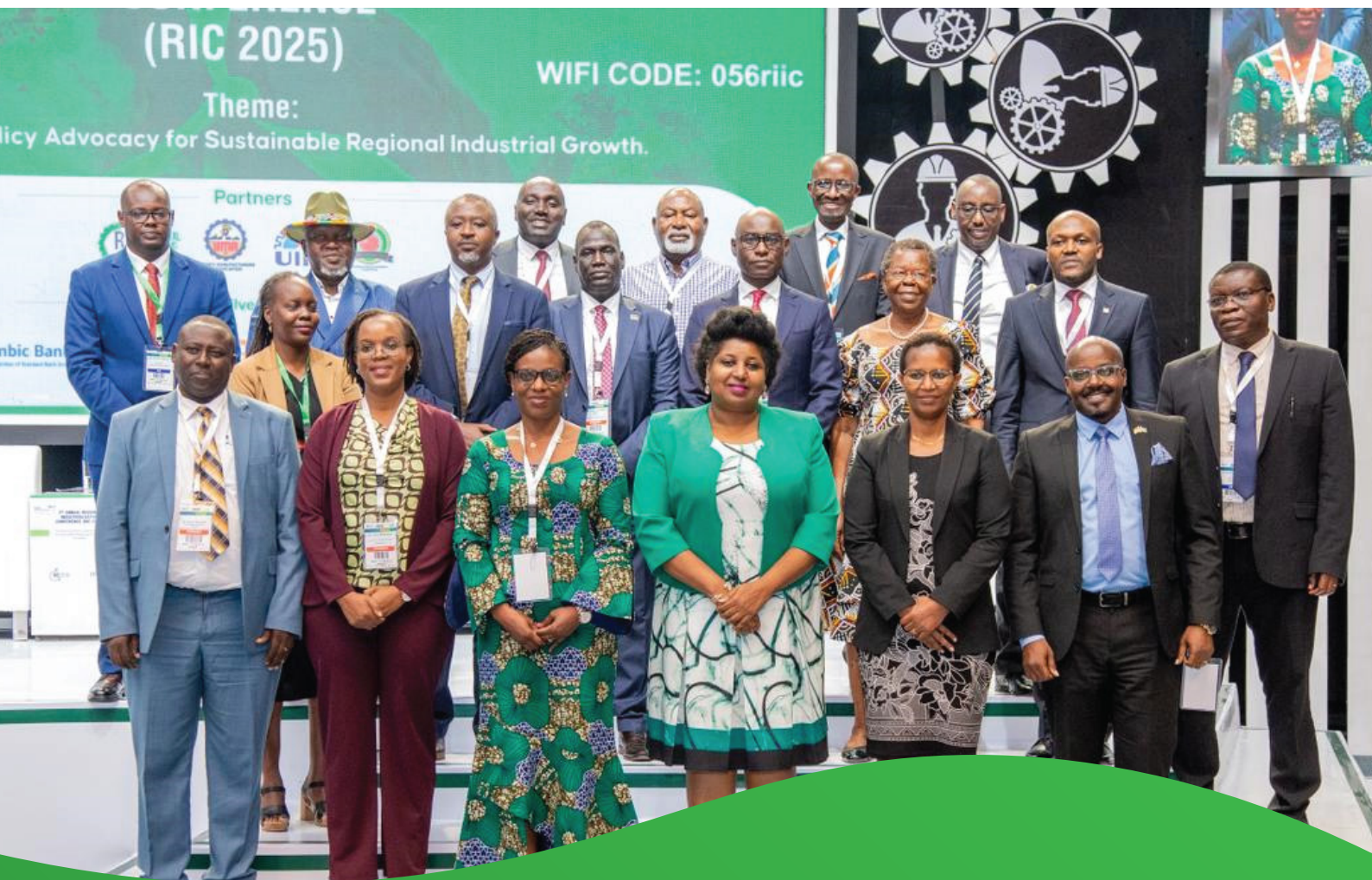


**REGIONAL
INDUSTRIALIZATION CONFERENCE**

"Climate-Smart Solutions for
Sustainable Industries"



Business growth is our business



EVENT HIGHLIGHTS

THE 2ND ANNUAL REGIONAL INDUSTRIALIZATION CONFERENCE (RIC2025).

