TRANSPORT AND LOGISTICS

The National Logistics Platform Publication

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UFA: CHANGING THE FACE OF FREIGHT LOGISTICS

INTERVIEWS: UFFA CHAIRMAN | TMEA UGANDA AG. COUNTRY DIRECTOR

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FOREWORD

Realigning Ourselves for Takeoff

Dear Reader,

Welcome to the First Edition of the National Logistics Platform (NLP) magazine, aptly named, *'Transport & Logistics'.*

These indeed are exciting times for Uganda, as the country continues to position itself as a regional logistics and distribution hub.

In April 2017, the Uganda Freight Forwarders Association (UFFA) successfully hosted the first regional logistics conference in collaboration with the Uganda Chamber of Mines and Petroleum (UCMP), with support from partners among others the National Logistics Platform (NLP), TradeMark East Africa through DFID and the Ministry of Works and Transport.

Building on from that success, UFFA is honoured to host the second edition of The Global Logistics Convention 2018 (GLC 2018), following the inaugural one in Tanzania last year.

The GLC, the first international logistics conference of this kind in Uganda, is an annual freight logistics event of the Federation of East African Freight Forwarders Associations (FEAFFA). The theme of the Convention this year is *"Freight Logistics – The Edge to Competitiveness"*.

It comes at a critical time when governments globally are increasingly focusing on logistics as the engine to economic growth and trade competitiveness; when the Africa Continental Free Trade Area (AfCFTA) is taking off, when logistics intensive projects on infrastructure, power, minerals and oil and gas are underway among many other developments.

The event offers a unique opportunity for participants to share best practice in trade and policy; facilitates engagement with a wide range of stakeholders, and provides awareness on the changing roles, responsibilities and emerging trends in the industry as a driver for productivity and competitiveness.

It is exceedingly important for us to create awareness on the changing roles, responsibilities and emerging trends in the industry as a driver for productivity and competitiveness. As such, this Convention will cover professionalism in the sector, logistics and environment, the role of financial institutions, insurance firms and their level of engagement in the sector. We shall also discuss the impact of emerging technologies and several other dynamics that we, as an Industry, need to embrace to enhance competitiveness.

This year's GLC also provides a platform to unpack the Tripartite Transit Transport Facilitation Program (TTTFP), the African Continental Free Trade Area (AFCFTA), the opportunities they present and the extent of preparedness of the Industry.

We are humbled by your commitment to this Convention and are privileged to welcome you all to Kampala, Uganda, ***The Pearl of Africa***.

I trust and hope that this Convention will be an invaluable experience and a worthwhile investment.

Hussein K KIDDEDDE, CMILT
Chairman Global Logistics Convention (Uganda) 2018

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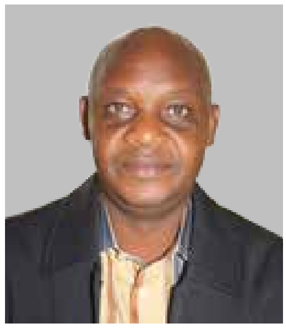

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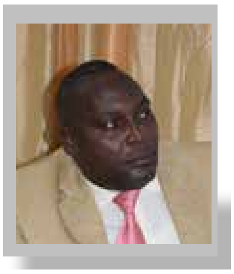

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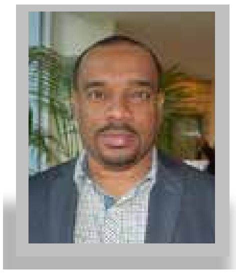

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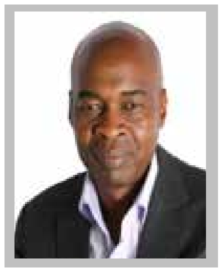

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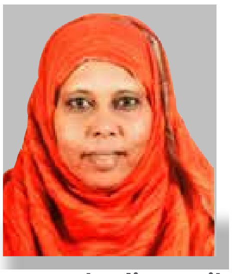

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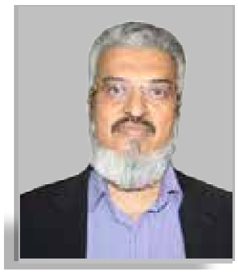

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Table of Content

Launch of the NLP at the Joint Oil & Logistics convention last year

NLP positions Uganda as region's freight logistics distribution hub

The National Logistics Platform (NLP) is a structured, robust and interactive dialogue process bringing together relevant stakeholders in the private and public logistics industry for the purpose of promoting dialogue around national and regional logistics issues.

It aims at enhancing Uganda's logistics competitiveness by reducing the cost of doing business while enhancing the quality of logistics services.

The NLP is premised on creating critical linkages and coordination within the private sector and other stakeholders to effectively engage the government to develop an unstoppable momentum to spur private sector productivity and competitiveness.

The Vision of NLP is: *"Uganda to be region's freight forwarding logistics distribution hub."*

The Mission statement for NLP reads: *"To Develop a Competitive logistics industry through advocacy, capacity building to foster professionalism, promoting unity and collaboration among stakeholders, promoting public-private partnership and carrying out research to build knowledge base and learning within the Governing Framework of International best practices".*

NLP has three objectives. First, to advocate for improvement in the policy, legal and regulatory business environment for the logistics sector. Second, to build the individual and institutional capacities of the logistics private sector to competitively offer services. Third, to strengthen sustainability of the National Logistics Platform processes.

The Private Sector Strategy on logistics was launched by the National Logistics Platform and adopted by the Government of Uganda last year. This Strategy aims at establishing Uganda as the region's pre-eminent freight logistics distribution hub.

Tanzania to lower exorbitant charges on Uganda goods

Tanzania has agreed to lower charges that the Dar es Salaam Port Authority imposes on Ugandan clearing agents following a recent high-level meeting held in Kampala between the two East African Community Partner States.

The meeting between Uganda and Tanzania held annually to resolve a range of issues, including cases of non-tariff barriers (NTB) agreed that the charges being imposed on Ugandan clearing agents operating at the Dar es Salaam port were inconsistent with the fair spirit of East African regional trade and thus needed to be addressed rather quickly.

“The meeting noted the discrepancy between charges for clearing agents to operate at the ports of Dar es Salaam ($2900) and Mombasa port ($1570). Tanzania was asked to consider lowering the charges,” the report of the senior officials and the permanent secretaries meeting of the 2nd session of the Joint Permanent Commission reads in part.

According to the Joint Permanent Commission report, Tanzania agreed to consider lowering the exorbitant charges, currently amounting to $2900.

“The other issue concerned the discrepancy on the road user charges of $500 levied on Ugandan trucks entering Tanzania regardless of the distance covered in comparison to Uganda’s charges of $0.1 and $.0.6 per kilometer for trucks of more than three axles or less,” Mr Dicksons Kateshumbwa, Uganda Revenue Authority’s (URA) Customs Commissioner, said.

He noted that though the highest authorities in Tanzania had promised to review the charges, for now Ugandan trucks were still incurring the same road user fees.

The Tanzania Minister of Foreign Affairs and East Africa Cooperation, Amb Augustine Mahiga, promised that these and all other matters raised at the Joint Permanent Commission would be resolved within six months; adding that his country’s commitment to address the issues was unwavering.

Launch of Mutukula one stop border post

Others

In the same meeting, Uganda asked Tanzania to open up its borders full time, arguing that the 8-hour shifts the neighbouring country was currently running did not bode well with the one stop border post (OSBP) objectives.

One of the main objective of the OSBP is to facilitate a seamless 24-hour trade.

The Joint Permanent report noted that the 8-hour shift Tanzania was running was proving to be a hindrance to the smooth flow of regional trade.

The trade statistics over the last three years between the two countries show combined annual trade volumes of about $130 million. According to the Minister of Foreign Affairs, in his remarks to the technical teams from the two countries—Uganda and Tanzania, said the trade figures could be improved further if inconvenience resulting in NTBs such as the eight-hour shift being operated by Tanzania is ditched in favour of a 24-hour custom operation.

“I am convinced that we can significantly scale-up bilateral trade between our two countries for our mutual benefit. But for that to happen, outstanding non-tariff barriers which increase the cost of doing business, need to be addressed,” said Mr Sam Kutesa, Uganda’s Minister of Foreign Affairs.

For comparison purposes, a study undertaken at Busia OSBP by Trade Mark East Africa indicated that since the operationalisation of OSBP, clearance time at the border was cut down by over 70 per cent. The same impact is expected to be replicated in the other OSBPs as well.

There are four OSBP funded by DFID through Trade Mark East Africa. And they are all fully operational. They include Malaba, Busia, Mutukula, and Mirama Hills. Elegu OSBP construction has been completed and will be operationalised very soon while Katuna OSBP construction works that had stalled has resumed.

