



**Federation of
Uganda Employers**
The Voice of Employers

NATIONAL BUSINESS AGENDA

The Big Five

2023-2025

Foreword

The Federation of Uganda Employers (FUE) is the premier voice of Employers on social and economic issues at both local and international level. FUE applies evidence-based lobbying and advocacy to engage the Government and other stakeholders in order to facilitate the creation of a conducive business environment. This National Business Agenda (NBA) identifies policies, laws and regulations that hinder business progress in Uganda. It provides concrete recommendations and reforms that need to be undertaken in order to remove existing barriers and improve the business climate. The FUE Business Agenda 2023-2025 was developed through a consultative process with our members and a wide range of other stakeholders including government and trade unions.

This NBA will allow private sector representatives to present the perspectives and concerns of the employers to Government in a unified voice and increase the likelihood that the agenda will be adopted. This National Business Agenda is a vehicle which offers possible solutions to help address the major challenges that are being faced by employers.

Over the next four years, FUE will actively engage Government on critical issues contained in this NBA - FUE's Five Key Priority Areas (The Big FIVE);

1. Increase Access to Affordable Finance for SMEs
2. Fast Track Skills Development
3. Revise the Existing Commercial and Labour Laws to address Emerging Labour Market Issues
4. Accelerate Social Security Reforms
5. Promote Socially and Environmentally Sustainable Enterprises

Several position papers will be prepared and presented to the relevant Government entities to facilitate policy reforms that seeks to address existing business-related challenges. FUE is confident that this lobbying and advocacy agenda will greatly contribute towards the creation of a conducive business environment, help grow Ugandan businesses and create decent jobs.

Special thanks to Mr. Douglas Opio, the FUE Executive Director, Mr. Dan Okanya, Head of Policy and Research, FUE and Mr. Gary Rynhart, Employer Specialist, ILO who spearheaded the process of developing this lobbying and advocacy agenda. We also appreciate the Consultant who supported data collection and drafted the lobby agenda.

**Eng. Dr. Silver Mugisha,
FUE Chairperson.**

List of Acronyms

COP	Certificate of Practice
BTVET	Business, Technical, Vocational Education and Training
EAC	East African Community
EAEO	East African Employers Organisation
EPRC	Economic Policy and Research Center
ESG	Environmental, Social and Governance
FAO	Food and Agriculture Organisation
FUE	Federation of Uganda Employers
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
IOE	International Organisation of Employers
MDI	Microfinance Deposit- taking Institutions
MGLSD	Ministry of Gender, Labour and Social Development
MSME	Micro, Small and Medium Enterprises
NDP	National Development Plan
NEC	National Employment Council
NEMA	National Environment Management Authority
NGO	Non-Governmental Organisations
NMS	National Manpower Survey
NSSF	National Social Security Fund
SACCOS	Savings and Credit Cooperative Organizations
SME	Small and Medium Enterprises
TVET	Technical and Vocational Education and Training
UDB	Uganda Development Bank
UMA	Uganda Manufacturers Association
UNCTAD	United Nations Conference on Trade and Development
UNICEF	United Nations Children’s Fund
URSB	Uganda Registration Services Bureau
USE	Uganda Securities Exchange
WFP	World Food Programme
WHO	World Health Organisation

Table of Contents

Foreword	2
List of Acronyms	3
1.0 Introduction and Background	5
1.1 About the Federation of Uganda Employers (FUE)	5
1.2 Developing the FUE National Business Agenda 2023-2025	5
2.0 Policy Priorities	6
2.1 Policy Priority One: Access to Affordable Finance for SMEs	6
2.1.1 Existing Challenges	7
2.1.2 FUE Action Areas	7
2.2 Policy Priority Two: Skills Development	8
2.2.1 Existing Challenges	8
2.2.2 FUE Policy Actions	9
2.3 Policy Priority Three: Commercial and Labour Laws	10
2.3.1 Existing Challenges	10
2.3.2 FUE Action Areas	11
2.4 Policy Priority Four: Accelerate Social Security Reforms	11
2.4.1 Existing Challenges	11
2.4.2 FUE Action Areas	12
2.5 Policy Priority Five: Socially and Environmentally Sustainable Enterprises	12
2.5.1 Existing Challenges	12
2.5 FUE Action Areas	12
Bibliography	13

CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 About the Federation of Uganda Employers (FUE)

The Federation of Ugandan Employers (FUE) is the leading employers' organisation in Uganda founded in 1958 and legally registered in 1960. FUE is affiliated to the International Organisation of Employers (IOE), Business Africa and the East African Employers Organization (EAEO). It is the recognised organization that represents Ugandan Employers under the tri-partite arrangement and is the International Labour Organization's (ILOs) recognized private sector constituent.

FUE's mission is to enhance employers' competitiveness through policy advocacy, provision of business support services, fostering sustainable employment relations and job creation. The organization aims to be the leading organization in serving employers' interests and needs with a membership base of over 700 members and 28 sectoral associations.

FUE has strategically structured her operations into three key areas of;

- 1. Policy and Advocacy**
- 2. Employment Relations and Legal Services**
- 3. Business Support Services**

The core purpose of the FUE Policy and Advocacy department is to conduct research and prepare policy papers. FUE utilises both proactive and reactive strategies to engage the Government and other stakeholders. FUE lobbies, advocates and represents Employers as stipulated in the FUE Business Agenda (2023-2025) highlighting the priorities of FUE for the next four years.

1.2 Developing the FUE National Business Agenda 2023-2025

This FUE Business Agenda 2023-2025 comes against the backdrop of the previous lobbying and advocacy agenda that was implemented from 2019 to 2021 focusing on skills development, social security, SME development, labour laws and taxes. FUE developed the lobbying and advocacy agenda through five different stages which were systematically followed.

The first stage focused on preparation of background documents, developing survey instruments, generating consensus on issues to address, literature review of business concerns in Uganda, agreeing on the timelines and seeking potential partners to support the process. This preliminary stage was endorsed by management and the Governing Council of the Federation of Uganda Employers (FUE).

In the second stage, FUE conducted outreach and coordination of different stakeholders and working groups were formed based on the thematic areas identified under stage one. The three thematic areas were: labour and employment, methodology and general issues.

Stage three entailed planning for meetings and venues for different working groups with clear schedules and agendas. It also involved validating critical issues which were identified during the literature process. Focus group discussions and key informant interviews were conducted with over 100 employers including FUE members and non-members.

Stage four centered on consolidating the results from the survey process, preparation of the final report and the FUE Business Agenda 2023-2025. Additional information was integrated into the lobbying and advocacy agenda by reviewing emerging trends and other policy issues which have been presented to the Government in recent years.

The final stage was the development of the FUE Business Agenda 2023-2025. It involved presentation of the lobbying and advocacy agenda to key stakeholders for review and approval (validation), presentation of the final report to the FUE management and Governing Council for endorsement and the official launch of the FUE Business Agenda 2023-2025.

CHAPTER TWO: POLICY PRIORITIES

This section presents the major issues that were identified during the consultative process, literature review and engagement with the leadership team at the Federation of Uganda Employers (FUE). Five areas of policy action have been identified and presented, focusing on the issue, challenges that need to be addressed, and proposed solutions.

Policy priorities are the critical areas of lobbying and advocacy that have been identified by the Federation of Uganda Employers (FUE) for the next four years. This will be the basis upon which FUE's work with the government and other stakeholders will be evaluated. The priorities highlight the critical reforms proposed by employers to be undertaken in order to improve the business environment, grow enterprises and create more decent jobs in Uganda and facilitate the attainment of the National Vision 2040 and priorities highlighted in National Development Plan III (NDP III).

2.1 Policy Priority One: Access to Affordable Finance for SMEs

Small and Medium Enterprises (SMEs) are considered to be the life blood of any economy. They are at the fore-front of government efforts to promote enterprise, innovation and increased productivity. In Uganda, SMEs are increasingly taking the role of the primary vehicles for the creation of employment and income generation through self-employment hence enhancing poverty alleviation. SMEs also provide the economy with a continuous supply of ideas, skills and innovation necessary to promote competition and the efficient allocation of scarce resources.

