and international forecasts show that Africa will become a net fish importer by 2010. Bad fishing methods and catchment area degradation have made the world's second largest fresh water lake less and less productive. According to the Uganda Fish Processors and Exporters Association (UFPEA), with a few exceptions, average capacity utilisation across the industry has fallen to 45 per cent, mainly due to declining volumes of fish caught. The association's chief executive officer, Ovia Matovu, says indiscriminate fishing using illegal equipment is the main cause of the fall in catches in the lake, but Ugandan processors are also losing a significant portion of the catch to Kenya because of better prices offered there. "Fishermen who can take their fish to Kenya are selling to processors there," Ms Matovu said. Seventy per cent of Uganda's fish exports depend on catches from Lake Victoria, because it is the only water body whose landing sites have been certified under the European Union's Hazard Analysis and Critical Control Points regime. Pressure on the lake is coming in the form of an increase in processor plants, whose numbers jumped from 12 to 17 in just one year while Nile perch is under immense pressure because it constitutes 90 per cent of lake fish exports to the EU. Although revenues from Ugandan fish exports have been growing over the past four years, the growth has been marginal, rising from \$95 million in 2001 to \$103 million last year. Export volumes have increased from 28,119 in 2001 to 31 tonnes last

year. "The growth curve over the past few years suggests that levels of off-take of Nile Perch from the lake have stagnated out," says Brian Buckley, trade and investment facilitation specialist at the US funded project called Strengthening Private Sector Enterprises (SCOPE). According to SCOPE, illegal fishing is being fanned by huge volumes of informal exports of smoked fish to the Democratic Republic of Congo, where most of the underage fish is sold. Mr Buckley says that pressure on Lake Victoria can be eased by encouraging production of farmed tilapia, which constitutes the bulk of fish consumed in the local and regional market. Experts say that while it is technically possible to farm Nile perch, it is not economically viable because one needs to have 10 kilogrammes of other fish species to produce just one kilogramme of Nile perch. That leaves restocking the lake with more tilapia to extend the food supply chain as the most viable way of sustaining catches of Nile perch.

Firm puts \$15m in Uganda hatchery

MICHAEL WAKABI reports that the company has completed trials of a fast growing strain of tilapia in Masaka, 130 kilometres south of Kampala, from which it has established potential yields. The fishing industry in Lake Victoria is expected to get a boost when one of the leading fish multiplication companies in the world, Genomar, starts commercial operations in Uganda. The Oslo based company, which is building what it says will be the largest fish hatchery in sub-Saharan Africa, has teamed up with Uganda's Sunco and fish processors Ngege Ltd in a joint fish multiplication and commercial aquaculture venture. The project is expected to yield 10,000 tonnes of tilapia fish in its first year, beginning January 2006, a figure that will rise to 30,000 tonnes annually by 2009. Fisheries authorities in Kenya, Uganda and Tanzania have recently sounded the alert on Lake Victoria's Nile perch-based fisheries as fish factories around the lake reported a 40 per cent fall in capacity utilisation due to declining catches. The project, which is estimated to cost \$15 million, is expected to meet demand for fish in Uganda and neighbouring countries such as Kenya, Tanzania, Rwanda, Congo and Sudan. We will meet 100 per cent of Uganda tilapia demand and produce top quality, high performance fish seeds, Genomar regional manager for Africa Luciano Lucero said in Kampala. The company has adopted a model that will see it combine its own aquaculture operations with an outgrowers scheme to meet the output targets.

Trading as Sungenor Holdings, the company has completed trials of a fast growing strain of tilapia in Masaka, 130 kilometres south of Kampala, from which it has established potential yields in the Ugandan environment. According to results from the pilot operations, annual output levels of between 10 and 40 tonnes per hectare are achievable in Uganda but have stagnated at the current level of one tonne per hectare mainly because of poor water quality and poor quality food. "We will provide technical assistance and training, provide fish farm projects and make available know how for the entire tilapia value chain," said Mr Luciano. Although it will not be producing Nile perch, the mainstay of Lake Victoria's fish export industry, Genomar says the programme will have major benefits for the lake through restocking of tilapia and taking away some of the pressure by getting more people to grow the fish in ponds. One of Sungenor's directors, Charles Mbiire, says the specially bred strain of tilapia will mature in 6 months. Maturity period for wild varieties is 1 to 3 years. "The project will bring immediate relief to Lake Victoria because of the restocking programme we plan to introduce and the outgrower scheme, which will change the fishing culture in Uganda since farmers can harvest a predictable catch two seasons a year," Mr Mbiire said. Mbiire adds that the project will make it possible for Uganda's fish processors to break into the global tilapia market, from which they have so far been locked out because of their inability to meet orders that required a uniform size of fish. A study by Genomar has shown that, while farmed tilapia is the fastest growing segment of the global fish industry, Africa's share of production remains small. China accounts for 47 per cent of the world's farmed tilapia supplies, while Egypt, the only African country featured in the study, accounts for just 4 per cent.

Ugandan airlines in talks to launch jointly owned national carrier

Uganda's air transport industry is jointly promoting a bid that will see the rebirth of a viable national carrier. Sources told The East African that exploratory talks were on between three Ugandan airlines on the possibility of teaming up to launch a single long-haul airline that will form the nucleus of a hub at Entebbe International airport. Although all the three involved parties say, it is too early to discuss definitive plans, all confirm that they have broached the idea and at least one meeting has taken place. The EastAfrican has learnt that general aviation operator Eagle Air, East African Airlines [EAA] and Uganda's most successful airline to date – cargo operator DAS Air – are informally discussing a model under which they will subscribe to one long haul carrier to which the Uganda government will be invited to participate as a minority shareholder. One of the major international airlines, possibly British Airways, Virgin or Emirates,

will then be brought on board as a strategic partner to provide the fleet and connections to a global network. As a precondition, the promoters would want the new carrier accorded what they describe as "fair protection befitting a national airline." Confirming the talks that took place in late June, EAA managing director Benedict Mutyaba said, "Ideally, the new carrier should have three jets in the 100-seat category, two 40-seat turbo-props and two mainline jets, preferably Boeing 767s or Airbus A330s seating 250-280 passengers." The entire fleet is to be acquired on an operating lease to lower the break-even point as there will be no major acquisition costs reflected on the balance sheet.

