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The Permanent Mission of the Republic of Uganda to the United Nations presents its compliments to the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and with reference to the latter's Note No: **18-02374/OHRLLS/GM** dated March 5, 2018, has the honour to enclose herewith Uganda's progress report on the implementation of the Vienna Programme of Action 2014- 2024.

The Permanent Mission of the Republic of Uganda to the United Nations avails itself of this opportunity to renew to the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, the assurances of its highest consideration.

New York, March 7, 2019

The United Nations Office of the High Representative
for the Least Developed Countries, Landlocked Developing Countries
and Small Island Developing States
NEW YORK

UGANDA'S PROGRESS IN IMPLEMENTATION OF THE VIENNA PROGRAMME OF ACTION 2014-2024

Introduction

Uganda joined thirty-one other landlocked developing countries to ratify the Vienna Programme of Action for the period 2014-2024. Under the programme, landlocked developing countries are expected to harness benefits from international trade, structurally transform their economies and achieve more inclusive and sustainable growth. The Programme is in consonance with Uganda's development goal of transforming to a modern and prosperous economy, reaching a GDP Per capita of 9500 by 2040. As such, the Vienna Programme of Action is implemented under the armbit of Uganda' Vision 2040 and its associated National Development Plans, of which the second of six currently under implementation up to 2020.

This briefing note provides a synopsis of key emerging issues for Uganda under each of the priority areas of the Vienna Programme of action including progress made, challenges encountered and remedial measures.

Priority 1: Fundamental transit policy issues

Uganda has made progress in simplification and mordenisation of transit procedures. The Regional Electronic Cargo Tracking system (RECTS) that serves Uganda, Kenya and Rwanda was launched in February 2017. The system is designed to enable a seamless flow of transit cargo with all the revenue authorities in the three countries having a single view of cargo along the northern corridor. The system was put in place to overcome challenges of dumping, delayed bond cancellation and refund processing that were a hindrance to cross border trade, making it costly in terms of both money and time. Implementation of RECTS has seen 20% of cargo subjected to e-monitoring and resulted into reduced transit time from 6 to 3 days for regional, and 3 to 1.5 days for national transactions, improved truck turnaround time from 4 to 8 trips a month and suppressed transit diversion and improved trade facilitation.

In addition, in collaboration with the East African Community (EAC) Partner States, the country commenced issuance of the EAC Passport on January 31st 2018. The EAC passport is a tool that is aimed at boosting free movement of persons and other factors of production across the region.

Priority 2: Infrastructure development and maintenance

2.1 Transport infrastructure

Uganda continues to prioritise investments in infrastructure in a bid to close infrastructure gaps that constrain the country's productive capacity and ultimately increase competitiveness. Emphasis has been given to construction of infrastructure that links production to market centres so to improve the livelihoods of the citizens. Various interventions in the sector have led to an improvement in the stock and quality of national infrastructure over the National Development Plan (NDP) II period. The stock of paved national road network in fair to good condition increased from to 4,551 km in 2018, bringing the current stock of paved roads to 22.2 percent. This increase in the paved road stock is however coupled with a number of challenges. Travel times have increased from 1.15m/km in 2014/15 to 4.2m/km in Financial Year (FY) 2016/17 and road fatalities have also increased from 2,845 in 2014/15 to 3,500 in FY 2017/18. The volume of freight carried by rail measured in net tonne- km also reduced significantly from 180 Mn tonne-km in FY 2014/15 to only 7.54 Mn tonne-km in FY 2017/18.

Several policies and regulations have been introduced to improve service delivery in the sector and address key constraints as highlighted above. The Multi modal Urban Transport Master plan for Greater Kampala Metropolitan Area has been developed to improve the efficiency of and cost effectiveness of goods and services. The National Transport and Logistics Policy and Strategy is also being developed to update the current policy to meet changing conditions and to provide for a more holistic approach to improving the country's economic development and competitiveness.