The annual meeting between the two neigbouring countries is meant to sort out differences at all levels, including emerging issues constraining bilateral relationship.

Q&A

Mr Hussein K KIDDEDDE - CMILT, *has 22 years' experience in freight logistics, an industry he got deeply attached to as a young trainee, during his high school holidays in the mid-1990s. Gradually rising through the ranks, aided by experiential learning, training, mentoring and continuous professional development with different logistics organizations, across the world, he has since attained the Chartered Member of the Institute of Transport and Logistics level (CMILT).*

As of mid-2017 to date, Kiddedde is the Chairman of the Uganda Freight Forwarders Association (UFFA), where he has also served as General Secretary and a member of the board since 2008.

Currently 114 companies – both local and foreign – subscribe to the UFFA, who incidentally handle 90% of Uganda's freight logistics. UFFA is comprised of shipping line agents, warehouse operators, ICD/bond operators, hauliers, clearing and forwarding agents, logistics consultants, project and heavy lift specialists and much more.

In this interview, Mr. Kiddedde expounds more on the role played by UFFA in shaping the future of freight logistics in Uganda and the region:

'UFFA is Changing the Face of Freight Logistics'

What informed the formation of the Uganda Freight Forwarders Association (UFFA)?

The Uganda Freight Forwarders Association (UFFA) was founded in 2001 out of the founding members' desire to enhance public confidence in the freight forwarding industry.

UFFA was officially established to accomplish these four main objectives: i) to act as a mouth-piece of the members in the business of freight logistics throughout Uganda ii) to safeguard the interests of the freight logistics industry and to promote partnership and cooperation among its members with the Government iii) to safeguard, promote and ensure the continued practice of professional ethics of the members in carrying out their day to day activities and iv) to promote solidarity with other associations both at national, regional and international level.

UFFA's unique approach to the sector, helped us stand out from other associations. Our founders were visionary. While most associations chose to define the sector as only clearing and forwarding, our founders saw the entirety of the logistics chain. As a result, while existing associations brought in

Mr Hussein K KIDDEDDE - CMILT
Chairman Uganda Freight Forwarders Association (UFFA)
Board Member National Logistics Platform (NLP)
Board Member FEAFFA

Q&A

a limited scope of players, UFFA brought in actors in the supply chain who were playing an important role.

UFFA has since been able to maintain its position as a leading and trustworthy association. First through advocacy and second through a long-standing and strong relationship with Government a testament of its worth. Today UFFA is the mouth piece for the whole industry evidenced by our representation on the Private Sector Foundation (PSFU), the Presidential Investor's Round Table (PIRT), and the Uganda Road Fund (URF) among others.

UFFA has evolved further to subscribe to the National Logistics Platform (NLP), a sector platform with the Private Sector Foundation Uganda (PSFU) that facilitates private public dialogue.

At this level UFFA converges with the wider stakeholder groups and associations in driving the industry forward.

How can Uganda's Freight Logistics sector be described currently

Uganda's freight logistics industry in a simple sense is the trade and transport industries, including everything that these industries require to function. Infrastructure, service, storage, warehouse and bonded facility operators; trade facilitation agencies plus financial services and ICT service providers and government agencies and institutions that provide policy guidance and act as regulators and enforcers.

What is required for these industries to function inevitably along with the world. This has recently been the case most notably with the overall logistics market structure and legal framework. Consequentially, there is a recognised need to support Uganda's logistics industry through policy, institution, regulatory and legal reforms as well as addressing skill gaps, fragmentation challenges, coordination infrastructure, technological and creative financing gaps.

What hasn't changed, and will not unless met, is our goal to attain the status of a leading logistics hub in the Great Lakes region and beyond. For this reason we are constantly orienting ourselves and our form to meet this goal.

Today Uganda has a number of structural issues to address. For example we need to transform from a "land-locked" status to a "land-linked" status. This will convert a comparative disadvantage into a comparative advantage, taking advantage of Uganda's proximity to neighbouring states. About 95% of imports into Uganda are exported via Mombasa by road, mainly by Kenyan-registered trucks, carrying up to 10,000 TEUs per month and many tons of wet and dry bulk cargo. Only about one-tenth of the containers going back to Mombasa contain exports from Uganda. This needs to be address and it can only be done through a highly efficient, world-class logistics industry.

Another issue is that in Uganda, the sector still features logistics bottlenecks and inefficiencies at multiple stages of the supply chains, including during loading, delivery, warehousing, packaging, coordination and waste management. Traffic congestion, particularly along key transport corridors and checkpoints push up time and costs of logistics, which are passed onto the shippers and ultimately borne by the consumers.

The results of these inefficiencies are high logistics costs in Uganda - logistics inefficiencies in import and export of goods are estimated to cost US$827 million to Uganda each year and logistics related costs account for well over 20% of the sale price of goods sold in Uganda. These current issues also inform the way that UFFA orients itself today.

How does the lack of railway transport compound the situation you have described above

Total Ugandan international freight is 14.5 million tonnes per annum of which rail is carrying only about 0.5 million (3.4%).

Road transport dominates the Northern Corridor, accounting for over 95% of all the freight movement. Road transport from Mombasa to Kampala and other points in Uganda is considered inefficient in terms of costs of transport, safety and protection of the environment.

The lack of railway transport and efficient rail connections between the gateway ports, strategic production areas and main land is partly why the region has become uncompetitive, with what is termed as "the highest cost of doing business" in the world.

The high unemployment, especially of the youth, is also partly attributed to the poor rail transport situation as is the fact that the rail freight market share is 3% which is said to be down from 15% in 2004.

An efficient rail transport system and functional inland water ways would significantly spur productivity for domestic and export markets. The dream to become a leading logistics hub in the region is a tall order for Uganda with a non-functional rail system for both goods and passenger logistics.

To achieve "land-linked" status, Uganda needs an efficient and vibrant multimodal transport system of which the railway is key.

How will the proposed revival of Uganda airlines boost the sector?

Assuming positive factors are in place including the right revival strategy, a total transformational mapping of the previous system, a sound business model canvas, the right leadership and management that focuses on achieving great customer experience, cost control , safety, efficiency and reliability, the airline will go a long way in boosting the sector.

It is however a long-term investment and the government must be willing to shoulder it regardless of possible losses in the beginning. There are some things that come to mind immediately as critical. The government needs to work on regulations , the operating environment particularly the pending strategic 47 aerodromes and airports in the country.

The involvement of key private sector stakeholders through private public dialogues and partnerships right from inception is also essential in rallying support and positive guidance.

If correctly done, the revival of Uganda Airlines will foster domestic and regional connectivity, compliment the other transport modes, improve time to market, labour mobility, tourism, export of high value minerals and perishables among other benefits.

It speaks to the dream of the logistics hub, despite the delayed implementation.

One more thing, it should be noted that the airline service business is increasingly a highly sensitive business today and therefore has to be creatively designed if it is to positively impact the economy. The type of equipment, related operating costs, interstate negotiations are also of essence.

What are Uganda's major import and export destinations?

Official statistics show that the major export destinations of Uganda in USD value terms are the United Arab Emirates ($736M), Kenya ($374M), Rwanda ($201M), South Sudan ($189M) and the Democratic Republic of the Congo ($176M).

The top import origins in USD value terms are reported as China ($879M), India ($820M), Kenya ($441M), the United Arab Emirates ($388M) and Japan ($240M).

About 95% of imports into Uganda are imported via Mombasa by road, mainly by Kenyan-registered trucks, carrying up to 10,000 TEUs per month and many tons of wet and dry bulk cargo.

What other challenges hinder the progress of the association and sector in general, apart from some you have hinted on above?

Despite the milestones that UFFA and its partners have been able to realize, the association and the sector are still confronted by numerous challenges.

In Uganda, government policy and administration is fragmented, which impacts our advocacy role.

For instance, no one ministry or government agency is

Q&A

Road transport dominates the Northern Corridor, accounting for over 95% of all the freight movement. Road transport from Mombasa to Kampala and other points in Uganda is considered inefficient in terms of costs of transport, safety and protection of the environment.

responsible for logistics, meaning that one department may not know what the other department is working on hence legislation and policy affecting us may not always be moving the industry in the same direction. Besides, the private sector is largely ignored in planning.

Within the private sector, it is not uncommon for small trucking companies to undercut each other, often resulting in the winner accepting a transport rate that will not cover their transport costs.

Service provision is also fragmented with the logistics sector dominated by firms that offer a single service (such as trucking) rather than a variety of logistics solutions.

The sector is also undermined by inadequate transport infrastructure currently in place. The situation should improve in the near future though with the Government and development partners investing heavily in transport and logistics infrastructure in recent times.

