

# UEPB wants fund to boost export-driven production

By Faridah Kulabako

The Uganda Export Promotion Board (UEPB) has demanded the establishment of an export development fund to support small and medium-size enterprises (SMEs) to access cheaper capital to boost export-led production.

The executive director of UEPB, Elly Twineyo Kamugisha, said the ability of SMEs to export has been hampered by the expensive short-term commercial bank loans, which make it hard for them to invest in boosting quantities, improving product quality and packaging for export.

"If you borrow a short-term loan for a long-term project, you pay more. This discourages production for exports. A development fund is cheaper and long term. We urgently need it to grow exports and reduce the trade imbalance," Twineyo said, adding that countries, such as Malaysia and Bangladesh, grew their exports through such initiatives.

Twineyo was speaking during a two-day export readiness workshop in Kampala last week, where the Export Readiness Programme was launched, with the aim of supporting SMEs to export more so as to lower the country's trade deficit.

He explained that government support is crucial in facilitating and supporting meaningful export development.

Quoting statistics from the World Bank, International Trade Centre (ITC) and United Nations Conference on Trade and Development (UNCTAD) report, he said each dollar spent on export promotion generates \$87 of additional export revenue and \$384



President Yoweri Museveni flags off T-shirts to the US in 2007. Boosting exports is critical in addressing the country's trade imbalance

## BETWEEN THE LINES: Why support export?

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Statistics from Bank of Uganda indicate that Uganda's total merchandise exports were valued at \$3.16b (sh11.43 trillion) in 2016/17 financial year, compared to \$5.71b (sh20.66 trillion), worth of imports, leaving the country with a \$2.54b (sh9.19 trillion) trade deficit.

Uganda targets to grow her exports to \$8b (sh28.95 trillion), over the next three years, so as to enable the country achieve the middle income status by 2020.

The launch of the Export Readiness Programme follows the completion of an export readiness assessment programme, undertaken by UEPB to assess the factors inhibiting SMEs from exporting.

The first phase of the study assessed 50 SMEs that will be given technical support to enable them export.

The state minister for co-operatives in the trade ministry, Fredrick Gume Ngobi, said supporting SMEs to boost exports is critical in addressing

Uganda's trade imbalance.

He noted that SMEs employ over 2.5 million Ugandans, account for 90% of the entire private sector and generate over 80% of the manufactured output, but contribute only 10% of the export revenue.

He also added that Uganda doesn't lack export markets, but the right export products that meet both the quantity and quality demanded in the export markets.

To support SME growth, Peter Ntagize, the head of the Private Sector Development Unit at the finance ministry, said the Government is processing a loan from the World Bank to boost small businesses.

He also urged SMEs to take advantage of the Agricultural Credit Facility (ACF), saying the terms have been relaxed to allow SMEs access funds for agricultural inputs.