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23176

November 29, 2005

**Procurement Services Branch  
Division of Administration,  
P.O. Box 300, A-1400 Vienna, Austria**

**Attention: M. Latrech / G. Ocampo**

**STRENGTHENING THE UGANDA BUSINESS INFORMATION NETWORK  
II REPORT:**

As per your request, find attached a report which provides an analysis of the project in which UBIN in collaboration of UNIDO carried to identify the actual and potential needs of MSMEs in order to set up five district business information centers in different regions of Uganda. The report also contains a write up on the potential impact of business information services on MSMEs operations as well as examples of information and ICT support services.

In presenting this report, we have given due consideration to your organisation's needs which entail assessing the potential demand, competitive environment, investment opportunities and appropriate strategies in providing the proposed services.

We will be happy to clarify any issues contained herein should the need arise.

We thank you for your cooperation.

Yours sincerely,

Brian Muhame  
**Consultant-UBIN**

# **PROJECT REPORT**

**US/UGA/04/062/21-01**

## **UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANISATION**

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### **STRENGTHENING THE UGANDA BUSINESS INFORMATION NETWORKII**

**By**

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**Period: August-September 2005**

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## 1.0 Background

Based on a series of comprehensive studies, United Nations Industrial Development Organisation (UNIDO) supported the formation of Uganda Business Information Network Limited (UBIN) as part of the UNIDO Uganda Integrated Programme (UIP) to provide commercial and business information to Micro, Small and Medium Enterprises (MSMEs) in Uganda.

UBIN is designed to provide a one-stop-shop (OSS) for SMEs for all their information and e-commerce needs including business advisory services. Using the bottom up approach in order to capture a wide spectrum of SMEs, the focus is on the cluster demand-related information that appeal to a big mass in terms of information consumption.

The project is currently being extended to other parts of the Uganda, by linking UBIN (the central node) with eight pilot District Business Information Centres (DBICs).

The short-term goal of the project is to set up five (5) sustainable DBICs in the first year, 2005 and three (districts) in the second year (2006). Eleven (11) districts were selected utilizing four criteria namely, critical mass of MSMEs, available infrastructure, existing initiatives and government priority areas such as coffee & cotton producing areas.

In order to achieve this detailed information needs analysis has been carried out to determine the gap between the demand for information and value added services and the existing supply from the SME support institutions in the above-mentioned districts. The needs analysis together with the selection of 5 districts will be presented to the national Steering Committee to concur with the recommendations. Thereafter detailed business plans will be developed for each of the selected 5 districts, which again would be presented to the district and national steering committees to concur prior to the implementation of the centres.

## 1.1 Project brief

Based on its experience in developing information solutions to MSMEs in Kampala, UBIN was contracted by UNIDO to assist in this needs assessment exercise, which was scheduled to take place during the period August-September 2005. The following is the list of activities UBIN undertook to assist the UNIDO team in the project:

- Prepare information material, in particular, food processing, leather, textiles, coffee and fish on the possible impact of business information for business operations of micro, small and medium sized enterprises (MSMEs) in Uganda.
- Prepare 5 to 10 recent examples (hand-outs) of information and ICT support services for MSMEs (Kampala)
- Brief local stakeholders in the six districts on the concept and operations of UNIDO's business information services.
- Assist in sensitizing potential national consultants to be recruited from the districts (30 interviews for 12 posts)
- Brief the selected consultants on the questionnaires to be used for the gap analysis of information and ICT support in the districts.
- Assist in determining the gap that prevails in the respective districts with regard to the provision of commercial business information and value added services (Kampala)

## **1.2 Activities and Outputs**

### **1.2.1 Operations in Kampala**

UBIN has developed the following information materials, which will serve as a reference point for the stakeholders of the proposed DBICs:

- A write-up on the possible impact of business information services on MSME operations, which primarily identifies the benefits of, customised information solutions to SME growth and development (See Annexure I). This includes excerpts of information products for MSMEs in the following sectors: Food processing, Coffee, Fish, Leather and Textiles.
- UBIN has also developed a handout (see Annexure II) on examples of Information and ICT services tailored for MSMEs. This is based on the business model under which UBIN operates which entails the use of ICTs as a tool for provision of integrated solutions to MSMEs in the areas of Information access, capacity building, knowledge management and E-Commerce.

### **1.2.2 Needs Assessment of selected districts**

UBIN has assisted in the needs assessment exercise, which entailed travel to eight of the eleven selected districts. These include: Kabale, Bushenyi, Mbarara, Masaka, Mbale, Tororo, Iganga and Kumi.