Overall efficiencies of the sector are also hampered by the high cost of borrowing from commercial banks in Uganda is high which means procuring new equipment is uneconomic

Furthermore, the costs of logistics services involving a cross-border activity and provided by a Ugandan logistics company will almost invariably be higher than that provided by, for example, a Kenyan company *(note that only logistics companies registered in Uganda can provide logistics services in Uganda).* There are many reasons for this, with many linked to high taxes, user fees and costs of equipment and product.

In Uganda, there is an acute shortage of skills in the logistics sector, including skilled heavy goods vehicle (HGV) drivers, heavy equipment operators, warehouse managers, Health and Safety Officers, cold storage managers, and many other skills. Without skilled personnel, one cannot compete for international contracts, especially in the Oil and Gas sector.

Speaking of oil, timelines for oil field developments and further exploration have kept shifting over the years. First movers in the oil and gas logistics sector have been heavily affected. Any further shift in the oil and gas development timelines will be detrimental to our members, the industry local content and the economy as a whole. Currently, logistics industry today employ over 208,000 persons directly (World Bank).This implies a far reaching impact given the dependency ratio as we know it.

In addition, most multinational companies have central procurement and buying policies, meaning that they secure certain services, which could include logistics services, from another multinational logistics company wherever they operate in the world. This approach poses a challenge to MSMES in the sector owing to capacity and skill gaps.

We also have corruption and collusion at different levels of the supply chain and within the logistics industry, both in government and in the private sector which has contributed to unfair competition.

We are confronted by policy, legislation and regulatory challenges at a regional level. A number of laws and regulations have been put in place to provide a regional regulatory framework that drivers and transporters have to adhere to. In addition, COMESA-EAC-SADC Tripartite Road Transport Regulatory Framework aims to harmonise road transportation regulations in the East and Southern Africa region.

Whereas these regulations are relevant, most logistics companies are not fully aware of them or the impact they will have on the industry status quo.

What are you doing to address the above challenges?

UFFA has taken a multidimensional approach to meet all the levels of the logistics industry.

Broadly, UFFA has undertaken capacity building initiatives, where the association offers and coordinates trainings of industry players. We contributed to the development of a curriculum for the East African Customs and Freight Forwarding Practicing Certificate Course that has now been jointly implemented with the Uganda Revenue Authority.

UFFA advocates for members' interest on trade infrastructure and customs management issues affecting the logistics private sector through on-going contacts with government officials and institutions at the policy level.

UFFA, also, organises periodic luncheons and dinners annually for members to socialize, share knowledge, and discuss industry issues of mutual concern. We have also initiated and maintained partnerships with national, regional and international organisations in the freight forwarding industry, including FEAFFA, FIATA, IATA, PSFU and the NLP.

Furthermore, UFFA provides regular and up-to date information to members on issues pertaining to the freight forwarding industry.

Started in 2017, UFFA launches an annual conference and expo event where collaboration with key stakeholders is done to ensure industry issues are discussed.

urthermore, working with the NLP, UFFA has made contribution to Uganda's Private Sector Logistics Strategy, a strategy launched in 2017 .

All of this has been done with the critical support of development partners and government.

What does the future look like for the sector?

Firstly, it is important to appreciate that a well-functioning logistics sector is crucial for businesses and the wider economy to ensure not only the timely and predictable supply of goods and inputs but also businesses' ability to compete in domestic, regional, and global markets by reducing transport delays, risks and unpredictability. In respect of economic growth, a well-functioning logistic sector also contributes to making the economy more dynamic through generating new trade, investment and employment opportunities.

The future of the sector is bright but requires fundamental changes and adaptations at individual, organizational (firm) and government level.

> An efficient rail transport system and functional inland water ways would significantly spur productivity for domestic and export markets. The dream to become a lead logistics hub in the region is a tall order for Uganda with a non-functional rail system for both goods and passenger logistics.

UFFA AT THE FOREFRONT OF

The Uganda Freight Forwarders Association (UFFA), which comprises of 114 companies duly registered in Uganda, has increasingly positioned itself as the voice on all matters logistics, even going as far as participating in the drafting of legislation for the region's industry.

In joining the National Logistics Platform, the Uganda Freight Forwarders Association has a wider pool of players to drive its agenda of making the country a regional logistics hub.

UFFA's members handle 90% of the country's freight logistics – imports, exports and transit.

Among the body's role is to safeguard the interests of the freight logistics industry; promote partnerships and cooperation among its members with the government; and ensure the continued practice of professional ethics of the members in carrying out their day to day activities.

One of the key components of UFFA's work is to offer and coordinate trainings of practitioners in the logistics industry. UFFA was part of the team that developed a curriculum for the East African Customs and Freight Forwarding Practicing Certificate Course that has now been jointly implemented with Uganda Revenue Authority. More than 1,000 persons have completed the course and this has enhanced skills development and professionalism in the industry. UFFA also developed a code of conduct for the industry for purposes of sustaining professionalism, ethics and integrity among members and their staff. The UFFA code of conduct was adopted at the EAC level.

Ultimately, the intention is to transform Uganda from a landlocked country to a land-linked state, where neighbouring countries such as Rwanda, South Sudan and some parts of Eastern Democratic Republic of Congo depend on the country's logistics industry.

Hussein Kiddedde, the chairman of UFFA, says the logistics market has evolved, which has required the participation of strong bodies such as UFFA.

Consequentially, there is a recognised need to support Uganda's logistics industry through policy, institution, regulatory and legal reforms as well as addressing skill gaps, fragmentation challenges, coordination infrastructure, technological and creative financing gaps. These interventions will be necessary if Uganda is to attain the status of a leading logistics hub in the Great Lakes region and beyond.

The intervention is largely informed by the challenges that the logistics industry faces.

According to Kiddedde, the sector still faces bottlenecks and inefficiencies at multiple stages of the supply chains, including during loading, delivery, warehousing, packaging, coordination and waste management.

Traffic congestion, particularly along key transport corridors

UGANDA'S LOGISTICS INDUSTRY

UFFA Executive Committee

and checkpoints push up time and costs of logistics, which are passed onto the shippers and ultimately borne by the consumers. The results of these inefficiencies are high logistics costs in Uganda. Logistics inefficiencies in import and export of goods are estimated to cost $827 million to Uganda each year and logistics related costs account for well over 20% of the sale price of goods sold in Uganda.

UFFA is trying to solve some of these challenges through the following moves. The body advocates for members' interest on trade infrastructure and customs management issues affecting the logistics private sector. UFFA members are represented through on-going contacts with government officials and institution at the policy level. Through her advocacy work, UFFA is recognized as a mouth-piece of the industry and is represented at several national and regional policy forums/committees

UFFA also provides regular and up-to date information to members on issues pertaining the freight forwarding industry. Member companies also receive exposure at the UFFA booth during industry trade shows. Members also receive publicity via the website, newsletters, business directories, newspapers and industry organizations.

And when disagreements arise among its members, UFFA offers assistance for the amicable resolution of the disputes.

But what does the future look like for the logistics industry?

Kiddedde says "the future of the sector is bright but requires fundamental changes/adaptations at individual, organizational (firm) and government level.

Some of the key trends that could shape the business environment of the logistics industry include the following:

Freight logistics is fast becoming an industry in East Africa (with over 2,500 clearing and forwarding firms) and a profession with exponential growth in C&F, haulage, cargo handling, project logistics etc

More logistics actors with wider networks in the region and beyond are coming into the country. New markets are opening up such as Southern Sudan, DRC, Zambia and Ethiopia.

Technology will be a deal breaker in trade logistics, cutting down time and costs of movement of cargo. Professionalism and skills beyond traditional industry technical skills to include soft skills will be crucial if companies want to move ahead.

The increased foot print of global producer consumer products on the continent will fundamentally change the way logistics is done.

Traditional logistics models of working in silos and being asset heavy will cease to be attractive or profitable. Integration and collaborative approaches will be winning models.

Q&A

TMEA's impact continues to be felt across East Africa

Trade Mark East Africa (TMEA) is at the forefront of many freight logistics related initiatives in the East African region and Uganda – some infrastructural and technology related, others to do with capacity building and professionalization of the industry, among others. In this interview, ***Ms Damali Ssali, the Ag Country Director, TMEA, Uganda*** expounds on some of the projects the institution is involved with

What are the key highlights of TMEA in the last year?

TMEA in the last year transitioned from Strategy 1 (2010-2017) which focused on reduction in time and costs to import a container from Mombasa all the way to Rwanda to Strategy 2 (2018-2022) that is focusing on driving job creation through implementing export-oriented industrialisation strategies.

In Strategy 1, with funding from the governments of the United Kingdom, Denmark and Netherlands, TMEA supported the Government of Uganda with around USD100 million investment that led to the following results: Construction and operationalisation of the four One Stop Border Posts at Busia OSBP, Mutukula OSBP, Mirama Hills OSBP and Elegu; Integrated Border Management activities in Malaba; and Construction of 37km Ntungamo-Mirama Hills Road.