SMEs employ approximately 2.5 million people accounting for 90% of private sector employment in the country. They also contribute 20% of Gross Domestic Product (GDP) and produce 80% of Uganda's manufactured output. Despite the significant contribution to GDP by the SME component of the private sector and their potential to deliver more, access to finance remains very problematic. Less than 40% of SMEs in Uganda have access to bank loans and approximately 80% of the SMEs are unserved or underserved by financial institutions.

Micro, Small, and Medium Enterprises (MSMEs) are the foundation of most economies and are a major driver of economic development, dynamism and flexibility in developed and industrialised nations as well as in emerging and developing nations like Uganda. Small and microbusinesses are essential for generating employment possibilities.¹ As a result, these companies' access to credit may result in high profits, high wages and increased employment, all of which considerably reduce poverty. 8.5 million Ugandans are employed by micro, small, and medium-sized enterprises (MSMEs), according to a recent study by the Economic Policy Research Centre, 80% of SMEs are found in the job rich manufacturing sector which is a priority sector for growth as outlined in the National Development Plan III (NDP III). However, the unfortunate reality is that 70% of MSMEs fail before their second birthday.

Credit is crucial to a company's survival and the health of the industry as a whole. Micro and small businesses are important contributors to economic development and serve as a foundation for social and economic change, but they are also the most vulnerable to external shocks because of, among other factors, their inherent difficulty in obtaining credit. Additionally, the government and its institutions are meant to promote business development. The Ugandan government has persistently made numerous efforts to address this issue, particularly for MSMEs which FUE commends. These efforts include low or no interest schemes such as *Entandikwa's* "Start-up Capital Credit Scheme", the Poverty Alleviation Programme, the Rural Farmers Credit Scheme and the "Prosperity for All" Credit Scheme. Despite these efforts, the supply of credit has continued to be a major concern, with a bigger proportion of financially constrained entrepreneurs being left out. The funding gaps relate to issues around firm size, risk, knowledge, cost of credit, the gender of the firm owner and flexibility. In addition, the loan requirements of the micro firms are small, yet more collateral may be required than they can pledge. On the side of financial institutions, they may lack expertise in understanding the needs and realities of MSMEs and the flexibility in terms and conditions they require.

¹ <https://eprcug.org/publication/a-rapid-assessment-of-the-effect-of-the-covid-19-lockdown-on-livelihoods-and-micro-small-and-medium-enterprises-in-uganda/>

The financial industry in Uganda is split into four tiers: Commercial Banks make up the first tier, followed by Credit Institutions and Financial Companies in the second, Microfinance Deposit-taking Institutions (MDI) in the third, Savings and Credit Cooperative Organisations (SACCOS), Financial Non-Governmental Organisations (NGOs) and all other non-deposit-taking financial institutions in the fourth. The Bank of Uganda regulates and oversees Tiers 1–3. Nevertheless, Uganda still has a very low level of financial inclusion, with only 33% of the 12 million bankable people having bank accounts in addition to a poor savings to GDP ratio of 16%. According to the World Bank, only 14.2% of Uganda's private sector had access to credit in 2020. This number is considerably lower than the comparable figure for Kenya, where the private sector access to credit stood at 32% during the same time period.

The primary reason for SMEs taking loans in Uganda is for working capital with capital investment being a secondary driver. Most financing is provided only upon the provision of collateral, which enterprise surveys found the average value to be 161.8% of the loan amount. The reasons for SMEs difficulty with respect to accessing financing relate to the high-risk perception of SME lending by financial institutions, information asymmetry between lenders and borrowers, poor corporate governance and market linkages. Other factors that make financing SMEs difficult include undercapitalization, inadequate technical and management skills as well as lack of market access due to poor quality and non-standardised products. As a result of the possible misalignment between lenders and borrowers, lenders are forced to seek collateral and offer highly priced products. This is evident in the survey results, which indicated that 86.7% of loans issued require collateral.² Additionally, at an average of 23.9% in 2017, lending rates in Uganda are the highest in East Africa.

