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UGANDA SMALL SCALE
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For immediate release

MAKE BUY UGANDAN BUILD UGANDA (BUBU) WORK FOR THE GROWTH AND COMPETITIVENESS OF UGANDA'S SMALL AND GROWING BUSINESSES

Kampala, Uganda - On this day, Monday, 11th March 2019, we, members of the Micro Small and Medium Enterprises' fraternity wish to commend the efforts that the Government of Uganda has made through the Ministry of Trade, Industry and Cooperatives (MTIC) to support the production, purchase, supply and consumption of local goods and services as underscored in its Buy Ugandan Build Uganda (BUBU) policy and campaign. The BUBU policy envisions a vibrant, dynamic and competitive private sector that transforms local products through the value chain to meet the required standard. And to further popularize this policy, the Ministry convened the first BUBU EXPO which took place from the 7th to 9th March 2019 at the Kololo Airstrip in Kampala.

Indeed, Uganda's local investors, especially MSMEs comprise approximately 90% of the country's private sector. Their potential to drive rural economic transformation, create jobs and contribute towards the realization of the country's vision and development goal of industrialization, wealth creation and attainment of the middle income status, cannot be over emphasized. Currently, they employ more than 2.5 million people and are responsible for the production of approximately 80% of the country's value added products.

As key beneficiaries of the BUBU policy, we wish to note the urgent need to "*Make BUBU work for the growth and competitiveness of Uganda's small and growing businesses*".

We wish to commend the Ministry of Trade, Industry and Cooperatives, and especially the Honorable Minister, Amelia Kyambadde for her recent directive to assign specific days for the '*USSIA Street Market Days*' for marketing of MSMEs products in various districts. We also wish to commend the Ministry for its directive to all District Commercial Officers (DCOs) to liaise with supermarkets within their locality to secure shelf spaces for MSMEs' products within their various districts of locality. We further wish to thank the Ministry for the recently concluded BUBU EXPO which successfully met its objective of giving Ugandan entrepreneurs an opportunity to show case their products. Indeed, a lot of effort has been made by Ugandans to innovate and develop a wide range of products ranging from foods and beverages to crafts and furniture, among others.

We wish to note however that despite this, a large number of Uganda's small and growing entrepreneurs, particularly women and youth who are engaged in the production and distribution of a variety of goods and services within the local supply chains have yet to fully benefit from supplying large supermarkets and retail shops. Presently, most of the bulk sold in supermarkets are imported products. Even though suppliers of locally made products, especially MSMEs have showed ability to supply supermarket chains, their access to shelf space in these supermarkets has been limited by the presence of similar and cheaper products. Observably, some supermarkets are phasing out small retail shops that would provide a market for their products. In fact some foreign owned supermarkets established both in Kampala and in the outskirts have started producing or importing and repackaging products from their countries of origin; and offering much cheaper prices and hence pushing the local entrepreneurs out of business. Such products include bakeries and confectioneries, peanut butter, honey, cooking oil, spices, milk products, beef products, thereby making it harder for local suppliers to secure shelf space. In fact, in some large supermarkets in Kampala, only imported products or a single brand of a local product are sold despite the existence of a wide range of locally produced brands. An example is salt, honey, peanut butter, bicarbonate of soda, tomato sauce, ketchup, chili sauce, cooking oil, spices, among others. The country, despite having capacity, still currently imports cooking oil from countries like Ukraine; honey from Australia; peanut, baked beans butter from South Africa,

In recognition of this anomaly, we wish to take this opportunity following the BUBU EXPO to propose the following recommendations towards strengthening the enforcement of the BUBU policy:



1. Development of a law to make the BUBU policy legally binding

Although the BUBU policy provides an important regulatory foundation for the support of the production, purchase, supply and consumption of locally made goods and services, it is largely best endeavor, and therefore none binding. It should be noted that when the BUBU policy was developed, the policy targeted that upon its implementation by the end of the five year period i.e. 2014-2019, 20% of Government procurement by value would be of local products and services; 50% of shelf space in supermarkets would be populated by local products; all MDAs strictly would abide by PPDA Amendment Act during procurement processes; 50% of local products would conform to national standards; and 50% local resources and raw materials would be utilized in production.

However, five years later, this is yet to be realized. In fact, none of the supermarkets until today has met the requirement to have 50% of their shelf space populated by local products. Some hotels on the other hand still employ the services of foreign suppliers even for services such as security and front door operations. Regarding government procurement, the requirement for the 20% by value is too low even compared to other partner states for example Kenya, which requires that 40% of public procurement budgets for local products and services¹.

Therefore, in order to enforce these requirements, a law should be enacted to make them mandatory and subject to a penalty upon failure to adhere to these requirements.

2. Facilitate the District Commercial Officers to execute their duty of securing shelf space for MSMEs' products in supermarkets within their districts

In order for the DCOs to effectively deliver on their mandate and further deliver on the directives of the Minister, they require effective facilitation. Currently, only 25 of the 127 districts have DCOs, following the recently concluded District Commercial Services Support (DICOSS) project. We therefore recommend that for BUBU to work for the growth and competitiveness of Uganda's small and growing businesses, non-wage financial allocations to support their effectiveness in delivering on their different roles as DCOs.

3. Label all locally made products that meet the BUBU requirements with the BUBU brand mark

While effort has been made by a number of local producers to supply the few supermarkets that have allowed them some shelf space, many consumers are not aware which products are locally made and which products are not. We applaud the government through the Ministry of Trade for launching the BUBU logo during the recently concluded BUBU EXPO at Kololo airstrip last week and recommend that all locally made products should be labelled with this BUBU brand mark to indicate it to consumers. This will not only go a long way in ensuring that products are marketed as BUBU products but that it will also support in the awareness creation campaign for the BUBU policy.

4. Progressively ring fence certain products for local supply only through the use of the BUBU policy and *BUBU Act*

The effective implementation of the BUBU policy will require deliberate effort by the Government of Uganda. This may for example require that certain products or services are ring fenced for local producers or suppliers only, such as a given value chain. Such efforts have successfully been implemented in countries like Nigeria in which the government in the early 2000s banned the importation of textiles and designs. Similarly, countries like South Africa regulate the importation of finished garments and fabrics by limiting such importations to formal procedures only in a bid to promote the growth of the local textiles and tailoring industry.

We therefore wish to recommend that the government adopts a wide range of deliberate strategies to promote BUBU.

¹ Buy Kenya Build Kenya strategy, June 2017