Independent studies have reported an 80% reduction in clearance time at Busia One Stop Border Post, from an average of 14hours to an average of 2hours. TMEA also provided funding and technical support to Uganda Revenue Authority (URA) to upgrade its Customs Management System to ASYCUDA World.

This is a 24hour web-based system that can be accessed from all over the world and is integrated to share information with the Kenya Revenue Authority, Rwanda Revenue Authority, Tanzania Revenue Authority for the operationalisation of the Single Customs Territory. This system has led to a reduction in customs clearance time from over 5 days to 1.5 days. With URA, we also supported

> "The Government, through Ugandan Railways Cooperation, has allocated land (24 acres) for the Gulu Logistics Hub. The design consultant was contracted and a masterplan for the design of the logistics hub has been approved. We are going to commence procurement of the transaction advisor to undertake and advise on different approaches to managing the hub (PPP models). Civil works is expected to commence in 2019.

Ms Damali Ssali,
Ag Country Director, TMEA, Uganda

the implementation of the Electronic Cargo Tracking System which has contributed to a reduction in cargo transit time on the Northern Corridor from Mombasa to Kampala from an average of 18 days to an average of 4days.

TMEA supported ICT Trade systems and procedures within other public sector entities to improve the trade environment, increase efficiency, transparency and predictability of trade processes.

For example, through the implementation of the Uganda Electronic Single Window (UESW) over sixteen agencies have been integrated to process trade documents. These agencies include the Uganda National Bureau of Standards, National Drugs Authority, the Ministry of Energy and Mineral Development, Uganda Coffee Development Agency, Uganda Revenue Authority, Ministry of Foreign Affairs, Ministry of Agriculture, Animal Industry and Fisheries and the Ministry of Trade, Industry and Cooperatives. We expect to add another 10 agencies to the system by 2019.

TMEA provided funding the Ministry to the Ministry of Trade, Industry and Cooperatives to operationalise the Non-Tariff Barriers (NTB) Reporting and Resolution System that enables anyone (trader, importers and exporters) to report an NTB that they may have encountered either online or by a simple SMS text message by dialling *201#. Over 86% of NTBs reported through the system have been resolved or eliminated.

In addition, we are supporting the logistics industry through the National Logistics Platform to implement a private sector strategy on logistics.

Building on successes and lessons from Strategy 1, we are putting more emphasis on interventions that have an impact on job creation, poverty reduction, increase in exports and government revenue. With the Government of Uganda and our donor partners, we are planning to develop and operationalize a couple of trade logistics cluster in Gulu, Jinja and Busia that will enable the consolidation, aggregation and bulking of cargo and goods along our major trade corridors.

These trade logistics clusters will further be complimented with the ICT4Trade solutions to enhance the goods in Uganda and the general competitiveness of our business environment. Efficient trade logistics attract more volumes, which in turn reduce costs through improved economies of scale.

In 2016, 82% of transit cargo through Mombasa Port was destined for Uganda. Over the last five-year period, from 2012 to 2016, transit cargo through Mombasa Port grew by 4%. This growth was mainly a result of the 7% growth of Ugandan bound cargo, some of which was warehoused and re-exported to the DRC, Rwanda and South Sudan. This means that trucks which deliver that high volume of imports for Ugandan consumption and re-export are available to transport Ugandan exports back through Mombasa.

The latest Northern Corridor Transport Observatory Report (Nov 2016) indicates that the cost of transporting a container from Mombasa to Kampala, for imports, is USD2,300 on average whilst Kampala to Mombasa, for exports, is USD800. Therefore, improving logistics efficiency also supports Uganda's competitiveness of exports.

The National Logistics Platform has developed a 10 year Private Sector Strategy, to improve Uganda's logistics industry significantly. What has this strategy discovered so far, and has it been welcomed/adopted by the government of Uganda.

The Private Sector Strategy on logistics was launched by the National Logistics Platform and adopted by Government of Uganda last year. This Strategy aims at establishing Uganda as the region's pre-eminent freight logistics distribution hub with a focus on: optimising competitiveness and cost effectiveness of Uganda's logistics providers; promoting a conducive legal and regulatory environment for Uganda's logistics industry; promoting skills, standards and capacity upgrading of Uganda's freight logistics sector; and adopting modern logistics business practises and management systems. We are supporting implementation of this strategy and this will commence with capacity building for truck drivers.

How would you describe an "efficient logistics sector"What can Uganda do to achieve one

Logistics efficiency refers to how effectively a business conducts its operations. Typically, logistics related to the movement of physical goods and information. Efficient logistics connects firms to domestic and international markets through reliable supply chain networks. One of the major tools for measuring logistics efficiency is the World Bank Logistics Performance Index, which is a benchmarking tool that measures performance of the logistics supply chain within a country in comparison with 160 countries.

The comparison is based on the parameters such as **customs clearance, infrastructure, logistics competence, tracking and tracing and timeliness.** In the LPI report 2016, Uganda was ranked 58th out of 160, and was 5th in Africa.

Uganda is working towards a more efficient logistics sector. We have supported interventions against some those parameters including: improving infrastructure through the One Stop Border Posts and improved border clearance through upgrading customs management systems.

Tracing and tracking of consignments is possible with the recently launched Regional Electronic Cargo Tracking system that enables one to track their consignment, in real time, from port of entry to destination.

More needs to be done particularly on improving weighbridge processes as this has a high impact on logistics efficiency as well as improving the capacity of third party logistics players (3PL) firms to enable them to provide better service and thereby better meet the requirements of producers, manufactures and traders.

What is TMEA's take on the progress of key government infrastructural projects like the SGR and dry ports plus related technological advancements at border points to support the revenue bodyWhat role is TMEA playing in this and how else can TMEA help in this regard

These are good initiatives and they contribute to towards improving transport infrastructure and the region. The development of SGR is strategic and expected to boost trade and lower the cost of doing business.

With the development of the new SGR between Mombasa and Nairobi completed and now operational and the planned line linking Nairobi to Malaba – Kampala, we intend to partner with the Ministry of Works and Transport to develop a strategy and business case for the development of a modern and

The OSBP at the border point in Malaba

cost-efficient Rail Freight Logistics Corridor, primarily focused on Kampala, but also to serve the region.

TMEA has plans to support a logistics' hub in Gulu to complement initiatives by the government of Uganda. What is the latest on the Gulu hubWhat other regions in the country would be suitable for similar hubs

The Government, through Ugandan Railways Cooperation, has allocated land (24 acres) for the Gulu Logistics Hub. The design consultant was contracted and a masterplan for the design of the logistics hub has been approved. We are going to commence procurement of the transaction advisor to undertake and advise on different approaches to managing the hub (PPP models). Civil works is expected to commence in 2019.

In addition, we have undertaken preliminary analysis to identify opportunities and constraints in logistics focusing on specific geolocations. The feasibility analysis identified the most promising sectors to drive jobs and growth. In Uganda, Gulu, Jinja and Busia were selected as potential trade logistics clusters.

Land has been secured in Jinja and we recently signed a Memorandum of Understanding with the Uganda Free Zones Authority to develop a trade logistics cluster. In Busia, land has been secured through Ministry of Trade, Industry and Cooperatives and Ministry of Local Government.

How far has this OSBP at Mirama Hill gone to achieving the targets it was set up for?

Construction of Mirama Hills Road was completed, and the road was handed over to the Uganda National Roads Authority in September 2017. We are engaging with both Government and private sector to raise awareness on the developments on this route. On the Rwandan side, the Kagitumba-Kayonza road is under construction with the expectation that it will be completed in 2019. These interventions will increase traffic along the route.

The Democratic Republic of Congo (DRC) presents a high-potential market for trade for Uganda and has become a key destination for Ugandan goods after South Sudan. We are utilizing our expertise in construction ad operationalization of One Stop Border Post infrastructure and integrated border management to support efficient cross border trade with DRC.

Therefore, are supporting the Ministry of Works and Transport to construct the One Stop Border Post at Goli-Mahagi and water infrastructure at Ntoroko-Kasenyi. The design consultant has been contracted and draft designs will be completed before the end of this year.

What other similar projects like the Mirama Hills OSBP are in the offing under the TMEA?

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Uganda at the forefront of RCTG Bond review

Uganda should start asking some tough questions over the benefits of being part of the Common Market for Eastern and Southern Africa (COMESA) considering that some charges within the bloc only add to the cost of doing business, a key logistics platform has said.

The National Logistics Platform has come out strongly to oppose the new fees for COMESA's Regional Customs Transit Guarantee Scheme, popularly known as the RCTG CARNET.