Venue : Kampala Serena Hotel, Uganda

Dates : 5th - 6th August 2025

Theme : Enhancing Policy Advocacy for Sustainable Regional Industrial Growth

CONFERENCE PROGRAM

- Session 1:** Opening.
- Session 2:** Investment and Trade Facilitation.
- Session 3:** Illicit Trade and Market Integrity.
- Session 4:** Logistics & Infrastructure.
- Session 5:** Finance.
- Session 6:** Sustainable Industrialization.
- Session 7:** Energy & Environmental aspects.
- Session 8:** Insurance.
- Session 9:** Conference Action tracking.

5th - 6th AUG. 2025 **Kampala Serena Hotel**

Partners and Sponsors



INTRODUCTION

The 2nd Annual Regional Industrialization Conference (RIC 2025), hosted at the Kampala Serena Hotel, convened over 250 leaders from government, the private sector, regional bodies, academia, and development partners. The conference provided a dynamic platform for dialogue on accelerating East Africa's industrialization agenda through stronger policy advocacy, regional integration, and sustainable practices.

Over the two days, delegates examined critical challenges—from high logistics costs and illicit trade to fragmented policies, financing barriers, and energy constraints—while also charting commitments and policy pathways to address them. The conference emphasized the power of collective advocacy, harmonization of policies, and sustainable financing models as enablers of regional competitiveness.

RIC2025 reaffirmed the role of public-private collaboration in shaping a resilient, inclusive, and sustainable industrial future.

RECAP OF DAY 1 PROCEEDINGS

The morning opened with addresses from key leaders on agricultural transformation, the agro-industrial potential of the EAC, financial landscapes, and trade policy harmonization.

Subsequent sessions explored investment and trade facilitation, with emphasis on unlocking EAC trade potential, before shifting focus to illicit trade and market integrity addressing counterfeit goods, smuggling, and enforcement challenges.

Each session brought together experts, policymakers, and private sector leaders, laying a strong foundation for the commitments and recommendations driving today's deliberations.



Day 1 of the 2nd Annual Regional Industrialization Conference featured a rich blend of keynote addresses, panel discussions, and interactive exchanges that set the tone for actionable commitments.

This was followed by a deep dive into harmonising EAC member state policies, where stakeholders examined opportunities and barriers to regional industrialisation.

The day concluded with a critical discussion on logistics and infrastructure, highlighting the transport, energy, and connectivity investments required to support industrial growth.



David Wozemba, Country Director, AGRA Uganda delivering a keynote address at the conference.

EMERGING ISSUES

01 High Logistics Costs & Infrastructure Gaps -

Transport and logistics represent 35–42% of manufacturing input costs in Uganda, compared to a global average of approximately 8%, making exports uncompetitive.

02 Illicit and Substandard Goods -

67.3% of alcohol products illicit, alongside widespread counterfeit tobacco, agro-inputs, steel, and chemicals, costing billions and crowding out legitimate businesses.

03 Policy & Regulatory Fragmentation

Inconsistent trade, industrial, investment, and infrastructure policies across EAC states, with conflicting standards and frequent reversals, undermining investor confidence.

04 Weak Policy Implementation & Coordination Gaps -

Policies exist but are poorly funded, weakly enforced, and hindered by political interference, limiting impact.

05 Weak National Quality Culture -

Low consumer demand for certified products and minimal verification of quality marks allow substandard goods to persist.

06 Underutilization of Domestic Capital -

Large pools of pension, sovereign wealth, and bank capital remain untapped for industrial and infrastructure investment.

07 Non-Tariff Barriers & Market Distortions -

Persistent NTBs, dumping, smuggling, and counterfeit goods erode competitiveness and disrupt trade.

