



COMPETE PROJECT

Quarterly Report
January - March 2001





CARANA Corporation

THE COMPETE PROJECT

Competitive Private Enterprise and Trade Expansion

Quarterly Report

January - March 2001

Submitted to

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By

CARANA Corporation

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Background

The Competitive Private Enterprise and Trade Expansion Project (COMPETE), funded by USAID-Uganda contributes to the Government of Uganda's *Medium Term Competitive Strategy for the Private Sector*, designed to enhance the competitiveness of the private sector, boost domestic economic activity and employment, and increase the country's foreign exchange earnings in global markets. As stated in the Strategy document, the "Process of Building a National Competitiveness Strategy" will include three components:

- Identifying the sources of competitive advantage in Uganda
- Analyzing those advantages and designing a strategy for building on these strengths
- Developing pilot projects for implementation

In response to the Government of Uganda strategy, the United States Agency for International Development (USAID) designed a two-phase project (COMPETE) over an 18-month period to assist the GOU in launching its program. CARANA Corporation was selected to undertake this assignment.

Phase 1 of the project, expected to be completed in April, 2001, has focused thus far on selecting four priority opportunity areas based on criteria agreed upon with the Special Task Force on Export Competitiveness. Also included in Phase I has been the organization of 'working groups' within those sectors that will both drive this process and report to the Special Task Force. Finally, work is continuing on the development of practical, step-by-step strategies that will be implemented over the remainder of the project.

Phase 2, the implementation phase, will be guided by these strategies and by a series of rolling three-month work plans, bringing in ever-broader participation from the selected sectors to build the capacity of Uganda's production, processing and marketing to meet international standards.

- This report is a status update on activities of the COMPETE project during the first quarter of 2001. During this period the COMPETE team has focused on Phase 1 of the project, the sector selection process and sector strategy development.

methodology for sector selection and strategy development

The COMPETE project has worked closely with the Special Task Force on Export Competitiveness, set up by Cabinet and chaired by the Ministry of Finance. The Task Force is composed of public and private sector representatives, as well as members of the donor community.¹ Beginning in December 2000, the COMPETE team held a series of workshops with the Task Force, with the objective of selecting four sectors on which to focus during the 18-month COMPETE project period.

¹ A list of Task Force members is attached in Appendix A.

In the course of three workshops, the Task Force and the COMPETE team reached agreement on the criteria for prioritizing the opportunity areas. Members of the Task Force submitted a “long-list” of the country’s economic sectors deemed most significant in terms of their contribution to Uganda’s GDP, employment, and export potential.

Selection Criteria

While each of the following sectors was considered significant in Uganda’s economy, the Task Force agreed that criteria would be established to select those that could have the most immediate and positive impact on the economy if improvements in their competitive position could be achieved. The Task Force agreed to examine the following criteria:

- *Macroeconomic Impact:* Which export sectors will have the greatest potential impact on the country’s development? Under macroeconomic impact, the key criteria examined included:
 - Potential size of foreign exchange earnings that could be generated by the sector
 - Percentage of Uganda’s population whose incomes will be improved by increased exports from these sectors
- *Sector Level Competitiveness:* Which sectors have the strongest capacity to compete in international markets?
 - Size and growth trends of international markets for these products
 - Ability of Uganda’s producers to meet international standards
 - Price competitiveness of Uganda’s products in world markets
 - Producer/management skill base available to strengthen the sector
- *Institutional, Legal, and Regulatory Environment for the Sector:* In which sectors can national export initiatives be organized most quickly and effectively?
 - Existence of strong institutional support within the sector to undertake initiatives.
 - Ease of overcoming regulatory and infrastructure barriers in the sector

Sector Selection Results

During a workshop in December 2000, the Task Force examined the initial list of approximately 20 sectors. Many sectors were eliminated at the initial screening stage, as they did not meet minimum criteria noted above. Thereafter, a short-list of sectors including coffee, cotton, fish, tea, tourism, horticulture, floriculture, maize, leather, power, information and communications technology, education, beef, and textiles was analyzed. The most recent data and analyses of these sectors and their export performance were studied.² Data on the value of exports, volume of exports, contribution to GDP, contribution to employment, quality and competitiveness of

² A complete list of source materials is attached in Appendix C.

products, and other information from these studies and official statistics were used in the selection process.

