



THE REPUBLIC OF UGANDA

MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES

**GUIDELINES FOR USE OF THE TRADE AND COMMERCIAL SERVICES
GRANT BY LOCAL GOVERNMENTS FOR FY 2019/20**

Ministry of Trade Industry and Cooperatives
Parliament Avenue, Kampala

FOREWORD

The mission of the Ministry is ‘To develop and promote a competitive and export-led Private Sector through accelerating industrial development for economic growth.’

The strategic objective is to formulate, review and support policies and programs aimed at promoting and ensuring expansion and diversification of trade, cooperatives and environmentally sustainable industrialization.

This will be achieved through; Implementation of Buy Uganda and Build Uganda (BUBU policy), improving the doing business environment for both MSMEs and large industries for co-existence, promoting value addition and mobilisation for formation and development of cooperatives.

Local Governments are crucial in achieving the above vision, mission and strategic objectives of the trade and Industry sector. It is on this note that I call upon all Local Government through the Trade, Industry and Local Economic Development departments to partake in the sector’s development, through utilising and planning for the grant as specified within these guidelines, whilst collaborating with MTIC to report progress in the implementation of this grant on a quarterly basis.

PERMANENT SECRETARY

Abbreviations

BCC	Budget Call Circular
DCO	District Commercial Office
MoFPED	Ministry of Finance Planning and Economic Development
MTIC	Ministry of Trade Industry and Cooperatives
OTIMS	Online Transfers Information Management System
TILED	Trade Industry and Local Economic Development Department

EXECUTIVE SUMMARY

Section 1: Introduction

Uganda's ability to access Regional and International market will depend on the participation of its people in trade. This participation is best done through organized firms which are competitive in the domestic market and able to reward those who are actively participating in a way of providing employment and income.

It's therefore necessary for Ministry to fund interventions that develop domestic trade by emphasizing assistance to local producers and buyers to satisfy the domestic market. This consequently will become a channel for bulking and preparing the local traders to participate in international trade.

The District Commercial Office at the Local Government level has been unable to efficiently and effectively deliver commercial and business services for which they are expected to provide. It's therefore suggested that the Key areas for which the funds given to Trade Industry and Local Economic Department in the Local Governments under conditional grant be used to provide services under the areas of; Trade, Cooperatives, Industry and MSMEs which are under the mandate of MTIC.

Section 2: The policy framework

Under the NDP II period, the trade and cooperatives sector will aspire to ensure the promotion of sustainable industrialization and appropriate technology and development to ensure availability of goods and services by expanding and diversifying domestic and export markets. The objectives of the trade and cooperatives sector are to: increase the share of manufactured goods and services in total exports; improve private sector competitiveness; increase market access for Uganda goods services in the regional and national markets; improve the stock and quality of trade infrastructure; promote the formation and growth of cooperatives; enhance the capacity of cooperatives to compete in the domestic regional and international markets; and increase in diversity in type and range of enterprises undertaken by cooperatives.

This is guided through the National Trade Policy, National Industrial Policy and the National Cooperative Development policy .Other Sectoral related policies include; Buy Uganda Build

Uganda Policy, MSME policy, National Standards Policy, Trade in services policy among others.

Section 3: Trade and Commercial services priorities

The TILED grant is composed of only Non-wage recurrent expenditures.

Non-Wage Recurrent Expenditures will cover activities related to Trade Development and promotion services, Enterprise development services, Market linkage services, Cooperation Mobilization and Outreach Services, Tourism promotion services and Industrial development services. The funds will be allocated to as follows;

Output	Percentage Allocation
Trade Development and promotion services	30%
Enterprise development services	10%
Market linkage services	10%
Cooperation Mobilization and Outreach Services	25%
Tourism promotion services	10%
Industrial development services	15%

Section 4: Allocation formulae and rules

Variables, weights and justification

- i. Statistics for the mentioned parameters are obtained from Uganda Bureau of Statistics (UBOS) and communicated to all Accounting Officers through the Second Budget Call Circular from the Ministry of Finance, Planning and Economic Development (MoFPED). The allocation of the funds is generated from PBS Programme Budgeting System/Online Transfer Information Management System (PBS/OTIMS).
- ii. Statistics can be reviewed on OTIMS at budget.go.ug/fiscal/transfers/
- iii. The following shows the non-wage recurrent conditional grant allocation. There is only one grant under this sector. A total of Ushs. 2.232 billion Shall be provided in 2019/20 as of BCC2.

Variable	Direction	Weight (%)	Type	Justification
Fixed Allocation	Absolute	50	Non-financial	To provide for a minimum allocation to all TILED departments
Population	Absolute	25	Non-financial	The target population is in both rural and urban area promotion of cooperatives, Trade development and value addition by Micro and Small Enterprises
Poverty Headcount	Absolute	10	Non-financial	Approximates need with high poverty levels getting a higher allocation.

Variable	Direction	Weight (%)	Type	Justification
Land Area (Hectares)	Absolute	10	Non-financial	Land suitable for production, Tourism Development and Industrialization
Population in Hard to Reach Hard to Stay Areas	Absolute	5	Non-financial	Those areas which are hard to reach are given priorities. Island areas are classified as hard to reach and therefore fishing areas are compensated.