Uganda has many idle frequencies to Europe, the Middle East and the rest of Africa, but lacks a national airline to exploit them. Mr Mutyaba says Entebbe would offer a good alternative to Nairobi where many northbound airlines, are experiencing difficulties increasing capacity because of slot constraints. However, it is being held back because it lacks a strong national airline to feed the majors. He added that having an national airline would have a positive impact on Uganda's tourism industry, as lower fares would become available to travellers while exporters would also benefit from more options and lower charges since a lot of cargo can be carried in the bellies of passenger aircraft. Meanwhile, KLM has announced the introduction of three weekly flights between Entebbe and Amsterdam beginning November 1, a development that is being seen as further evidence of improving the impetus in the Ugandan market. Analysts say KLM, which holds a 26 percent stake in Kenya Airways, is launching the Entebbe service as way of increasing its capacity in the region given the slot constraints at Nairobi, 45 minutes away. If the venture takes off, it will be the third attempt in four years to start a national airline in Uganda. Africa One took to the skies in May 2002 but failed just 10 months later amid boardroom disputes and flagging business. EAA, which launched seven months later, suspended scheduled services early this year. The carrier blamed its decision on its failure to get rights to Nairobi and a resurgent rand that changed the passenger profile on its Johannesburg route.

BAT looks to contracts to shore up revenues

Cigarette manufacturer British American-Tobacco Kenya is looking to contract business from the region to shore up its revenues in the face of a growing campaign against smoking and rising taxation on its products. Export and contract volumes grew threefold for the six months to June, driven largely by migration of brands from Europe for manufacture and export to East, Central and Horn of Africa markets, the company's interim results show. BAT managing director Simon Welford told investors during a briefing in Nairobi recently that the project, started about a year ago, had grown ten-fold despite concerns that contracting was a ploy by European tobacco companies to shift their operations to the less regulated developing country markets. BAT corporate and regulatory affairs director for East Africa, Keli Kiilu, discounted this view in an interview with The EastAfrican last week, saying the shift of the manufacturing base was informed by logistical issues. "It is more cost effective to produce cigarettes for the Horn of Africa in Nairobi than in Switzerland from where the brands were previously imported," Mr Kiilu explained. The contract business – producing goods on behalf of other companies for a fee – boasts premium brands like Burrus & Sons, Royals and John Player Gold Leaf. BAT also produces premium brands including Benson & Hedges and Embassy, for some countries in the region. With the growth in contract business, Mr Kiilu said the company would not seek to broaden its export horizons, admitting though that Sudan was under close observation. "We want to satisfy the existing markets without closing our eyes to opportunities available in a post-conflict Sudan," he said. The company currently exports or has contracts to process either finished or intermediate products to Eritrea, Djibouti, Ethiopia, Somalia, Rwanda, Uganda, Democratic Republic of Congo, Tanzania, Burundi, Comoros and Mauritius. The company sees a recent increase in excise duty by 10 per cent – which in turn necessitated increases in the prices of its products – affecting domestic volumes, which Mr Welford said grew by a tenth for the first half of the year. The interim period returned Ksh5.3 billion (\$68.8 million) in turnover – 40 per cent of it from the contract business – from which the government earned Ksh3.1 billion (\$40.2 million) in various taxes. Mr Kiilu said the company would not suffer from a proposed ban on cigarette and alcohol advertising on television and billboards because the company had, under its global responsible marketing initiative, stopped the practice. The company, however, is in talks with the government to ensure that a public smoking notice in the pipeline does not lead to revenue losses. "The government is expected to take in the industry position so that our planning and overall smooth operation of the business is not undermined," Mr Kiilu asserted.

Despite extra 50MW, Uganda still unable to meet power demand

Uganda, which recently entered into a deal with a Dubai-based independent power producer to augment its power supply, may be forced to look for more new options to avert the crippling power interruptions it has

been suffering since early this year. In April, the power distributor, Uganda Electricity Transmission Company (UETC), in a bid to address the situation, signed a three-year power purchase agreement with Agrekko International to provide 50 MW of low-speed diesel thermal power. But analysts now say that even with the extra capacity from Agrekko and the one-off purchases of power from Kenya, the country faces serious deficits in the medium term as it emerges that UETC will not be able to cater for a projected annual load growth of between 30MW and 40MW. The problem is compounded by the fact that the country's premier power project, Bujagali, is not expected to start producing electricity until 2010. What is more, a debate has been raging as to whether Uganda is paying too high a price for power from Agrekko. According to the power purchase agreement obtained by The EastAfrican, the Ugandan consumer appears to be paying less than what the Kenyan consumer paid when Agrekko, Cummins of the USA and Duetz of Germany, supplied 150MW to Kenya under a World Bank-supported emergency power project in the year 2000. In the case of Kenya, the applicable capacity charge was US cents 5.1 per kilowatt hour, compared with the US cents 4.59 per kilowatt hour that the consumer in Uganda pays – almost 10 per cent less.