According to COMESA, the RCTG is a customs transit regime designed to facilitate the movement of goods under customs seals in the COMESA region. It provides the required customs security and guarantee to the transit countries.

The objective of customs bond guarantee is to ensure that revenue authorities in transit countries can recover duties and taxes from the guarantors should the goods be illegally disposed-off in their countries.

In October 2017, COMESA increased the RCTG Bond premium to 0.6% starting January 1, 2018 from 0.5%. COMESA's reason behind the increase was that the cooperating partners – USAID and EU – who used to support the scheme, had withdrawn support. Therefore, the member countries had to chip in to plug that financial gap by increasing their contribution into the pool to cater for the administrative costs incurred in managing the scheme.

"Uganda needs to assess if its contribution to the COMESA pool really benefits the local business community. Does this pool trigger or impact on the employment rate of Uganda?" Diana Karimba (PICTURED ABOVE), the coordinator of the National Logistics Platform, wrote in reaction to the increase in the fees.

Adding: "It is important to note that the Transport and logistics is often referred to as the backbone of an economy and directly impacts many aspects of the economy – from what is available to be purchased to the prices charged for goods."

Karimba said "The reason for increasing the premium is not justified and the secretariat should explore other measures like scaling down on their administrative costs instead of passing down expenses to the very business community they are trying to support."

In any case, NLP reasons that the "transit Bond is not an "insurable risk" by law. Therefore the increase of premiums should be a negotiation between insurers and the freight forwarders. In practice it has been noted that this risk in essence is born by the freight forwarders and not the insurers."

Karimba said that if the fees are not reduced to 0.3%, some of Uganda's logistics companies "will not participate in the RCTG Bond scheme."

It is anticipated that the increase in the premium hurts Uganda's ambition of becoming a logistics hub for East Africa.

"The increase of the premium frustrates the Local Content Policies of Uganda plus the vision of the country to position itself as a distribution hub. Uganda given its location is working towards positioning itself as a distribution hub, which can only be achieved if the cost and time of transiting through Uganda is brought down," Karimba said.

Currently, imports of transport and logistics services make up 55% of Uganda's total service imports while Uganda's transport and logistics exports are only 3.7% of Uganda's total service exports, according to figures from NLP.

To improve Uganda's business climate for the logistics industry in regards to the country's membership in COMESA, the NLP issued a number of recommendations that it wants adopted.

1. Proper consultations and transparency should be undertaken before such decisions to increase bond premiums.
2. Reduce the cost from 0.5% to 0.3% given all the technologies and systems in place and charged to the business community to mitigate the transit risks.
3. Scrape off the counter guarantee scheme
4. Optional for members to either use EAC bond or COMESA bond since most of the members operate within the EAC region and many of them use the Northern corridor not even the Central corridor. Members strongly felt no value for the money paid to COMESA and a request for COMESA to consider cutting administrative costs as opposed to increasing the premiums.
5. Creation of an EAC Bond that takes into consideration the existing technologies to mitigate the risk. National Logistics Platform needs to find a way of calling upon the revenue authorities and the stakeholders to find a way forward to bring the EAC member states to introduce an EAC Bond as an alternative.

Water transport will cut down logistics costs - Mbonye

With Uganda facing high transportation costs, which have eaten into the profit margins of importers and exporters, the ***Uganda Shippers Council*** has had one of the loudest voices for the promotion of water transport. ***Alex Mbonye, the CEO*** of the council, explains what they are doing to achieve their goal.

Give us a brief of the Uganda Shippers Council, its mandate and what you have done to achieve that.

The Uganda Shippers Council was registered in 2010 but it was not active up until 2013. It was started by a group of business people who felt that the cargo owners' voices needed to be heard.

Essentially, the USC is a platform for cargo owners. It helps to create a conducive environment for businesses to import and export, reduce the costs in logistics. Being landlocked, means Uganda faces some of the highest costs of logistics in the world. So, it is in our interest as shippers to try to mitigate the cost of transportation.

We have been discussing with other stakeholders, the forwaders associations, clearing agents, and government ministries on how to improve the infrastructure, especially with regards to transportation.

Over the years, we have seen quite a number of developments such as the one stop border posts, new roads being built by government and the plans for the standard gauge railway.

What else have you done to achieve your goals?

We do capacity building for the shippers and cargo owners. We have done over 35 workshops in the last three years, covering various areas across the board and our shippers are very appreciative.

We have also partnered with the Uganda Insurance Association (UIA) to train our member about marine insurance. We have done this for two to three years.

Under trade facilitation, we lobbied with UIA, and in the last budget, government came out and said local companies should take out local insurance. However, government didn't declare how it should be enforced. Kenya enforced it and their industry grew tremendously. If you have a vibrant insurance industry, it has a knock-on effect on the entire economy.

What specific infrastructural issues are you grappling with

One of the initiatives the USC wants revived is water transport.

We had water transport systems on Lake Albert and Lake Victoria, which were linked to the railway all the way to Mombasa. All that collapsed by the early 2000s and by mid 2000s it was pretty much dead.

We have for long been advocating, dealing with all the concerned stakeholders including the railways, ministry of works, central corridor, Trademark East Africa and other stakeholders to revive water transport on Lake Victoria as part of the broader effort to improve logistics in the country.

What have you done to have these challenges resolved?

We started lobbying in 2015. We did a study; visiting Tanzania (Dar es Salaam and Mwanza) and Port Bell and we came up with a position paper on what was required to revive water transport in Uganda. We invited government to a meeting. We had stakeholders from the Ministry of Finance, Ministry of Works.

We have never stopped advocating for the revival of water transport. As you know, we lost some vessels and then RVR mismanaged the railway.

We have finally begun to see some fruits, with commitment of both countries- Uganda and Tanzania- to revive this.

Last year, in July, there was a Memorandum of Understanding signed between the two countries, Uganda and Tanzania, to revive water and railway transport links.

Uganda Railways Corporation (URC) has taken back the railway from RVR. This is a positive development. Now URC is committed to reviving water transport. We have only two vessels, which operate between the two countries at the moment- MV Uhuru from Tanzania and MV Kahwa from Uganda.

Alex Mbonye, the CEO Uganda Shippers Council

Since July when they resumed the service, 10,000 tonnes of cargo have been moved, which is a positive start. If you go back in history, at the highest point, probably by 2001, we were doing up to half a million tonnes of cargo a year. Water transport is much cheaper. URC has informed me that within five days you can have your cargo from Dar es Salaam to Kampala. That is a tremendous improvement because by road, those who were using Dar es Salaam port were taking 12 to 14 days. The actual driving days are five to six days but port inefficiencies were taking most of the time. Now, the Tanzania Ports Authority has improved its services.

We are one of the stakeholders consulted by the Northern Corridor Transit and Transport Coordination Authority, whenever they carry out their policy research on the five states of East Africa. The authority produces a report on the status of projects, every six months.

The USC has also supported new port developments at Bukasa. From inception of the Bukasa Port project, the USC has provided lots of research and information about trade flows to the port's economic master plan. The master plan and feasibility study were done, and now they are doing the project study. They are still in the early stages of geotechnical testing.

We believe this will be a big project in unlocking the potential of Lake Victoria transport because it is going to be a modern port, which will have the capacity to handle 2.5 million tonnes.

The Ministry of Works has been engaging the World Bank for the last three years about redeveloping Port Bell and the Jinja port and studies are underway. We expect that from 2019, if funds are released, those two ports will be revamped and expanded. This should help bring down the cost of logistics.

Our rates are some of the highest in the world. You will find that the cost of moving a container from Mombasa to Kampala is twice as much as moving the same container from China to Mombasa.

Any improvement in infrastructure reduces the cost of trade. For example, Trademark East Africa has supported the construction of Ntugamo- Mirama Hills road, plus the One Stop Border Post. That has made trade with Rwanda easier.

How does marine interlink with the other modes of transport?

The northern corridor runs up to Kisumu, while the central corridor goes up to Mwanza. So, Lake Victoria can be like a turntable – a meeting point. That is where the term intermodal comes in. Intermodel transport is always cheaper than single model say by road or train.

How else are the USC members benefiting

We have encouraged private sector investment. For example, there is a shipyard under construction in Jinja, purely privately owned. The USC played a big role in the development of that facility; where we assisted them in applying to Trademark East Africa for the $750,000 grant they got.

In a year's time, we hope if that shipyard is complete, they will receive vessels from Lake Victoria, which will help to improve capacity on the lake and connect to the railway networks (the SGR to Kisumu and existing Tanzania railway line).

What would you like to see government do to improve water transport?

We need government to repair the vessels; MV Pamba and MV Kabalega should be replaced.

Government has been promising to do this for the last several years, but that has not happened. We appeal to government to allocate funds for these vessels in the next financial year.