Section 5: Planning

A work plan should be submitted to MTIC at the beginning of each quarter in a format provided by the MoFPED. Specifically, the Performance Contract Form B should be used as the format for the grant.

Section 6: Conclusions

Local Governments are expected to comply with the above guidelines to ensure that the purpose and objectives of the grant are achieved. The Ministry shall through routine support monitoring and supervision will ensure that technical guidance is offered to the Trade Industry and Local Economic Development.

Section 7: allowed outputs for this grant

Structure of the Trade, Industry and Local Economic Development.

Workplan code is to be confirmed but will be clear from the PBS as it is finalised.

Sector	Prog. Code	Prog. Name	Subprog. Code	Subprog. Name	Output Code	Output Name
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	xx8301	Trade Development and promotion services
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	xx8302	Enterprise development services
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	xx8303	Market linkage services
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	xx8304	Cooperation Mobilization and Outreach Services
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	xx8305	Tourism promotion services
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	xx8306	Industrial development services
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	xx8375	Administrative capital
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	xx8380	Nonstandard service delivery capital
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	xx8381	Construction and rehabilitation of markets
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	Xx8307	Sector capacity development
06	Tbc – in PBS	Trade Industry and Local Economic Development	83	Commercial services	Xx8308	Sector management and monitoring

Annex

Program Outputs	Planned Out Put	Planned Activities	Performance Indicators
8301: Trade Development and Promotion Services	Trade licensing	Assessment and approval of businesses for trade licencing	Number of businesses assessed and approved for Trade Licensing
		Compilation and Submission of Trade Licensing Returns	Annual Trade Licensing returns
	Licensing Authorities sensitized on the Trade Licensing Act [Amended]	Training Trade Licensing Committees and the business community	No. of trainings conducted, No. of trade stakeholders trained Detailed training report submitted
	Licensing Committees and Appeal Authorities Constituted	Forming of Licensing Committees and Appeal Authorities Orienting and operationalization of Licensing Committees and Appeal Authorities	Report on Forming, orientation and functionalization of the Licensing Committees and Appeal Authorities
	District Business Register developed for businesses inspected, licenced and monitored	Census/Survey of Business Establishments	No. of businesses inspected, issued with trade licence and monitored. Business register submitted
	Annual Reports	Compiling of reports	Annual Reports submitted
	Information dissemination	Convene trade sensitisation sessions Conduct radio talk shows	No. of Convene trade sensitisation sessions held & Stakeholders reached; No. of radio talk shows participated, recorded CDs, Information dissemination Report
	Improved participation of marginalised groups in trade	Mainstreaming trade related gender issues in the District/Municipality Development Plan	Trade related gender issues mainstreamed in the DDP
	Trade regulation Compliance enhanced	Inspecting businesses, conducting market surveillance and sensitising business operators about existing regulatory framework	No of business inspected and monitored for compliance to the law Inspection and monitoring reports and surveillance reports

Program Outputs	Planned Out Put	Planned Activities	Performance Indicators
8302: Enterprise Development Services/ Micro Small and Medium Enterprises Development (MSMEs)	Ease of doing business and improved socioeconomic activities in the Districts.	<ul style="list-style-type: none"> • Profiling of MSMEs in the District / Municipality, • Identify and advise the business community on existing Commercial Laws • Mobilise and provide formalisation support (process and benefits) • Conduct Business Development Services (Entrepreneurial Skills Development programs including financial literacy, and Record keeping) • Provide field technical support and guidance to the MSMEs/Value addition facilities 	<ul style="list-style-type: none"> • Profile of existing MSMEs per sector and prepared to participate in PPDA • Number of formalised business setups • Number of jobs/employments created • Percentage of revenue and taxes contributed • Detailed report on field technical visits and MSMEs/Value addition facilities reached.
	Constituted District MSMEs investment profiling and training opportunities development committees	Conduct regular District MSMEs investment and training meetings	District technical committees established List of Business development services providers identified List of identified investment opportunities
	Business register in place	Collect and characterise MSMEs establishments	Characterised MSME Database register and reports
8303: Market Linkage Services	Market Linkage Services provided	Collecting, Analysing and Disseminating market information [Collecting information from rural and urban markets] and producer organisations	Markets and market information bulletins compiled and disseminated No of producers/producer organisations linked to markets