Under the Ugandan contract with Agrekko, however, payments are divided into capacity and energy charges, which means that the country pays for the generators even when power is not produced. Noteworthy in the Ugandan contract is the fact that fuel, logistics and other charges are higher than capacity charges – perhaps because it is Agrekko that pays for the cost of fuel. Analysts say that it would have been more prudent for the government of Uganda to buy the fuel itself through competitive bidding as was done in Kenya, where the cost of fuel was kept down. Also noteworthy in the Ugandan contract are large fixed payments, some of which have to be paid in advance. They include a \$1.01 million mobilisation charge payable 15 days after the execution of the agreement – presumably to cover for the opportunity cost of the generators for the period when they are in transit to Kampala. In addition, the country has to pay a \$4.5 million deposit to cover 30 days of capacity and energy charges and a demobilisation fee of \$700,000 and all VAT charges. Analysts say that, added together, the fixed payments that the Ugandan consumer pays for the rented generators are enough to procure a 50MW medium-speed diesel plant capable of providing significant relief to the country until the time the Bujagali project comes on stream. With the current tariff band of US cents 10-12 per kilowatt hour for domestic and most industrial consumers and industrial customers paying less than US cents 5 per kilowatt hour, it is clear that Uganda subsidises the sector in order to meet the cost of emergency power. Currently, the interconnected grid in Uganda has an installed capacity of 300MW with the major sources being the Nalubale and Kiira power stations – of which the effective capacity is 220 MW due to the low level of Lake Victoria. Indeed, even with the planned 80 MW additional capacity at Kiira, the effective capacity of the two plants is unlikely to exceed 300 MW on a sustainable basis, mainly due to limitations on the flow of water from the lake. Yet if one assumes a 30W-40MW annual increase in the load, it means that by 2010 when Bujagali comes on board, the total additional capacity required will be between 150MW and 200MW. Clearly, demand will outstrip supply soon after the commissioning of Bujagali. Although the government has been talking about fast tracking the 200MW project at Karuma which is promoted by the Norwegians, it is doubtful that the country will be able to afford capacity payments for such a project until about 2015.

July 25-31, 2005

Uganda insurers lose out to foreign players despite law

Insurance companies in Uganda are losing billion of shillings because ignorance of the law has led most business people, importers and foreign investors, to buy insurance cover from foreign countries. "This industry has the potential to grow at 35 per cent annually but the authorities are not enforcing the law enough. Marine insurance cover can be a thriving and growing business," said an insurance official. The 1996 Insurance Statute No.7 stipulates that no person other than a person licensed to operate under this statute can issue an insurance policy on persons who at the time of effecting a contract are residents of Uganda, goods or assets situated in Uganda. It also says no person will be allowed to issue cover on goods imported from other countries except personal effects and donations. According to the law, all new construction projects and imported merchandise must have a local insurance cover. However this is not the reality on the ground. Oil companies and car importers lead in flouting the insurance rule on getting cover locally. An insurance insider said, "We are talking of a sector with a premium income of Ush80 billion (\$45,714). This is still small change compared with how the banks are performing." For example, the turnover of Standard Chartered Bank last year was Ush60 billion (\$34 million). Alexander Wanjohi, managing director of AIG Uganda Ltd, the leading insurance company in the country with a market share of 23 per cent, said the industry is losing business, adding that "It would be doing better if the law were being followed." He cited imports and real estate development as the main areas where premiums are lost,

adding, "In spite of the law, this process is also rampant in marine cargo insurance. It denies the Ugandan market insurance premiums and it is in breach of the law." Frank Kizito, deputy managing director of United Assurance Company (UAC), the second leading insurance company in the country concurs with Mr Wanjohi. "The fact that business people take insurance cover from outside the country, is sometimes determined by conditions put on certain projects by the funders, who insist that the projects must have insurance cover with international companies," said Mr Kizito. He said it was also due to the ignorance of the law by most people. In spite of the sector's growth, all players agree that there is a lack of knowledge about insurance in the country. Oil companies and car importers lead in flouting this rule. "We really wonder where the oil companies importing oil are insuring their merchandise," said an insurance official. Under normal circumstances, importers should be paying only cost and freight (CF) charges and buying insurance cover locally, but most are paying cost, insurance and freight (CIF). However, George Okotha, deputy commissioner of the Uganda Insurance Commission (UIC), the regulatory body of the sector, says the situation is improving. Mr Okotha said that in some marine and aviation cases, the UIC allows local insurance companies to act as fronts, where they just earn a commission while the insuring is 100 per cent covered with another company abroad. He nevertheless said that the situation is not as grave as insurance companies are depicting it. Some importers insure locally," said Mr Okotha. Insurance players also want the government to amend the law and increase the distribution system to include banks. Currently, companies are distributing insurance through brokers, doing it by themselves or through agents. "This model is limiting, it should be expanded to include banks," said Mr Wanjohi. According to Mr Okotha, insurers have expressed the need to amend the law by improving channels that bring in business and are already exploring ways.

Uganda's vanilla growers suffer as global prices crash

Ugandan vanilla exporters say they have been hit by depressed demand and a sharp fall in prices on the global market. International traders were quoting \$15-\$20 per kg of cured beans compared with a high of \$300 per kg in 2003, \$70 per kg last October and \$40 per kg earlier this year. This has sent local prices crashing. Ugandan farm prices stand at about \$1 per kg of green beans, compared with \$52 per kg in 2003 and \$7.2 per kg for last July's harvest. "The prices are very low and we are not getting any offers for our vanilla," Ismail Tamale, treasurer of the Uganda National Vanilla Association (UNVA), told The EastAfrican. "We are waiting to see whether the situation will improve, but all indications are that export earnings will fall drastically." An official from Kiboga project explains vanilla plant . Picture by George Mulala. He said when prices rose after the Madagascar crop was battered by storms two years ago, the international market experienced a fall in demand. "It will take some time for the demand to recover, since some consumers stopped using vanilla and went for synthetic alternatives," he said. Uganda's output of cured beans ready for export is projected to be well over 200 tonnes this season, compared with 70 tonnes in 2002. Acreage under the spice is about 45,000 acres, up from 10,000 acres four years ago. But Christine Kiwanuka, a commercialisation specialist at the USAid-supported Agricultural Productivity Enhancement Programme (Apep), said since there were no buyers, farmers had abandoned their mature vanilla, which was now going to waste in the field. She said the country could lose 10 per cent of its over 300 tonnes of green beans in the July harvest. "Even the big international buyers are not taking Ugandan vanilla because they still have old stock from Madagascar for last season," she said. "Our exporters are now stuck with cured vanilla." "Much as prices are low and international buyers are not showing interest, we are encouraging exporters to buy whatever the farmers have, processed and keep it. But we don't see prices rising before July next year," she said.