2.2 Energy and ICT infrastructure

The Government's objective is to ensure increased access to affordable electricity in order to reduce the cost of production and promote private investment in the country. The focus in this regard has been expansion of the national electricity power grid network, promotion of energy efficiency and use of alternative sources of energy. Uganda's installed electricity generation capacity has grown from 826MW in 2014 to 947MW in 2018. Government is fast tracking construction of two major hydropower dams and seventeen small renewable energy projects expected to add a combined 1,000MW to the national grid by 2020.

The national electrification rate has grown from 15 percent in 2015 to 23 percent in 2018, with the rural electrification rate growing from in 7 to 10 percent over the same period. The number of connections under the leading power distribution company, UMEME , has risen correspondingly from 650,000 in 2014 to 1,200,000 in 2018. In April 2018, Government passed a Free Connections Policy targeting both on-grid and off-grid customers with the aim of reaching 60 percent electricity access rate by 2027.

In terms of ICT infrastructure, Government has prioritised access to efficient and affordable ICT services to its citizens. The number of mobile phone subscriptions in the country rose from 19.5 million in 2014 to 24.8 million in 2018. The national tele-density increased from 53.3 per cent in 2014 to 61.1 percent in 2017 with a fourfold increase in internet subscriptions from 4.1 million in 2014 to 18.1 users in September, 2017. Government's key intervention in the sector is extension of the National Data Transmission Backbone (NBI) Infrastructure and e-Government Infrastructure. The NBI infrastructure is intended to connect all major towns within the country onto an Optical Fibre Cable based Network and to connect Ministries and Government Departments onto the e-Government Network. By the end of FY 2017/18, fibre optic cables spanning 2,424km had been laid covering 39 districts and 332 Ministries, Departments and Agencies, reducing public expenditure on connectivity by UGX 9.347 bn.

Priority 3: International trade and trade facilitation

Uganda has been pursuing an export oriented growth strategy since the 1980's and a number of policies aimed at supporting the productive sectors of the economy to trade at both domestic and international levels have been implemented. Uganda's exports have increased by 65 percent over the last decade growing from US$ 2,207.6 million in 2008 to US$ 3,638.3 million in 2018. Imports on the other hand grew by 50 percent from US $ 4,040.9 million to US$ 6,045million over the same period. In order to further increase exports and close the trade deficit, the country continues to explore new export markets with EAC and COMESA forming the dominant ones. The share of the country's exports to the EAC region has increased over the years with the level of formal exports rising by 195 percent between 2010 and 2018 (from US$ 425.2 million to US$ 1,255.3 million). Formal exports to COMESA also increased by 102 percent over the last 10 years from US$ 734.3 million to US$ 1486.6 million.

Uganda's export basket has also continued to diversify. Although coffee has been the country's major export earner for many decades, its merchandise share in exports has shrunk from 23 percent in 2001 to 14 percent in 2018. Furthermore, the share of non-food items has expanded with an additional sixty new products including gold, cement, metal and steel, leather and plastic products. By 2016, services made up 42% of exports compared to 15% in 1995.

Uganda also continues to put in place measures to facilitate trade. Seven One Stop Border Posts (OSBPs) have been commissioned. These OSBPs have reduced on the time taken to clear goods evidenced by a reduced turn-around time from 3 days in FY 2015/16 to 2 hours in FY 2017/18. Furthermore, implementation of the Single Customs Territory has not only facilitated trade, but boosted revenue collection resulting in reduced clearance time of cargo from Mombasa from 18 to 22 days in FY 2012/13 to 4-6 days in 2017/18. Fuel imports clearance time also reduced from three to six days in FY 2012/13 to eight to fourteen hours in 2017/18. Furthermore, the turnaround trips of transporters increased from three rounds in FY 2013/14 to eight rounds in 2018. The amount of collections through SCT grew from Shs 2.1 trillion in FY 2015/16 to Shs 2.7 trillion in the FY 2017/18.

