

MANUFACTURING AFRICA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO)

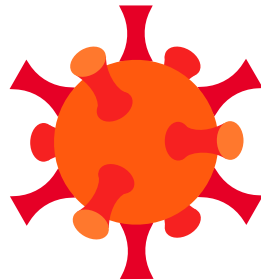


UGANDA'S ECONOMIC RESPONSE UNIT – CASE STUDY

Supporting economic resilience in response to COVID-19

Lockdown restrictions imposed at the start of the COVID-19 pandemic have helped to control the virus but have had a heavy toll on Uganda's economy. Many manufacturers have been forced to reduce shifts or shut down completely because they lack the capacity to adapt the work place to protect their employees as per Government guidelines. As a result, production and revenue have dropped dramatically and workers have been laid off or sent on unpaid leave.

Sixty-nine per cent of Uganda's businesses report that they are struggling to access credit and there is an urgent demand for liquidity support to see the manufacturing sector through this crisis.



Impact on
160,000+
people

OUR SUPPORT

The Government of Uganda requested Manufacturing Africa's support to set up an Economic Response Unit (ERU) to manage its response to the COVID-19 crisis. We delivered this support in three phases with a focus on:

- **Setting up and operationalising the ERU** within the Ministry of Finance, Planning and Economic Development. The ERU is tasked with implementing an economic stimulus strategy to restart the economic and aid the country's recovery after COVID-19;

- Supporting the ERU to **analyse the Government's economic stimulus package** in terms of GDP, jobs and affected sectors and exploring how it can address the long-term needs of the manufacturing and private sectors more broadly;
- **Proposing** a list of interventions to help the economy recover;
- **Designing an MSME Recovery Fund** based on consultations with the Bank of Uganda and other financial services organisations and development partners.

We will continue our support to ensure that the stimulus package has full impact by:

- Helping the Uganda Development Bank (UDB) understand the best way to deploy their stimulus funding, with a focus on high-priority industries and MSMEs;
- Helping the Uganda Development Corporation (UDC) – the Government's investment arm - to structure their funding;
- Designing a monitoring and evaluation tool to assess the impact of the package on MSMEs.



32,000
MSMEs could benefit

IMPACT

- The proposed MSME Recovery Fund would help to improve the manufacturing business environment, reduce the business failure rate and support long-term policy reform. It would increase access to credit and liquidity for MSMEs that struggle to obtain working and development capital, and help savings and credit co-operatives (SACCOs) and micro-finance institutions (MFIs) tailor products to MSMEs.
- The Fund could benefit 32,000 MSMEs and will focus on those most affected by the pandemic. MSMEs employ an average of five people, meaning that it could have a direct impact on over 160,000 people, most of whom are women and youth.
- The Fund will also help to strengthen the Government's capacity to deliver foreign investor-related services in target countries.

LESSONS LEARNED

Coordination between government and the private sector is key. The ERU provides the forum that brings government, the private sector and donor organisations together to examine the impact of COVID-19 on businesses. This enables all participants to analyse the proposed interventions and collaborate on their implementation within a rapidly evolving context.

This programme is funded by UK aid from the UK government; however, the views expressed do not necessarily express the UK government's official policies.

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