2.1.1 Existing Challenges

- Only 4% of businesses registered with Uganda Registration Services Bureau
- High Collateral Security Required to Access Credit
- High Interest Paid on Loans
- Lengthy process of accessing credit with a lot of documentation and it requires input of money
- Rapid Technological Advancement in the Financial Industry
- Poor Credit History (of SMEs?)
- There are cases of unscrupulous lending practices and hidden fees especially from money lenders

2.1.2 FUE Action Areas

1. Government should increase funding to the Uganda Development Bank (UDB) to make more financing to be available to SMEs and the collaboration with commercial banks should be strengthened through the provision of incentives such as insurance for the loans offered to SMEs.
2. Promote National Financial Literacy training for SME owners through partnership with financial institutions, Bank of Uganda and other relevant ministries, departments and agencies. It is also important to work with FUE, UMA and other business membership associations
3. Government should encourage the use of technology to access credit, for example, mobile money in rural areas. The government should focus on reducing transaction costs by among others minimising the level of taxation linked to mobile money transactions.
4. Ease the process of registering a business through automation of processes, reducing registration costs by at least 30% and reducing the duration of registration to 48 hours or two working days.
5. Establish a regulatory framework that facilitates compliance with requirement for formalisation of sector. At the moment, it is cheaper for entities to remain unregistered and continue doing business with formal entities. It is important to introduce restrictions for certain services to only formally registered entities.
6. Fast-track enactment of the Chattels Securities Bill to allow for use of other collateral other than land for borrowing.
7. Support companies through the listing process through simplification of registration, provision of training support, and advisory services. It is also necessary to strengthen the capacity of the Uganda Securities Exchange (USE) to fast track the enrolment of companies. Furthermore, there is need to enhance finance inclusion through creating forums where access to finance can be regularly discussed.

² <https://thelocal.ug/financing-options-smes-alternatives-debt-financing-deloitte/>

2.2 Policy Priority Two: Skills Development

In Uganda, an employer led Technical and Vocational Education and Training (TVET) policy was officially approved by Cabinet in 2019. The policy was designed because TVET delivery at the moment does not address the shortage of practical skills required for national development. The current training emphasises acquisition of academic certificates rather than the requisite skills and competencies needed in the world of work.

According to Hon. Janet Kataaha Museveni, the First Lady and Minister of Education and Sports, the TVET policy emphasises a flexible, workplace-oriented environment delivery rather than a general education system and it shifts TVET management from government to the public / private partnerships. The four sets of policy and institutional actions include; engaging private sector-enterprises and private training providers in TVET, expanding the Uganda Vocational Qualifications Framework (UVQF) scope and ensuring that the training content corresponds to work requirements, building a strong unified organisation for managing skills development and reforming the system of TVET funding and management.

Employers are responsible for training, re-training and developing their employees to meet their business needs and where possible they should assist in their employees' long-term development.

Therefore, Employers will play a critical role in the implementation of the policy since we are developing an employer-led TVET system. The employer-led TVET system will be run in a tripartite manner by three categories of stakeholders; the demand side (employers / private sector), Government and the supply side especially employees and learners.

The above facts notwithstanding, recent years have seen policy-makers and social partners across the world become increasingly concerned with the mismatch between workforce skills and labour market needs. Skills mismatch, the gap between the skills required on the job and those possessed by individuals raises the question of the ability of societies to capitalise on their workforces. Skills are also a critical asset for individual workers and firms in a rapidly changing and globalised world. When individuals have substantially more skills than required for their jobs, those individuals, as well as enterprises and economies, are prevented from reaping benefits of their skills investment such as higher wages, productivity growth and innovation. Skills shortages and an under-skilled workforce compromise Uganda's economic development. In contrast, for many advanced economies and some developing countries, significant investments in education that are not accompanied by job growth foster high rates of graduate unemployment and mismatches in qualifications.