The railway line from Port Bell to the Railway Goods Shade (RGS) (Nasser road) had been closed. But recently it was been opened. Now your cargo can come from Dar es Salaam through Port Bell and it is kept there.

But there is a lot to be done.

What are your most pressing challenges?

One of the immediate challenges our members face are the fees when trading with Tanzania. Our trucks are being charged $500 in road user fees in Tanzania compared to the about $150, that Uganda charges them.

PROFILE: Union Logistics

SHOBHA SUBRAMANIAN, Union Logistics' Human Resource and Admin Manager, speaks about the company's services, capability and challenges faced in the industry. Below are excerpts:

What is Union Logistics about

Union Logistics is a local Ugandan company which has been in operation for 18 years so far.

Our services include ocean freight, air freight, road freight, project/break bulk cargo transportation and management logistics, infield/into field logistics, mining logistics support ,oil and gas logistics support, freight forwarding services, procurement, distribution, cargo lifting &handling warehousing among others.

Our client base includes manufacturers, NGOs and commercial traders in mining, energy, oil and gas sectors.

What capacity and expertise does the company?

Regionally we operate alongside our group companies with a fleet of over 280 semi-trailer, 60 low beds of various load capacities and modular low beds of various capacities to handle Project cargo of up to 200MT.

As a group we employ over 400 people with 91 being employed by Union Logistics, Uganda.

We have vast experience in project cargo management having handled heavy transformers, turbines, windmills, drilling rigs, crushers among others.

We also have a global presence through our global network partners with offices worldwide thus we are able to pick and deliver cargo anywhere in the world.

We have a complete global logistics network to keep cargo from origin to destination and are

URA Authorized Economic Operator thus our clearance is much faster through customs.

We boast of expertise in project cargo handling of any size, shape, weight, out of gauge from origin to destination.

What are the key challenges you're facing

The challenges range from fuel price fluctuations, underhand competition, vandalism to theft. Others are unfair non-tariff barriers and corruption along the routes, poor road infrastructure, insecurity in some countries and unmatched weigh bridges across the region.

The authorities can help with improving the road infrastructure, stabilize fuel prices so that transport rates remain stable and reduce the number of weigh-bridge stops along the Central and Northern Corridors.

How are you positioning yourself to participate competitively in the production round, in the oil and gas industry

We registered on National Suppliers Database of the Petroleum Authority of Uganda. We have acquired fleet that meet Oil and Gas specifications. Our good bank record also qualifies us for any resultant contract financing.

We have trained our staff regularly and also done refresher training for them in preparation for oil and gas.

Improving The Warehousing Service

A need for continuous training and skilling of warehouse operators would go a long way in mitigating industry constraints, says, Ms Fiona Nyamurungi Tubeine, Manager Warehousing, Customs Department, at the Uganda Revenue Authority.

Tubeine also notes that stakeholders needed to interface and find ways of expanding the industry to the whole country.

"We have over 142 customs bonded warehouses in Uganda with over 62,400sqm in warehousing space. This is largely concentrated in Kampala," she says.

Because most of Uganda's businesses are located in the city, Kampala (manufacturing and trading), it follows that most of the customs bonded warehouses are located in Kampala as it makes business sense in terms of cost effectiveness and time clearance.

However this scenario has denied businesses would be cheaper warehousing services that could have been offered in other less competitive areas outside the city. By extension, this also denies upcountry people job opportunities both in the formal and informal sector.

"Yes there's a need to expand the warehousing footprint outside the city centre, as this will broaden the business hub to other areas of the country and de-congest Kampala. With effective cargo management structures interfaced with customs for effective monitoring and accountability, the entire system would move smoothly," Tubeine says.

Customs bonded warehouses serve an important role as temporally storage facilities where goods make stopovers before their final destination. Sometimes this temporary stopover is what allows traders to find market for their goods.

Warehousing services also facilitate change of ownership, re-packaging, and re-branding of the goods as suits a particular market need.

Furthermore it also allows importers to pay in part lots in case of cash flow constraints.

Warehousing is also strategic for a landlocked but 'landlinked' country like Uganda, because as a main transit entry and gateway for South Sudan and the Eastern side

Democratic Republic of Congo, businesses can import and warehouse goods and later re- export them to the neighboring markets.

This boosts business activities for Uganda in terms of revenues, jobs and related opportunities.

Outside Kampala, customs warehouses can also be found in Jinja, Tororo, Masaka and Mbarara.

POLICY BRIEFS

Merian Sebunya, NLP, Chairman

The logistics sector Uganda is fragmented and needs to organise itself so that there is cooperation between the public and private sectors; cooperation between different components of the logistics sector (such as freight forwarding, transport, warehousing, etc.) and cooperation (without collusion) between logistics firms. This can be done by government and NLP supporting self-regulation efforts, through supporting legislation and through support on skills training.

Concerns

In Uganda, the logistics industry, and in particular, road freight and warehousing, is expected to see significant growth rates over the next 10 years, primarily through the demand for logistics coming from the domestic oil and gas sector, including the crude oil pipeline through Uganda and Tanzania; large construction projects such as the Standard Gauge Railway; exploitation of the gas reserves from Lake Kivu; the 80MW power project at Rusumo along River Kagera; and other demands for food from some of Uganda's food deficit neighbours.

To try to ensure that Ugandan firms benefit from the oil and gas sector in particular, the government has introduced local content rules which broadly focus on involving citizens in the sector. This is through training and building capacity for citizens, technology transfer, employment and service provision.

However, what is also required is to strengthen the various sub-components of the logistics industry, in particular the warehousing, freight forwarding and transport sectors so that they can, through co-operation without collusion, be able to take advantage of the opportunities open to the sector. The sector will need to cooperate to compete with the expected well-organised interventions that will take place from some of the larger, international, vertically integrated 4PL companies. This will happen despite the local content rules that are in place.

The Ugandan freight logistics industry has many stakeholders, most being grouped into associations, and all generally weak in that they may not be registered and/or are without fully paid up members; lack capacity in governance systems; low levels of finance; a lack of codes of conduct or, if they do, they have no means to enforce them; and lack common user facilities.

The result of these poorly functioning associations (or perhaps the cause of these poorly functioning user associations) is that members work for themselves and not for the common good of the industry. They compete mainly on price (rather than price and quality of service delivery) and undercutting prices to below breakeven point in some cases. This is particularly true in the road freight transport and customs brokerage subsectors.

Tackling industry fragmentation

Recommended Policies

The NLP, working with government, can assist to make the logistics industry to become less fragmented and a more efficient service provider, and forge a stronger administrative process by:

- Assisting the freight forwarders to be more professional by assisting them to self-regulate the industry by ensuring that all members hold the East African Customs and Freight Forwarding Practicing Certificate (EACFFPC); develop and enforce a code of conduct for their members;
- Support the Uganda logistics industry to promote the bill for self-regulation, now being presented to the EAC and, once passed assist with its domestication in Uganda;
- Support the Proposed Regional Registration Board for individuals (professional recognition).
- Assisting the Logistics Service Providers to get access to capital to buy the logistics equipment needed to take advantage of the opportunities opening up for the logistics industry in eastern Africa – for example it is estimated that about 800,000 tonnes of equipment will need to be moved to develop Uganda's oil industry in the western and north-western part of the country is huge;
- Work with government and drive the preparation and implementation of a private-sector led national logistics strategy; and
- Work with private sector stakeholders to bring in international players into the logistics industry but ensue that these international players come into Uganda on terms set by the Ugandan logistics industry.
- Support in the research, development and training of the sector initiatives.

Enhancing HSE, Quality & Bid Management

One of the major planks of the NLP Private Sector Logistics Strategy is for the Ugandan Logistics Industry to adopt, and be fully compliant with internationally accepted EHS and QM standards, including Bid Management Processes. This is critical for the sector to take advantage of the opportunities identified in the Strategy and further position itself as a competitive logistics service provider in the region and on the global field.

Issues

To trade and be part of global supply chains, it is essential to ensure that the logistics sector meets and complies with environment, health and safety (EHS) and quality management (QM) standards, such as OHSAS (Occupational Health and Safety Management Systems) 18001 and ISO 14001 certification. Multinational companies, such as those operating in the Oil and Gas, Mining, Manufacturing and Shipping industries in Uganda and East Africa, require that their logistics service providers are fully certified and compliant with EHS and QM internationally recognised standards before they can provide a logistics contract to the logistics company.

POLICY BRIEFS

Reducing Costs by using ICT

If the many large regional and sectoral opportunities are taken advantage of in the next ten years the Uganda logistics industry will be a major contributor to national and regional GDP through the creation of jobs and wealth. However, to take advantage of these opportunities, the sector needs to embrace modern ICT based management techniques, which will then significantly improve efficiencies and service delivery.