Program Outputs	Planned Out Put	Planned Activities	Performance Indicators
	Increased consumption of local goods and services(BUBU)	<p>Profiling suppliers and buyers of local goods and services</p> <p>Supporting Suppliers and Buyers of local goods and services to participate in the PPDA.</p> <p>Know Your Supplier – Hold B2B meetings with suppliers of a specific priority sector; and link reliable suppliers to prospective buyers/markets (Public Procurement and Disposal of Public Assets/PPDA)</p>	<p>Profile of producers and buyers of local goods and services</p> <p>No. of Suppliers and Buyers of local goods and services supported to participate in the PPDA.</p> <p>No. of meetings held and suppliers linked to buyers/markets</p>
	Public Procurement and Disposal Entities informed and linked to local Suppliers of goods and services	<p>Engaging with the respective PDU on PPDA Reservation Schemes in view of BUBU for both goods and services.</p> <p>Sensitising of local MSMEs on Public Procurement and Disposal process and procedures</p>	<p>Respective PDUs’ implementing the Reservation Scheme in view of BUBU</p> <p>Number of sensitisation meetings held and No. of MSMEs sensitised</p>
	Local products adequately displayed on the Super markets 40% shelf space	Engage Supermarket owners on BUBU benefits (Stocking/selling local products)	Number of supermarkets displaying local products and percentage of shelf space allocated to local products
	Sub Sector Associations formed	Guiding the formation and nurturing of subsector associations [Producers, Consumers, Jua Kali] and linked to National Associations – PSFU, USSIA, e.t.c.	Number of sub-sector Associations formed and nurtured and linked to the National Associations – PSFU, USSIA, e.t.c.

Program Outputs	Planned Out Put	Planned Activities	Performance Indicators
	Trade in Services information provided	<p>Identify and profile tradable Services' Suppliers under BUBU in the Local Governments</p> <p>Promote consumption of local services</p> <p>Guide the formation and nurturing of subsector associations [Transport, Construction, and Health] and linked to National Associations – PSFU, USSIA, etc.</p>	<p>Profile of the Local Governments' BUBU tradable goods and services suppliers in place and kept up to-date.</p> <p>Local services providers linked to the market (e.g. the LG PDUs)</p> <p>Number of Associations formed by business categories</p>
8304: Cooperatives Mobilisation and Outreach Services	Registration of Cooperatives	Mobilisation of groups to form Cooperatives	No. of Cooperative groups mobilised and assisted for registration
	Cooperative education provided	Training of leaders, managers and members of Cooperatives in various cooperative aspects	Report on Cooperative leaders, managers and members trained in various cooperative aspects.
	Compliance with existing regulatory framework	Monitoring and support supervision of Cooperative Societies	No. of Cooperatives Societies monitored and support supervised
		Auditing books of Accounts of Cooperative Societies	<p>Number of Cooperatives audited</p> <p>Detailed report and No of AGMs attended/supervised</p> <p>AGMs and those which have not. Investigation report</p>
		Follow up and supervise Cooperatives AGMs conducted.	
		Investigation and inspection of fraud cases in Cooperative	
	Update of Cooperative Register	Data collection and update on Cooperatives	Cooperative Data collected and analysed
	Settlement of Cooperative disputes	Mediation and Arbitration	Numbers Cases of handled and resolved
8305: Tourism Promotional services	Tourism Enterprise Development	<ul style="list-style-type: none"> Profiling of District / Municipality Tourism sites, Develop and implement District and Municipality Tourism Development Plans 	<ul style="list-style-type: none"> Profile of District and Municipality Tourism sites per sector Percentage of revenue and taxes contributed

Program Outputs	Planned Out Put	Planned Activities	Performance Indicators
		<ul style="list-style-type: none"> Provide field technical support and guidance 	<ul style="list-style-type: none"> Detailed report on field technical
	Register of Licensed and Regulated Tourism sites and Facilities	<ul style="list-style-type: none"> Licence Tourism facilities Monitor and inspect Tourism Facilities 	<ul style="list-style-type: none"> Register of Tourism sites and facilities identified List of identified investment opportunities
	Zoned Tourism sites and facilities	<ul style="list-style-type: none"> Carryout Zoning of tourism sites 	Register of tourism sites
	Marketing Tourism in the District and Municipality	<ul style="list-style-type: none"> Collecting, Analysing and Disseminating market information [Collecting information on tourism sites and tourists 	<ul style="list-style-type: none"> Markets and market information compiled and disseminated No of Tourism sites linked to tourists
8306: Industrial Development Services	Value addition potential identified and nurtured	A survey to identify opportunities for value addition within the district	Survey Report
		Training programs for the development of various value chains	Number of trainings conducted, Existence of reports, Number of project profiles developed
	Industrial data compiled	Data collection on existing Small Scale Industries and other Value Addition Facilities in the District/Municipality	Number and % of the industrial establishments surveyed
	Compliance to industrial policy and other regulations related to industrial development	Inspection visits to industrial establishments in the district in conjunction with MTIC, NEMA, UNBS and other relevant government agencies.	Number of linkages established
	SMIs in the district linked to relevant agencies and industrial service providers	Establish linkages between industrial establishments in the District and relevant Government Agencies, projects and other industrial service providers	Number of linkages established
	Industrialists sensitized on quality assurance	Awareness campaigns on standards and quality assurance for SMIs	Number of meetings, Activity reports

Program Outputs	Planned Out Put	Planned Activities	Performance Indicators
018307: Promoting LED	LED Forum	Constitute LED forum	Number of LED forum Constituted
		Training programs on LED	Number of trainings conducted, Existence of reports, Number of project profiles developed
	Awareness created on LED		
	Develop investment profiles	Develop Investment Profiles	Number and % of Investment profiles
	Investors identified for PPPs	Mobilise and identify Investors for PPP	Number of Investors and investments under PPP