### **1.2.3 Selection of Consultants**

The preliminary phase of the project involved the selection of Consultants for Needs Assessment exercise in the districts. UBIN together with UNIDO staff carried out interviews of the candidates who had been selected in liaison with business support agencies that are part of the national steering committee for the DBIC project on the basis of their presence and in the afore-mentioned districts. These include: Uganda Small Scale Industries Association (USSIA) and Uganda National Chamber of Commerce and Industry (UNCCI).

A total of 30 interviews were carried out and 22 candidates were selected (two for each district) for the exercise. These were selected on the basis of their experience in operating businesses and their knowledge of business development services.

### **1.2.4 Briefing of Consultants on OSS Concept**

With reference to its position as the pilot OSS, UBIN briefed the consultants on the concept of one-stop-shop information services and its significance in the growth and development of MSMEs in Uganda. This was to enable them to position their needs assessment study within the framework of the DBIC project, whose end product is setting up sustainable business information centres that are based on the demand for information services in the districts.

### **1.2.5 Methodology of Research**

UBIN briefed the consultants on the methods of data collection, which entailed use of questionnaires and in-depth interviews of MSMEs and business support agencies in the selected districts. The following is a synopsis of the questionnaires that were selected for the study:

### **Questionnaire A**

This questionnaire was designed to identify actual and potential information needs of MSMEs in the districts. Data was collected from a total of 32 MSMEs for each district.

### **Questionnaire B**

Questionnaire B was designed to collect basic data on major businesses and industry information facilities and resources in the districts. This was to analyse the capacity of the current business support agencies to cater for business information and ICT support services to MSMEs in the districts. A total of 6 agencies for each district were targeted during this exercise.

## **1.3.0 Gap Analysis of business information and ICT support services**

### **1.3.1 Discussions of findings**

Data collection from both questionnaires was completed in September, upon which the UBIN and the DBIC project team sat with the consultants from each district to discuss their findings. The purpose of these discussions was to project the key findings of the studies with regard to identifying the demand for Information and ICT support services and assessment of the existing service providers in the districts.

The discussions also entailed an assessment of the infrastructure and resources in terms of buildings, human resources, organizations and individuals who would not only champion the cause of setting up these centres but also ensure that they are self-sustainable.

Based on the findings of these discussions, UBIN and the DBIC project team had closed sessions, which primarily involved selection of the first five districts in which the DBICs would be set up.

In this regard the team has confirmed selection of the following districts as locations for the DBICs for the first phase of the project: Kabale, Mbale, Soroti, Arua and Masaka.

### **1.3.2 Analysis of data**

UBIN has assisted UNIDO in the data analysis exercise by entering the data collected from the questionnaires into a database and development of analysis reports for the districts that were visited.

## **1.4 Observations and recommendations**

The needs analysis study has not only identified the actual and potential needs of MSMEs in the respective districts but also show the capacity of the districts that have selected to set up sustainable demand-driven business information centres.

The following is a list of the key findings of the study:

- There is a clear indication that there is demand for information services especially in the areas of local market opportunities and technology information. There is also a need for supports ICT services especially in the area of training, access to the Internet and computer repair and maintenance services. Evidence based on the answers in the questionnaires and discussions with the consultants many MSMEs from the rural areas are compelled to travel to Kampala for business Information and repair and maintenance services for IT equipment.
- The proposed DBICs should therefore be on the one-stop-shop model which entails provision of integrated services namely; customised information

services, combined with capacity building in use of ICTs as well as IT support services.

- One of the key factors that supported the case for setting up DBICs in Kabale, Masaka, Soroti, Arua and Mbale is the effective presence of agencies such as Uganda Small Scale Industries Association, Uganda National Chamber of Commerce and Industry (UNCCI) and the Private Sector Foundation (PSF). However, there is need to improve the level of synergy between these agencies because the strength of the DBICs which are to be set up greatly hinges on the existence of business support infrastructure.
- The aspect value addition especially of Agricultural products can be exploited in order to enable MSMEs to develop products that are competitive at local and International levels. A majority of the existing MSMEs in the respective districts are involved in agricultural sector. The DBICs should therefore emphasise the development of information products and services that are tailored for MSMEs aim to add value to agricultural products.
- Emphasis should be given to recruitment of experienced consultants who will support the running of the DBICs with regard to their knowledge of the intrinsic needs of MSMEs in the districts. This will ensure that the services provided will be of high quality and demand-driven. Such services can either be outsourced to the consultants or they can be recruited as full-time employees of the DBICs.
- Most of the challenges UBIN has experienced as the pilot One-stop-shop for business information services arise from an inadequate sensitization campaign which can enable MSMEs recognise the value of customised business information services to their growth and development. This should be taken into consideration when setting up DBICs that operate on the same premise.