08 Limited Railway Operational Capacity -

Only 269 km of Uganda's 1,266 km rail network is functional, restricting freight competitiveness and regional integration.

09 Lack of Industrial Specialization & Value Addition -

Duplication of industries without leveraging comparative advantages limits competitiveness.

10 Youth & Skills Deficit -

Growing youth population faces skills and industrial employment gaps, threatening future workforce readiness.

11 Infrastructure & Energy Constraints -

High electricity costs, unreliable supply, and inadequate connectivity limit industrial growth.

12 Enforcement & Technology Gaps -

Corruption, resource limits, and outdated laws hinder enforcement, especially in digital and cross-border trade.

13 Underutilization of Alternative Corridors -

Central corridor via Lake Victoria underused due to past reliability issues despite operational status.

14 Policy & Coordination Deficiencies

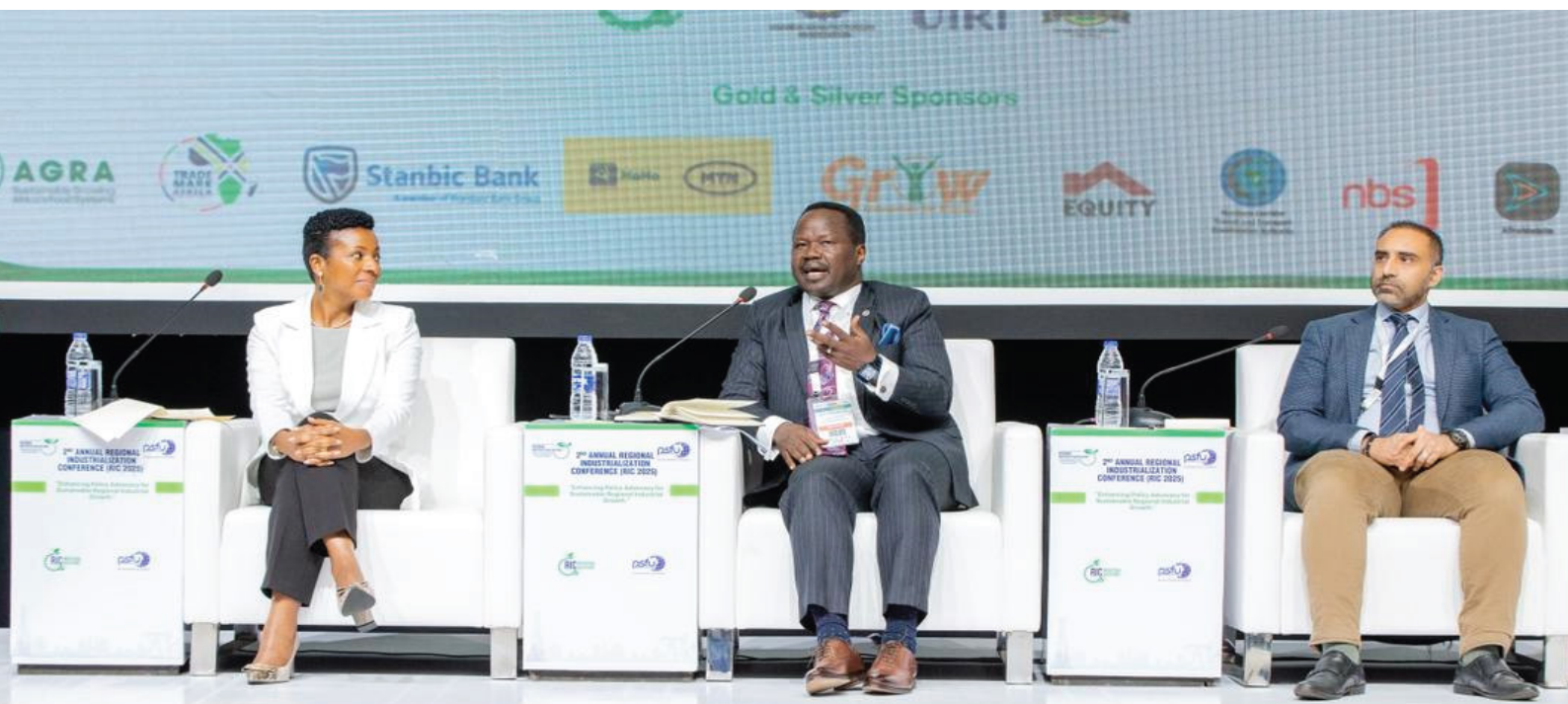
Lack of road weight limit enforcement, poor coordination, and no integrated booking systems increase reliance on expensive road freight.