According to the National Labour Force Survey 2021 for Uganda, skills mismatch is a discrepancy between the skills that are sought by employers and the skills that are possessed by workers, that is, imbalances between skills offered and skills needed in the world of work. The survey shows that more than half (60%) of the employed population had adequate skills while 26% had skills higher than those required on the job. Learning is a continued process hence some respondents (14%) who had low skills stated that they needed further development in skills required on the job.

In addition, education mismatch showed that 43% of the persons in employment were under educated for the jobs they were holding. The survey results also showed that the majority of the youth (83%) lack any trade or technical skills or any form of specialisation. This underscores the need for the government to prioritise skills development.

Allied to this is the fact that the COVID-19 has had serious impact on skills and changing skills needs. FUE has laid out the impact of the COVID pandemic on changing skills needs in its 2022 report "The Next Normal: The Changing Workplace in Uganda".³

2.2.1 Existing Challenges

1. There is a weak co-ordination mechanism in order to facilitate interaction between employers and service providers of TVET at all levels. In other words, there is no regular and well-structured interface both at national and school levels.

³ https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/-act_emp/documents/publication/wcms_854975.pdf

-
2. There is no clear policy on training and human resource development; weak support for the teaching of soft skills and slow progress in the establishment of TVET Council
 3. The current education system is largely dependent on the schools with limited involvement of employers in the training process
 4. Governance structures of the TVET institutions are not autonomous so they cannot easily do business with employers. The linkage between schools and the employers is not considered within the governance structure
 5. There is no regular National Manpower Survey (NMS) to identify the emerging needs of both the employers and training institutions
 6. The current TVET education and assessment curriculum is shifting slowly towards offer competence-based training and assessment. This needs to be accelerated to meet the needs of the employers
 7. There is a negative public perception of TVET. The perception that business and technical training is for academic failures needs to be changed through concerted public education

2.2.2 FUE Policy Actions

1. Fast track the enactment of the TVET Act to address gaps that exist in the current BTVET Act 2008. It is also important to put in place an implementation mechanism by ensuring that regulations are in place and a well-supported tripartite institution such as the TVET Council. In addition, skills development should be prioritized in national budget allocation.
2. Enhance technical and vocational training programmes aiming at developing the competencies and skills needed to strengthen individual capacities and knowledge linked with employment needs. This can be done through regular man power surveys/ national labour force surveys. There is need to focus on the priority areas identified in the National Development Plan III such as agriculture, manufacturing, oil and gas, tourism and hospitality, ICT, and construction.
3. Strengthen the linkages between education, skills development, labour market entry, and lifelong learning through three main objectives:
 - i) matching supply to current demand for skills;
 - ii) helping workers and enterprises adjust to change
 - iii) anticipating and delivering the new and different skills that will be needed in the future particularly in light of Post COVID changes to the working environment and skills needs. Create a panel of experts made up of representatives of employers to support continuous development of curriculum to address emerging labour market needs.
4. Fast track the establishment of the Labour Market Information and Analysis system to collect, analyse and disseminate labour market data that will inform decisions on skills development including investments in education and training. This includes promoting the use of administrative data, enhancing reporting by employers and workers, conducting census of business establishments on an annual basis and providing in-depth analysis of existing occupations including emerging ones as well.
5. Fast track the establishment of the TVET Council to support the implementation of skills reform in Uganda. This can be done through the urgent enactment of the TVET Act by the end of the financial year (2024/2025)
6. Prioritise the establishment of the skills development fund. The provision for establishing a skills fund that be included within the draft TVET bill. This should then be operationalized once the TVET Act comes into place.
7. Set up a national policy which promotes work-based learning programmes such as internships, apprenticeships and volunteerism for students and recent graduates of tertiary education and professional institutions to gain some experience before getting employment
8. Develop a National Human Resources Development Plan to provide a holistic and integrated approach to human resource development planning of the country and provide a framework to streamline Human Resource multi-stakeholder actions at all levels within the overall national development agenda

9. Explore innovative public-private partnerships by establishing an industry-driven system for competency-based training and standard setting, and developing a clear articulation between various levels of education and training to allow people to move between education and vocational training systems – so that training is not seen as a dead end
10. Ensure demand driven training by getting the private sector input directly into the education curriculum and syllabi at all levels of the education system. This can be done through the establishment of more sector skills councils and providing adequate funding for their operation.