### **1.5 Conclusion**

In conclusion, the selected districts can serve as the ideal platform for launching a nationwide network of business information centres if the existing business infrastructure is strengthened with emphasis given to service based on the actual needs of the MSMEs in the districts.

Development of sustainable DBICs will also require a systematic sensitization strategy, which will enable MSMEs to comprehend the significance of making informed decisions for their short or long term business goals.



## **ANNEXURE I**

### **IMPACT OF ONE-STOP-SHOP BUSINESS INFORMATION SERVICES ON MSME OPERATIONS WITH FOCUS ON FOOD PROCESSING, FISH AND LEATHER SECTORS**

#### **INTRODUCTION**

In most developing countries, the SME sector is suffering from inadequacies in the provision of business information, which is only available from stand-alone institutions, often slow and cumbersome to access, limited in scope and not provided in an integrated manner. Moreover, access to information is insufficient; MSMEs need tailor-made information solutions, i.e. business information services that assess, verify and apply information to a specific business problem.

#### **Benefits of One-stop shop Information services to MSMEs**

- **Well informed decision making at all levels:** The improved flow of information will benefit SMEs in the following ways
  - The OSS in developing its offerings will play the proactive role of assessing the needs of MSMEs in the country. Such information delivered on accurate and consistent basis will enable Business support institutions; trade associations to develop conducive policies and appropriate services based on the prevailing development needs of SMEs.
  - Entrepreneurs will be able to obtain timely information critical to their business operations. This knowledge will enable them to align the strategies with the prevailing market conditions, and technical developments relevant to their sector. This will position them to make optimal and sustainable use of their resources through access to better and more sustainable markets for their products thus creating more employment, better trade opportunities, exports and qualitative product development.
- **Increased use of ICTs:** With the appropriate sensitization strategies and appropriate application ICTs for instant information exchange and access and marketing, OSS's will assist SMEs in integrating ICTs in their day-to-day operations. MSMEs can access information, resources and knowledge, which previously was only available to big corporations, such as email facilities, sophisticated global marketing tools, business-to-business contacts.
- **Balance in levels of information delivery to MSMEs:** One-stop-shop information services will address the asymmetry in the level of service provision between the under-served rural-based enterprises and those in urban centres. MSMEs most of which are located in rural communities have limited access to business support services that are tailor-made to suit their development needs.

- Integrated solutions to business problems: Within the OSS, business information support, the use of ICT support, the use of ICT for business and development of e-business will be addressed simultaneously. SMEs will be able access industrial, technology and market information, business and ICT training; advisory services, technologies and industrial processes, as well as Internet-technology based solutions.

### **BUSINESS MODEL**

UNIDO with the support of the national stakeholders felt, it was timely to assist in the development of a commercially viable, private sector driven establishment to provide non-financial Business Development Services as part of the UIP aimed at enhanced competitiveness and sustainability of industrial development in Uganda. The OSS is known as Uganda Business Information Network (UBIN). UBIN was incorporated as a limited liability company in October 2000 and is based in Kampala.

#### **Excerpts of UBIN's business Information Products**

UBIN's information products/services (See below) are focused on five-sub sectors that have back ward and forward linkages in Uganda.

- i. Agro processing
- ii. Leather and footwear industry
- iii. Textile, garments and cotton industry
- iv. Fish industry
- v. Coffee industry

## **Overview of the Food processing Sector**

This sub sector is essentially for processing and preservation of foodstuffs and drinks. It comprises of the following industries:

**Fruits and Vegetable Processing:** The industry is comprises of processing and preservation of various fruits and vegetables that are grown in the country. There are limited fruit processing industries in Uganda. The establishment of a general-purpose fruit-processing factory, handling different fruits as may be available, is one big area for investment. The consist of the following product groups:

### ***Processing and Preservation of Pineapple, Mangoes, Passion Fruits and Papaya, and Orange, bananas.***

The processing is confined mainly on extraction of juices from mangoes, pineapple and passion fruits, and oranges for immediate consumption in restaurants, hotels, along streets, and in corner-shops. Banana juice is a special juice produced using traditional techniques but its marketing is limited to the villages.

Extraction for purposes of preservation is still very limited and is currently done on micro, and small-scale firms. A number of industries process fruits into juice: - RECO Industries in Kasese for passion fruit juice concentrate and jams; Britannia Ltd in Kampala for mango juice and passion fruit juice, Elgonia Ltd in Mbale for pineapples and passion fruit juice concentrates, and the Craft Baza Ltd in Kampala for pineapple and passion fruit juices.