The head of Apep, Andrew Drew, said by the end of this year there will be stocks of about 1,000 tonnes of cured vanilla on the global market, or about a year's supply, meaning growers will continue getting poor prices. He said the carryover stock was about 1,400 tonnes and that the new crop was estimated at 1,000 tonnes. Traders said that, while in the 2003 season the nearly 2,300 tonnes of vanilla produced internationally were traded, low international sales this year could leave 50 per cent of the crop carried over into the coming season. While vanilla prices in Uganda continue to slide, industry officials say that the country's production is experiencing a steady rise, as more growers have been attracted to the crop by the price boom resulting from a shortfall in the Madagascar crop. But Uganda's increasing production does not necessarily assure it of a bigger share of the global market, as other producers like India are also increasing their share. India's production for 2004/05 was estimated at around 80 tonnes, and is expected to exceed 100 tonnes of cured beans this year. It exported 41 per cent of its crop in the season ended March 2005. Amin Shivji of Amfri Farms, one of the leading exporters in Uganda, said that vanilla farmers should brace themselves for a deep fall in prices, to about \$17 per kg, which would be the lowest price for vanilla in

many years. But UNVA's co-ordinator Henry Kibuuka said the \$17 per kg price would not represent a crisis but a return to normal considering the prices prevailing over the past two decades. "Production on the world market has recovered so we expect the price to return to normal after increasing when Madagascar's production was hit," he said. An industry official said, "An indifferent global vanilla crop in 2003, coupled with political disturbances in Madagascar, pushed up prices to nearly \$500 per kg. Farmers rushed to plant vanilla and overproduction, plus a switch by food manufacturers to synthetic vanillin, sent wholesale bean prices and extract plummeting by more than 90 per cent." Samash Nathu, a Ugandan exporter, says the boom in the world vanilla prices in 2002 prompted other countries like India, Papua New Guinea, Tanzania, DR Congo and Mexico to join the trade. The crop from these new growers and Madagascar's recovering production increased supply in a market where demand was falling, forcing prices down. The US consumes 70 per cent of Uganda's vanilla exports, while the rest go to Canada, France, Germany, Japan, South Africa and UK.

East African Procurement News

July 11-17, 2005

Cash shortfall hits PPDA programmes

Dogged by a chronic cash shortage, the Public Procurement and Disposal of Public Assets Authority (PPDA), failed to finish most of its targeted activities for the first half of this year. The Finance ministry released Ush 1.33 billion (about US\$735,000) to the PPDA out of the required Ush5.3 billion for 2004/05 financial year. Although Parliament later in February approved a supplementary vote of Ush3.87 billion the Ministry released only Ush2.67 billion in May. "Of the twelve major categories of programmes planned for the 2004/05, only three were visibly tackled," Mrs Mary Ssozi, the PPDA's Finance and Administrations Director said recently. She added: "From January 2005 all programme activities were suspended and the staff has concentrated on desk work which is technically unproductive." She said the accomplished programmes included capacity building that is sponsored by UNDP and some procurement audits. Ssozi said that financial shortfalls that caused non-realization of the purpose for which PPDA was created would yield inadequate checks and balances in the procurement and disposal system in the country. Addressing the fifth procurement sector review forum in Kampala late last month Ssozi said that their greatest challenges were setting performance targets that would not be met and working the authority staff to draw up plans that would not be undertaken. PPDA's budget including carried forward programme activities for 2005/06 is Ush 8.1 billion, which however, isn't yet approved. Among the affected programmes were implementation of audit strategy, professional development and redesigning of the authority's website to include statutory data from procurement and disposal entities. Ssozi called for the recognition of PPDA by the Finance ministry as an autonomous entity as stipulated by the law that established the body. This would enable the body's vote to be appropriated annually by Parliament. She also proposed a review of the law to allow the authority to widen its areas of revenue sources. Despite financial hardships PPDA recorded several achievements of the benchmarks set in December 2004. Capacity building, compliance assessment, audit and investigation and harmonisation of Local Government procurement with the national standard are among the accomplished targets. The procurement amendment bill of LGs is before Parliament for deliberations. The review forum also heard that PPDA was well known in both the private and public sector although it had been established barely two years ago. Mr James Kahoza, the PPDA Chairman told the forum that procurement in the public service was being carried out according to the law although some procurement decisions were being made mainly from the political sector in disregard of the law. He further said that PPDA audits of procurement entities were planned with the office of the Auditor General so as to avoid duplication and to ensure that the former's reports were forwarded to Parliament. Operational difficulties relating to annual pre-qualification and tax clearance for bidders had also been resolved.

Aggreko rolls in to stall load shedding in Uganda

Bosses of Aggreko have boasted of having installed and commissioned a 50 MW temporary power plant in Kampala ahead of the contract date. The 50MW/11kV & 33kV temporary power station has been completed and became fully operational on May 28, a head of the contracted date. However, they noted that though the installation of the 50 megawatt temporary power station in Kampala is complete, electricity tariffs may not easily reduce because the generators use diesel through the day. Aggreko business Development Director Julian Ford last week said that whether fuel prices went up, their business will not be affected so much as power tariffs will remain high, also given its importance. He was leading journalists at a guided tour to the station at Lugogo Kampala last week. To suit the local infrastructure, the 50MW power station installed at the Lugogo substation was comprised of a 10MW and a 40MW package with

electricity supplied at both 11kV and 33kV. Aggreko has integrated its own controls and monitoring functions with that of Uganda Electricity Transmission Company's existing Supervisory Computer and Data Acquisition (SCADA) system, specialised software that monitors and controls various data parameters. This is a move to ensure that power remains consistent and stable at all times. The newly installed plant in Kampala is the biggest single plant the company has ever planted in Africa, next to that of 45 in Kenya. He, however, expressed hope that given their services, power will be stable. Aggreko contracted Shell Uganda to supply diesel to run these machines. The 64 generators use over 162,000 litres of diesel per day to produce 25 mega watt during day and 50 at night. As part of the fuel management programme, Aggreko is offering to the Uganda Electricity Company, an exclusive three year contract has been signed with Shell Uganda Limited to supply fuel to the Aggreko temporary power station.

