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STRENGTHENING THE COMPETITIVENESS OF PRIVATE ENTERPRISE (SCOPE)

Final Report



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STRENGTHENING THE COMPETITIVENESS OF PRIVATE ENTERPRISE (SCOPE)

Final Report

Uganda Strengthening the Competitiveness of Private Enterprise (SCOPE)

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

CONTENTS

Acronyms.....	i
Preface.....	ii
The Country Context.....	1
SCOPE’S Approach.....	3
Project Overview	5
Impact Areas	9
Project Lessons Learned	25
The Way Forward	27

ANNEXES

A – Progressive Results by Year	A-31
B – Stages to Ugandan Competitiveness	B-35
C – Competitiveness Diamonds.....	C-37
D – Staff List.....	D-45

COVER PHOTO: A worker packing roses at the Rosebud Ltd. farm outside of Kampala, Uganda on the eve of the company's first air shipment of roses to Miami, January 2006. Photo by Brian Buckley of SCOPE.

ACRONYMS

APEP	Agriculture Productivity Enhancement Program
ASPS	Agriculture Sector Program Support
COMPETE	Competitive Private Enterprise and Trade Expansion
GBTI	General Business, Trade, and Industry
IDEA	Investment in Developing Export Agriculture
LOA	life of activity
MISR	Makerere Institute for Social Research
MTCS	Medium-Term Competitiveness Strategy
PEAP	Poverty Eradication Action Plan
PMA	Plan for the Modernization of Agriculture
POPP	Partnership for Oilseeds Production and Processing
PRIME/West	Productive Resource Investments for Managing the Environment/Western Region
PSFU	Private Sector Foundation of Uganda
Rural SPEED	Rural Savings Promotion and Enhancement of Enterprise Development
SCOPE	Strengthening Competitiveness of Private Enterprise
SEGIR	Support for Economic Growth and Institutional Reform
SPEED	Support for Private Enterprise Expansion and Development
UCFA	Uganda Coffee Farmers Association
URA	Uganda Revenue Authority
USAID	United States Agency for International Development
WEF	World Economic Forum

PREFACE

USAID’s Strengthening the Competitiveness of Private Enterprise (SCOPE) project focused on increasing the competitiveness of targeted sub-sectors of Uganda’s economy, with the goal of improving Uganda’s position in local, regional, and international markets. The project facilitated the development of private sector-driven business strategies and worked to increase the capacity of private sector institutions to support competitiveness, structure a results-oriented, private-public competitive dialogue, and support the development of an enabling environment for broad-based economic growth.

Key results of the project included:

- Helping four key agriculture sub-sectors – coffee, cotton, fish, and floriculture – organize into clusters and develop industry-wide strategies to increase production, create hundreds of thousands of jobs, and boost export earnings as much as threefold by 2010.
- Bringing together major players in the tourism industry to develop a comprehensive geotourism strategy that seeks to make Uganda the first African signatory to National Geographic’s Sustainable Destination Charter and double tourism revenue in 10 years.
- Brokering a new national commitment to competitiveness among high-level government officials, members of Parliament, business leaders, farmers, and other stakeholders.
- Facilitating development of a national brand – Uganda: Gifted by Nature – as well as Gifted by Nature Inc., a not-for-profit company formed to oversee the brand and promote Uganda in regional and international markets.

This final report is designed to serve three purposes. First, it captures the results and impact of the project’s activities. Second, it consolidates the SCOPE approach into one document to provide a foundation for design of complementary and supplementary interventions in Uganda. Finally, it provides lessons learned that may lend themselves to other competitiveness activities and initiatives.

The report begins with an overview of the country context, SCOPE’s approach, and a description of project organization. This is followed by a discussion of project impact areas, including achievements and lessons learned. Finally, we present challenges and opportunities going forward and recommendations for future competitiveness activities in Uganda.

Progressive charts of project indicators and results are presented in Annex A.

THE COUNTRY CONTEXT

In late 2003, when SCOPE opened its doors, there was no high-level national commitment to competitive transformation in Uganda. Challenges to competitiveness included weak institutions, private sector fragmentation, and confusion over the roles of government and business. The public and private sectors were wary of one another, which prevented the creation of necessary partnerships.

There also appeared to be a lack of a common understanding among key constituencies of what competitiveness meant and how it could help to develop Uganda. This impression was confirmed by a project-conducted Competitiveness Awareness Survey in which many of those surveyed did not see the connection between increasing competitiveness and reducing poverty, and even thought that the two goals were in conflict with each other.

The government of Uganda had taken steps to incorporate competitiveness-thinking into key national strategy documents. The Poverty Eradication Action Plan (PEAP), the basis for many of the country's policies, recognized the need for increased competitiveness and sustainable economic growth. The Medium-Term Competitiveness Strategy (MTCS) focused on changes in the business environment needed to support increased competitiveness. Finally, the Plan for Modernization of Agriculture (PMA) addressed reforms needed to build on Uganda's comparative advantages in critical agriculture sub-sectors.

However, these structures and Uganda's stated commitment to "trade not aid" did not correspond with the national budget process or allocation of government resources. Also, programs dedicated to promoting economic development were not built around productive sub-sectors or an overall competitiveness agenda. Instead of being targeted to support rapid growth, they were fragmented and public sector-driven and seemed to encourage the status quo rather than foster change and growth.

With regard to the roles of the public and private sectors in competitiveness, the project found a lack of clarity among stakeholders. Public sector institutions worked with structures that failed to reflect the liberalization of Uganda's economy, which made it difficult to organize government officials around competitiveness efforts. At the same time, the private sector was fragmented, and did not know how to strengthen its own organizations so they could work effectively with government. Larger firms with the potential to lead competitiveness efforts tended instead to pursue patronage to get what they wanted individually.

At the same time, a number of donor-funded entities were involved in competitiveness, and SCOPE was able to learn from and build on the experiences of previous activities, notably USAID's Competitive Private Enterprise and Trade Expansion (COMPETE) project. COMPETE worked to improve the export competitiveness of targeted sub-sectors (coffee, cotton, fish, and dairy) to increase Uganda's foreign exchange earnings and boost economic growth and employment.

SCOPE also had two primary institutional partners: the Secretariat of the MTCS, funded by the European Union, and the Private Sector Foundation Uganda (PSFU), the umbrella private sector advocacy organization funded by the World Bank. Despite the efforts of these programs and government commitments, competitiveness remained an abstraction. Many public and private sector leaders were not convinced that business-led economic growth could lead to reduced poverty and increased prosperity.

SCOPE'S APPROACH – BUILDING COMPETITIVENESS FROM THE GROUND UP

From the beginning, SCOPE sought to make competitiveness a real and relevant concept to all stakeholders, and focused on building support for competitiveness from the ground up. To ensure appropriate strategies, the team assessed the private and public sectors' strengths, limitations, and needs, and then adapted proven competitiveness techniques to fit the Ugandan context.

SCOPE then delivered targeted technical assistance to a range of private and public sector players at the sub-sector and national levels. First, the project organized and supported economic sub-sectors with high potential for transformation, encouraging businesses to “cooperate to compete” to drive expansion and rapid growth. Next, at the national level, SCOPE worked to strengthen Uganda's institutions and policies to create an effective and sustainable framework for business-led economic development. Significant time was devoted to bringing individuals and groups together for meaningful dialogue – within and across industries and sub-sectors and between the private and public sectors.

Given the context in Uganda, SCOPE determined that the traditional competitiveness approach to developing industries through “clusters” of private and public sector stakeholders was not initially feasible. Consequently, the team helped the private sector define its own agenda first and then focused on strengthening institutions and facilitating dialogue between the public and private sectors. The project began with eight targeted sub-sectors, which the project and USAID refined to five during the second year, narrowing the focus to the most promising sub-sectors.

Organizing private sector working groups, SCOPE supported the transformation of targeted sub-sectors from commodity to industry focus and the development of draft competitiveness plans for coffee, cotton, fisheries, floriculture, and tourism. In addition to its sub-sector work, the project operated across the economy to promote awareness of competitiveness issues, strengthen Uganda's institutional framework, build private-public partnerships, and improve the business environment. Recognizing that changes in attitudes and mindset were critical for Uganda to move forward, activities were designed to raise the profile of competitiveness approaches with key public and private sector audiences.

PROJECT OVERVIEW

SCOPE was a task order under the Support for Economic Growth and Institutional Reform (SEGIR) General Business Trade and Investment (GBTI) indefinite quantity contract. The project, which began in December 2003 and ended in September 2006, had the following goals:

- Facilitate development of private sector-driven business activities and advocacy
- Increase institutional capacity for competitiveness
- Structure a results-oriented, sustainable private-public competitiveness dialogue
- Support development of an enabling environment for broad-based economic growth
- Heighten awareness of competitiveness and its importance.

The Chemonics Consortium

In addition to Chemonics' long-term staff and short-term consultants, SCOPE benefited from the expertise of our subcontractors:

- Crimson Capital
- International Business Initiatives Inc.
- International Law Institute – Uganda
- Plexus Consulting Group LLC

To achieve these goals, SCOPE organized technical assistance and activities around a component approach. With three components – private sector support, private-public competitiveness dialogue, and competitiveness awareness and consensus – the project designed and implemented initiatives that targeted a wide audience. Each component is described briefly below, with detailed information provided later in this report.

Private Sector Support

Within this component, the project supported Uganda's private sector in efforts to enhance competitiveness in domestic, regional, and international markets. Activities were designed around facilitating the transformation of key sub-sectors through five Stages to Ugandan Competitiveness (Annex B).

Private-Public Competitiveness Dialogue

Activities in this component were geared toward strengthening Uganda's overall approaches to competitiveness, to ensure effective implementation and sustainability. The project focused on strengthening the private-public institutional framework, supporting formation of effective private-public partnerships, and addressing policy, legal, and regulatory issues.

Competitiveness Awareness and Consensus

SCOPE worked to broaden awareness of competitiveness and build strategic partnerships to

Stages to Ugandan Competitiveness

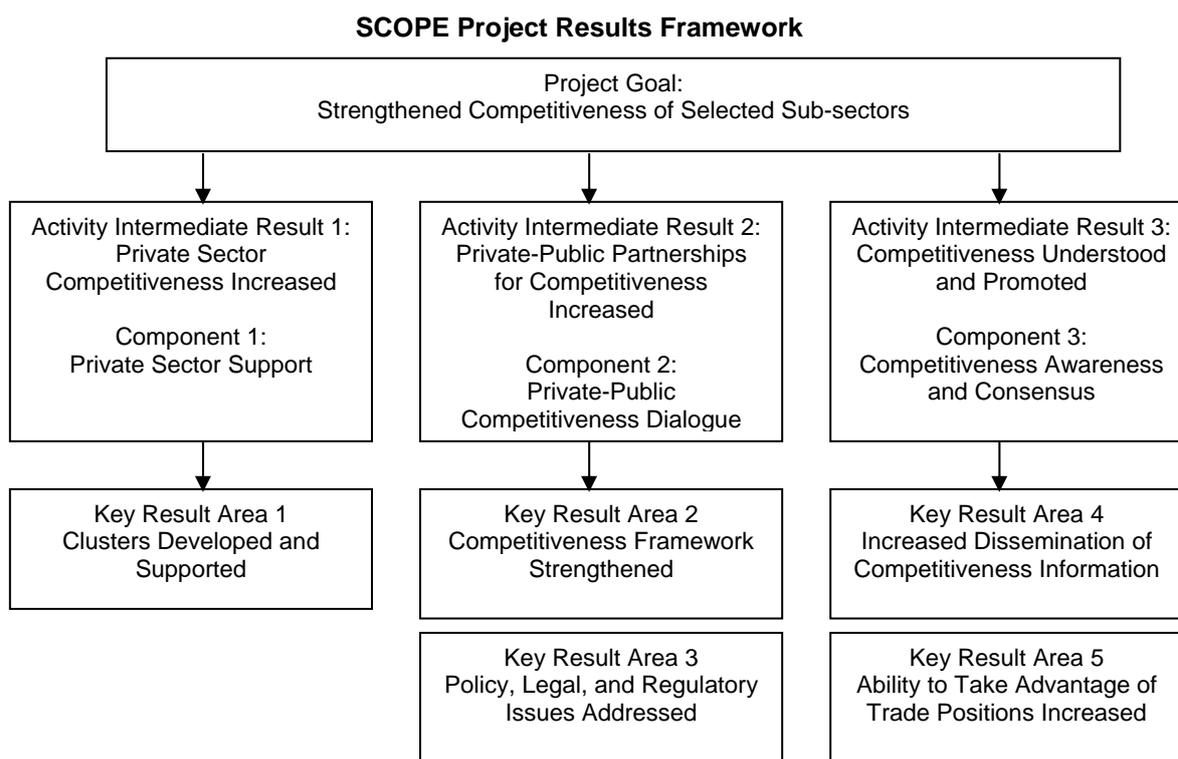
- Stage 1: Sub-sector Positions Defined
- Stage 2: Cluster Business Plans Developed
- Stage 3: Cluster Strategies and Action Plans Developed
- Stage 4: Cluster Action Plans Implemented
- Stage 5: Clusters Sustained

influence policy support for competitiveness initiatives. To reach a wide audience, the project targeted the private and public sectors, the media, and the general public. Activities focused on disseminating competitiveness information, supporting a national branding campaign, and conducting awareness activities such as university clubs and a national competitiveness workshop.