The demand for fruit juices far outstrips production. In order to meet this demand, a range of fruit juices is imported into the country.

This is a very strong indication of the existence of investment opportunities in fruit juice processing for local and export markets.

- **Production of Enzyme from Papaya:** There are two firms specialising in export of very high value product extracted papin enzyme from papaya. These are RECO industries Ltd and Victoria Biotechnology Ltd, which export the product to USA and Belgium.

### ***Cereal and Cassava Milling***

- **Milling of Grains:** Flour milled from maize, sorghum and finger millet has always been the staple food for many communities in Uganda. A market for milled flours is available in Uganda, regionally and internationally. Demand exists in East and Western Uganda, across borders within the region and for the relief agencies operating in areas with the instability in the region fuelling the demand. An export market for high quality and well-packed maize and millet flours also exists in Europe for African Diaspora.

### ***Manufacture of Beverages and Soft Drinks***

- **Preservation and Packing of Flavoured Drinks:** Flavoured drinks are on high demand in the country. At present imports constitute over 50% of consumption of flavoured drinks. Investments in the production of flavoured drinks on the domestic market are viable.

### **Processing of Livestock Products and Dairy products:**

- *Meat Processing and Export:* Meat is processed in small quantities in Uganda. There are so far only 3 processing units in the country, namely:
  - ❖ Lubowa Investments Ltd, Seguku, Entebbe Road
  - ❖ Meat Process (U) Ltd, Ggaba Rd., Kampala
  - ❖ Uganda Meat Industries Ltd, 5 Old Portbell Road, Kampala
  
- *Animal Slaughtering (Abattoirs):* There is no single modern abattoir in Uganda. A growing number of consumers are willing to pay a premium for quality meat products. International trade relies on moving live animals over long distances to Kampala, a practice that involves high costs and risks. Many local investors are looking for joint-venture capital to develop this area. However the local demand is very high to meet export market orders. Investment opportunities exist for construction of abattoirs that slaughter meat for the export markets.
  
- *Dairy Processing:* A lot of milk still goes to waste unprocessed. Uganda produces over 924 million litres of milk per years. There are few dairy-processing units that produced pasteurised milk, yoghurt, cheeses and flavoured milk.
  - ❖ Country Taste (U) Ltd, 34/38 Fort Portal Road, Mbarara
  - ❖ Dairy Bell Ltd, Musozi Road, Fort Portal
  - ❖ Dairy Corporation, 49/55 Fifth Street, Industrial Area, Kampala
  - ❖ GBK Dairy Products (U) Ltd, 70/80 Kabale Road, Mbarara
  - ❖ Jessa Dairy Farm, Bussunju, Hoima Road
  - ❖ Paramount Diaries Ltd, Mbarara
  - ❖ Ramilk Ltd, Mbarara
  - ❖ Western Highland Creameries Ltd, Kabale Road, Mbarara
  
- *Animal Feeds Industry:* This industry has backwards linkages to the food processing industry in processing inputs such as maize bran, grounded fish left-over and forward linkages to the livestock industry in feeds processing and distribution. Installed commercial animal feed manufacturing comprises 28 mill operators with an installed capacity of 28,060 MT per annum. Several other small millers and hand mixers bring production capacity to about 148,000MT. Actual utilisation capacity is very low largely because most operators lack adequate capital to purchase and store feed ingredients in bulk when prices are low. The major processing units in the country are:
  - ❖ Bulemezi Farm Enterprises Ltd
  - ❖ Eggbro Farmers Ltd
  - ❖ Ugachick Poultry Breeders Ltd
  - ❖ Uganda Feeds Ltd
  
- *Fish Processing:* Processed fish export earnings to Uganda has increased from less than US dollars 1 million to approximately US dollars 60 million per annum in the last decade. The national vision is to triple the value of fish exports and to increase domestic consumption significantly over the next twenty-five years. Frozen fillets or fillet pieces account for the largest proportion of fish produced for export.
  
- *Dry/Smoked Fish:* Artisan processors specialise in this activity. The product is mainly consumed on the local and regional market. Only one firm is involved in export of sizeable volumes.