Shell, who won the contract based on competitive price and services offered, will be supplying six million litres of fuel per month. To ensure a continuous supply of fuel to the power station, Shell will build a depot at the site with a storage capacity of 1.2m litres of fuel. Based on today's fuel price, and the customer's expectations of power demand, the estimated total value of Aggreko's contract over the three-year period will be in the order of \$160m. Of this amount, approximately \$120m is expected to relate to fuel, provided in partnership with Shell. Aggreko is a Dubai based Company listed on the London Stock Exchange. They are specialists in provision of temporary power generation and temperature control services. It was in February this year contracted by the Uganda Electricity transmission Company Limited to supplement the grid supply and alleviate the load shedding experienced in the region. Mr Rupert Soames, the Aggreko's Chief Executive based at its headquarters in Scotland, says the Uganda contract complements their strategy of international business expansion and that providing power to supplement the electricity grid in Kampala will assist the economic and industrial development of Uganda.

Japan hails Upland rice project

JAPAN last week promised to help with the Upland Growing Initiative being promoted by the Vice President, Prof. Gilbert Bukenya. "We will see how much we can do in terms of providing Nerica seed, but it's important also to get fertilizers for this crop, and we should help there too. We also know that Nerica needs machines in order for the final crop to be a high value product," Mr. Ryuzo Kikuchi, Japan's Ambassador to Uganda said. He was paying a courtesy call on Prof. Bukenya last week. According to a press release Mr. Kikuchi stressed his government's enthusiasm for the Upland Rice programme. He said its success would very likely make Uganda a major rice exporting country in the East and Central African region, and Africa as well. "Nerica Upland Rice is very important. We understand this and we are going to support and encourage this project. My government welcomes your initiative and we hope it succeeds," he said. Prof. Bukenya thanked the Japanese government for its support of Uganda in various fields, citing the Japan International Cooperation Agency (JICA) and its involvement in education and technical assistance programmes. He particularly welcomed the offer of assistance in Upland Rice growing. "We now have over 30,000 farmers growing Upland Rice, and the number is only growing. We immediately need 450 tonnes of seed and the demand out there is even more. I have just returned from Lango in northern Uganda and they want 50 tonnes right away. Everywhere I go, people are asking for seed. We are grateful for all the support we get for this programme," the Vice President said. Prof. Bukenya appreciated the friendship of the Japan in many spheres of Uganda's development. "For us we always say that anyone who comes out to help the poor in Uganda is a friend indeed. Helping the poor should be our focus; that's why I am so interested in this Upland Rice. It is going to help our people in the villages totally change the way they live," he said. The project has been gaining momentum during the past eight months.

HL Investments wins major education tender

UGANDA'S Ministry of Education has awarded two lucrative tenders to HL Investments and Excel Construction worth US\$890,820 (Ush1.55b) and 1,575,468.38 (Ush2.741b) respectively. The two firms will supply and deliver furniture to schools in four regions of Uganda, Mr Francis Lubanga, the Permanent Secretary said last week. The regions are central, eastern, western and Northern regions. The Ministry halted the tender for two lots of one and two which were referred to procurement regulatory body, Public Procurement and Disposal of Public Assets (PPDA) for further action after three bidders complained to the Ministry. The supply and delivery period according to schedule, will be between August this year, to March next year. HL Investments was awarded part the lucrative education tender to supply and deliver furniture to schools worth \$4,734, 758 (about Ush8.537 billion) earlier as the other lots were referred to PPDA. It involved supply and delivery of furniture in the lots of 3 and 4 amounting to \$2,338,336 and \$2,396,422.2 respectively- including VAT. Mr Francis Lubanga, the permanent secretary-ministry of education-who is

also the chief accounting officer for the ministry told Procurement News last week that the money for the furniture supply and delivery tender was from a grant of 6million euros from The Royal Netherlands Embassy. The bids, opened late last year attracted firms as far as from England, Turkey, Saudi Arabia, South Africa and Kenya are among other local firms. The bids were divided in lots of one to four representing all the regions in Uganda. Bidders were to choose which region to bid for. Unsuccessful bidders were both foreign and local. They were; Sagewood from England, Metal Fabrication Ltd from Saudi Arabia, Kaynak from Istanbul Turkey, HFF group of companies and Central African Procurement Services from South Africa, Mango Ltd and Intercross both from Kenya. Local firms were GM Tumpeco, Hwang Sung, Jaribu Credit, Zzimwe Enterprise and Hardware, Sonia Furniture, Gukiina Furniture and Multiplex Limited. Also were Eastern Builders, Roko Technical services, Steel Rolling Mills, Kapkwata, Kitchen Correspondents, Super Furniture, Kesmont Africa Ltd, Tile Centre Limited, Mukono Printing and publishing Limited, Kathiawar Limited.

July 17-24, 2005

Standards watchdog queries game stores

Mr. Mubangizi displays some of the items seized from Game Stores. THE Uganda National Bureau of Standards (UNBS) recently carted away a range of items for testing from Game Stores, after receiving customer complaints. Mr. Deusdedit Mubangizi, the UNBS Standards Officer, said last week they were tipped off by calls from consumers. "I received a call on 4th of July from a customer who had bought breakfast cereals, saying they were expired. We therefore organised and went for an operation on 7th and found a number of them there," he told Procurement News (PN) after the operation. Among the products seized by UNBS officials included 20 packets of juice, 80 packets of breakfast cereals and rolls of toilet paper. Game officials said they could not comment and the Manager was said to be out of the country. However, a Deputy Administration Manager, Ms. Premda Rughoonan referred PN to the head offices in South Africa. She said, "I cannot talk to the press. Contact our South African offices," before she went away. Mr. Mubangizi said the next step was to verify whether to hand the matter to police for further investigate and filing the case. He said, "we were so much surprised to find such a big supermarket dealing in expired and substandard products."