Project Results Framework

Within USAID/Uganda, SCOPE fell under Strategic Objective 7 – Expanded Sustainable Economic Opportunities for Rural Sector Growth. The project had three Activity Intermediate Result Areas that were implemented through components as shown in the Results Framework.

Project results, measured against 20 life-of-activity (LOA) indicators, are detailed in Annex A. Successful performance against targets, however, only tells part of SCOPE’s story. A substantial part of the project’s success was its impact on hard-to-measure factors such as mindset, trust level, and the willingness of businesses to cooperate for the greater good of an economic sub-sector.



Partnerships

SCOPE built on the successes of USAID’s and other donors’ foundational work and partnered with ongoing government, private sector, and donor initiatives. In addition to MTCS and PSFU, key project partners included industry associations, private corporations, ministries, regulatory agencies, the media, Parliament, donor working groups, and other USAID initiatives, including the Agriculture Productivity

Enhancement Program (APEP), Rural Savings Promotion and Enhancement of Enterprise Development (Rural SPEED), Land O'Lakes, and Productive Resource Investments for Managing the Environment/Western Region (PRIME/West).

IMPACT AREAS

Agriculture Sub-sector Transformation

Initial project activities focused on eight sub-sectors selected for their export and economic growth potential. Seven of the eight were in the agriculture sector, which contributes 85 percent of Uganda's export earnings and supports the majority of its population. These seven commodity sub-sectors – coffee, cotton, dairy, fish, floriculture, grains (maize and beans), and oilseeds – directly affect the lives of 12 million Ugandans, most of them subsistence farmers. The eighth sub-sector, tourism, will be discussed later in this report. For all sub-sectors, the challenge was to transform comparative advantages into competitive strengths to foster broad-based economic growth that would lead to reduced poverty and increased prosperity for all.

One of the project's first tasks was to develop a tool – the Stages to Ugandan Competitiveness – to chart progress in the targeted sub-sectors. It was initially planned that all seven would be supported to move as far as they could through the five stages, but during the second year, priorities were revised for a more targeted focus. Coffee, cotton, fish, and floriculture (and tourism) were identified as having the greatest near-term potential and the project shifted the bulk of its sub-sector assistance to them.

Working groups of business leaders analyzed the agricultural sub-sectors to identify the characteristics of markets and production that affected their ability to compete regionally and internationally. They concluded that although Uganda had natural advantages, the country's ability to achieve its potential was severely constrained by production issues. Production of coffee and cotton was falling to an alarming level, despite the fact that Uganda's cotton and Robusta coffee bring premiums in international markets. In fisheries, the volume of capture fish –

SCOPE's Motto: Cooperate to Compete

Adam Bwambale, secretary general of the Nyakatonzi Growers Cooperative Union, said, "In the cotton sector, SCOPE's motto, Cooperate to Compete, has been realized, especially at the production level. Through this cooperation, investments are higher."

Ugandan Fish Find Markets Far From Home

Greenfields Uganda Ltd., a member of SCOPE's fish cluster, started Africa's first sustainable freshwater fish operation and now exports thousands of pounds of fillets to Europe and the United States each week. Greenfields ships Nile perch and tilapia to Europe under the brand "Kyoga Wild," which grew out of the sub-sector competitiveness plan. The company also exports Nile perch to the United States through Tampa-based distributor Anova Food.

Greenfields established a modern landing site on Lake Kyoga that supplies fish to the company's processing facility, which is five miles from Entebbe International Airport. As a result of the company's \$5 million investment to upgrade the processing plant, the operation meets standards for certified sustainability developed by Export Promotion of Organic Products from Africa. In addition to providing a high-quality product, Greenfields' sustainable practices are designed to support the long-term supply of fish, avoid negative environmental impact, ensure biodiversity, reduce post-harvest losses, and increase profits for fisher folk.

Greenfields works with more than 300 fisher folk on Lake Kyoga and the initiative supports 1,500 livelihoods. The model is being replicated at a site on Lake Victoria and is expected to be implemented elsewhere.

especially Nile perch, which is popular in Europe – was threatened by over-fishing, and aquaculture was not yet sufficiently commercialized. In floriculture, growers needed to move beyond Uganda’s success with small sweetheart roses and expand into cooler areas of the country to produce a different, higher-value mix of flowers.

Having identified sub-sector-specific problems, the working groups began to develop strategies to address them, with the goal of moving the sub-sectors forward through the stages. Although all seven sub-sectors started in Stage 1, floriculture was the most advanced, for two reasons. First, the industry consists of a small group of firms that grow and export flowers, and thus control the supply-to-market chain. Second, USAID’s Investment in Developing Export Agriculture (IDEA) project, the precursor to APEP, had conducted significant work to advance the floriculture industry, including research, training, and market promotion.

In coffee, cotton, and fish, SCOPE used the momentum begun by two other previous USAID activities – COMPETE and the Support for Private Enterprise Enhancement and Development (SPEED) project. Building on lessons learned and the structures they put in place, SCOPE focused on developing new approaches to the organization of production, designed to achieve higher volumes. The project also worked to forge more direct linkages between buyers/exporters and the smallholder farmers; these new and improved linkages resulted in sustainable production models for the sub-sectors.

Uganda’s Roses Break into the U.S. Market

On January 31, 2006, boxes filled with 500,000 sweetheart roses were loaded onto a KLM flight at Entebbe International Airport – the first shipment of Ugandan flowers direct to the United States. The roses arrived just in time for the U.S. floral industry’s busy Valentine’s Day.

The shipment was the beginning of an ongoing relationship between Rosebud Ltd., a member of SCOPE’s floriculture cluster, and Miami-based Orange Flower Connect. Flowers from Uganda enter the U.S. market free of duty and quotas, under the African Growth and Opportunity Act (AGOA) trade legislation. This type of market diversification is part of the flower industry’s competitiveness plan.

Uganda’s largest flower producer, Rosebud, has nearly 1,000 employees, including 700 mothers. The company plans to build a day-care center and primary school for its staff’s children, and has expanded operations from 30 to 50 hectares to meet growing market demand.

Of the shipment to the United States, Lloyd Pierson, assistant administrator for the Bureau for Africa at USAID, said, “This is a perfect example of the U.S. commitment to Africa. Through our expertise, USAID is building partnerships to create sustainability and drive economic growth. This is a remarkable step for Uganda, and we are glad to be a part of the progress.”

Through the working groups, the project facilitated the identification of business targets, and the definition of strategies for improving competitiveness in international, regional, and domestic markets. The groups used the strategies to draft national business plans for achieving industry-wide competitiveness. The cotton, coffee, floriculture, and fish groups are poised to become full-scale clusters, bringing in ministries and regulatory agencies to begin building partnerships for implementation. To ensure implementation, the PMA, the main conduit for providing services to farmers, has agreed to take an active role in overseeing the plans’ future.

Additional working group activities within sub-sectors included efforts to strengthen trade associations and address fragmentation in industry organization. This included working with the Uganda Coffee Trade Federation, which represents exporters, processors, and other stakeholders, in the design of an Industry Development Support Program. A similar program created for the Uganda Flower Exporters Association provided a blueprint for integrated planning and advocacy, as well as revenue generation and sustainability.

Two groups identified measures to enhance industry-wide representation in their sub-sectors. Seeking to merge industry segments for more effective advocacy, the coffee group designed a Uganda Coffee Alliance to represent the industry – from smallholder farmers to processors and exporters. Similarly, business leaders in the fish sector identified the need for a Uganda Fisheries Alliance to bring capture and aquaculture segments together to organize and strengthen the industry in preparation for improved global market positioning.

Although SCOPE focused on the revised sub-sectors, the project also achieved success in other areas. In an innovation developed with APEP and the Mukwano Group of Companies, a major producer and exporter of cooking oils, the project developed a sustainable production model for sunflowers. The model, called the Partnership for Oilseeds Production and Processing (POPP), has the potential to increase farmer incomes tenfold with the same land and labor. Its success could lead to production of sufficiently higher volumes of refined sunflower oil and allow Uganda to position itself as a major regional competitor

Potential Sub-sector Growth by 2010 under SCOPE-Facilitated Competitiveness Plans

Sub-sector	Export Volumes		Export Revenues		Livelihoods		Jobs Supported	
	Baseline 2005	Projection 2010	Baseline 2005	Projection 2010	Baseline 2005	Projection 2010	Baseline 2005	Projection 2010
Coffee	2.5 million 60kg bags	4.5 million 60kg bags	\$173 million	\$310 million	6 million people	10 million people	1.2 million jobs	2 million jobs
Cotton	100,000 185kg bales	700,000 185kg bales	\$28 million	\$147 million	4 million people	6 million people	0.8 million jobs	1.2 million jobs
Fish	39,201 metric tons	50,000 metric tons	\$143 million	\$180 million	3.5 million people	5 million people	0.7 million jobs	1.1 million jobs
Flowers	7,300 metric tons	15,000 metric tons	\$36 million	\$80 million	36,000 people	60,000 people	6,000 jobs	10,000 jobs
Total Projected Revenue \$717 million Total Projected Jobs 4.3 million								

Achievements

Key project results in agriculture sub-sector transformation included:

- Organizing clusters in coffee, cotton, fish, and floriculture, and supporting the development of comprehensive competitiveness plans. The plans lay out how the industries can increase production, exports, revenues, farmer incomes, and jobs by strengthening supply-to-market chains, developing and marketing value-added products, identifying and targeting niche markets, and attracting new investment – with proper public sector facilitation and targeting of public sector resources.
- Facilitating creation of a partnership between the PMA and business leaders to move the competitiveness plans into implementation.
- Supporting the development of plans for industry alliances in fish and coffee, and assisting in the design of strategic plans for two major industry associations in coffee and floriculture.
- With APEP and the Mukwano Group, developing the POPP sustainable production model for oilseeds. Mukwano is providing inputs, training, and a guaranteed market to farmers, with the goal of making Uganda a major regional exporter of sunflower oil.
- Supporting large coffee exporters to boost their investment in production to increase volumes and meet growing market demand for traceability of products back to the farmer – a move that also is bringing higher returns for smallholder coffee growers.
- Moving all seven commodity sub-sectors forward in the Stages of Competitiveness: with floriculture moved to Stage 4; coffee, cotton, and fisheries to Stage 3; and dairy, grains, and oilseeds to Stage 2.
- Facilitating the sub-sectors to achieve substantial gains in volume and value of commodities marketed, as well as revenues and market share. During the life of the project, the value of marketed commodities increased by nearly 50 percent from \$260 million to \$387 million, and volume grew from 300 metric tons to nearly 400 metric tons, an increase of about 32 percent. Gross cluster revenues increased by 44 percent, and Uganda's market share rose from a weighted average of 1.1 percent to 1.9 percent.

Lessons Learned

Key lessons learned in agriculture sub-sector transformation included:

- Traditional cluster formation practices, which originated in the manufacturing sectors of developed countries, needed to be adapted to fit commodity sub-sectors that are critical to the economic development of Uganda and have high

potential for rural development and industrialization impact within relatively short periods of time.