- **Fish By- products:** Important among these are fish maws, fish skin, fish oil, fish bladders and meal. Companies involved in processing of chilled and frozen fillets, are the biggest exporters of fish by- products. Fishmeal and fish oil is mainly consumed within the country. Fish maws and fish skins are exported to Asia and Europe.
- **Investment Opportunities:** The fisheries sector presents opportunities for small and large investments. The following are some of the potential areas for investment in the fisheries sector.
  - Uganda quota to EU of fish fillet and frozen fish is 60,000 MT/year and has never been met.
  - Manufacture of Value- Added Fish products such as canned fish, fish sausages, fish fingers etc.
  - Local and regional cold distribution chain: Investment in cold storage facilities at fish landing sites, airport etc
  - Ornamental fish: Significant market for *Haplochromis* family of fish exists in USA.

**Spice Products:** Although spice production in Uganda is increase, limited processing activity is visible. Processing is limited to primary level through drying of products such as chilies and vanilla before export. The rest is exported in fresh form. The main spices produced for home consumption are onions, Garlic, Chillies, ginger.

**Processing and Preservation of Forest-based Food products:** This involves processing of mushrooms by drying for local consumption.

## **A Snapshot view of Uganda's Fish Industry**

### **Overview of Fish Industry in Uganda**

Fishing activities are one of the hydrological lifelines of many Ugandans. The country has a strong fish consumption culture supported by natural catch that comes through the existing extensive marine resource base. Marine foods and materials come from the extensive network of lakes, rivers and streams (including major East African resources such as Lake Victoria, the River Nile, L. Albert, Lake Kyoga, Lakes Edward and George etc.). The demand for fish is high reflected by production from country's water bodies of over 350,000 Tones per annum of fish. The fishing industry employs over 700,000 of lakeshore residents not only in fishing and fish processing, but also in water transportation.

Nile Perch (*Lates niloticus*), is the most important commercial fish specie in Uganda that current generates about US\$100 million of foreign exchange earnings. Annual harvested volumes of fish in Uganda are shown below.

**Table: Fish Harvest in Uganda (000' Tonnes)**

<b>Year</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Production (Harvest)	227.9	218.4	217.1	234.8	229.5	335.8	350.4		

Source: MAAIF

### **Fish Processing Industry**

The Fish Processing Industry in Uganda comprises of three product groups, namely:

- Fish Filleting
- Processing of Fish fingers and Smoked fish,
- Fish Skin Tanning (see also Leather Industry)

#### **Fish Filleting**

Fish processing activities, mainly the fish filleting, has tremendously grown during the last decade. This is the most modernised product group of fish industry in Uganda. Within the last decade the industry has undergone transformation changes in processing, marketing, and product development methods, after the entry of modern fish processing/exporting companies targeting markets in Europe. The first modern processing factory opened in 1989 and, by 1995, 12 similar and competing factories were operating on the shores of Lake Victoria. All were exploiting Nile Perch fish species. It was not until January 1999, when the EU placed a ban on fish exports from East Africa, that fish production declined. Currently, fish processing is dominated by the enterprises all located in the vicinity of Lake Victoria shore.

Installed capacity for processing fish is estimated at a minimum 73,000 t of raw fish per annum. Prior to the EU ban, the industry was operating at 62 percent capacity. During the first and second quarters of 1999 capacity utilisation had generally declined to 20-30 percent, as a result of lost markets. However, the ban was lifted in October 2000.

In recent times, the EU has pressed the East African states to clean up and fence off landing beaches, improve sanitation and provide clean running water. They have also insisted on periodic laboratory tests on the lake ecosystem.

### Smoked Fish Industry

Traditionally the domestic fish catch was sold *fresh* in the main urban centres close to the lakes and rivers, and *preserved* fish was sold in the distant towns and rural centres or exported to neighbouring countries - Kenya and the Congo. To some extent this industry remains intact, but it declined during the mid 1990s in importance as technical options for preservation and transport had changed. However recently the demand for dry/smoked fish has increased, particularly in DRC Congo. The main traditional processing (or preservation) methods used are smoking (over fuel wood stoves), salting or sun-drying.

### Export Market Opportunities

Nile perch meat was initially only a local delicacy, but with global lifestyles changing - most people, especially in the West preferring white meat over red meat because of health reasons - the demand for Nile perch fillet has risen rapidly since 1992.

In Europe and Asian countries, the consumption of red meat has gone down because of the health problems attributed to it and this has paved the way for the rise in demand for white meat, particularly marine foods," a pilot with the Liberian-based airline, Tri-star, said.

Export market for Uganda fish products to Europe and North America has significantly increased over the years. However, there are still untapped opportunities for Uganda's fish products particularly in the Eastern European countries such as Serbia, Hungary, Cheq Republic, Russia, Ukraine Bulgaria etc. Some of these countries have just joined the EU while others are still non-EU members. The tariff and non-tariff aspects of exporting fish are shown below.