In December and January, the COMPETE team organized additional discussions. With facilitation by the COMPETE team, the Task Force ranked the sectors according to the key criteria noted above for macroeconomic impact, sector level competitiveness, and institutional, legal, and regulatory environment. A ranking scale of 1 to 5 was applied, with 1 indicating the lowest potential for impact, and 5 the highest. The rankings by sector are attached in Appendix B.

The ranking criteria provided a straightforward method for eliminating sectors for which there was a low chance of success under the time frame of the COMPETE project. For example, while the beef sector looks promising at first glance, it was eliminated because of its minimal export potential: beef is produced in abundance in neighboring countries. The power sector was eliminated because the growth potential is too long-term: the sector requires massive capital investment, a regional grid, as well as close cooperation with neighboring Kenya. The garment sector was discussed but eliminated because currently its products are not competitive: there is limited capacity to produce in Uganda since capital investment in the industry has been extremely low over the past 30 years.

In the final meeting held on January 22, 2001, the COMPETE team presented these preliminary findings to the Task Force for final review. Based on these findings, the Task Force designated eight sectors as the first candidates for national export initiatives. The sectors, by ranking, were as follows:

1. Coffee
2. Fisheries
3. Cotton
4. Information and Communications Technology
5. Floriculture
6. Tea
7. Horticulture
8. Tourism

The COMPETE team indicated that limited time and financial resources would permit it to focus on only four of these sectors during the period of the project. USAID representatives furthermore noted that under its current IDEA project (that promotes non-traditional agriculture exports), a successful effort is already underway to promote exports of floriculture products to foreign markets.

Sector Strategy Development

During the months of February-April 2001, the COMPETE team is developing the strategic framework for improving export competitiveness in each of the opportunity areas. Experts in international markets for coffee, fisheries, and cotton are in Uganda to forge partnerships in these sectors. The COMPETE team is seeking to persuade Uganda's private sector to take full ownership of the export competitiveness program by identifying its own 'champions' in each

sector who will work closely with COMPETE's team of experts in small 'working groups'. Similarly, the team is seeking to involve those government officials, both administrative and technical, who likewise will contribute significantly to strengthening the ability of the sectors to compete.

The strategies for each sector will define results objectives (such as changes in product and process of manufacture, product quality and differentiation, product diversification, penetration into new markets, as well as expansion into existing markets), select activities to achieve these objectives, establish indicators to measure outputs /results of these activities, and identify constraints (such as regulatory and infrastructure barriers) that impede improvements in exports. In such situations the Government and the private sector will jointly identify alternatives to overcome such barriers.

Once sector strategies have been defined and 'working groups' have been formed in each sector, the sector teams will define regular three-month rolling work plans of activities. Specific roles for participating firms and associations will be defined for each quarter. Schedules for activities will be outlined and targets set.

This report gives an overview of the three sectors covered, with some initial indication of the strategies to be followed.

The Coffee Sector

Macroeconomic Impact of Coffee Exports

Foreign Exchange. In recent years, coffee export earnings have ranged from a high of \$433 million in 1994-1995 to a low of \$165 million in 1999-2000. Currently prices are at historic lows and this year's crop of about three million bags is expected to earn around \$120 million. Coffee export earnings fluctuate in line with the price of coffee quoted on the relevant commodity exchange: robustas quoted in London, arabicas in New York.

Population Reached. Small holdings account for about 94 percent of the total area planted to coffee. About 450,000 farms in the densely populated band around the northern shore of Lake Victoria (the 'Lake Crescent') plant an average of a quarter of a hectare to robusta coffee, while 50,000 farms in the mountainous areas of the east and west plant an average of a third of a hectare to arabica coffee—some 12 percent of the population of Uganda.

Sector Level Competitiveness

Market Size. Ugandan robustas—90 percent of coffee exports—compete in the 'commodity' segment of the world coffee market. Total world trade in commodity coffee amounts to about 6.4 million tons worth \$8 billion at current prices. Uganda has about 1.2% of the world coffee market.

Product quality and capacity to compete. The weighted average price of all grades of Ugandan robustas free on board (FOB) Mombassa is roughly equal to the price quoted on the London International Financial Futures Exchange for robusta coffee. Since ocean freight, insurance and unloading increase the actual cost of delivering Ugandan coffee to a warehouse in London, it follows that Ugandan robustas cannot be delivered to the London exchange except at a loss. In other words, they must be sold elsewhere at a premium to the exchange price. This premium reflects quality attributes that exceed the requirements of the London exchange.