15 Limited Value Addition -

Exports remain dominated by raw materials with minimal regional processing or beneficiation



(L-R) URA’s Abel Kagumire, UMA’s Dr. Ezra Rubanda, TradeMark Africa’s Anna Nambooze, Equity Bank’s Claver Serumaga and Uganda Baati’s George Arodi after the panel on Investment & Trade Facilitation.



Dr. Ruth A. Kasolo, Project Coordinator for GROW Project, Francis Ogwang, Country Manager Uganda, EADB and BDO’s Faheem Chowdhury during the panel on Financing for industries.

COMMITMENTS

- 01 Policy Harmonization Drive:**
EAC members commit to aligning industrial, investment, and trade policies—including tax, incentives, and manufacturing standards—to ease intra-regional business operations. Harmonization could boost intra-EAC trade to as much as 40% by 2030, up from 28% in 2023.
- 02 Unified Private Sector Voice:**
Bodies like PSFU, RPSF, and EABC will coordinate to advocate for regional reforms. In 2023, unified advocacy led to the elimination of multiple NTBs, facilitating trade flows worth over USD120 million.
- 03 NTB and Market Distortion Action:**
Private-sector institutions and governments will jointly target NTBs, smuggling, dumping, and counterfeiting. According to UNCTAD, NTBs cost EAC economies approximately USD490 million annually.
- 04 Innovative Financing Commitment:**
Push for blended finance, PPPs, and domestic capital mobilization to close Africa's infrastructure gap of USD130–170 billion per year.
- 05 Railway Rehabilitation & Expansion:** Uganda Railways Corporation commits to restoring Western, Northern, and Malaba–Mukono lines within five years, boosting serviceability from the current app265 km operational out of 1,250 km to full network efficiency.
- 06 Integrated Transport Development:**
Plans are underway to harmonize meter gauge and Standard Gauge Rail (SGR) systems, and establish logistics hubs (Tororo, Gulu, Kampala) integrated with industrial parks to support efficient cargo movement.
- 07 7. Technology Use and Coordination:**
Commitment to expanding digital tracking: smartphone authentication, digital tax stamps, cargo tracking. URA's digital tax stamp initiative facilitated a 23.3% increase in registered excisable producers/importers and a approximately 16% revenue increase (Shs 262 billion) in fiscal 2024/25.
- 08 Market Integrity Systems:**
Maintaining Q-mark certification, import inspections, and industry licensing rules. UNBS reported a market conformity rate of approximately 65% following enhanced compliance enforcement.
- 09 Collaboration:**
Partnerships will deepen among UNBS, URA, industry associations, and regional bodies to coordinate standards and enforcement. In 2024, joint operations led to confiscation of over 100 tons of contraband lacking digital stamps.
- 10 Capacity Building & Technology Transfer:**
Initiatives aimed at SMEs and smallholder-linked value chains to boost productivity. MSMEs make up 80% of Uganda's GDP and 90% of private-sector enterprises—improving their capacity can significantly impact growth.
- 11 11. Private Sector Engagement on Modal Shift:**
PSFU will promote Lake Victoria central corridor usage and supportive water-transport reforms. Waterborne freight is typically 50% cheaper than road transport yet remains underutilized.
- 12 Youth Empowerment:**
Focus on start-ups, vocational training, and industrial finance access. Despite a low official youth unemployment rate of 4.46% (ages 15–24), broader estimates suggest unemployment among youth 18–30 may reach 16.1%.
- 13 Human Resource Capacity Building:** Training specialists to manage both meter gauge and SGR systems. Skill scarcity in transport management is delaying infrastructure delivery, making workforce development crucial.
- 14 Promotion of Industrial Specialization:**
Encourage each partner state to focus on sectors aligned with comparative advantages. While coordination is complex and benefits accrue over time, the approach is essential to reduce duplication and boost regional competitiveness.