- While many aspects of approaches to sub-sector growth previously developed in Uganda were good, they lacked integration within the framework of practical, results-oriented private sector business approaches designed to translate strategy into plans that would result in increases in sales, employment, income, and exports.
- The Ugandan government taxes exports in cotton and coffee (and is proposing to do so in fisheries) to pay for public regulatory authorities and activities. This effectively stifles the development of strong private sector organizations and limits the ability of business leaders to re-invest money in production. For improved competitiveness, Uganda needs to increase the wealth generated by its private sector and let money flow back into the economy and widen the tax base.
- Uganda could double or triple its agricultural production within five years if the public sector works effectively with business leaders to apply resources in areas that will yield results. For example, significant increases in exports, production volumes, and farmer incomes can be attained if the government supports the private sector's investments in inputs, financing, and technical assistance by directing public resources to infrastructure and support for producer organizations.

Tourism Sector Transformation

The eighth sub-sector, tourism, represents a relatively new industry, which began in 1993 when the first permits for tracking gorillas in Bwindi Impenetrable Forest were sold. When SCOPE arrived, it found an industry of stakeholders working in isolation, with no history of collaboration.

Bringing sector players together, the project facilitated 10 trade associations to develop a comprehensive competitiveness plan that could increase tourism revenues from \$69 million to \$1.2 billion in 10 years. The plan, which had input from more than 150 organizations and individuals and benefited from more than 3,000 volunteer hours, represents a new way of developing Uganda's tourism industry.

This effort began with a small group of dedicated business leaders, which over time reviewed all the plans, strategies, and activities that had been developed for the sub-sector. The group discovered that the impact of Uganda's tourism industry was vastly underreported and that tourism's role was misunderstood. Although tourism is often called an invisible export, because much of the product is sold in other countries but delivered in Uganda, it accounted for about 25 percent of Uganda's 2005 export earnings.

Geotourism

Uganda has potential to become an important geotourism destination. Characterized by astonishing beauty, unsurpassed vistas, noteworthy biodiversity, and a wealth of peoples and cultures, Uganda can create tourism products that bring out the best of its attributes, including commitment to the tenets of ecotourism and to ways of living that are environmentally and developmentally sound and sustainable.

The project worked with the group to develop an eight-prong strategy for tourism industry development. The result is Uganda's GeoTourism Strategy – a dynamic, market-driven road map for rapid development of Uganda as Africa's first geotourism destination. Uganda's plan envisions tourism products organized into a series of geotourism circuits that harness the power of communities, business leaders, and conservationists working together to protect and conserve Uganda's biodiversity while generating revenue.

With participation from the public sector, the group expanded into a true industry cluster. By the project's end, stakeholders had formed a private-public industry alliance – formalized as a not-for-profit company called the GeoTourism Council of Uganda – to drive the strategy forward. In addition, the project facilitated a relationship between the tourism cluster and the U.S. National Geographic Center for Sustainable Destinations, as Uganda seeks to become the first country in Africa to sign a GeoTourism Charter with the center.

Uganda Set to Join National Geographic's List of Sustainable Tourism Destinations

Uganda is poised to become the first African signatory to National Geographic's GeoTourism Charter, which commits countries to building a sustainable tourism industry that celebrates and protects their environment, culture, heritage, and communities. Honduras was the first country to sign the charter, in 2004, followed by Norway and Romania last year.

Uganda's tourism industry has worked with the National Geographic's Center for Sustainable Destinations to ensure that it can meet the charter's standards, which include a commitment to international ethics codes, market diversity, community involvement, appropriate land use, and conservation of resources.

The center is dedicated to protecting the world's distinctive places through wisely managed tourism and enlightened destination stewardship. Geotourism is the basis for Uganda's tourism plan and is the core strategy for achieving this mission. Uganda is expected to sign the charter before the end of the year.

Achievements

Key project results in tourism sector transformation included:

- Organizing a broad range of industry players into a cluster and facilitating development of a comprehensive industry competitiveness plan, also referred to as Uganda's GeoTourism Strategy.
- Supporting tourism stakeholders to incorporate a private-public sector partnership – the GeoTourism Council of Uganda – to oversee implementation of the strategy. Uganda's President Yoweri Museveni is the group's patron.
- Brokering a relationship between Uganda's tourism cluster and the U.S. National Geographic Center for Sustainable Destinations in anticipation of the country becoming the first in Africa to sign a GeoTourism Charter with the center.
- Moving the tourism cluster from Stage 1 to Stage 4.

Lessons Learned

Key lessons learned in tourism sector transformation included:

- Uganda's tourism private sector was strong and vocal, but lacked integration and focus. Positive movement began when private sector actors realized that if they did not start working together to market more than gorilla-viewing packages – a central focus of Uganda's existing tourism market – the industry would stagnate and they would all lose.
- Effective collaboration of several USAID interests was important to the tourism cluster's success. The USAID/Uganda Mission's natural resources officer and the chief of party of USAID's PRIME/West project played important roles in supporting the emergence of the GeoTourism Strategy. Their involvement was vital in securing the support and participation of the Uganda Wildlife Authority, a key public sector player.
- The tourism strategy illustrates the power of an organized private sector to move government. One of the fundamental premises of SCOPE's approach was that if the private sector were organized, it would be able to make changes in the government approach. Nowhere has this been more on target than in tourism, where the country's president is now an active backer of the industry competitiveness plan.

Building Awareness

The need for increased awareness and understanding of competitiveness in concrete terms was apparent from the start. Although Uganda had enacted macroeconomic reforms, completed liberalization, and appeared to embrace private sector-driven growth, it continued to operate with unchanged institutions, procedures, and thinking. The idea that a country could reduce poverty and expand social equity by creating wealth through increased competitiveness was not part of the thinking of most Ugandans, as revealed in the Competitiveness Awareness Survey. Notably, this included members of SCOPE's constituencies.

Early in its work in floriculture, SCOPE became involved in an issue that provided an excellent example of how the project worked to change people's attitudes to encourage competitiveness. It began when the project approached the Uganda Revenue Authority (URA) to discuss its longstanding failure to refund value-added tax to flower growers. This initiated a lengthy, and at times difficult, dialogue between the industry and the tax agency, but agreement was ultimately reached and the growers were repaid.

The success of this process led not only to a new relationship between the URA and the flower sub-sector, but also between the tax authority and several other sub-sectors. The URA now has tax clinics for coffee, cotton, and floriculture, and is creating clinics for tourism and fish. In these clinics, the URA meets with business representatives to understand their real-world problems – which include value-added tax, duty draw-back, import duty, and the East African Customs Union – and works to find solutions within the existing legal and policy framework.

The clinics have helped create a new landscape in which the URA and the private sector see each other as partners in development. As a result, businesses increasingly appreciate the need for an improved tax-paying culture, and the URA can see the need for a tax structure that balances revenue enhancement objectives with increasing wealth and productivity. In August 2006, the URA gave SCOPE a Commissioner General's Valued Associate Award in recognition of its role in forging the new relationship.

SCOPE Facilitated Dialogue Bridged Gap between Public and Private Sectors in Coffee

Ishak Lukenge, managing director of Busaanyi Agro Investments said, "In the coffee sector, SCOPE will be remembered for reducing the gap between the private and public institutions – an example is dialogue that has developed between URA and the coffee stakeholders. This kind of arrangement was not there before, but SCOPE's approach has made it possible. SCOPE has streamlined the process and it has opened the eyes of the members on how to deal with URA. This is a big achievement for us."

Changing attitudes and the way of thinking was also a focus of work with PSFU – which represents 85 companies and business groups – and the MTCS Secretariat. To help these organizations translate abstract concepts into concrete terms, SCOPE used the Stages to Ugandan Competitiveness tool,

along with adapted versions of Harvard University Professor Michael Porter's competitiveness "diamonds." Developing an overall Uganda diamond, and diamonds for the eight target sub-sectors (Annex C), the project used these charts to help stakeholders' officials visualize competitiveness thinking and relationships.

SCOPE reached out to a broader audience through its Web site and quarterly newsletter, joint efforts with PSFU and MTCS. Through seven issues of "competeUganda!" the project covered such topics as the awareness survey, the status of key sub-sectors, World Trade Organization negotiations, national branding, and private-public partnerships. As Simon Kaheru of British American Tobacco Uganda commented near the project's end, "I have just received the latest edition of "competeUganda!" and as usual, I love it! I hope the end of the SCOPE project does not mean an end to this publication."

The project's media cluster helped journalists recognize and understand competitiveness issues, with the goal of promoting more news coverage. Activities included regular meetings with reporters to brief them on initiatives and sub-sector progress. To reach future national policy and business leaders, the project also facilitated formation of a competitiveness club at Uganda Martyrs University – Nkozi, the nation's top private university.

Achievements

Key project results in changing attitudes and building awareness included:

- Brokering a new relationship between the URA and several agricultural sub-sectors. The URA has established clinics to address the private sector's concerns, and the two sides view each other as partners and understand the benefits of collaborating to solve joint problems through a relatively informal process.

- Working with MTCS and PSFU to facilitate a new way of thinking. This ultimately translated to stronger leadership roles for both, and a strengthened five-year strategy for the MTCS Secretariat.
- Writing and distributing the “*competeUganda!*” newsletter, which was well-received.
- Ensuring that competitiveness received an increasing amount of media coverage. During the life of the project, there was a steady stream of stories on progress and setbacks in the sub-sectors, along with pieces on broader competitiveness-related initiatives and issues, such as national branding, Uganda’s first National Competitiveness Workshop, and the impact of the national budget and the power crisis on competitiveness.

Lessons Learned

Key lessons learned in changing attitudes and building competitiveness awareness included:

- The private sector had adapted to a non-competitive culture, and even Uganda-based subsidiaries of multinational corporations made adjustments they would not consider elsewhere. While this worked in the short run, it did not result in competitive positioning for Uganda. The private sector needed to be encouraged to take the lead in bringing about change, rather than waiting for the government to “facilitate.”
- Major challenges to private sector growth are systemic and derive from the fact that although Uganda operates within a liberalized economy, the mindsets of its institutions are not yet liberalized. The thinking behind policies and programs is driven by the same individuals and thought processes responsible for former policies and programs. For example, current approaches to regulation effectively work against the development of strong private sector associations capable of self-regulation.
- Concreteness matters. It is important to not make assumptions about the depth of knowledge and learning curve of others. Concepts can best be understood through the introduction of specific, relevant information presented in an easy-to-understand format. What appears to be overly simple or too basic may often be just right.

Competitiveness Framework

It was clear from the outset that Uganda lacked an effective institutional framework for competitiveness. Although numerous agencies and programs existed to promote economic development, their efforts were not mandated within an overall well-defined agenda. Uganda had not adopted competitiveness as a way of thinking across all agencies and sectors, nor had it committed to using its limited resources to foster private sector-led economic growth.

Key institutions seemed to be unsure about their roles. This included the MTCS Secretariat, which was tentative about its place in the competitiveness framework and was struggling to articulate a new five-year strategy amid uncertainty over its European Union funding. PSFU was understaffed and faced the challenge of trying to fulfill its role as the implementing agency for Phase II of the World Bank's Private Sector Competitiveness Project, while still providing service to its members.

To effectively illustrate the roles of stakeholders in competitiveness, SCOPE took a unique step and added a column to the Stages to its Ugandan Competitiveness tool that applied to the challenges of building the overall institutional framework for competitiveness. The full chart then listed the specific steps that productive sectors and institutions need to take for Uganda to realize its competitiveness goals. Within this conceptual framework, the project worked with MTCS and PSFU to identify how to expand their capacities and become more effective players on the national scene.

In the process of contributing to the MTCS 2005-2010 draft plan, the project noticed a disconnect with another important competitiveness activity – the Makerere Institute for Social Research (MISR). Through MISR, Uganda participates in the World Economic Forum's (WEF's) Global Competitiveness Survey, which ranks nearly 120 countries according to an index of internationally agreed-upon indicators based on surveys of business leaders. Notably, MTCS had no role in the survey and did not use the international global indicators in its own framework. MISR was constrained by a lack of resources and could only conduct a limited survey. To address the gap, the project worked with MISR to revise its methodology and with MTCS to refine its indicators and monitoring system to better reflect the international index. Brokering a new partnership among MTCS, MISR, and other institutions, the project facilitated expansion and improvement in the quality of Uganda's participation in the Global Competitiveness Survey.