Museveni assures on graft

UGANDAN President, Mr. Yoweri Museveni last week disclosed that the government is building capacity to tackle corruption amidst widespread concerns from development partners about its extent and depth. While hosting the World Bank Executive Director of the Africa region, Mr. Matthias Sinamenye, Mr. Museveni however stressed that the fight against corruption in government departments requires concerted effort and commitment by accounting officers, auditors, accountants, investigators, prosecutors and judges. During the meeting that took place at State House in Kampala, President Museveni also reminded his visitors of the government's focus on value-addition for Uganda's raw products. According to press release he also pointed out "There can not be sustainable growth without value- addition to our products and employment creation," he said. He briefed Mr. Sinamenye on the achievements of the Movement government since 1986 such as stopping extra judicial killing, looting of property and poaching, among others. Mr. Museveni also touched on the importance of setting up the East African Business Institute to enhance the entrepreneurial and business sectors in the region. Mr. Sinamenye assured the President that the World Bank recognises the crucial role the private sector plays. He said the bank is working on the funding of regional projects, including the fight against the HIV/AIDS pandemic. He also promised to follow up the development of Bujagali power project. Mr. Museveni is keen to start construction of the dam by next year.

Uganda coffee volumes fall compared to last year

COFFEE export volumes in June declined by 13% compared to the same interlude last year. However the equivalent value rose by 43%. Uganda exported 229,141 sixty-kilogramme bags worth US\$18.07 million in June. According to the latest Uganda Coffee Development Authority (UCDA) monthly report, this represented an improvement over the previous month when 218,475 bags valued at some \$16.78 million were exported. June is the ninth month of the coffee year October/September 2004/2005. The coffee exports in the third quarter of this year (April/June) amounted to 659,004 bags valued at \$50.2 million, representing a 6% and 67% rise in the volume and value, respectively over similar period last year, according to the report. It further indicates that Robusta coffee accounted for around 80% of total exports, up from 75% in the previous month, fetching \$12.1 million. This was priced at \$1.11 cents per kilo on average, 3 cents higher than in May. Screen 17 that went to the organic specialty market realized the

highest price of 124 cents per kilo among the Robustas followed by Sc18 at 123 cents. Arabica accounted for 20%. Of the 28 registered coffee exporting companies, only 17 performed during June. Ten of the firms had a combined market share of 96% where the top five had 77.3%. The top firms included Kawocam Uganda, Kyagalanyi Coffee, Olam Uganda, Ugacof and Pan Afric Impex.

The German firm scoops UCC's euro 41,000 tender

Uganda's communications regulator, Uganda Communications Commission (UCC) has awarded a tender worth 41,000 euros (about Ush88.6m) to a Germany firm, Rhode & Schwarz to supply Global System for Mobile technology (GSM) test coverage equipment. GSM is the most widely adopted mobile standard in the world with high quality data services with cost effective solutions for network rollout. UCC spokesperson, Mr Fred Otunnu confirmed the deal recently but promised to look at the documents before giving more details. Rhodes & Schwarz was the only firm that submitted bids for the tender during the bid opening. Rhodes & Schwarz offered a bid price of 160,520 euros about (Ush364.4million) at bid opening but was scaled down after an agreement with UCC. The bid security according to the forms was supposed to be US\$2,000 (about Ush3.5million). Meanwhile, MTN Uganda and uganda telecom have won two tenders to install internet Point of Preference (PoPs) to 32 districts in Uganda which are to be subsidised by the government. MTN will construct PoP in 20 districts while utl will install in 10 districts with subsidies of \$698,355 and \$280, 800 respectively. During the bid opening, there were four bidders who included; Simbanet (T) Ltd, One2net, MTN (U) Limited, Wilken Telecommunications and uganda telecom. MTN (U) Limited bid for all the 32 districts and is requesting for \$1,060,090 as subsidy. One2Net bid for 10 districts and is requesting for \$ 379,100 as subsidy. Uganda telecom bid for all the 32 districts by requesting for \$ 1,453,140 as subsidy while Wilken Telecommunications submitted bids for all the 32 districts by requesting for \$ 1,339,206 as subsidy. Simbanet (T) Limited - bid for 28 districts and is requesting for \$1,122,300 as subsidy. On the other hand, the bid opening for telephony project held in May are still under evaluation and the winner will be known soon. Two firms uganda telecom and MTN (U) Limited submitted their bids before the close of bid submission date and time. Celtel never submitted its bid although it was one of the pre-qualified firms.

EAC-USA sign \$566,000 grant technical assistance agreement

ARUSHA, TANZANIA East African Community and the United States of America have signed a technical assistance agreement worth US\$566,000 grant to fund a regional feasibility study project on the proposed East African Community Upper Flight Information Region. The agreement was signed on July 11, at the East African Community Headquarters by the Secretary General of the East African Community, Hon. Amana Mushega, on behalf of the EAC Partner States, while Mr. Ned Cabot, the Regional Director of the United States Trade and Development Agency (USTDA) for Sub-Saharan Africa, signed on behalf of the Government of the United States of America. The signing of the technical agreement comes at a time when the Partner States are putting in place several initiatives to harmonize their policies on civil aviation to promote the development of safe, reliable, efficient and economically viable civil aviation activities within the region. The United States Trade and Development Agency (USTDA) will be the executing agency for the technical assistance on behalf of the Government of United States of America, while the East African Community Secretariat will execute on behalf of the Partner States. The USTDA grant is a continuation of the agency's support for the Safe Skies for Africa program, which was founded in 1998 as a partnership between the U.S. government and African countries to promote sustainable improvements in aviation safety and security throughout Africa. The objective of this project is to create a single block of upper airspace over Tanzania, Kenya and Uganda, operating from a single area control center. In addition to gains in efficiency and safety, it is expected that there will be fewer delays for airspace users, and less strain on air traffic controllers. The USTDA grant awarded will be used to determine the economic and technical viability of the project, and will also provide a framework for implementing this regional initiative. The USTDA assistance is the second activity that the agency has funded in the aviation sector in partnership with the EAC. In 2003, USTDA provided grant funding to the EAC for the development of a plan to implement modern Global Positioning System/Global Navigation Satellite System technology to improve air traffic safety in the region.