POLICY RECOMMENDATIONS

01 Reduce Logistics Costs Through Infrastructure Investment –

Rehabilitate key railway sections, expand warehousing, and connect logistic hubs with manufacturing zones. Logistics make up 35–42% of production costs, and road freight (Mombasa–Kampala) costs US\$2,700 per 8-ton load; infrastructure upgrades can significantly cut costs.

02 Integrate Policy Frameworks –

Unify trade, industrial, investment, and infrastructure policies to drive Uganda's industrialization. Industry accounts for approximately 27% of GDP, with manufacturing contributed approximately 19.9%.

03 3. Strengthen Anti-Illicit Trade Enforcement –

Intensify joint operations in sectors like alcohol, tobacco, agriculture inputs, and steel. Illicit alcohol alone accounts for approximately 67% of market share and UGX 1 trillion in lost tax revenue.

04 4. Improve Technology & Coordination

Launch national digital platforms for cargo booking and tracking. Digital tax stamps have driven approximately 15% increase in revenue collection since 2019.

05 5. Integrate Quality Compliance into Trade Policy

Require certification for market access and link tax or investment incentives to verified quality compliance.

06 6. Promote Industry-Led Self-Regulation & Awareness –

Enable standards development through technical committees with industry input, backed by campaigns to increase consumer demand for certified goods.

07 7. Promote Regional Transport Harmonization –

Sustain cross-border agreements (e.g., cross-rail wagon movement) and align EAC transport policies to reduce delays and boost corridor reliability.

08 8. Improve Environmental and ESG Compliance –

Embed sustainability into industrial policy frameworks, helping Uganda align with continental and global ESG standards.

09 Create a Regional Industrialization Fund/Bank

Mobilize capital from member states and the private sector to finance large-scale cross-border industrial projects.

10 Strategic Industrial Mapping

Guide complementary sector development across EAC countries to avoid duplication and improve value chain efficiencies.

11 Harmonize Standards and Compliance

Develop and enforce unified EAC standards and certification systems to facilitate cross-border trade.

12 Promote Value Addition

Offer incentives to process raw materials within the region to increase export value and job creation.

13 Strengthen Institutional Capacity –

Equip EAC bodies and national agencies to enforce industrial policy, NTB elimination, and standard compliance.

14 Inclusive Industrialization

Include SMEs, farmers, and micro-enterprises in industrial value chains through training, financing, and technology access.

15 Green and Sustainable Industry –

Support circular economy practices and low-carbon manufacturing processes.

16 Tax Holidays for Emerging Sectors –

Offer tax relief to new industries to accelerate capital formation in strategic sectors.

17 Tougher Enforcement for Repeat Offenders

Impose stricter penalties for entities repeatedly flouting regulations.

18 Strengthen Multimodal Transport Policy –

Enforce Road weight limits, incentivize waterborne transport, and regulate cargo vessel operations.

19 Expand Modal Shift via Transport Policy –

Implement policies supporting private sector investment in water transport infrastructure and logistics.