For decades, the Uganda Coffee Marketing Board was a coffee monopsony and sole exporter that maintained the reputation of Uganda robustas through strict quality control. When the Board ceased operations in 1991, numerous firms entered the Uganda coffee trade as exporters and as intermediaries between farmers and exporters. The resulting competition induced traders, then farmers, to relax practices designed to preserve quality in an attempt to maintain margins.

Over recent years, some roasters, unable to justify the premium price, have stopped buying Ugandan robustas. Others have warned the Ugandan coffee industry that they may also cease buying at a premium unless robusta quality improves.

Consequently there is a double threat to export earnings: low market prices and an evaporating premium. The resultant prices for farmers are likely to approach or drop beneath the cost of production. Without the cash income from coffee, small-holders cannot obtain the capital they need to invest in their operations.

Institutional, Legal, and Regulatory Environment for the Sector

Institutional support. The Uganda coffee industry is characterized by organizations that represent single components of the coffee system: the Ugandan Coffee Trade Federation represents mostly exporters; and the Ugandan Coffee Farmers Association mostly small-holders. Within the Ugandan coffee industry there is a consensus among knowledgeable players that the first step to improve competitiveness should be the restoration of Uganda's image for quality robustas. The second should be an increase in production so that foreign exchange earnings are maximized. Similarly there is agreement that such moves require that the linkages between the components need to become more constructive.

Ease of overcoming barriers. Farmers, processors, exporters and the Ugandan Coffee Development Authority understand the technical means of improving coffee quality. The challenge is to establish linkages between key components of the coffee system—farmers and exporters, exporters and roasters—that reward the preparation and preservation of good quality coffee.

In a free market, these linkages are of a different order from those that pertained under the Uganda Coffee Marketing Board system. Nonetheless there exist new Ugandan models where satisfactory linkages between farmer and exporter have been achieved. Other farmers, and possibly some exporters, are expressing an interest in following these models.

The Ugandan coffee industry has the potential and the will to re-establish the unique quality of its robustas and consolidate the premium over robustas from other origins, thereby partially insulating itself from troughs in the world market price. This 'buffer' would contribute to the alleviation of poverty by helping to stabilize the cash income of almost half a million small-holders.

Defining a Competitiveness Strategy

The competitiveness model consists of a process that begins with the market. The working group will define the consumer or a proxy. In the case of Uganda coffee, it is the international coffee roaster who incorporates Ugandan robustas into arabica:robusta blends, transforms it into soluble coffee or markets it as niche product, for example espresso.

The first task in the process requires the private sector members of the 'working group', assisted where appropriate by their public sector counterparts, to agree upon an understanding of the market that is transformed into a pragmatic national marketing strategy.

Success in implementing this strategy depends upon:

- Mobilizing a number of linked organizations in the Ugandan sector - basically farmers+processors+exporters, who with the support of key services, such as, utilities, information and finance, meet or exceed the needs of the international buyers;
- Identifying and deploying processes and practices used by such successful linkages;
- Comparing actual with ideal performance measures, and defining the gap to be bridged. When this gap is quantified, intermediate goals can be set;

- Identify all existing activities that are contributing to the ideal marketing strategy, including uncoordinated initiatives (such as isolated efforts in agronomics or working capital finance).

COMPETE's role will then be to:

- Introduce/propose successful initiatives, particularly those that can serve as models (nucleus estates, exporter premium programs);
- Identify success factors that produce results in export initiatives;
- Build and strengthen linkages among components (agronomy, promoting farmer-owned businesses) of the system so that the joint efforts can help the Ugandan industry meet intermediate goals;
- Undertake actions within the scope of the COMPETE project that complement or enhance the work of successful linkages (surveys, management development of key organizations);
- Promote and help coffee farmers, processors, and exporters to solicit help from international donors and others to further their efforts;
- Introduce new players - international or local - to accelerate progress towards an effective marketing strategy;
- Measure progress;
- Communicate achievements by the Ugandan industry in closing the gap between current coffee quality and the quality that meets or exceeds roasters expectations.

The Fisheries Sector

Currently, virtually all fish exports originate from Lake Victoria. While there are natural limitations to the fish stock, with proper preservation and management of these stocks in the lake, the fish resources can continue to provide a source of valuable foreign exchange and economic development over the longer-term.