2.3 Policy Priority Three: Commercial and Labour Laws

The President of Uganda, H.E. Yoweri Kaguta Museveni assented to all the four labour laws in May 2006 after 19 years of consultation. In the same year, the Minister of Gender, Labour and Social Development (MGLSD) issued a Statutory Instrument to operationalise them. The old laws were not fully in compliance with the core conventions of the International Labour Organisation (ILO) which the Government had ratified. It was therefore expected that through the enactment of the new laws, employers and workers would enjoy their rights as provided for in international instruments. However, in due course several gaps have been identified in the labour laws which are now being reviewed (Employment Act 2006, Workers Compensation Act 2000 and Labour Disputes Act 2006). Many employers view the labour laws as heavily skewed towards the protection of workers at the expense of business growth and development.

The ILO Conventions point out that workers must be protected from sickness, disease, and injury arising from their employment yet for millions of workers, the reality is very different. According to the most recent ILO global estimates, 2.78 million work-related deaths are recorded every year, of which 2.4 million are related to occupational diseases. In addition to the immense suffering caused for workers and their families, the associated economic costs are colossal for enterprises, countries, and the world. The losses in terms of compensation, lost work days, interrupted production, training and reconversion, as well as health-care expenditure, represent around 3.94% of the world's annual GDP.

Employers who were interviewed expressed their concerns on the lengthy process of obtaining a license due to assessments and documentation, a highly regulated auditing system which is done on a quarterly basis where banks bear all the costs, issuance of directives on a short notice, short expiry period of permits and licenses requiring annual renewals, credit risks and interest rate caps.

2.3.1 Existing Challenges

1. The process of obtaining a license is lengthy due to assessments and documentation. It is also expensive. For example, an insurance agent needs to pay a minimum of four million shillings (4,000,000) to get a (COP) license. Additionally, there is a lot of bureaucracy where different companies in the same sector are asked for different requirements.
2. There is a highly regulated auditing system which is done on a quarterly basis where banks bear all the costs.
3. Issuance of directives on a short notice, for example, Uganda Registration Services Bureau (URSB) ordered all companies to re-register and declare shareholders within a short period of time
4. Short expiry period of permits and licenses requiring annual renewals
5. It is expensive yet compulsory to maintain standards in line with internationally recommended guidelines, for example WHO standards for water quality
6. High insurance policies and packages make it complicated for employers to secure policies for workers against risks compromising compliance to safety and health regulations
7. National Environment Management Authority (NEMA) regulation on noise pollution which can negatively impact on company operation
8. The requirement of maintaining a minimum level of capital adequacy to ensure their financial stability. Challenging, particularly for smaller banks
9. Banks in Uganda are subject to interest rate caps, which limit the amount of interest they can charge on loans

-
10. Banks in Uganda are required to manage their credit risk effectively, which involves assessing the creditworthiness of borrowers and monitoring their loan portfolios, failure leads to losses
 11. Rapid changes in world of work rendering some provisions of the labour laws to be obsolete as outlined in the 2022 FUE report "The Next Normal: The Changing Workplace in Uganda" concerning issues such as platform work and Gig economy work.