Support to PSFU focused on strengthening its capacity to effectively advocate for changes in the business environment. PSFU had published a lobbying platform for several years, but the platform did not prioritize issues or provide the government with a rationale to support the requested changes in the form of concrete results – such as increased exports, jobs, or production. SCOPE helped PSFU reformulate the platform to better reflect true competitiveness needs and encouraged the organization to be more proactive in participating in the Ugandan government's budget process.

Over time, PSFU showed an increasing understanding of the role it can play in competitiveness. As a result, it reorganized the committees that draft its lobbying platform to represent the productive sectors of coffee, cotton, fisheries, and floriculture. With SCOPE and MTCS, it co-sponsored initiatives to discuss challenges to private sector competitiveness and development of effective and appropriate sector-linked trade policy and strategy. PSFU also lobbied the government effectively for tax breaks on diesel fuel for companies generating at least 100 kilo volt-amperes of power during the ongoing energy crisis.

During the life of SCOPE, Uganda's Parliament showed interest in becoming more active in competitiveness. To encourage forward movement, the USAID Legislative Support Project facilitated a meeting for SCOPE with the chair of the Committee on Tourism, Trade, and Industry and other members of Parliament to discuss reintroduction of a Parliamentary Forum on Trade and Competitiveness. This initiative was put on hold due to the controversial 2006 national election, but the forum was becoming operational as the project closed.

To work toward a stronger overall competitiveness framework for Uganda, SCOPE organized a two-day national workshop. More than 150 delegates from government, business, Parliament, industry associations, farmers' organizations, the media, academia, and civil society participated in the event, held in August 2006. By the workshop's closing, a national commitment to competitiveness as the driver for Uganda's economic development had emerged. Notably, the delegates approved a resolution calling for creation of a joint private-public Transition Competitiveness Council to be chaired by President Museveni. The council is charged with developing a National Competitiveness Agenda by April 2007.

Achievements

Key project results in building Uganda's competitiveness framework included:

- Assisting the MTCS in reframing its approaches to competitiveness to move closer to cluster approaches and concepts, adopt international indicators to link Uganda to the global marketplace, and take a more public leadership role on competitiveness issues.
- Meeting with members of Parliament committed to re-launching a Trade and Competitiveness Forum as a focal point for competitiveness issues in the legislative process; the forum was becoming operational in September 2006.
- Facilitating PSFU to shift its approach to advocating for changes in the business environment to focus on presenting its case more strategically and intervening effectively in the budget process.
- Supporting PSFU in implementing the tourism advocacy part of its platform by working with and through the GeoTourism Council of Uganda. PSFU is

likely to assume SCOPE's role with the council by providing secretariat support services.

- Working with PSFU, through its stewardship of the Private Sector Competitiveness Project, on ways to support the national branding company, Gifted by Nature Inc., to make branding a part of small and medium-sized business development strategy and integrate enterprise- and sector-level branding into the national initiative.
- Organizing a national competitiveness workshop that resulted in creation of a high-level Transition Competitiveness Council under the chairmanship of President Museveni. The private-public council is charged with organizing Uganda's approach to competitiveness and creating a new National Competitiveness Agenda.

Lessons Learned

Lessons learned in building Uganda's competitiveness framework included:

- Partnership is difficult in the African context when it requires working across ministries and government agencies to achieve changes in policies and existing programs. Even when the objective of a partnership is clear and acceptable to all, there are few established practices to guide the way forward. Although clusters, as they emerge, provide a vehicle for addressing this challenge, clear guidelines are needed to address government participation in them.
- There is no way around politics, especially in an election year. In this context, it is necessary for a project to focus on developing specific entities, organizations, and models that will stand regardless of personalities and changes in position.
- Competitiveness needs a national commitment to drive national debate on allocation of national resources. Uganda's national commitment is not fully in place, although that appears to be changing.
- Uganda's current approach to budgeting is carried out in isolation from competitiveness imperatives. This constrains the country's ability to move from aid to trade.

Private-Public Partnerships

As discussed previously, SCOPE worked to change mindsets and build trust in the public and private sectors to enable participants to work together to improve Uganda's global competitiveness. The project-facilitated agriculture sub-sector clusters and the URA tax clinics are examples of private-public partnerships that emerged during this process.

Ongoing technical assistance was provided to two major initiatives that resulted in formation of not-for-profit companies that represent a dynamic new breed of private/public partnership: Gifted by Nature Inc. and The GeoTourism Council of Uganda. These two companies represent the types of partnerships that will effectively facilitate Uganda's transformation in the global marketplace.

Public-Private Dialogue Success

Hans Muzoora, principal marketing and information officer, Uganda Cotton Development Organization, said, "There is going to be a vacuum created with SCOPE's departure, especially in terms of mediating the dialogue between the private and public sector. SCOPE as a neutral player facilitated this very well. SCOPE has definitely achieved a lot.... This [dialogue] has resulted in good plans that have incorporated what is on the ground."

The project played a central role in developing the Uganda: Gifted by Nature brand and subsequent efforts to ensure its sustainability. The brand was designed to help Uganda build an international reputation as a desirable tourism destination, investment location, and exporter of quality products and services.

During the six-month brand development process, a team of private and public sector volunteers conducted a fact-finding trip across the country, consulting with citizens, government officials, company executives, workers, teachers, and others to gain insight on Ugandans as a people and how they wanted to be seen by the rest of the world. That information was provided to an advertising agency, which used it to develop what became Uganda: Gifted by Nature.

Uganda: Gifted by Nature

Uganda: Gifted by Nature signifies to the business community, investors, competitors, suppliers, citizens, and customers that Uganda has a vision for its future – a vision based on protection and transformation of the country's natural gifts. Under its brand, Uganda serves notice of its intent to meet its economic growth challenges by forging new global market positions based on a development platform aimed at sustaining core values, such as national culture and the environment.

SCOPE also supported the creation of Gifted by Nature Inc., the not-for-profit company registered in April 2006 to oversee and manage the future of Uganda's national brand. The company is led by a steering committee of 22 members, including 16 from the private sector, which will run the company during its initial year. As the project closed, Gifted by Nature Inc. was opening an office, recruiting members, and taking applications for use of the brand logo.

Uganda: Gifted by Nature differentiates Uganda from neighboring countries. It captures the essence of Uganda and serves as a conceptual spring from which domestic and export brands will emerge. It provides a guideline for decision-making with regard to national and corporate priorities. It communicates a positive image of Uganda to the world.

The GeoTourism Council of Uganda, registered in September 2006, represents the culmination of a year-and-a-half of activity in the tourism sector. Formation of this council represents new partnerships among all segments of the tourism industry and between public and private sector entities active in tourism.

SCOPE also facilitated a new strategic partnership around the Global Competitiveness Survey. This relationship will bring additional technical and

financial resources to the process, improve the sharing of information, and, most importantly, ensure continuity and sustainability of Uganda's participation in the global exercise. From a single institution – MISR – the consortium that funds and conducts the annual survey has expanded to include MTCS, PSFU, the Bank of Uganda, National Planning Authority, and the Economic Policy Research Center. Other private sector associations are expected to join. The project leveraged 78 percent of the resources required for the 2006 survey, which was conducted in day-long workshops in each of Uganda's four regions. This is a significant expansion from two years earlier, when it had been conducted only in Kampala.

SCOPE's efforts in promoting new partnerships culminated at the National Competitiveness Workshop in an agreement among a wide range of stakeholders to form a Transition Competitiveness Council. The membership of this unprecedented body includes government, Parliament, political parties, business, industry associations, farmers, labor, the media, and civil society. To be chaired by President Museveni, the council is charged with developing a National Competitiveness Agenda by April 2007. MTCS and PSFU will play central roles in the council's work.

Achievements

Key project results in the area of private-public partnerships included:

- Supporting creation of a not-for-profit company, the GeoTourism Council of Uganda, to oversee transformation of the country's tourism and travel industry and play the lead role in interacting with the U.S. National Geographic in positioning Uganda in world markets.
- Supporting development of the brand logo and tagline, Uganda: Gifted by Nature, including nationwide field research to assure the brand truly reflected the country and its people. The brand was launched by President Museveni in October 2005 at a gala function that also marked the beginning of a six-month advertising campaign on CNN's Inside Africa program.
- Facilitating formation of the not-for-profit company, Gifted by Nature Inc., to ensure sustainability of the national branding initiative.
- Facilitating creation of a partnership to oversee Uganda's participation in the WEF's annual competitiveness survey, which is an important tool for assessing where the country stands globally and how it can improve its performance.
- Brokering a new national commitment to competitiveness that includes creation of a joint private-public Transition Competitiveness Council to be chaired by President Museveni.

Lessons Learned

Lessons learned in building private-public partnerships included:

- Politics and shifts in management of government agencies are facts of life in Africa. Cabinet changes after the 2006 national election shifted a number of key public sector relationships and resulted in the need to start over with new counterparts. Such situations affect the pace at which it is possible to get business done when working in competitiveness, which requires the participation of public sector partners. To mitigate the impact of these shifts, a project needs to ensure political commitment, minimize political involvement, and maximize participation of top-flight civil service staff.
- Private-private, private-public, and public-public partnerships are all needed in the competitiveness process to move forward. As the necessary partnerships were not in place, the project began by forming private-private partnerships and then used them to leverage other required partnerships. This approach has worked, and in tourism and branding, the power of private sector solidarity brought about a change in mindset that would have otherwise prevented public sector participation.

PROJECT LESSONS LEARNED

The adaptation of competitiveness concepts, tools, and methodologies takes time.

The application of competitiveness concepts in Uganda – and other African countries – requires thoughtful adaptation of practices used elsewhere. Competitiveness as a concept and methodology is rooted in Western ways of thinking and in an understanding of the complementary roles to be played by private and public sector actors in the development of competitive economies, and the relationship between wealth creation and poverty reduction.

In this context, there is no such thing as best practices in terms of methodologies for direct transfer of concepts and tools. For example, in Uganda, the word “competitiveness” has been widely used for years in national strategy documents and donor-funded activities, but the word and the concepts behind it were not effectively linked to mindset or national practice. SCOPE had to start by building understanding of competitiveness among business leaders, and this was a lengthy process. The mindset change necessary for successful competitiveness activities cannot be understated and simply takes time.

Focusing on few targeted sub-sectors will lead to greater impact.

SCOPE began with eight focus sub-sectors. Although advances were made in all eight, it became apparent that a more targeted approach would lead to greater impact. During the second year, USAID and the project team analyzed sub-sector progress and opportunities, and refined the list of priority sub-sectors to a total of five. End-of-project results demonstrate that fewer sectors of focus allow for greater overall impact.

In Uganda, self-selection would be a useful method for identifying target sectors and sub-sectors.

SCOPE’s experience indicates that a good approach would be to work with teams of business and government leaders and take them through a process of selecting sub-sectors for development. The project worked with a large number of private sector leaders and, subsequent to the elections, an increasing number of public sector leaders. Among these groups, there is now a greater understanding of competitiveness and what needs to take place for Uganda to achieve its competitive potential.

At this point, it would be feasible to put together a high-profile team of business and government leaders in Uganda, who could work together to determine the sectors and sub-sectors that should be given priority. This approach would be an effective next step in changing mindsets and would ensure the necessary commitment and private-public buy-in and coalitions.

There are opportunities for expanded involvement in improving the environment for private sector-led growth and development in Uganda.

SCOPE's closure leaves a gap in activities that contribute to an improved environment for private sector-led growth. Other projects within USAID/Uganda's economic growth portfolio – such as APEP and Rural SPEED – deal with business environment issues, but not as their main areas of focus. As USAID has always played a leading role, there is opportunity to expand the contributions of other USAID activities in this area.

The development of strong private sector associations with the ability to lobby government effectively, the emergence of increasingly effective private-public dialogue with regard to tax and regulatory issues, and the establishment of transparent procedures for private/public sector interaction are all critical challenges for Uganda's economic growth agenda.

THE WAY FORWARD

The framework is in place for a strengthened institutional framework, and there is unprecedented national commitment to competitiveness. Uganda is now in a strong position to compete regionally and internationally in a range of commodities. There are, however, important challenges and opportunities to be addressed.