Macroeconomic Impact of Fishery Exports

Foreign Exchange. In terms of the economic impact, the fisheries sector is the second largest foreign exchange earner for the country. Currently fish exports are estimated to total approximately \$60 million, or 7 percent of total exports, according to the Bank of Uganda. The Uganda Fish Exporters Association estimates that the likely maximum yield for Uganda from Lake Victoria will total between \$100 and \$110 million, given the current state of stock management.

Population Reached. In terms of the larger impact on incomes, the Ugandan Fish Exporters Association estimates that well over 140,000 artisan fisherman are directly involved in the catch of both Nile perch (*Lates Niloticus*) and various species of Tilapia. The Department of Fisheries estimates that over 700,000 people depend on fisheries and related activities for their subsistence.

Fisheries Production: The principal species of food fish harvested in Uganda, are Nile Perch

(Lates Niloticus) and various species of Tilapia. (*Oreochromis niloticus*, *Tilapia zilli*). In 1999 over 111,000 tons of fish were harvested from Lake Victoria. Other lakes, principally Lake Kyoga, produced almost 80,000 tons of fish, largely for the domestic market. However, with development of inland fisheries, and the promotion of new aquaculture production techniques, fish resources for export may well broaden. Moreover, the potential for fish farming and aquaculture, both in Lake Victoria and in other lakes and waterways in Uganda, is only beginning to be assessed. Currently most of the aquaculture emphasis has been on small Tilapia ponds for subsistence farmers. With proper technologies and environmental controls, it is expected that commercial fish farming can become another important source of fish for both domestic consumption, and for the export market.

Sector Level Competitiveness

Market size. Judged on the basis of the natural competitiveness of Ugandan fisheries in international markets, the fish sector ranks very high. International demand for high quality white fish like Nile perch is high, and growing. Even during the period of the EU ban, Ugandan processors were quickly able to find alternative markets in North America and Asia. The recent EU quotas imposed on North Atlantic fishing for cod will decrease the current supply of white fish in European markets and increase demand and price for Nile perch.

Product quality and capacity to compete. The quality of Nile perch is uncontested and as a result of the continued improvement of the sanitary conditions, and the EU sanctioned testing program, the EU ban has recently been lifted. Therefore Ugandan fish exports are now meeting or exceeding all market criteria, and the market demand will continue to grow. Air transport facilities out of Entebbe have made shipments to Europe and beyond timely and competitive, and allowed the Ugandan exporters to ship a higher valued fresh “chilled” fillet to the European market. The selling price has steadily increased since the lifting of the EU ban.

Competitive cost. The harvesting of the Nile Perch is carried out by small artisan fishermen using hand-made gill nets and hand-held fishing lines. Many of the fleet of approximately 140,000 wooden fishing boats are not motorized and do not have a large capital investment. The medium sized fishermen make investments in canoes with motors, more costly nets, and equipment. Even using motorized fishing and transport boats, the variable cost of the fish is estimated to be \$0.36 per kilo. The fish traders and transport boats increase the price to approximately \$0.45 per kilo. Therefore the landed price of fish is driven by competition for the raw materials, and the growing demand for the Nile Perch in the international market.

Commercial aquaculture. The expansion of the market for Nile Perch has also caused both the sales price and the price of the fish paid to fishermen to increase. The dockside landed price of the fish is now at a point where commercial scale aquaculture of the principal export species can now be considered. The COMPETE Project will therefore investigate the possibility of using commercial aquaculture as a complement to the captured fisheries production. The project will develop a model for the adoption of appropriate technology, hatchery and feed technology that could be tested in a pilot project and adapted on a commercial scale.

Institutional, Legal, and Regulatory Environment for the Sector

Institutional support. The Task Force and the COMPETE team also judged that the fisheries sector has developed very strong institutional support, both from the private and public sector sides. Processors have come together in the Ugandan Fish Processors & Exporters Association, which has been instrumental in successfully addressing problems facing the sector, such as the EU ban. Assistance from the Ugandan Investment Authority has also been critical in attracting private laboratory and testing facilities into the country to certify sanitation and quality of fish for export. Government bodies such as the Department of Fisheries Resources, the Food and Science Research Institute in the NARO, and the National Environmental Management Association are also partners to the sector, thereby facilitating efforts to improve export competitiveness.