### Market Demand for Fresh Water Fish Products

The demand for fresh water fish in Europe has been increasing since the mid 1990's. In August 2004, *GLOBEFISH* published a report entitled 'Europe: a key market for Nile perch'. This is the first time that the *GLOBEFISH* information centre has devoted one of its market reports to Nile perch. It confirms that EU member states, with the notable exception of the UK, provide an important market for this fish, exports of which reached 36,200 tonnes from East Africa region in 2003. A number of factors have led to this booming trade, including: improved flight connections, so that fresh Nile perch fillets are often transported on specially chartered flights; better handling throughout the distribution chain; and the irregular supply on EU markets of more traditional whitefish species.

There is a high demand from busy European consumers for small portions of white fish fillets, so the 200-400 gram retail packs of Nile perch found on supermarket shelves are selling like hot cakes. However, such small portions certainly encourage the catching and trade of juvenile fish, as rightly denounced by Uganda Fisheries Department and members of Uganda Integrated Fish Suppliers Association (UIFSA).

Given the continuing decline in landings and the gloomy prospects for many traditional whitefish species in the EU, demand for Nile perch is likely to continue to increase. It is therefore urgent that ways are found to place this demand on a sustainable footing, particularly by penalizing or otherwise discouraging the import of juvenile fish.

To maximize the value addition on fish exports Uganda has jointly with Kenya and Tanzania applied for a **PATENT** on Lake Victoria Nile Perch for export to EU markets. This will act as not only a fish product's label but also will control other Nile perch export products from Vietnam and South East Asian countries that have heavily invested in aquaculture of Nile Perch destined for the same export market.

This move by the East African Countries is part of a wider strategy for the long-term development of the Nile Perch and other Lake Victoria fisheries. The mandate of the Lake Victoria Fisheries Organisation (LVFO) is 'fostering a common systems/resource management approach amongst the contracting states in matters regarding Lake Victoria, with a goal of restoring and maintaining the health of its ecosystem, and assuring sustainable development for the benefit of the present and future generations'.

### ***Other Market Opportunities***

The fish industry in Uganda also provides opportunities for small and large investments. The following are some of the potential areas for investment in the fisheries sector.

- ❑ Uganda quota to EU of fish fillet and frozen fish is 60,000 MT/year and has never been met.
- ❑ Manufacture of Value- Added Fish products such as canned fish, fish sausages, fish fingers fish soups for regional markets etc.
- ❑ Local and regional cold distribution chain: Investment in cold storage facilities at fish landing sites, airport etc
- ❑ Ornamental fish: Significant market for *Haplochromis* family of fish exists in USA.

Aquaculture (fish farming) in Uganda is almost exclusively practised at subsistence scale. Government, business organisations, NGOs and donor organisations have all invested substantial resources in improving the fisheries management as well as production and marketing of fish and fish products. As a result the fisheries infrastructure has greatly improved and support institutions such as the National Bureau of Standards, the Fisheries Department and Research Centres have been strengthened.

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## **Who is Who in Fish Processing**

### **Fish Processors**

#### **Fish Processing Enterprises in Uganda**

<b>Name</b>	<b>Location</b>	<b>Products</b>	<b>Remarks</b>
Greenfield (U) Ltd	Entebbe P.O Box 1931 Kampala 41-321141; 232856 E-mail: <a href="mailto:gullo@calva.com">gullo@calva.com</a>	Chilled & frozen fillets	Operating. Exports to EU
Masese Fish Packers Ltd	Masese- Jinja: Tel 256-77774545	Chilled & smoked fillets	Exports to EU
Gomba Fishing Ltd	P.O Box 633 Jinja Plot 11/19, Nyanza Rd. 121352/121029 E-mail: <a href="mailto:gombaf@infocom">gombaf@infocom</a> ; <a href="http://www.gombaf.com">www.gombaf.com</a>	Frozen fillets & fish meal	Operating. Exports to EU
Victoria Fresh Foods Industry	Cape Rd Ggaba-Kampala	Frozen fillets	<b>N/A</b>
Ngege	Location Luzira P.O Box 20028 Tel 041-220793	Frozen fillets	Operating. Exports to EU
Tropical Fish Ind Clovergem	Entebbe	Frozen & chilled fillets	<b>Closed</b>
Byansi Fisheries Company	Location: Masaka. P.O. Box 156 Kalisizo, Tel 0481-22062	Frozen fillets	Export to Europe
Marine Agro Ltd	Jinja	Frozen fillets	Operating. Exports to Asia
Begumisa Enterprises	Kampala Plot 40-41 Sir Apollo Kaggwa Rd P.O. Box 10702 Kla Tel: 41-254984 Fax:41-233892 <a href="http://www.tropicalfish.com">www.tropicalfish.com</a>	<b>Fish maws fish and fish by-products (Nile Perch &amp; Tilapia) Fish skins, and stomachs</b>	Exports to Far East Asia
Hwan Sung Ltd	P.O.BOX 7628 KAMPALA, 041- 285355 E-mail: <a href="mailto:hsLtd@hwansungbiz.com">hsLtd@hwansungbiz.com</a> , <a href="http://www.hwansungbiz.com">www.hwansungbiz.com</a>	Chilled fillets	"
Uganda Fish Packers	Kampala. Tel 41- 221657,77789789;41-531695	Frozen fillets	"
Uganda Marine Products	Kampala: Tel 77789789 <a href="mailto:ump@infocom.co.ug">ump@infocom.co.ug</a>	"	Operating. Exports to Middle East
Intercontinental Fish & Foods	Entebbe	Frozen Fish & Filets	