Reducing the costs of logistics by making use of ICT systems is a major component of the National Logistics Platform's Private Sector Logistics Strategy.

Issues

Information, Communication, Technology (ICT) is a major component of improving the efficiencies and reducing the costs of Logistics. Some of the main ICT and ICT-linked innovations that have revolutionised the logistics industry include:

Innovation	Benefits	Disadvantages
Warehouse Management System (WMS): a category of software designed to manage the operations of a warehouse. A WMS does not usually take the orders but takes them into account in optimising the preparation.	- Decreases labour costs - Increases Storage capacity - Improves customer service	- Does not cover the entire supply chain. - Costs - Skills
Transport Management System (TMS): Software solution for planning and execution of transport of goods (transport optimisation) while taking into account multimodal transport, reloading and international trade	- Reduces downtime of transport. - Improves delivery time. - Reduces costs per unit delivered	- Does not cover entire supply chain. - Costs - Skills
Vendor Management Systems with vendor performance rating capabilities and two-way feedback between vendors and contractors/clients	- Reduces transaction times - Improves overall efficiencies	- Costs - Skills
Web-Based Container Management system. Include order distribution, consolidated billing, enhances reporting capability.	- Decreases labour costs - Increases storage capacity - Improves customer service	- Not cover full supply chain. - Costs &Skills
Transport and Logistics Providers e-register.	- Allows an improved monitoring mechanism	- Difficult to keep up-dated regionally.
Barcodes: Standardised formatted codes that can be read by a barcode reader and automatically feeds the data into a computerised database	- Speeds up data entry; accurate; reduces labour; customer service.	- Costs - Skills
Global Positioning System (GPS): Can obtain transport positions so assist monitoring and planning.	- Improves utilisation of transport equipment - Reduces theft	- Costs - Skills
Radio Frequency Identification (RFID): Stores and retrieves data using transponders (radio labels).	- Improves traceability - Saves time	- Costs and skills - interferences
On-board Computers: Combined with GPS, allows communication and receipt of instructions while out of the office	- allows real-time data transfer - Saves time and money	- Costs - Skills

Innovation	Benefits	Disadvantages
Automatic Guided Vehicles (AGVs): Move along pre-established circuits with no human intervention collecting and depositing goods in pre-defined locations	- Less damage to goods - Can work in extreme conditions; - Can work long hours	- Costs - Skills
Automated Warehouses: Fully automated with no humans	- 24 hour operation - Less damage to goods - No inventory problems	- Costs - Skills
Smart Corridors: Linking ports with weighbridges, toll gates, border posts, cargo tracking systems etc.	- Improve corridor efficiency - Reduce costs and time	- Costs - Skills

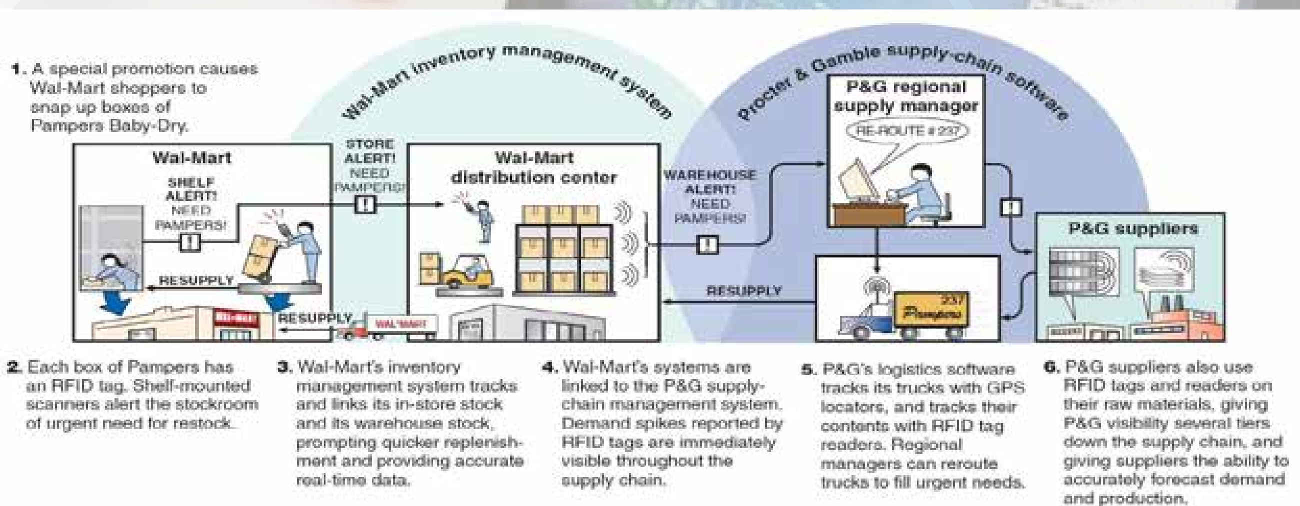
If Uganda is to be a distribution hub of eastern Africa it will need to embrace ICT in all sectors of the supply chain. This will mean automation of the logistics components, such as warehousing and transport, as well as full integration of these systems so that there is vertical and horizontal systems integration in the logistics sector. Figure 1 gives a graphic example of modern integrated logistics systems between Walmart and Procter and Gamble, one of its suppliers. This type of horizontally integrated system is a model that the Ugandan logistics industry could aspire to.

Figure 1: Horizontal and Vertical Integration of Logistics ICT Systems

Recommended Policies

The Government of Uganda should work with the National Logistics Platform to:

- Take account of the latest developments in ICT logistics management systems and assess which of these innovations are relevant to the Logistics industry in Uganda;
- Support the curriculum design of training courses in software management systems for the logistics sector and the use of ICT related instruments such as RFIDs, cargo tracking systems, AGVs, etc. to manage and monitor the performance of the logistics sector;
- Put in supporting policies and programmes aimed at attracting the necessary investments in the logistics and education sectors to move to the level where logistics can compete internationally through high technology interventions; and
- Support the governance structures of NCTTCA and CCTTCA to link digitally "smart" structures such as weighbridges, toll gates, border post and port entry and exit gates with customs management systems and the corridor observatories so that there is continuous monitoring along the corridor to allow cargo to flow along the corridor without having to stop.



POLICY BRIEFS

The Kiva System also known as Amazon Robotics

The primary goal of technology innovation is to make tasks less costly and more efficient. This is particularly the case in the logistics field, where capacity is short, labor is scarce, and customer demands more stringent than ever before. There have already been huge improvements made in the logistics industry and things will only progress as modernization continues to evolve. Here is a quick look at 6 technology trends for 2018 and beyond, the roles they play in logistics, and how they may shape the future.

1. Robotics & Automation

Forklifts have been a vital component to warehouses for decades, and we're now seeing a shift toward programming this share of the supply chain. The primary goal is improved efficiency. Amazon is a leading example in this space, thanks to its acquisition of Kiva Systems, now known as Amazon Robotics. As Amazon and other companies have shown, implementing robotics and autonomous machinery into the fold can condense delivery times to just a 24 to 48-hour period. Autonomous forklifts and robots can pick products much sooner than humans, which means companies don't have to pay human forklift operators. The combination of lower costs and a speedier assembly is a dream come true for any business owner.

2. Safety and Cybersecurity

Safety and logistics will also be on the radar in 2018. Recent hacks into national companies have exposed potential cybersecurity threats throughout some of the most protected organizations on the globe. As a result, logistics providers will be concentrating more on safety. Amplified demand for faster turnaround will also have an inevitable result of increasing the risk of accidents in transportation operations. Workers are going to be functioning quicker, and doing things faster tends to result in less-than-safe practice. National governing agencies also recognize that logistics companies will be doing overtime in 2018, so it is more likely that they will pass protocols sooner rather than later. This will require the use of more innovative analytics to monitor employee performance and obey safety standards.

3. Mobile Apps *(Internet of Things)*

Did you think years ago that you would be able to turn on your ceiling fan from your smartphoneToday, many devices are made with built-in Wi-Fi capabilities and sensors, from cell phones and ceiling fans to cars. The easy access to Wi-Fi and the internet connects everyone to everything, which is why it's called Internet of Things (IoT).

The growth of new technologies and IoT will promote logistics service providers and shippers to increase adoption of mobile apps. These types of apps exist for inventory management, barcode scanning, fleet management, shipment

POLICY BRIEFS

6 Logistics Technology Trends for 2018 & Beyond

tracking, order management, customer service and more. Logistics businesses can pull information and capabilities via an app to manage capacity and satisfy demand. Freight sharing apps are one of the prime app groupings that will see a significant boost throughout 2018.