Transition Competitiveness Council

The new national Transition Competitiveness Council paves the way for Uganda to realize its competitiveness potential and transform its positions in domestic, regional, and international markets. Although commitment to the council at the highest levels of government is unprecedented, there remain mindset issues that inhibit effective adoption of wealth creation as an appropriate tool for reducing poverty and bringing about prosperity.

To ensure that forward momentum is maintained, National Competitiveness Workshop participants discussed approaches to implementation of the council and its secretariat, and sketched a concrete program to guide agenda development. It is suggested that the Private Sector Donor Group take the lead in pushing the agenda forward, possibly by providing implementation support to the initiative through PSFU.

Private Sector Associations

The five industry-wide competitiveness plans (coffee, cotton, fish, floriculture, and tourism) provide Uganda with a head start as it develops its National Competitiveness Agenda. These plans represent the first time Uganda's business leaders have cooperated to produce market-driven, private sector-led approaches to guide sub-sector growth. Each plan sets targets for achievement of increases in revenues, employment, and income, and each requires targeted private-public partnerships to ensure the goals will be met.

The private sector has the ability to drive the strategies forward, but to do so it must be organized. In the absence of strong private sector associations, the challenge is to find ways to ensure that the private sector receives the support it needs. There is opportunity – and need – for the provision of ongoing support to private sector industry associations to carry out their industry development support roles (as defined within the competitiveness plans) effectively.

Targeted Investment and Leveraging Resources

In designing the competitiveness plans, participating business leaders identified ways in which private and public sector leaders could better leverage each others' resources. Business leaders in all agricultural sub-sectors stated their willingness to increase their investment in production to gain access to required volumes and to invest in ways that would result in sustainable producer organizations and higher incomes for participating farmers.

To meet Uganda's stated priority of bringing prosperity to hundreds of thousands farmers, approaches outlined in the competitiveness plans, including restructuring supply-to-market chains, establishing sustainable production funds, building strong producer organizations, and providing appropriate infrastructure, must become national priorities supported by private sector investment and government resources. There is opportunity for donors, within the Private Sector Donor Group, to ensure that funds are directed effectively to promote competitiveness. APEP and the Danish International Development Agency's Agricultural Sector Program Support (ASPS) project are well-placed to continue to support activities to enhance Uganda's competitiveness.

The New Not-for-Profits

SCOPE efforts produced two incorporated private-public partnerships: Gifted by Nature, Inc. and the GeoTourism Council of Uganda. Both are registered as companies limited by guarantee (not-for-profit) and are designed around revenue-generation approaches that will ensure the ability of the companies to operate in a sustainable manner.

Gifted by Nature, Inc. was established to build the value of Uganda's national brand, Uganda: Gifted by Nature. Current activities include putting a code of conduct into place to govern use of the brand, working with industry associations and the Uganda Bureau of Standards on mechanisms for certifying brand user compliance with the standards, and developing a range of merchandising programs to generate revenue.

The GeoTourism Council of Uganda seeks to drive Uganda's Geotourism Strategy forward and create a new image for Uganda tourism.-- Through the council, all industry segments are directly involved in decision-making for the first time. Under the patronage of President Museveni, the council will manage the relationship with the U.S. National Geographic's Center for Sustainable Destinations and develop the private-public partnerships needed to drive strategy into action.

Both companies represent strong private sector initiatives driven by committed individuals. Although designed to be sustainable, they would benefit from cost-sharing support to jump-start their programs. These are opportunities for follow-through with high potential for impact.

Additional High Potential Sub-sectors

As SCOPE's target sub-sectors were in agriculture and tourism, the project did not work directly with manufacturing or services. From broader competitiveness work, however, it became clear that Uganda has major potential to compete in these two areas, particularly in the regional market. Notably, Uganda is already operating as a regional educational and health services hub.

Uganda has the potential to be a regional service and competitiveness hub for Sudan, the Democratic Republic of Congo, Burundi, and Rwanda. Steps to build on the comparative advantages that are in place should be taken, and discussions should

focus on Uganda taking a leadership role as a center for regional quality, excellence and innovation. This could include providing services in international-level standards and testing, regional research and development, and protection of regional markets from counterfeit and inferior products.

ANNEX A: PROGRESSIVE RESULTS BY YEAR

LIFE-OF-ACTIVITY RESULTS

SCOPE LOA Indicators and Results

No	Indicator	LOA Target	Outcome Year 1	Cumulative Year 2	Cumulative Year 3	% of LOA Target achieved
3	Number of on- and off-farm jobs created	2,500	0	1,115	3,692	148%
4	Number of on- and off-farm enterprises created	50	0	29	36	72%
S1	Percent change in value of targeted commodities marketed	40%	20%	49%	49%	122%
S2	Percent change in volume of targeted commodities marketed	30%	19%	32%	32%	106%
1.1	Percent change in cluster share of targeted markets	50%	0	68%	68%	136%
1.2	Percent change in gross cluster revenue	35%	31%	44%	44%	126%
1.3	Percent change in investment in clusters	15%	0	9%	32%	213%
1.1.1	Number of cluster action plans developed	5	1	1	4	80%
1.1.2	Percent change in cluster membership	150%	56%	175%	339%	226%
1.2.1	Number of cluster action plans implemented	1	0	1	1	100%
1.2.2	Percent change in business participation in clusters	150%	0	75%	144%	96%
2.1.1	Focal point for competitiveness established	Yes	Yes	Yes	Yes	100%
2.2.1	Number of key policy and regulatory constraints alleviated	12	3	9	11	92%
2.2.2	Number of key policy and regulatory constraints addressed	30	34	49	49	163%
3.1	Change in cluster business leaders rating of business environment	10%	0	7%	7%	70%
3.1.1	Number of Uganda brands in target markets	2	0	2	2	100%
3.1.2	Number of competitiveness communications	110	27	83	117	106%
3.2.1	Percent change in trade volume within selected agreements	10%	0	-39%	-39%	-390%

SCOPE LOA Indicators and Results (Narrative)

	Indicator	Narrative
3	Number of on- and off-farm jobs created	New jobs totaled 3,692, exceeding the LOA target. Most were in the fisheries and floriculture sub-sectors. A total of 1,304 were registered in floriculture (800 of which resulted from a new flower farm in Ntungamo). In fisheries, 13 enterprises were set up, accounting for 1,777 jobs.
4	Number of on- and off-farm enterprises created	Thirty-six off-farm enterprises were created in SCOPE commodity sub-sectors.
S1	Percent change in value of targeted commodities marketed	The value of marketed commodities increased from a baseline of \$260 million to \$387 million. This represents 49% growth.
S2	Percent change in volume of targeted commodities marketed	The volumes grew from a baseline of 300,313 metric tons to 395,619 metric tons. This represents 32% growth.
1.1	Percent change in cluster share of targeted markets	Uganda's market share of the scope commodity sub-sectors grew from a weighted average of 1.1% to 1.9%. This is a 68% increase.
1.2	Percent change in gross cluster revenue	Gross cluster revenue increased from a baseline of \$296.5 million to \$425.9 million. This is a growth rate of 44%.
1.3	Percent change in investment in clusters	Investment grew 32% from \$303.2 million to \$401.6 million by Year 3. Major increases came from the floriculture and fisheries sub-sectors. In floriculture, a firm worth \$11 million opened in Ntungamo. In fisheries, the number of processors more than doubled from 11 in Year 1 to 24 by Year 3. New investments in fisheries totaled \$60 million.
1.1.1	Number of cluster action plans developed	Four cluster action plans were developed (floriculture, coffee, cotton, and fisheries).
1.1.2	Percent change in cluster membership	Cluster membership in SCOPE sub-sectors grew from a baseline of 84 to 369 by Year 3, (339% growth) with the biggest increase in tourism, which grew from 41 members in 2005 to 117 in 2006 when the cluster launched its geotourism council.
1.2.1	Number of cluster action plans implemented	One cluster action plan for floriculture was under active implementation by Year 3. The cluster began implementation of business plan activities, which included increased use of hydroponics, exploration of new markets, e.g. the United States and Dubai.
1.2.2	Percent change in business participation in clusters	The service providers to the core clusters grew from a 16 in Year 1 to 39 in Year 3. This included packaging – 5, input suppliers – 9, financial institutions – 10, research and training – 4, advertising – 9, and transport – 2.
2.1.1	Focal point for competitiveness established	The focal point was established with MTCS and PSFU from Year 1. By Year 3, other focal points had been established with the PMA; National Planning Authority; Ministry of Tourism, Trade and Industry; Ministry of Finance and Economic Development; and Ministry of Agriculture, Animal Industry, and Fisheries as national bodies to provide the anchor for the various components of competitiveness. Others included MISR, Economic Policy Research Center, and the Bank of Uganda.
2.2.1	Number of key policy and regulatory constraints alleviated	SCOPE contributed towards the alleviation of 11 constraints (three in Year 1, six in Year 2, and two in Year 3). The project contributed to establishment of a permanent process for the dialogue between the private sector and the URA, which holds monthly workshops for the taxpayers. For this USAID/SCOPE was awarded a meritorious certificate and trophy by the URA.
2.2.2	Number of key policy and regulatory constraints addressed	Forty-nine policy, legal, and regulatory issues were addressed during the period.
3.1	Change in cluster business leaders rating of business environment	The business environment did not improve as expected, with the major constraints being lack of access to finance for the first two years. During Year 3, power (energy) became a bigger deterrent to the competitiveness of the sub-sectors. The public institutions improved, with URA being the most responsive to the competitiveness needs of the business sector. Uganda's position in the Global Competitiveness Report moved from 80 in 2003-04, to 79 in 2004-05, and 87 in 2005-06.
3.1.1	Number of Uganda brands in target markets	USAID/SCOPE developed two brands. Uganda: Gifted by Nature was launched by President Museveni in October 2005. SCOPE also assisted a fish exporting company to develop and launch its new brand – Kyoga Wild.
3.1.2	Number of competitiveness communications	117 total communications were developed and delivered (27 in Year 1, 56 in Year 2, and 34 in Year 3).

	Indicator	Narrative
3.2.1	Percent change in trade volume within selected agreements	Overall there was a 39% decline, but trade grew (from a baseline value of \$1.5 million to \$5.1 million) under the African Growth and Opportunity Act. Trade in SCOPE sub-sectors under the East African Community and Common Market for Eastern and Southern Africa agreements declined by 51% and 3% respectively, partly because these countries produce similar specifications of these commodities for export and there is limited scope for inter-regional trade growth.