Defining a Competitiveness Strategy

Based on COMPETE's assessment during February, 2001 of the fisheries sector, the team is developing a strategic plan based on several conclusions concerning the current status of the sector:

- Improving the value of the current exports:

Since it is not advisable at this time to increase the harvest volume of Nile Perch, an increase in the value of the fish being harvested and exported is the most feasible approach. The fish processing industry has made the plant improvements necessary to meet international export standards. The industry currently has the plant capacity and ability to expand into value-added processing. These products would include pre-packed, vacuum packed portions. In addition to smaller natural fish fillet, the larger fillets can be cut to specific sizes, and packed for the retail and supermarket trade. Institutional and food service packages, especially breaded fish steaks and "fish fingers" have the ability to compete with Cod and other white fish that have traditionally dominated the institutional market.

- Increase the value of fisheries by-products:

At present, only the fish bladders command a reasonable price as a Nile Perch by-product. The fish frames (head and skeleton), and the meat trimmings from the fillets are sold locally for animal feed. A strategic approach is to experiment using the trimmings and neck meat for a fish ball formula. A ground fish and filler formula can be developed that is dense and cost effective to ship as frozen product to the Asian countries. The heads and cheek pieces may also have a market in the Asian countries.

- Investigate other production areas, and develop landing sites:

Other production areas, especially Lake Albert and Lake Kyoga require additional investigation. From Lake Victoria itself, Kenya is harvesting approximately 180,000 metric tons of fish with 11% of the lake in its territory. Uganda is harvesting 110,000 metric tons with 41% of the lake in its territory. Fish being harvested from the areas bordering Kenya are currently being traded in Port Victoria in Kenya. If fish landing sites were developed in areas in the district of Iganga, more fish harvested in Uganda waters could be processed and exported by Ugandan processors.

- Commercial aquaculture development:

A combination of factors contributes to making the introduction of commercial aquaculture timely and important. Improvements in market demand have increased the dockside price for Nile Perch, especially smaller sized fish, (minimum allowable size is 18 inches). Since a majority of the fish is being exported as fresh “chilled” fish fillets, at a premium price, the market is demanding a smaller size of Nile Perch fillet. The higher dockside price and the demand for smaller size fish now make commercial aquaculture a more feasible commercial venture. Analysis should be done on the reproductive biology of the Nile Perch, and in-lake field experiments be carried out using net cages to determine growth rates and input costs. At the same time additional studies are needed relating to the environmental conditions in influencing the breeding and migration of species. The in-lake net cage experiments should also be carried out for Nile Tilapia (*Oreochromis niloticus*). The effects of these in lake production systems should be carefully monitored with water quality indicators carefully recorded. Modeling can be carried out, in order to determine if this form of production is appropriate to Lake Victoria.

The Cotton Sector

Macroeconomic Impact of Cotton Exports

Foreign Exchange. The Special Task Force determined that the cotton sector is able to make a critical contribution to Uganda’s longer-term economic development and its export growth. The re-establishment and expansion of this sector, which dominated the economy in the 1960s, also can support value-added activities in the areas of textiles, garments, and oilseed crushing as well as specialty products such as sanitary and medical products. These activities can support export growth and enhance foreign exchange earnings. This is especially relevant with the enactment of the African Growth and Opportunities Act (AGOA) by the United States Congress. Uganda is well placed to benefit from AGOA through establishment of textile manufacturing using local cotton to supply textiles to the garment industry both at home and in the United States. The likely prospects of Uganda becoming a significant textile and garment producer, as well as specialty producer of cotton based organic and sanitary/medical products needs to be integrated into the country’s longer-term strategy.

In terms of broad economic impact, the COMPETE team and the Special Task Force concluded that the potential would be significant for foreign exchange earnings as well as support for incomes of a large percentage of the population. According to the latest available statistics from the Bank of Uganda, cotton is currently the fourth largest export commodity after coffee, fish and tea. It is also a major supplier of raw materials for the edible oil, soap, and livestock feed industry, thereby providing support linkages to other manufacturing sectors.