Source: Uganda Fish Processors and Exporters Association (UFPEA). (August, 2000).

### Leather and Leather Products Sub sector.

The Uganda Leather Products sub-sector in Uganda falls under the manufacturing sector and comprises of the following product groups:

- Leather Tanning
- Footwear
- Leather products i.e. leather belts, leather balls, leather bags and wallets, and leather apparels

**Table: Production of Wet Blue and Finished Leather in 2002**

Leather Tannery	Location	Current Production		Remarks
		Wet Blue Pieces/year	Finished Leather Pieces/year	
Leather Industries of Uganda Ltd	M17 Fisherman's Point Nyanza Rd Jinja	82,000	33,000	Requires major investment in Machinery and equipment
Al-Ahamed Tannery	Kampala	Closed	-	
Freba Tannery (U)	Mbarara	Closed	-	
Tannery & Leather Improvement (U) Ltd.	Masaka	-	-	
<b>Total production</b>		<b>82,000</b>	<b>33,000</b>	

### Leather Tanning Industry

There is high potential for availability of raw hides and skins in Uganda for the development of the leather sub sector. It is estimated that Uganda produces approximately 1,000,000 hides per annum. Presently, Uganda exports 90-95% of the total hides in the raw form. On the other hand, all tanneries in Uganda are processing 5-10% of the raw hides into wet-blue bovine leather for export.

The hides and skins industry contributes to the treasury over US \$ 16 million annually from the export of hides and skins both raw and semi-processed. For Uganda hides and skins rank among their most readily exportable products.

However, the leather tanning industry in Uganda still is poorly developed. Currently only one leather tanning factory is in operation while three other tanneries in the country that produce wet-blue hide and skins were are also 2 years ago. Below is the current product of wet blue and finished leather in Uganda for year 2002

**Table: Production of Wet Blue and Finished Leather in 2002**

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**DEVELOPMENT OF THE LEATHER INDUSTRY IN UGANDA**

Despite Uganda's importance as a supplier of raw hides and skins, leather products accounts for less than 1% of the its domestic manufacturing value added (MVA).

**Table below shows estimates on the population of cattle, goat and sheep for 2000 and potential generation of hides and skins.**

**Table: Animal Population and Potential Skin Generation**

Type of Animal	Livestock population (Millions)	Off take Rates	Raw material Potential (Millions)	Projections (1998) (Millions)
Cattle	5.50	17%	0.9-1.2	1.05
Sheep	1.29	30%	0.3-0.5	0.38
Goats	7.10	35%	2.5-2.7	2.50

Source: Ministry of Agriculture, Animal Industry and Fisheries

**Leather has enormous potential in Africa**

World trade in hides, skins, leather and leather products is larger than in better-known commodities such as rice or tea.

Yet this is not the end of the story. The value of the leather trade worldwide was about US\$ 48 billion in 1998, divided as follows: US\$ 27 billion in leather footwear; US\$ 15 billion in leather and leather products; and only US\$ 6 billion in raw hides and skins. Africa needs to produce value-added leather and leather goods, which hold far more commercial value than unfinished hides and skins

**The discrepancy between African leather production and trade****African share of total world production**

- 5 % of bovine hides and skins
- 14% of goat and kidskins
- 9% of sheep and lambskins

**African share of world trade**

- Less than 2% in raw hides and skins
- 2% in leather and leather products
- less than 1% in leather footwear and footwear with leather uppers

### **CyberCafé on the leather industry**

In preparation for Meet in Africa, ITC compiled information sources for the African leather industry, covering:

- tariffs
- trade statistics
- country profiles
- business opportunities
- company directories
- trade fairs

### **Textile and Garments Industry**

This was once a thriving industry in Uganda. However, it declined during the civil wars of 1970's and 1980s. Uganda's produced cotton is all exported in unprocessed form. Investment opportunities exist in processing of cotton:

- *Textile Fabric Production:* There is only one textile fabric industry in the country. High-class textile manufacturing requires high technology to produce good finish, is capital intensive and would meet stiff competition with countries like Germany and Italy. However, Uganda can attract investments in textile manufacturing for regional markets whose quality requirements are not very stringent.
- *Yarn Production:* Processing cotton into yarn for export is viable in Uganda. Yarn export market is worth US dollars 7bn a year. Although there are plans to revive the Lira spinning mill which is the largest of its kind in East Africa to provide quality yarn for textile mills, it cannot meet the current production levels
- *Garment Industry:* Clothing is labour intensive especially the finishing stages and can be therefore produced at a comparative advantage in Uganda. With Uganda's cheap labour and trainable manpower, the labour market is conducive for high labour cost industries to relocate to produce contract tailoring, where cut cloth is sent to low labour cost industries for tailoring and re-exported.

# **Annexure II**

## **Examples of Information and ICT support services**

**Case study: Uganda Business Information Network  
(UBIN)**

## INTRODUCTION

### UGANDA BUSINESS INFORMATION NETWORK (UBIN) PROFILE

Uganda Business Information Network is a unique commercial enterprise set up with the aim of playing a pivotal role in improving access to reliable business information to Micro, Small and Medium Enterprises (MSMEs) in Uganda through strategic partnerships with local and international business development agencies.

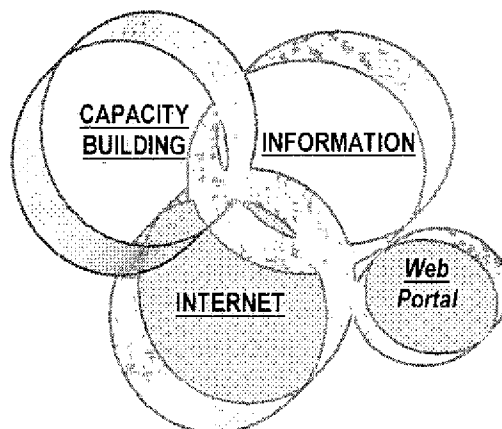
UBIN provides a package of integrated business development solutions on that are based on its strategic linkages with business development agencies both local and international to in a position to evaluate, collect and package valuable Information, Training and ICT-based solutions in the most suitable format for its clients.

#### Structure and Services of UBIN Ltd.

UBIN consists of 3 Strategic Business Units:

- ❑ **Information Solutions and Consultancy Division (ISC)** acts as a One-Stop facilitator for business information solutions covering market, technology, and industrial development for MSMEs in Uganda.
- ❑ **Capacity Building Division** offers customised training in computer software programs appropriate for small businesses, information technology, and entrepreneurship development, with a focus on the business processes of MSMEs.
- ❑ **Enterprise Internet Solutions Division (EIS)** offers Internet technology-based ICT solutions, which include: cost effective dynamic website and web portal development, data warehousing and information management solutions.

#### UBIN's DIVISIONS



## **Examples of Information and ICT Support services**

UBIN's provision of information, advisory and ICT support services has mainly focused on Agro based sectors. The following is an outline of the projects UBIN has undertaken to support MSMEs in these sectors:

### **Information Products**

- A Prefeasibility Study on Processing of Dried Fruits and Vegetables
- Sector Summaries in the following areas:
  - ❑ Food Processing
  - ❑ Leather and Leather Products
  - ❑ Fish Industry
  - ❑ Wood and Furniture Industry
- Report on Cereal production statistics in Uganda for Royal Techno Industries. Royal Techno Industries are Drilling Borehole Contractors looking into the prospects of exporting Maize to Zambia.

### **Advisory Services**

- A diagnostic study and developed a guide for commercial mushroom production for Women in Development (WID) an organisation based in Mpigi District.
- ICT Skills Development for MSMEs in the leather sector

### **Web Development and Content Management Systems**

- UBIN has developed an interactive website for Bee natural Products Limited: This company specializes in production of quality honey which and is targeting the EU region as its key export market. The company is using this website to market its products as well as a platform for enquiries for its products from potential buyers.

Other business entities that have benefited from UBIN's web development services include: Pan Africa Insurance Company Limited and Imperial Group of Hotels