ANNEX B: STAGES TO UGANDAN COMPETITIVENESS

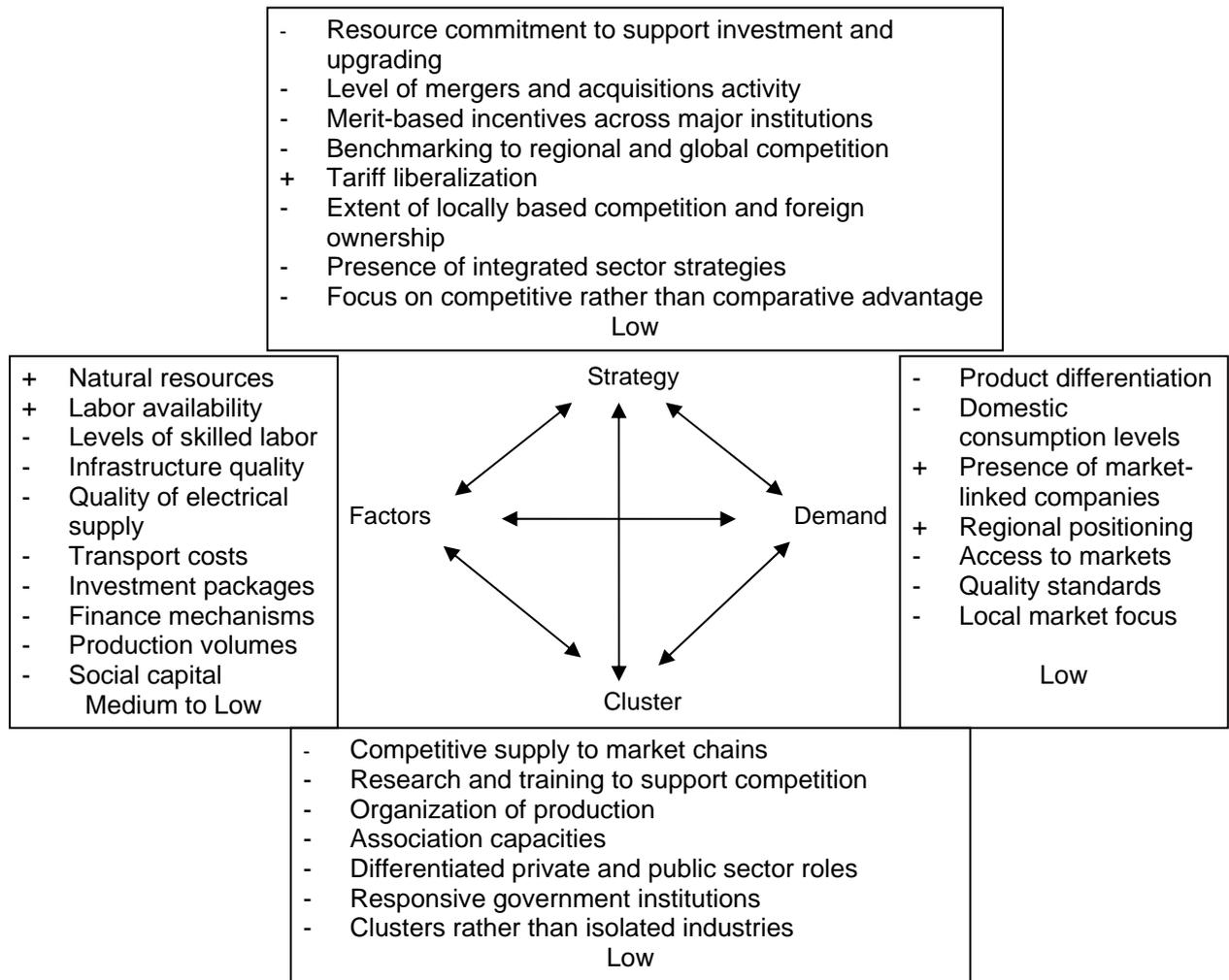
Sub-sector Transformation		Competitiveness Framework
<p>Sub-sector Positions Defined</p> <ul style="list-style-type: none"> Market opportunities defined SWOT analysis #1 carried out Comparative advantages determined Target markets and products identified Private and public sector actors reviewed Value chain and linkages profiled Pre-cluster activity defined Preliminary APEP, PRIME, SPEED opportunities identified Economic baselines established 	Stage 1	<p>Framework Assessed</p> <ul style="list-style-type: none"> Sub-sector policy/legal/regulatory frameworks mapped Review of MTCS programs completed Assessment of MTCS position carried out Review of PSFU programs carried out Assessment of PSFU capacities completed Assessment of sub-sector associations carried out Sub-sector association profiles prepared PSFU profile completed MTCS profile completed
<p>Cluster Business Plans Developed</p> <ul style="list-style-type: none"> Private sector caucuses held Private sector champions identified Business surveys carried out Market expansion targets set SWOT analysis #2 carried out Business plan agreed upon Cluster participation defined Cluster formation meeting(s) held 	Stage 2	<p>Framework Strategy Developed</p> <ul style="list-style-type: none"> MTCS strategic development program prepared MTCS roles regarding clusters defined PSFU roles per cluster defined Plan for upgrading competitiveness framework prepared Communications requirements assessed Communications program developed Baselines developed Association strategic development programs defined Legal/regulatory issues identified
<p>Cluster Strategies and Action Plans Developed</p> <ul style="list-style-type: none"> Cluster members recruited Cluster roles defined by private sector, regulatory bodies, associations, research and training organizations, government Cluster leadership appointed Cluster strategy developed and negotiated Implementation/action plan in place MOU signed by cluster members Cluster monitoring and reporting system developed and operational 	Stage 3	<p>Capacities Expanded</p> <ul style="list-style-type: none"> Baselines incorporated into MTCS monitoring framework Communications program installed in initial participating organizations MTCS capacity to analyze and report on competitiveness supported PSFU capacity to report on competitiveness increased Association capacities to support cluster activities supported Competitiveness capacities of key public sector agencies expanded National awareness program developed
<p>Cluster Action Plans Implemented</p> <ul style="list-style-type: none"> Market linkages expanded Regular meetings supported Resources leveraged Business partnerships developed and supported Export linkages coordinated Monitoring and reporting carried out 	Stage 4	<p>Framework Strengthened</p> <ul style="list-style-type: none"> Standards, certification, quality, branding programs developed and supported Trade, regulatory issues constraining sub-sector growth addressed Association revenue generation programs operational National awareness program implemented MTCS established as focal point for Uganda global competitiveness conference Partnerships expanded and strengthened
<p>Clusters Sustained</p> <ul style="list-style-type: none"> New clusters emerging based on SCOPE model Regular media coverage provided for all cluster-initiated activities 	Stage 5	<p>Framework Sustained</p> <ul style="list-style-type: none"> Clusters operational within sustainability plans Sub sector associations provide support services as part of sustainability strategies PSFU private sector policy platform firmly established Competitiveness Council/Forum in place to sustain effective dialogue

How the Stages Work

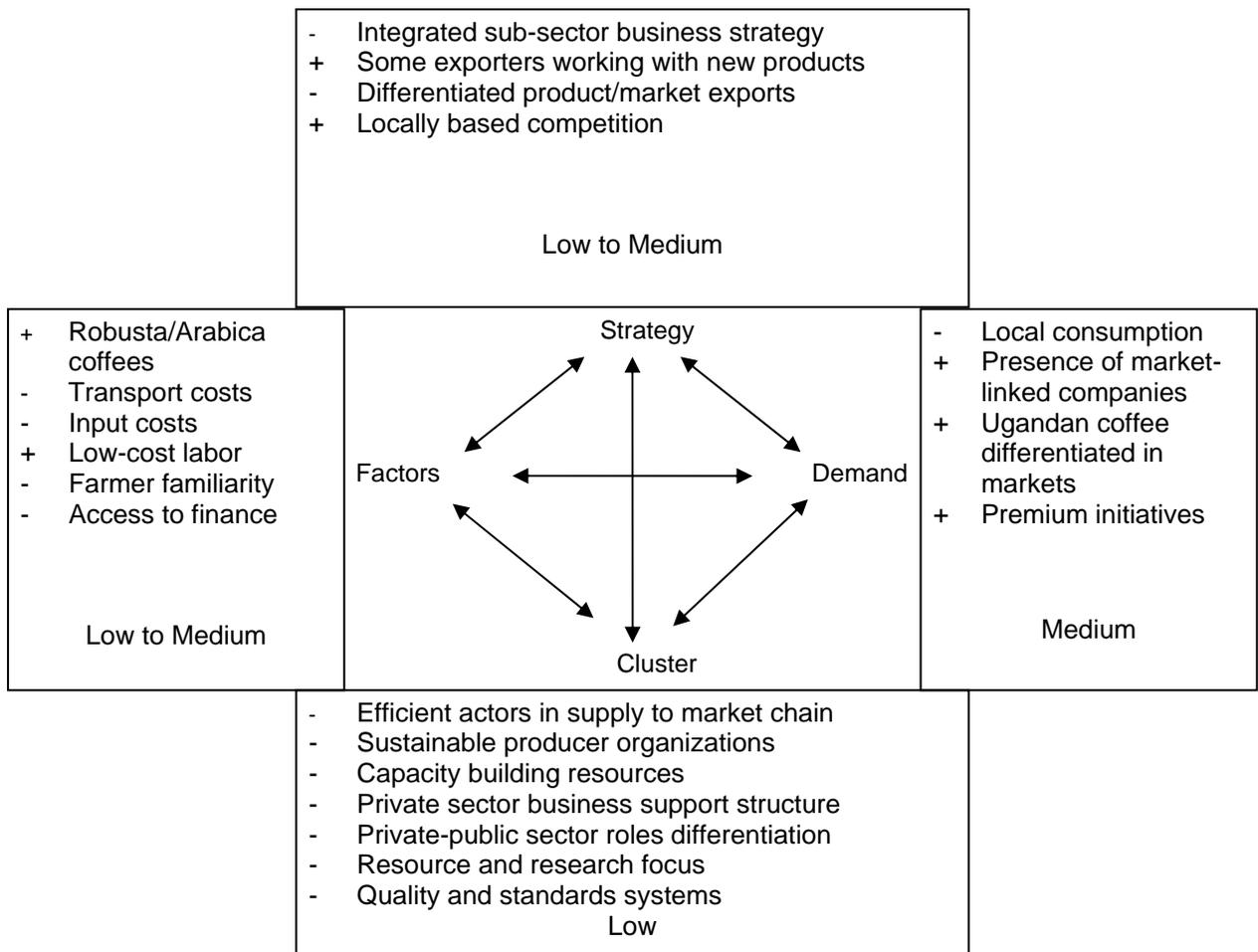
Sub-sector Transformation		Competitiveness Framework
<p>Competitive Positions Defined</p> <p>Competitiveness planning, whether for an industry or commodity sub-sector, requires assessment and analysis of competitiveness potential. The steps within this stage represent different aspects of assessment required to support analysis of competitiveness potential. Time needed for completion depends upon, e.g., complexity of industry/sector, availability of data, ability to access subcontract or technical assistance support for the process.</p>	<p>Stage 1</p>	<p>Framework Assessed</p> <p>As a way of thinking and operating, competitiveness needs to be internalized within organizations and entities – whether public or private -- with ongoing roles to play in the process. Stage 1 includes assessment of relevant private and public organizations in terms of their levels of competitiveness awareness and their institutional capacity to undertake roles within the competitiveness process.</p>
<p>Cluster Business Plans Developed</p> <p>Stage 2 represents steps carried out to introduce business leaders to competitiveness, to work with them to set targets, and to identify constraints to growth and strategies for addressing them. The stage culminates with production of a written business plan that includes the definition of areas for private-public partnerships. The length of time required depends upon the complexity of the sub-sector/industry and the quality and availability of private sector champions. In cases when parts of Stages 1 and 2 can move together, time frames are shortened.</p>	<p>Stage 2</p>	<p>Framework Strategy Developed</p> <p>Stage 2 activities cover work carried out to assist framework organizations and institutions to define their roles with regard to competitiveness and to develop plans for strengthening their ability to play these roles. Sub-sector associations are of particular importance to work within this stage. Tools used to support capacity building are Strategic Development Programs or Industry Development Support Programs, which outline strategic directions and define the range of programs and services needed to support capacity building activities</p>
<p>Cluster Strategies and Action Plans Developed</p> <p>The private sector moves from its core planning group to expand the cluster to include other relevant actors from the private and public sectors. The business plan is presented and discussed and agreed upon. Cluster members develop and agree on strategies and targets for moving the business plan forward within the context of action plans that define how cluster members will work to support the plan. Where possible, these plans are agreed to in writing. In cases where business plans are clear-cut, Stage 3 can take longer than the three-month minimum -- in cases such as Uganda, where it is difficult to schedule meetings -- to get cluster priorities discussed and sorted out.</p>	<p>Stage 3</p>	<p>Capacities Expanded</p> <p>Stage 3 covers work carried out with target entities to build organization capacities to support competitiveness. Particular focus is placed on the capacity to analyze and report on competitiveness effectively. Stage 3 involves developing full program plans to support implementation of the strategic directions defined in Stage 2. Stage 3 activities, therefore, include assisting target organizations to put their identified programs in place and to develop revenue generation and sustainability strategies to support their operations. At this stage in building the competitiveness framework, the groundwork has been laid so that it is possible to develop and launch national awareness activities.</p>
<p>Cluster Action Plans Implemented</p> <p>Stage 4 activities include all intensive work carried out to support successful implementation of cluster strategies and action plan. The stage includes a wide range of technical activities, including provision of support for preparation of financial proposals and facilitation of meetings</p>	<p>Stage 4</p>	<p>Framework Strengthened</p> <p>In Stage 4, framework activities are focused on providing implementation support for programs of importance to competitiveness across sub-sectors, such as: policy and advocacy, standards and certification, competitiveness awareness, training and workforce development, research and development. Stage 4 requires support for a wide range of defined private-public partnerships.</p>
<p>Clusters Sustained</p> <p>Cluster sustainability is directly related to the success of activities undertaken within the Competitiveness Framework as outlined to the right. If and as competitiveness and cluster concepts become clear and accepted, the number of clusters will grow even without direct involvement of SCOPE; expanded media coverage will support continued emergence of clusters as a vehicle for competitiveness.</p>	<p>Stage 5</p>	<p>Framework Sustained</p> <p>Each Strategic Development Program or Industry Development Support Program put into place by a sub-sector association contains a sustainability plan and outlines the association's ongoing roles in support of cluster operation. Most programs have a three-year timeframe; SCOPE continues to work as an advisor to implementing organizations within the framework of such plans.</p>