Population reached. According to the Cotton Development Organization (CDO), the number of cotton growers totaled approximately 430,000, and was estimated to increase to 500,000 by the year 2000. This compares to over 700,000 in the early 1970s, before the collapse of the Uganda

economy. Cotton production increased to near 120,000 bales in 2000, compared to only 10,000 bales in 1991 and 60,000 in 1995/6. The 2000/01 harvest is estimated at 90,000 bales, down from 1999/00 because low prices discouraged farmers from producing the crop. Cotton growing is distributed across a large portion of Uganda, principally in the eastern, northern, and western regions and hence has an important impact on mitigating rural poverty. For many rural people it is their only cash crop.

Sector Level Competitiveness

Market size. Uganda's climate and agronomic conditions offer good support for the revival of the cotton growing and ginning industry. A resurgence has already begun as a result of the Cotton Sub-Sector Development Project (CSDP) that began in 1994. With its favorable growing conditions, Uganda can produce substantial quantities of high quality medium staple length cotton. It is estimated that with the right technological inputs, Uganda could well exceed production rates of the former peak years and re-establish itself as a supplier of choice. A revival and expansion of the cotton sector can generate nearly four times its present contribution to the economy.

Product quality and capacity to compete. Ugandan cotton ranks very high in terms of product quality, competitive cost of production, and its the future capacity to compete. Uganda's medium staple length cotton is considered a quality for which international markets are continuing to grow and for which premiums are being paid.

Competitive cost. Good growing conditions make cotton production relatively cost effective when international prices are at average levels. However, land transport costs through Kenya reduce cost advantages, although the product can still be competitive. This transportation cost does argue for increased value added at the point of origin in Uganda. Current under-utilized ginning facilities will permit Uganda to expand yarn and textile production without major investment in gins. With this raw material base and infrastructure in place, it is more likely that the textiles industry can be revived and expanded in the near future when equal playing fields are in place with respect to competitors. Presently, textile manufacturers indicate that the playing field between Uganda and India and Pakistan is not equal due to export incentives provided by the governments of India and Pakistan.

Institutional, Legal, and Regulatory Environment for the Sector

Institutional Support: In terms of institutional support to the cotton sector, the recent creation of the Cotton Development Organization (CDO) in 1994 and the Ugandan Ginners and Cotton Association (UGCA) will facilitate a successful export initiative in the sector. The Cotton Sub-Sector Development Project (CSDP) stimulated the development of a new strategy for the sector and led to the creation of these support bodies. The appointment of the ACE group (Audit Control and Expertise) by the UGCA to oversee quality control and monitoring at the ginnery level is a key support factor in the process of ensuring the quality of Uganda's exports. The activities of NARO (National Agricultural Research Organization) in the area of cotton research, the credit program directed by the Development Finance Department of the Bank of Uganda and commercial banks all constitute solid institutional support for the cotton sector.

Overcoming Barriers. The barriers facing the industry have been addressed but constraints still exist, particularly with respect to cotton productivity. Solutions will require close government cooperation with the private sector. Services that can help educate farmers on growing techniques, use of fertilizers, pesticides, and other inputs and production practices need to be channeled through a strengthened extension service system. Proper use of essential inputs such as pesticides must be monitored to ensure that the quality of cotton is not compromised.

The Information and Communication Technology and Education sector

Export from the information technology and education sector was determined by the Task Force as an important area of opportunity. Uganda's institutions of higher education have traditionally been centers of research and training in East Africa, attracting students and researchers from throughout the region. The development of information technologies that can support the development of Uganda's and East Africa's economies can be an important source of export receipts and economic development. The development of these technologies will be closely linked to Uganda's educational establishment.

The COMPETE team is in the process of analyzing this sector, and has proposed that work in the sector be of a cross-cutting nature, focused on strengthening the competitiveness of the coffee, cotton, and fisheries sectors. This would also serve as a point of departure for developing the sector more broadly.