2.3.2 FUE Action Areas

1. Streamline the process of issuance of licenses in form of a one stop centre to eliminate cases of corruption and fast service delivery. There should be more focus on e-government and integration of various licensing systems that are operated by the ministries, departments and agencies.
2. Integration of practical licensing courses in the curriculum of the higher institutions of learning to have the graduates with the required field skill sets
3. The cost of licensing should be reduced (by how much?) in this case the certificate of proficiency for insurance agents
4. Increase the expiry periods for the licenses and permits to at least five years
5. There should be tax exemptions for safety gears to ensure that every company is compliant with safety regulations
6. Sensitisation of the public about the existence of standard procedures in different sectors to stop misinformation and misconception
7. There should be adjustments in inspection time and intervals to help us reduce the costs paid for inspection. Annual inspections or biannual inspections would be more ideal for both the employers and government.
8. Review the existing tripartite charter and operationalize the labour advisory board as well as the minimum wages board. This should meet at least four times a year. Provide adequate funding for the activities of the National Employment Council (NEC) and establish regular meetings.

2.4 Policy Priority Four: Accelerate Social Security Reforms

The complex topic of retirement benefits has been of interest to the public since the government started reforming the sector. As a result of the prevailing frustration surrounding the current pension scheme, the Ugandan government has embarked on a process reforming the pension sector. The reforms are intended to expand coverage not only to those in the formal sector, but also to those who are self-employed and in the informal sector representing the majority of workers in Uganda.

Uganda's Retirement Benefits Sector has been undergoing reforms under a two-fold process: the first process being the enactment of Uganda Retirements Benefits Regulatory Act 2011, secondly the tabling of Retirement Benefits Sector Liberalization Bill 2011 which sought to liberalise the pensions sector and usher in a new regime of a competitive pensions sector and lastly the Cabinet decision on the management of National Social Security Fund (NSSF). Cabinet in 2018 decided that the Fund should remain the sole recipient of mandatory savings from both formal and informal sectors rendering irrelevant the Retirements Benefits Sector Liberalization Bill 2011 which sought to put workers' money on open market with the view that workers would have unfettered freedom to save their money in a scheme where they got 'higher return' on their savings.

2.4.1 Existing Challenges

1. The public pension scheme is unfunded and suffers from lack of timely access to the benefits by retired workers, and access by unqualified beneficiaries, commonly called ghost pensioners, due to lack of proper records. At the same time the scheme is expensive and unaffordable.
2. There is a low level of awareness regarding the new NSSF Act among employers and majority of them are still not complying
3. There is no harmonisation of national laws with the rest of the region

2.4.2 FUE Action Areas

1. Transform the public sector pension scheme into a contributory one in order to make it more sustainable. At the moment, Government is utilising annual budgets to allocate funds for gratuity and pension for civil servants. However, this is not sustainable since funds are not set aside in advance to be invested to generate more income.
2. Harmonise the laws with the rest of the region. This should address issues such as the portability of social security benefits, the number of benefits offered, investment options including cross border ones, and other related issues.
3. Enhance public awareness and clarity for citizens on the NSSF, pension schemes, hedge funds, financial regulators, the roles of the private sector, the pension reform privatization and liberalization approaches must be widely shared for civic understanding on current economic affairs.

2.5 Policy Priority Five: Socially and Environmentally Sustainable Enterprises

The wider East Africa region is undergoing rapid social and environmental change which affects how companies conduct their business. Consumer and investor expectations around environmental, social and governance (ESG) issues⁴, as well as the related global guidelines and national regulatory frameworks, are fast evolving, and companies are increasingly judged on their social and environmental footprint. A positive social and environmental footprint strengthens positioning within existing supply chains and is increasingly a differentiating factor in new business development. Key growth sectors in Uganda such as Tea, Coffee and Mining need to be at the forefront of these efforts.

More and more, a positive social and environmental brand is required to access capital markets. Regulation is increasing across the EAC region for large companies listed on EAC Stock exchanges that must report on their social and environmental footprint. As the focus on sustainability of business increases, there needs to be a stronger institutional response from organized business in Uganda to promote opportunities and to reduce ESG risks.