ANNEX C: COMPETITIVENESS DIAMONDS

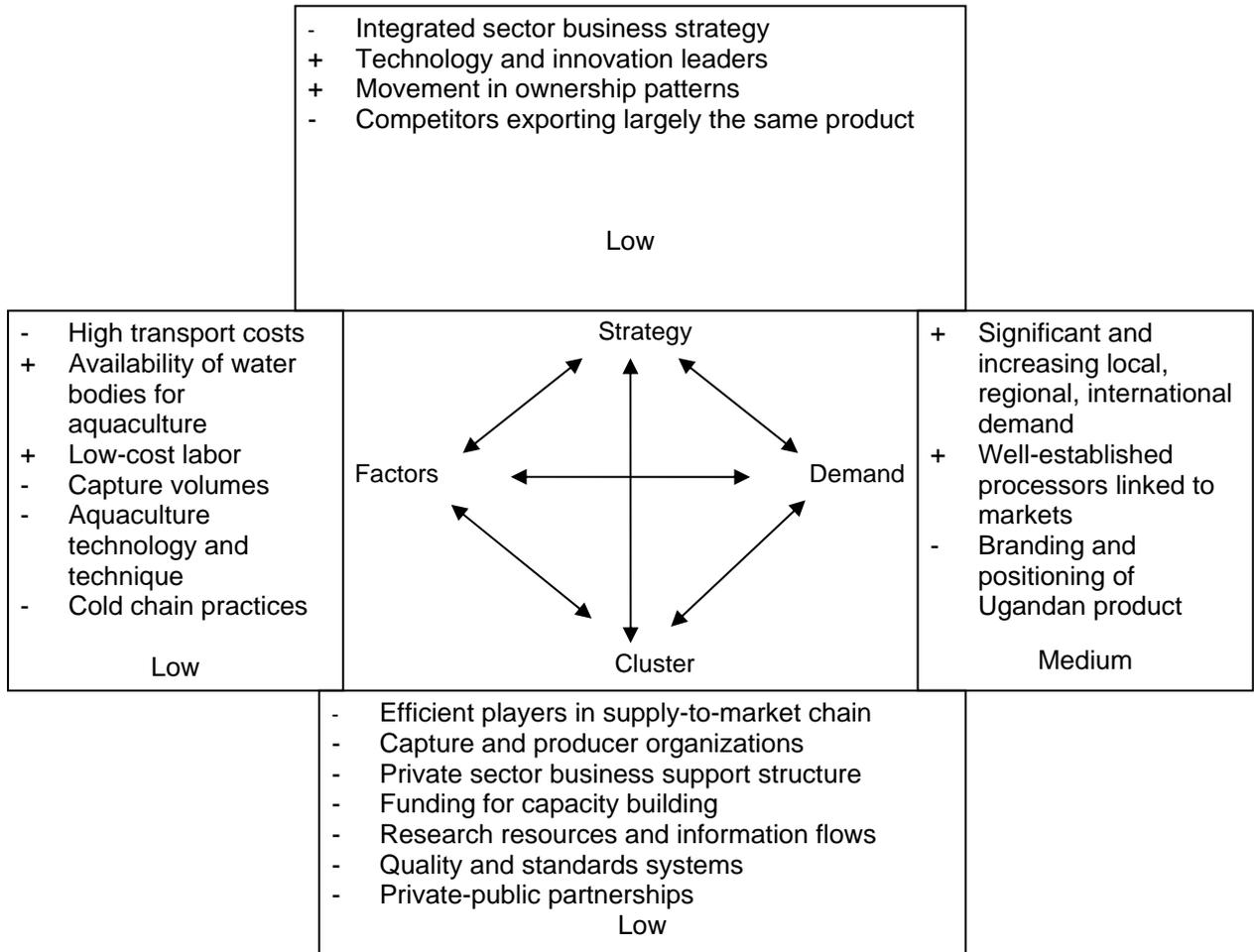
Uganda's Competitiveness Diamond



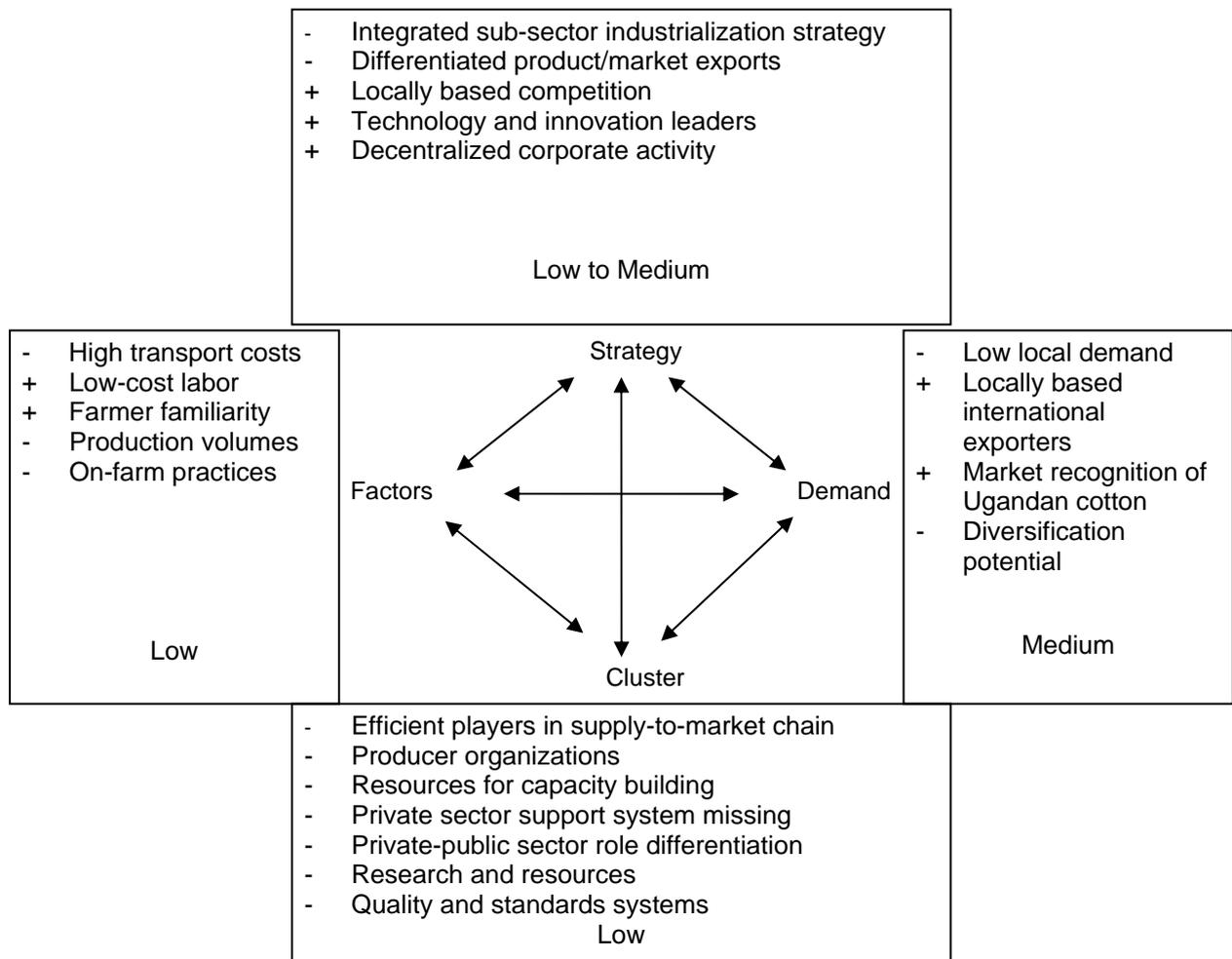
Uganda's Coffee Industry



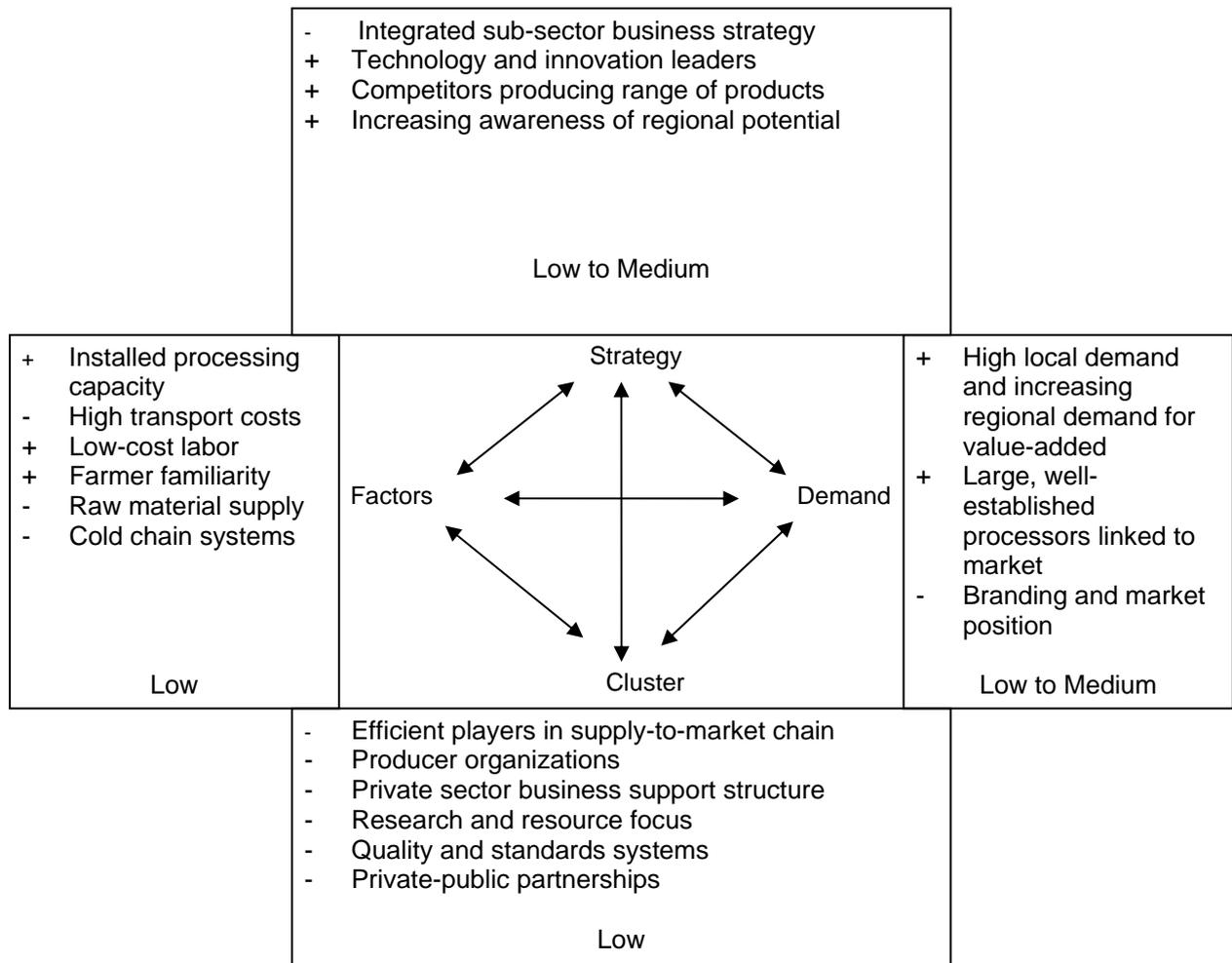
Uganda's Fisheries Industry



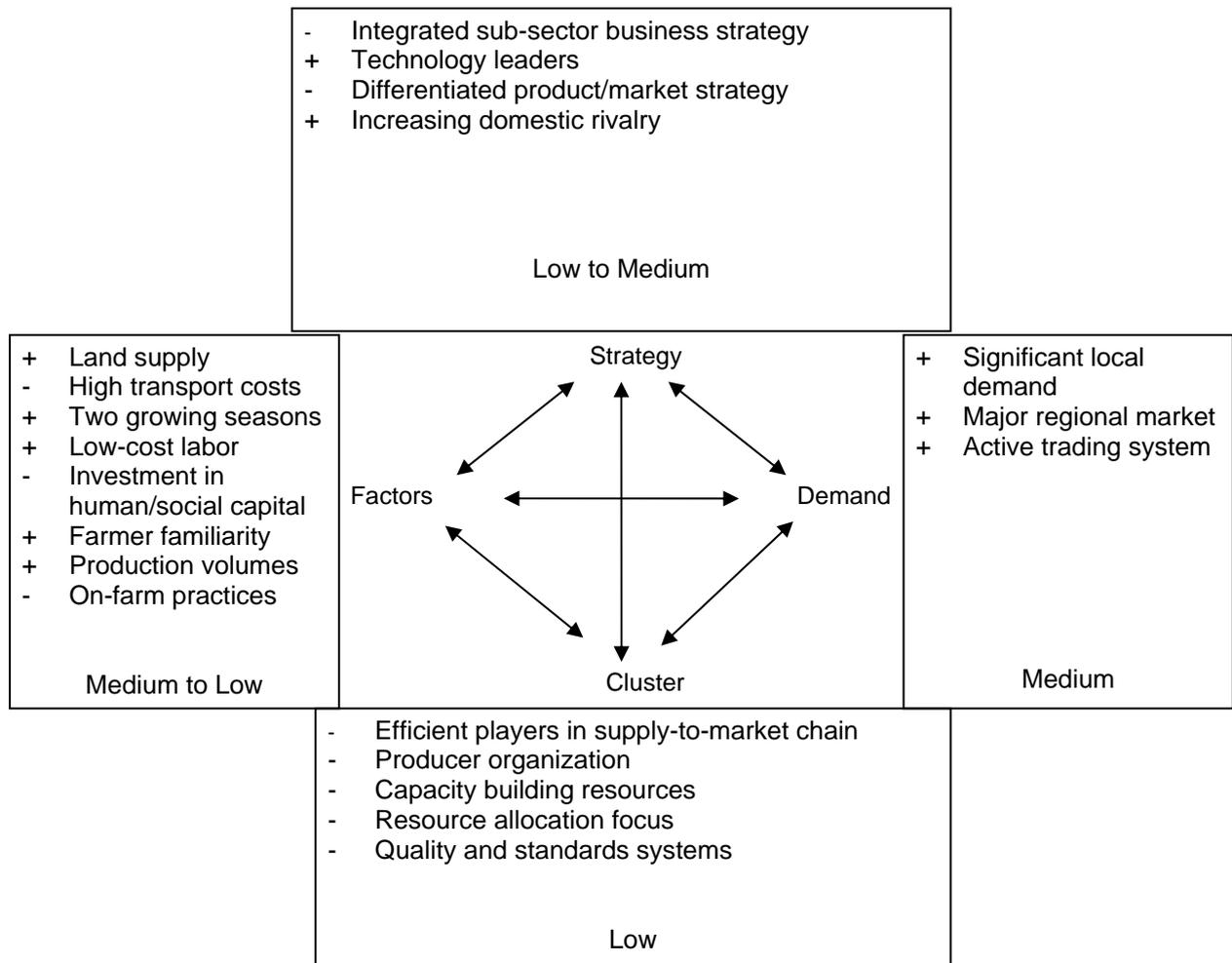
Uganda's Cotton Industry



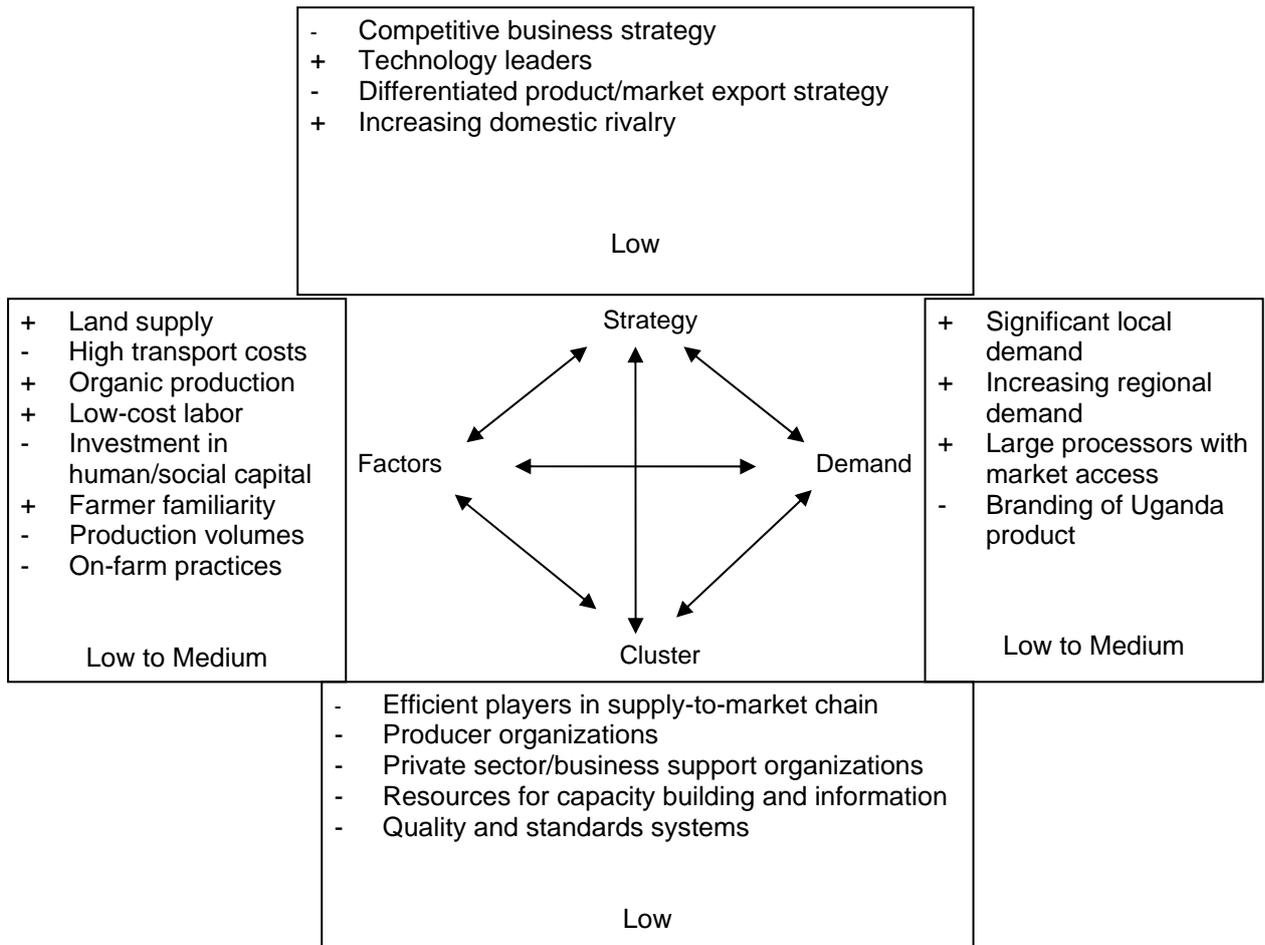
Uganda's Dairy Industry



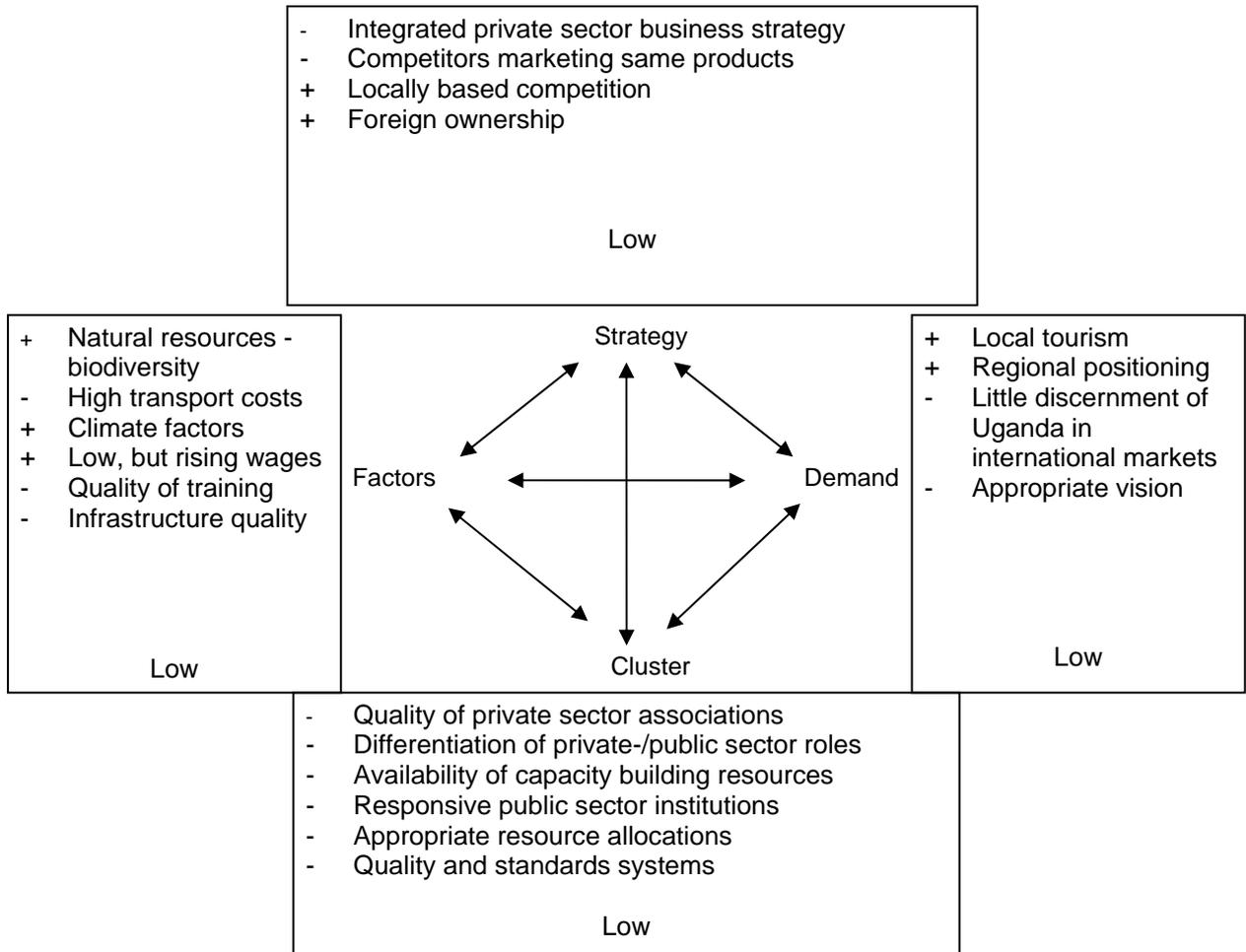
Uganda's Grains (Maize and Beans) Industry



Uganda's Oilseeds Industry



Uganda's Tourism Industry



ANNEX D: STAFF LIST

John C. Engle	Chief of party/managing director
Taibu Nakueira	Marketing and business development
Lydia Ochieng-Obbo	Institutional development and policy
Pamela Busingye	Communications
Brian Buckley	Trade and investment facilitation
Laurel Druben	Sub-sector growth
Cissy Kirambaire	Monitoring and evaluation
Barbara Kironde	Operations manager
Caroline Alupo	Accountant
Jane Mukunya	Program support officer
Audrey Ankunda	Program support officer
Benon Mubiru	Driver