The trade portal was launched in November 2018 to ease access to trade information through provision of timely and accurate information on procedures, documentation, fees, and charges for exportation, importation and transit of goods. The portal is expected to reduce the cost, time and administrative complexity in the export, import and transit of goods, particularly to the MSMEs.

Priority 4: Regional integration and cooperation

Uganda is part of the East African Community (EAC). The EAC has since become a major export market for Uganda with formal exports to the region increasing from US$ 425.2 million in 2010 to US$ 1,255.3 million in 2018. Regional trade has also been particularly important for manufactured exports, representing 51 percent of total manufactured exports in 2015.

Uganda is currently leading the process of discussing the Political Confederation as enshrined in the EAC treaty. Under the Monetary Union, the EAC Monetary Institute Bill 2017 was passed by the East African Legislative Assembly and the EAC Statistics Bureau Bill 2017 is also pending passage. They provide for the establishment of the East African Monetary Institute as an institution of the

Community that is responsible for the preparatory work for the EAMU and the establishment of the Statistics Bureau for the bloc respectively.

At the continental level, in March 2018, Uganda was among the first countries that signed and adopted the Continental Free Trade Area (CFTA) which aims to create a single continental market for goods and services, expand intra African trade through better harmonization and coordination of trade liberalization and facilitation regimes and instruments across RECs and across Africa in general; and enhance competitiveness at the industry and enterprise level through exploiting opportunities for scale production, continental market access and better reallocation of resources.

Priority 5: Structural economic transformation

Uganda's economy has expanded significantly over the past decade with growth averaging 5 percent. This growth has largely been driven by the industrial and service sectors. However, the contribution of these sectors to growth has not resulted in a commensurate change in the labour force structure. The industry and services shares in total employment grew marginally from 4.4 and 20.2 percent in 2014 to 21.9 and 7.4 percent in 2018 respectively. The agriculture sector on the other hand posted a 70.8 share in 2018, having dropped slightly from 71.9 percent in 2014.

Statistics show that Uganda's labour force continues to be majorly informal, with the largest percentage employed in low productivity agriculture. By FY 2016/17, there were approximately only 1.3 million persons in formal wage employment in 2017 out of the 9.1 million persons employed in the labour force. Additionally, many of the formal jobs are in micro and small scale informal enterprises or domestic employment.

The manufacturing sector has played a limited role in transforming the economy. Manufacturing value-added as a share of GDP has stagnated at around 8-10 percent of GDP with its share in total employment declining from 6.5 percent in 2002 to 5.7 percent in 2013. To harness economic transformation, Government has increased its efforts in the agriculture targeting to increase economic benefits through investments in increased productivity and value addition. A Public Investment Management in Aagro-industry strategy was launched in FY 2017/18 in a bid to foster a sustainable agro industrialization agenda for Uganda. Nine commodity value chains have been identified to transform the sector including coffee, tea, cotton, cassava, maize, oil palm, fish, dairy and beef.

A national industrial development policy spanning 2018-2028 has also been launched with the aim of achieving a fully integrated, innovative and competitive industrial sector.

Priority 6: Means of Implementation

Uganda's domestic revenue mobilization efforts continue to strengthen. Over the last decade, tax revenue has been growing at an average of 17 percent, raising from Ushs 3,117 billion in FY 2007/08 to Ushs 14,403 billion in FY 2017/18, while tax to GDP ratio, has been growing at an average of 0.2 percent. The tax to GDP ratio at 14.2 percent in FY 2017/18, is still shy of the NDPII target of 16 percent but is projected to exceed 15 percent in 2019/20. However, government has directed its efforts towards widening the tax base and enhancing compliance. The Domestic Revenue Mobilisation Strategy has been developed to inform reforms in the tax system both in the medium and long term.

In conclusion, the Vienna Programme of Action has been instrumental in guiding Uganda's development agenda as a landlocked developing country. The Vienna framework and Uganda's second national development plan are synced in timeframe of implementation and the focus of NDPII to strengthen the country's competitiveness for sustainable wealth creation, employment and inclusive growth embodies the principles of the Vienna Programme of Action.