APPENDIX A

Task Force Representatives Participating in the Sector Selection Process for COMPETE

| Name | Institution | Designation | Contact |
|--------------------------|--|---|----------------------|
| 1. Mr. Keith Muhakanizi | Min. of Finance Planning & Economic Development | Commissioner - Economic Development Policy Department | 230290 |
| 2. Mr. Lance Kashugyera | Min. of Finance, Planning & Economic Development | Principal Economist | 349130 077441662 |
| 3. Mr. A. N. Bisamaza | Office of The President | Acting Director/Econ. Affairs | 344014 |
| 4. Dr. Maggie Kigozi | Uganda Investment Authority | Executive Director | 251916 |
| 5. Mr. Gideon Badagawa | Private Sector Foundation | Senior Policy Analyst | 236394 |
| 6. Mr. Jacob Opolot | Bank of Uganda | Senior Banking Officer | 258441 |
| 7. Mr. John Munanuka | Uganda National Chamber of Commerce and Industry | Secretary General | 259554 077 441804 |
| 8. Mr. John Ssenyonjo | Min. of Tourism, Trade and Industry | Director | 343947 |
| 9. Mr. John R.W. Aluma | National Agricultural Research Organization | Deputy Director General Research | 320264/320472 |
| 10. Mr. Ben Manyindo | Uganda National Bureau of Statistics | Head of Technical Department | 222367/9 |
| 11. Mr. Michael Atinlet | Bank of Uganda | Director – Research Dept. | 230791 |
| 12. Ms. Glorie Kempaka | Economic Policy Research Centre | Executive | 541023 |
| 13. Mr. Charles Gashumba | Agricultural Policy Secretariat | Executive | 233819 |
| 14. Mr. Peter Fairman | Min of Finance, Planning & Economic Development | Advisor | 234702 |
| 15. Mr. Robert Rutaagi | Uganda Export Promotion Board | Executive Director | 259779 |
| 16. Mr. Ron Stryker | USAID | Agriculture and Economic Growth | 258983 |
| 17. Mr. Anthony Way | DFID Department of International Development | Advisor – Enterprise Development Ass. | 348727 |
| 18. Mr. Solomon Rutega | Uganda Coffee Exporters Association | Ag. Executive Director | 077 408474 |
| 19. Mr. Dick Wadada | Uganda Coffee Development Authority | Ag. Principal Quality Controller | 257139 |
| 20. Mr. Waniale | Private Sector Foundation/Trade Policy Project | Director | 348731 |

| Name | Institution | Designation | Contact |
|------------------------|-----------------------------------|----------------------|----------------|
| 21. J.G. Munabi | Uganda Tea Association | Executive Secretary | 231003 |
| 22. Mr. Patrick Mubiru | Uganda Tea Growers Corporation | Financial Controller | 0483 22122 |
| 23. Ms. Jolly Sabune | Cotton Development Organization | Managing Director | 230402 |
| 24. Ms. Marina Reusens | Uganda Fish Exporters Association | General Secretary | 075 749400 |

APPENDIX B: SELECTION RANKING

Macroeconomic Impact: Which export sectors will have the greatest potential impact on the country's development?

Table 1 **ECONOMIC IMPACT - WEIGHTINGS**

| PRODUCT AREA | Foreign Exchange | | | | | % Population Reached | | | | | SUB-TOTAL |
|--------------|------------------|---|---|---|---|----------------------|---|---|---|---|-----------|
| | 5 | 4 | 3 | 2 | 1 | 5 | 4 | 3 | 2 | 1 | |
| COFFEE | 5 | | | | | 5 | | | | | 10 |
| COTTON | 5 | | | | | 5 | | | | | 10 |
| FISH | 5 | | | | | | | 3 | | | 8 |
| TEA | | 4 | | | | | 4 | | | | 8 |
| IT/EDUCATION | 5 | | | | | 5 | | | | | 10 |
| TOURISM | | 4 | | | | | 4 | | | | 8 |
| HORTICULTURE | | | 3 | | | | | 3 | | | 6 |
| FLORICULTURE | | | 3 | | | | | 3 | | | 6 |
| MAIZE | | | | | 1 | 5 | | | | | 6 |
| LEATHER | | | | 2 | | | 4 | | | | 6 |
| POWER | | | 3 | | | | | | | 1 | 4 |
| BEEF | | | | 2 | | 5 | | | | | 7 |
| TEXTILES | | | 3 | | | | | 3 | | | 6 |

Scoring: (5 = high potential; 1 = low potential)

Foreign Exchange: Potential size of foreign exchange earnings that could be generated by the sector

% Population Reached: Percentage of Uganda's population whose incomes will be improved by increased exports from the sector

Sector Level Competitiveness: Which sectors have the strongest capacity to compete in international markets?