DAY 2. 2ND ANNUAL REGIONAL INDUSTRIALIZATION CONFERENCE

EMERGING ISSUES

- 01 High cost of commercial lending .**
Interest rates average 17–20% for UGX-denominated loans, significantly above the global average of 7–9%, limiting industrial financing access.
- 02 Shallow capital markets and fragmented regional policies .**
– Weak capital market depth and policy misalignment in the EAC hinder trade logistics and cross-border investment flows.
- 03 Limited green financing .**
– Less than 10% of Uganda’s total industrial financing is climate or sustainability-focused, slowing adoption of sustainable industrial practices.
- 04 High freight and logistics costs.**
– SMEs face freight charges up to 30% higher than larger firms, reducing competitiveness in regional and global markets.
- 05 Persistent post-COVID-19 recovery challenges for MSMEs.**
– About 45% of MSMEs reported reduced revenues in 2024, especially in manufacturing and services sectors.
- 06 Gender gap in industrial credit.**
– Women-led enterprises receive less than 15% of formal industrial credit, limiting their contribution to manufacturing and value addition.
- 07 Inflation volatility in food prices .**
– While headline inflation averaged 3.4% in FY2024/25, food price spikes were severe, with matoke inflation reaching 37.7% and dry beans at 12.1% in June 2025.
- 08 Infrastructure gaps affecting regional integration**
– High logistics costs and inadequate transport and trade infrastructure continue to limit the benefits of systems like the EAC real-time payment platform.
- 09 Slow adoption of agri-drones.**
While built-in drone pilots in Uganda’s coffee sector have demonstrated value (mapping 7,000 coffee trees over 7.5 ha), broader adoption remains very limited. AGRA reports drone use linked to up to 20% yield gains in pilot sites.
- 10 Weak agricultural value chain integration.**
Many farmers still operate in fragmented value chains—resulting in lost yield potential and missed export opportunities.
- 11 Underdeveloped post-harvest infrastructure.**
Gaps in drying, storage, and grading infrastructure remain widespread, elevating losses and lowering commodity quality.
- 12 High electricity costs and unreliable power for industry.**
Industrial users pay approximately USD 0.09/kWh, while household tariffs average \$0.19/kWh—one of the highest differential spreads in the region.
- 13 Frequent power loss** (system losses were 16.2% in 2023, among highest in East Africa) further undermines reliability.
- 14 Energy supply constraints and transition risks.** While 92% of Uganda’s generation is renewable (80% hydro, 8% biomass, 4.5% solar), reliance on aging hydro and limited rollout of solar means new industrial demands may face instability.
- 15 Poor waste management** infrastructure—Extended Producer Responsibility (EPR) policies are still nascent, with limited formal recycling structures—especially in plastics and packaging sectors.

COMMITMENTS

- 01 Monetary Policy & Macroeconomic Stability.**

The Bank of Uganda is keeping the Central Bank Rate at 9.75% to control inflation within the 3–5% target. In early 2025, headline inflation averaged 3.3–3.6% and core inflation 3.9–4.2%, both within limits.
- 02 Industrial Financing & Inclusion.**

Concessional financing through the ACF and UDB is being expanded to support agribusiness, manufacturing, and processing. The Small Business Recovery Fund will reach 10,000 more MSMEs by 2026. The INVITE Project will finance manufacturing in refugee and host communities, targeting a 15% job increase.
- 03 Financial Inclusion & Digital Infrastructure.**

Financial inclusion is set to rise from 66% in 2024 to 75% by 2027 through digital finance, agent banking, and literacy programs. The Credit Reference Bureau Regulation (2022) will improve credit reporting and risk management.
- 04 Regional Integration & Payment Systems.**

EAC real-time payment transactions will grow by 25% annually, following an increase from UGX 1 trillion in 2023 to UGX 1.3 trillion in 2024. COMESA-wide USD/EUR settlement systems are being strengthened to boost trade and exports.
- 05 Women's Economic Empowerment.**

GROW Program: The GROW Program targets 60,000 women for financial services and 280,000 for business support, benefiting 1.6 million people. Achievements include 58,485 women reached, 3,800 trained, 2,500 loans issued, and 16 entrepreneurship platforms launched.
- 06 Sustainability & ESG Integration.**