World Bank's IFC offers \$38m for smallscale

NAIROBI, KENYA THE International Finance Corporation (IFC) has set aside a Ksh3 billion (about US\$38.4 million) for smallscale entrepreneurs across Africa in a new micro-finance initiative. Kenya is among nine African countries expected to benefit. The project is jointly being overseen by the IFC and PlaNet Finance. The facility was launched last week during the closure of the IFC's African Project

Development Facility (APDF) office in Nairobi. The APDF has provided substantial financial assistance to several new ventures in the region. Mr Joseph Kireu, an APDF official, attributed the closure to internal re-organisation. PlaNet Finance said it hoped to invest in 15 micro-finance institutions in the next five years, 60% of them in Africa. PlaNet Finance is an international NGO aiming at alleviating poverty through the development of microfinance. Kenya, Cote d'Ivoire, the Democratic Republic of Congo, Gabon, Guinea, Madagascar, Mauritania, Senegal, and Togo have been earmarked as possible beneficiaries. The rest of the assistance will go to Argentina, Brazil, China, India, and Mexico. The global micro-finance investment company was launched last week and is expected to finance more than 300,000 small-scale entrepreneurs in some of the world's poorest economies in the next five years. An IFC says Paris-based PlaNet Bank would be capitalised to the tune of \$38.2 million. Of the total, IFC would contribute \$7.3 million while PlaNet Finance and its investment arm PlaNet Investments would provide equity and quasi-equity to PlaNet Bank. "This initiative demonstrates IFC's commitment to the micro finance industry, which provides the poor with the much-needed access to affordable financial services," said Jyrki Koskelo, Director of IFC's Global Financial Markets Department. "By helping experienced partners such as PlaNet Finance become owners and managers of local micro finance institutions, we believe we can help create a sustainable micro finance industry that will benefit some of the world's poorest people," he said.

Kenyan industry to pay lower power rates

NAIROBI, KENYA KENYA manufacturers will pay less for electricity next year if the Electricity Regulatory Board implements a new tariff structure. ERB chairman, Mr. Matere Keriri, said the subsidies now enjoyed by large domestic consumers will be extended to the manufacturing sector. Mr Keriri said this would make products more competitive in the international market. "It is worth to note that nobody has been paying the subsidy, but instead the huge consumers who are mainly the manufacturers have been bearing the burden," he told a stakeholders meeting last week. The meeting was called to discuss the proposed tariff policy that takes effect mid next year. Currently, domestic consumers have been paying Ksh1.55 for the first 50Kwh of electricity, while the manufacturers paid Ksh13.80 per unit. The rate is far higher than what their counterparts in Egypt and South Africa pay, even though the firms compete for the Comesa market. Though Kenya controls 40% of the regional market, the manufacturers are worried that the high electricity costs could price them out of potential market gains. Electricity expense constitutes 40% to 50% of the total costs in the manufacturing sector. The Board in its draft tariff policy proposed to remove the subsidy that domestic consumers have been enjoying. It has also proposed to withdraw special rates that KPLC employees enjoyed and directed that they should be put under domestic consumers category. "It is inappropriate to subsidise KPLC employees' electricity consumption as it gives them no incentives to use the service efficiently and opens it to abuse," Mr.Keriri said. However, the poor who consumed less than 50 units will continue to enjoy the low rates in what the board says is a move to ensure equity.

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Bank of Uganda bears down

BANK of Uganda (BOU) has warned all non-licenced micro-finance institutions that are operating outside the new statute to stop accepting deposits from the public. The statute came into force beginning July. In a move to protect the public against unscrupulous operators of microfinance institutions, BOU also warned them to stop intermediating compulsory savings from the public or loans from insurance funds. There are well over 1,000 microfinance institutions in Uganda. Less than five have so far been licensed under the new statute allowing to carry out basic banking activities. Ms Agnes Kamya the Deputy Director of Non-Financial Banking Institutions said last week that such institutions should continue in their other businesses, but must cease accepting deposit from the public and stop intermediating compulsory savings and loans from insurance firms. "Survey will be made and our primary function is to protect depositors. We will not close them down but we are just warning them. We don't want to send wrong signals," added Mr Walusimbi, the BOU spokesperson. However the new rules do not apply to cooperative societies registered under and operating in accordance with and operating under cooperative societies act except those established for purposes of accepting deposits from the public which must be licenced under the financial institutions act, 2004. There are 1,500 microfinance institutions in Uganda but only three micro-finance institutions are licenced by BOU to accept deposits as money depositing institutions .They include Finca Uganda, Pride Micro-Finance and Uganda Micro-Finance. Ms Kamya said that there are plans to licence a fourth micro-finance deposit taking institution, Uganda Women Finance Trust. Not long ago, the Dutch Ministry of Development Cooperation organized a seminar and invited most of the players in the microfinance sector, as well as politicians. Talks centered on a liberalized financial sector in order to achieve competitive, client-oriented financial institutions. Other issues addressed during the visit included

obstacles to good entrepreneurship development, above all for women. Meanwhile, on currency issues, BOU has cautioned Ugandans using the Ush500 coin in the UK which is similar to the one pound, to stop it. Mr. Juma Walusimbi appealed to Ugandans not to tarnish the name of Uganda abroad saying Ugandans will suffer discrimination if they don't change what is tainting Uganda's name in the UK. "It is difficult to control but we will publicize and appeal to Ugandans abroad to desist." he said.