Table 2

COMPETITIVENESS - WEIGHTINGS

| PRODUCT AREA | Market Size | | | | | Product Quality | | | | | Competitive Cost | | | | | Capacity to Compete | | | | | SUB-TOTAL |
|--------------|-------------|---|---|---|---|-----------------|---|---|---|---|------------------|---|---|---|---|---------------------|---|---|---|---|-----------|
| | 5 | 4 | 3 | 2 | 1 | 5 | 4 | 3 | 2 | 1 | 5 | 4 | 3 | 2 | 1 | 5 | 4 | 3 | 2 | 1 | |
| COFFEE | 5 | | | | | 5 | | | | | 5 | | | | | | 4 | | | | 19 |
| COTTON | 5 | | | | | | 4 | | | | | | | | 1 | | 4 | | | | 14 |
| FISH | 5 | | | | | 5 | | | | | 5 | | | | | 5 | | | | | 20 |
| TEA | 5 | | | | | 5 | | | | | | | 3 | | | | | 3 | | | 16 |
| IT/EDUCATION | | | 3 | | | | 4 | | | | | 4 | | | | | | 3 | | | 14 |
| TOURISM | 5 | | | | | | | | 2 | | | | | 2 | | | | | 2 | | 11 |
| HORTICULTURE | 5 | | | | | | 4 | | | | 5 | | | | | | | 3 | | | 17 |
| FLORICULTURE | 5 | | | | | | 4 | | | | 5 | | | | | | 4 | | | | 18 |
| MAIZE | | | | | 1 | | | 3 | | | | | | | 1 | | | | | 1 | 6 |
| LEATHER | 5 | | | | | | | 3 | | | | 4 | | | | | | | 2 | | 14 |
| POWER | | 4 | | | | 5 | | | | | | | | | 1 | | | 3 | | | 13 |
| BEEF | | | 3 | | | | | 3 | | | | | | | 1 | | | | | 1 | 8 |
| TEXTILES | 5 | | | | | | | | 2 | | | | | | 1 | | | | | 1 | 9 |

Scoring: (5 = high potential; 1 = low potential)

Market Size: Size and growth trends of international markets for these products

Product Quality: Ability of Uganda’s producers to meet international standards

Competitive Cost: Price competitiveness of Uganda’s products in world markets

Capacity to Compete: Producer/management skill base available to strengthen the sector

Table 3

EASE OF IMPLEMENTATION - WEIGHTINGS

| PRODUCT AREA | Institutional Support | | | | | Overcoming Barriers | | | | | SUB-TOTAL | GRAND TOTAL | RANKINGS |
|--------------|-----------------------|---|---|---|---|---------------------|---|---|---|---|-----------|-------------|----------|
| | 5 | 4 | 3 | 2 | 1 | 5 | 4 | 3 | 2 | 1 | | | |
| COFFEE | 5 | | | | | 5 | | | | | 10 | 39 | 1 |
| COTTON | 5 | | | | | | 4 | | | | 9 | 33 | 3 |
| FISH | 5 | | | | | | | 3 | | | 8 | 36 | 2 |
| TEA | | 4 | | | | | | 3 | | | 7 | 31 | 5* |
| IT/EDUCATION | | 4 | | | | | 4 | | | | 8 | 32 | 4 |
| TOURISM | | 4 | | | | | | 3 | | | 7 | 26 | 7 |
| HORTICULTURE | 5 | | | | | | | | 2 | | 7 | 30 | 6 |
| FLORICULTURE | 5 | | | | | | | | 2 | | 7 | 31 | 5* |
| MAIZE | | | | | 1 | | | | | 1 | 2 | 14 | 11 |
| LEATHER | | | 3 | | | | | | | 1 | 4 | 24 | 8 |
| POWER | | | | | 1 | | | | | 1 | 2 | 19 | 9 |
| BEEF | | | | | 1 | | | | | 1 | 2 | 17 | 10* |
| TEXTILES | | | | | 1 | | | | | 1 | 2 | 17 | 10* |

Scoring: (5 = high potential; 1 = low potential)

Institutional Support: Existence of strong institutional support within the sector to undertake initiatives

Overcoming Barriers: Ease of overcoming regulatory and infrastructure barriers in the sector

APPENDIX C: BIBLIOGRAPHY

The following bibliography lists resources that have been consulted as part of the sector selection process. These resources include government reports, statistical data, reports from previous donor funded projects and sector association reports, among others. The bibliography is sorted by sector, beginning with the four covered under COMPETE, followed by thematic topics.

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