By 2026, ESG standards will be integrated into industrial lending to align growth with climate resilience and sustainable development.
- 07 Support agri-tech pilots and drone adoption.**

UCDA-backed drone pilots, such as those by Uganda Flying Labs, monitored some 7,000 coffee trees to accurately estimate yields (approximately 8,500kg green beans for 7.5ha) and have informed broader scaling plans.
- 08 Expand renewable energy capacity.**

Recent solar projects such as the 20MW Nkongwe and 10MW Tororo stations are online, increasing Uganda's solar capacity—which aims to reach 150MW by 2025—offering cleaner, affordable power for industrial use.
- 09 Improve industrial tariffs and reliability.**

While current industrial tariffs (approximately USD0.09/kWh) are high, upcoming energy capacity (e.g., Karuma and Isimba hydro dams and solar projects) is aimed at lowering long-run prices and reducing outages.



Panel discussion on Illicit trade and Market Integrity.



Insurance Session Panelists joined by partners on stage

POLICY RECOMMENDATIONS

- 01 Lower commercial lending rates.**
Reduce average rates from 18–20% to below 12% by expanding concessional credit and introducing risk-sharing mechanisms.
- 02 Harmonize EAC industrial and trade policies .**
Streamline regulations to reduce logistics costs by 20% and raise intra-EAC trade above the current 28%.
- 04 Launch a national green financing facility.**
Mobilize at least UGX 500 billion over five years for sustainable industrial investments.
- 05 Boost export competitiveness through value addition.**
Increase value-added exports in sectors like coffee, fish, and agro-processing by 30% by 2030.
- 06 Close gender financing gaps.**
Expand women-focused industrial credit and capacity-building programs to ensure at least 30% of industrial credit benefits women-led enterprises.
- 07 Upgrade logistics infrastructure.**
Reduce SME freight costs by 15% in three years through targeted investment in transport, warehousing, and trade facilitation.
- 08 Advance digital financial inclusion .**
Expand mobile money, agent banking, and digital credit access in rural and MSME-heavy areas.
- 09 Strengthen data-driven policymaking.**
Establish a national industrial statistics dashboard by 2026 for real-time monitoring of industrial performance and policy impact.
- 10 National agri-drone adoption policy.**
Set a target to expand drone-based monitoring beyond pilot farms, striving for 10–15% yield improvements across priority crops like coffee and maize nationally.
- 11 Invest in integrated value chain clusters.**
Develop regional hubs offering research linkages, drying/storage infrastructure, and processing facilities to reduce post-harvest loss rates (often exceeding 20%).
- 12 Scale solar and renewable energy for industry.**
Support completion of under-construction solar projects (e.g. Nkonge 20 MW, Xsabo Lira 50MW) and expedite PPA rollout to industrial parks to reduce industrial tariffs from current \$0.09/kWh.
- 13 Enhance EPR enforcement and recycling services.**
Use examples from reusable packaging regulation models to support extended responsibility schemes—e.g. collecting plastic waste tied to formal recycling operations.
- 14 Promote clean manufacturing subsidies.**
Provide tax/investment incentives for factories integrating solar hybrid systems or upgrading to energy-efficient operations—reducing reliance on grid instability and lowering power cost shares.



CONCLUSION

RIC2025 successfully positioned policy advocacy as the linchpin for unlocking East Africa's industrial growth. The commitments made—ranging from harmonized trade policies and financing inclusion to renewable energy expansion and women's empowerment—demonstrate a united resolve to build competitive, inclusive, and sustainable industrial economies.

The conference outcomes provide a strong foundation for action in the coming year, with PSFU and partners committed to tracking progress and translating commitments into tangible results for regional prosperity.



Participants during the session on Energy and Environmental aspects.



MTN MoMo's Stephen Mutana, Commissioner Mugisha Patrick Joram from Ministry of Trade, Industry and Cooperatives with some of the conference partners and sponsors at the closing.

THANK YOU

FOR ATTENDING RIC 2025

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