Higher incomes lead Ugandan fishers to flirt with HIV/AIDS

Alarming high HIV/AIDS prevalence rates in Ugandan fishing communities are threatening the lucrative fishing industry, which brought some US\$105 million into the country in 2004, a new government survey has found. High demand from the European Union, together with relatively good prices from processors, has encouraged more people to take up the activity. This has also led to an increase of irresponsible behaviour at several fish landing sites. However experts say health facilities are also scarce. "Chronic illness and death destroys livelihood and incomes, undermines the skills base in the fishing workforce, and reduces productivity. This is a threat to sustainable fisheries, poverty elimination and economic growth," the report said. It added that the productivity of the fisheries sector, which makes up 12% of Uganda's Gross Domestic Product and nearly 20% of its total exports, could witness a decline with the impact of HIV/AIDS. The 2004 survey studied 21 communities living on the shores of Lake George, Lake Edward, Lake Albert, the Albert Nile, at the border with the DR Congo and Lake Victoria, which Uganda shares with the East African countries of Kenya and Tanzania.

Recorded HIV/AIDS cases up to the end of 2002 showed that the highest prevalence in the country was in districts located along the shoreline of Lake Victoria. "Twenty four percent of fishers on Lake Albert were HIV-positive, compared to four percent in the nearby agricultural villages. In Kasenyi [on] Lake George, 81% of the people who were able to access Voluntary Counseling and Testing in 2004 were found to be HIV-positive," the survey indicated. The commissioner of fisheries, Mr. Dick Nyeko, said HIV/AIDS had the potential to reduce the availability of fish "as people become too weak to fish and fishing skills are lost". Mr. Nyeko observed that the sector produced affordable fish products that supported food security for 17 million Ugandans annually. Over 300,000 tonnes of fish are produced every year, with fish consumption accounting for fifty percent of all animal protein consumption in the country. An HIV/AIDS management official noted that most fishing communities lived in clusters in isolated locations. "This [isolation] makes it difficult for them to access basic services. They lack access to safe water, latrines and healthcare, making them vulnerable to illness," Prof John Rwomushana, director of research and quality development at the Uganda AIDS Commission said. The survey found an increase in the number of fishermen opting to fish in shallow waters as people became too weak to take on the strenuous task of deep-water fishing. "Fish breed in shallow areas. If these are heavily targeted, it has considerable implications for the long-term state of the fish stock. A sick fishing labour force will negate sustainable fishing," it said. Rwomushana said the government was using the findings to develop a road map for all players to follow in order to mitigate the impact of HIV/AIDS on the fishing sector.

The programme, coordinated by the Ministry of Agriculture, Animal Industry and Fisheries, the Uganda AIDS Commission and other departments, will work to reduce HIV transmission as a direct response to the threat it poses to the productivity and sustainability of fisheries resources. It will also help address other problems facing Uganda's lakeside communities, including access to education, health centres, electricity, safe water and roads. The survey further found that none of the communities on Lake Kyoga, Lake George and Lake Edward had access to safe drinking water, and frequent outbreaks of cholera and dysentery were reported. The nearest hospitals were some 67 kilometres away, and took up to six hours to reach. Up to 700,000 people are directly employed by the fishing sector in Uganda, and 1.2 million households are totally or partially dependent on the industry. The country has seen national HIV/AIDS prevalence rates drop from 13 percent in the early 1990s to 6 percent by 2004, but according to UNAIDS, the disease remains the leading cause of death for Ugandans aged between 15 and 49 years.

Ugandan executives advised to focus

COMPETITIVENESS is the key to reducing poverty in Uganda Mr. Godfrey Ssebugwawo, a team leader with the finance ministry's Privatization Unit said recently. "The best way to industrialize is to promote competitiveness of enterprises because without this firms will be inefficient and wound up," he said. Eng. Ssebugwawo, representing Mr. Michael Opagi, the Director Utility Reform Project, said enterprises must be able to sustain themselves or perish. He said the major aim of corporate competitiveness and profitability is to also build social responsibility. He was speaking during a workshop under the theme

'Corporate Governance for Profitability, Competitiveness and Sustainability'. Mr. Japheth Katto, the Chief Executive Officer, Capital Markets Authority, said for firms to succeed, they need to have transparency, accountability and a strategy for the future. "There need to listen to other members of the staff. Direct controls of firms will show transparency if you have it in your organizations, then there is nothing to fear and hide," he said. He highlighted the pitfalls that arise with conflict of interest in the allocating tenders.

\$1.3m bid gets contract

A foreign firm, Technology for Communications International (TCL), has won a tender worth \$1.3m (about Ush2.26 billion) to supply, deliver and install commission radio monitoring equipment to communications regulator Uganda Communications Commission (UCC). The tender is geared towards supporting spectrum management in the management of radio frequency spectrum in the country. The UCC spokesperson, Mr Freed Otunnu, confirmed the deal but did not give more details saying he needed more time to look at the documents. The tender was awarded to TCL last month. Spectrum Management according to UCC guidelines is essential for maintaining access to radio spectrum to all users. The office of Spectrum Management is responsible for the frequency planning; coordinating allocations assignments, regulating and administering of the use of radio frequencies; and the monitoring and enforcement procedures.

No to total water privatisation

UGANDA'S water ministry will not privatise water services/operations, but will instead have the private sector help improve service delivery, Ms Winfred Nabakiibi, an official from Urban Water Reform Unit told Procurement News (PN) recently. An attempt by Tanzania to privatise Dar es Salaam water services ended prematurely years when the public complained of unsatisfactory services by the contracted consortium. Ms Nabakiibi said the Urban Water Reform Unit's policy is that small towns get private people who will manage the water services in their councils, but report to their the relevant town council engineer, who will be in charge of water at council level. "The policy is that we involve people with experience in water management systems to run and maintain water services as long as they report to town council engineer," she said. This, she said will create more jobs and make delivery more efficient at council level. She added that increasing demand has forced the Unit to prefer this policy. National Water and Sewerage Corporation serves Kampala and bigger towns while the Directorate of Water Services serves the rest. However other sources say plans are on the table to invite private interests to manage NWSC. Ms. Nabakii said water services in Kampala will be directly under Internally Dedicated Area Management Contracts (DAMC) whose employees are from NWSC. This, she explained will increase efficiency. The Water Reform Unit works closely with Directorate of Water the technical arm of the Ministry and the NWSC, the parastatal that oversees water supply and operations in big towns.