2.5.1 Existing Challenges

1. There is no unified forum where issues of sustainable development and investment strategies are discussed with financial actors
2. Limited support offered to companies to ensure that supply chains are supporting fundamental rights and principles at work
3. Major Brands struggle with dispersed and diverse supply chains particularly in agro-processing sectors such as tea and coffee
4. ESG and impact investors are driven by foreign rating agencies that often do not take into account realities in Uganda

2.5.2 FUE Action Areas

1. Engage with Kampala Stock Exchange on coming regulatory Environmental, Social, and Governance requirements on Listed Ugandan companies.
2. Establish a forum with financial actors where issues of sustainable development and investment strategies can be debated.
3. Increase our support to companies in key sectors like tea and coffee to ensure that supply chains are supporting fundamental rights and principles at work
4. Provide increased training to FUE members on sustainability and ESG issues

⁴ ESG investing means investing in enterprises that have strong records on environmental issues (e.g. reducing carbon emissions, using resources more efficiently and cutting down waste production and complying with environmental regulations); on social issues (e.g. ensuring workplace safety, decent work, diversity and inclusion, and observing the data and privacy requirements for employees); on governance issues (e.g. executives' salary levels, composition of the board, shareholder voting rights, the enterprise's stance on bribery and corruption).

Bibliography

FAO, IFAD, UNICEF, WFP, and WHO (2022). The State of Food Security and Nutrition in the World 2022: Repurposing Food and Agricultural Policies to Make Healthy Diets More Affordable. <https://doi.org/10.4060/cc0639en>.

FUE (2022). The Next Normal: The Changing Workplace in Uganda.

Government of Uganda. (2020). Third National Development Plan (NDPIII) 2020/21 – 2024/25.

Government of Uganda. (2015). Second National Development Plan (NDPII) 2015/16 – 2019/20.

Guénette, Justin Damien, M. Ayhan Kose, and Naotaka Sugawara (2022). Is a Global Recession

ILO (2017). Trends in Collective Bargaining Coverage: Stability, Erosion or Decline? ILO Issue Brief No. 1. https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_409422.pdf.

ILO (2023). World Employment and Social Outlook: Trends 2023. Geneva: International Labour Office, 2023.

IMF (2020). Who Will Bear the Brunt of Lockdown Policies? Evidence from Tele-workability Measures across Countries. IMF Working Paper. <https://www.imf.org/en/Publications/WP/Issues/2020/06/12/Who-will-Bear-the-Brunt-of-Lockdown-Policies-Evidence-from-Tele-workability-Measures-Across-49479>.

Imminent?" Equitable Growth, Finance and Institutions Policy Note No. 4.

Implications, BIS Bulletin No. 48. <https://www.bis.org/publ/bisbull48.pdf>.

Ministry of Trade, Industry and Cooperatives (2015). Uganda Micro, Small and Medium Enterprises Policy.

MOES (2019). TVET Policy

Mulungi, Sseruwo (2017). Financing options for SMEs – Alternatives to debt financing with Deloitte. <https://thelocal.ug/financing-options-smes-alternatives-debt-financing-deloitte/>

Mwesigye, Francis, Odokonyero, Tonny, Barungi, Mildred, and Sunday, Nathan (2021). A Rapid Assessment of the Effect of the COVID-19 Lockdown on Livelihoods and Micro, Small, and Medium Enterprises in Uganda. Economic Policy and Research Centre (EPRC).

Obstfeld, Maurice (2022). Uncoordinated Monetary Policies Risk a Historic Global Slowdown. Peterson Institute for International Economics, 12 September 2022. <https://www.piie.com/blogs/realtime-economic-issues-watch/uncoordinated-monetary-policies-risk-historic-global-slowdown>.

Rees, Dan, and Phurichai Rungcharoenkitkul (2021). Bottlenecks: Causes and Macroeconomic telework%20is,lagging%20regions%2C%20and%20poor%20workers.

UBOS (2021). National Labour Force Survey 2021

UNCTAD (2022). Trade and Development Report 2022. Development Prospects in a Fractured World: Global Disorder and Regional Responses. https://unctad.org/system/files/official-document/tdr2022_en.pdf.

World Bank (2020). Who on Earth Can Work from Home? Working Paper. <https://openknowledge.worldbank.org/handle/10986/34277#:~:text=The%20ability%20to%20>