Also, Radio Frequency Identification (RFID), which has also been in use for a few years, is a popular labor-saving way companies can track their inventory. A tag or sensor is placed on the product and radio waves are sent out. The data is then received and processed by the company. Similar to RFID tags are barcodes, but the superior speed of information delivery and data processing of

4. Transportation Management Systems

The adoption and implementation of transportation management systems (TMS) is anticipated to climb in 2018 and beyond. A TMS has the value of being a "hub" for all logistics communications and processes, including route scheduling and optimization, freight auditing and payment processing, carrier management and more. Furthermore, TMS applications have shifted from terminal-based installs to cloud-based platforms, reducing postponements in implementation, removing bottlenecks from downtime and refining cybersecurity simultaneously. As a result, more companies will adopt such solutions throughout the year to keep up with growing demand and to integrate into the amplified use of the other logistics technology trends.

5. Artificial Intelligence

The potential to utilize Artificial Intelligence (AI) to improve decision making, transform business models and networks, and modify the customer experience will drive the payoff for digital enterprises. A recent industry survey indicated that 59% of establishments are still assembling data to shape their AI tactics, while the rest have already made advancements in directing or implementing AI solutions. While using artificial intelligence appropriately will result in a great digital business reward, the promise of general AI to perform any intellectual duty that a human can do, and vigorously absorb and comprehend as much as humans, is uncertain.

6. Blockchain Technology

Blockchain is a public, dispersed, and decentralized archive that eliminates business friction by being autonomous of individual applications or contributors. The technology has the promise to transform industries, including the government, healthcare, content dispersal, supply chain and more. An applied approach to blockchain requires a clear understanding of the business opportunity, the draw backs, a dependable architecture, and a solid implementation strategy. BiTA (Blockchain in Transport Technology) is an organization that is leading the charge to help develop and set standards for blockchain technology within the transportation industry.

Source: www.logisticsplus.net (Posted April 10, 2018)

OPINION

Closing the gap between insurance and importation

By Faith Ekudu

According to the ISCOS' report on marine cargo insurance flight, it is estimated that Uganda unjustifiably lost at least US$ 335 million to foreign countries and their insurance industries between 2009 and 2013. The reasons for this, among others, included the poor application of INCOTERMS by most importers and the purchase of insurance from insurance companies that are not licensed to do business in Uganda.

To particularly address the matter of insurance and provide a cushion for Ugandan importers the Government has empowered both importers and insurers through two major policy and legal instruments.

One, through the Insurance Act, Section 9(2) - no person other than a person licensed as an insurer under this Act, shall issue any insurance policy on goods imported from other countries except personal effects and donations. In simple terms this means that if any Ugandan importer chooses to insure their imports, they must insure them with an insurance company licensed under the Insurance Act.

And two, the Government through the Ministry of Finance made a key pronouncement in the Background to the Budget Fiscal year 2017/18 paper, June, 2017 empowering locally licensed insurance companies to issue all policies relating to domestic marine cargo insurance effective July 1, 2017.

It further instructed the Insurance Regulatory Authority (IRA) to administratively enforce and implement the provisions in the Insurance Act under Section 9 (2).

The question then becomes, should this really matter to me as an importer and how will I benefit from thisThe answer is yes.

If as a country we lost US$ 335m that we could have retained, individually by making certain decisions, you can earn more from your investments and by locally insuring save on the time, money and aggravation of dealing with an international insurer you would probably have trouble finding and understanding at the time of loss and claiming.

Your first argument against buying insurance locally might be that the cost of insurance is too high to begin with. I would propose that you look at it this way instead – assuming that you are importing electronics worth UGX 25m (US$ 6,584) and the minimum rate for a single transit at 0.75% is applied, you would pay about UGX 258,000 or US$ 68 (includes premium, taxes and applicable levies) in insurance ensuring that if you suffered loss or damage to your cargo from warehouse to warehouse you would be compensated. Consider, on the other hand, how much more expensive it would be to build up another UGX 25m (US$ 6,584) to begin the business all over again.

Generally speaking, the premium applicable will depend on a number of variables which include, but are not limited to, the type/class of goods, the value and frequency of import. When having the conversation with the insurer, it would therefore be important for you, as the client, to think through what you expect from the insurer to ensure the better management of the insurance experience.

With particular respect to the local marine insurance rates vis-à-vis those rates provided internationally, the Uganda Insurers Association (UIA) has benchmarked against other markets and is developing new rate cards to ensure that the local market rates remain competitive.

Your next argument might be that insurers will find every excuse not to pay claims. This argument presupposes that you have confirmed that what you have insured against is covered and that you have provided all the required documentation. If that is the case, then there are remedies

in place to deal with cases where an importer is not satisfied with the services of the insurer. The IRA has developed claims payment guidelines that clearly spell out the time period within which a claim must be paid, once all required documentation has been filed and the client has agreed to the amount of compensation by signing a discharge voucher. If for example, the amount of compensation is UGX 1m (US$ 263), this is paid within 10 working days – although the industry average is 4 days. If the amount is above UGX 50m (US$ 13,167) – depending on the amount – it would take up to 20 working days.

To further streamline this process, claims guidelines are also specifically being developed for Marine Insurance.

If you as the client are still not satisfied with these, both the UIA and the IRA have complaints handling desks and toll free lines where you can seek further clarification or lodge a complaint.

You might now be asking yourself if other markets have adopted similar positions with respect to Marine Insurance and if these are working. The answer is yes.

On January 1, 2017, for example, Kenya set their law into effect and now all imports cleared by the Kenya Revenue Authority must have proof of valid marine insurance underwritten by a Kenyan-registered insurance company. Statistics show Kenya imports goods worth KSh 1.57 trillion (US$ 15.6b) annually, with 90 per cent of this previously insured by offshore providers. The implementation has resulted in a 64% growth in marine insurance according to the Association of Kenya Insurers (AKI) – an indication of the positive response from that market.

Tanzania is also considering a similar approach to localizing marine insurance and Uganda is now implementing the same.

In order to ensure the smooth application of this insurance, there are ongoing engagements between the Government and the Private Sector. UIA is particularly lobbying for the implementation agent to be identified as the Uganda Revenue Authority which will ensure that importer related issues with respect to taxation/import/export are equitably dealt with and that there is a point of recourse with the government. We are also actively pursuing the establishment of a cross sector Committee which will consider the different stakeholder positions and amalgamate this into a model that suits the Ugandan market. This Committee will be comprised of institutions that include, and are not limited to IRA, UIA, KACITA, Uganda Manufactures Association, Importers and Exporters Associations, Uganda Shippers Council, Uganda Clearing and Forwarders Association and Uganda Freight Forwarders Association.

We are also cognizant of the fact that the awareness and understanding of insurance still remains low and we are engaging the public, partner associations and mass media, to increase the understanding of risk and the measures available to deal with the same through insurance.

From the insurance company side, the capacity, both financial and technical is readily available to handle all Marine Insurance related risks.

We have addressed questions to do with price, claims settlement, processing and the availability of information on Marine Insurance which should put any importer at ease. Should there be further questions, the UIA is available to provide free of charge training for individuals/groups or have discussions on the same.

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"The Uganda Insurers Association (UIA) has benchmarked against other markets and is developing new rate cards to ensure that the local market rates remain competitive"

Entebbe Airport Upgrade, Expansion On Course

Entebbe International Airport (EIA) is currently undergoing an infrastructural upgrade and expansion of a number of facilities. The ongoing works are part of Civil Aviation Authority's (CAA) implementation of a 20-year master plan which covers the period from 2014 to 2033.

In the first five years of the project, a number of projects have already been undertaken.

The expansion projects follow a study in both the passenger and cargo growth trends at the airport and below is the progress thus far.

The departure immigration counters have most recently been modified by China Nanjing International Limited to increase their number from six to eleven. Two booths with four counters and another booth with three counters to accommodate a total of eleven Immigration Officers were successfully installed in August. The queuing space, which was originally 101 square meters is now 209 square meters.

Earlier on in 2017, the same contractor modified arrivals immigration counters and their number was increased from 14 to 20. This has since enhanced efficiency in service provision and drastically reduced on long queues at peak time. In the Arrivals Hall, one of the counters has been specifically dedicated to handling passengers with special needs, crew, business and first class passengers.

Works for rehabilitation and strengthening of the old runway 12/30 commenced in May 2018 and are expected to be completed by the end of 2018.

The works are undertaken by China Communication Construction Company (CCCC), which is also handling the on-going construction of a new 100,000 tones capacity Cargo Centre.

80% of the works for the new Cargo Centre's Aircraft Parking Apron have been accomplished, 35% of works for the Cargo Terminal building are complete, and 90% of works for the Landside and Airside Access roads have so far been accomplished. Expansion works for Aircraft Parking Apron 1 are at 70% and extension works for Taxiway Alpha are at 70% level of completion. Runway 12/30 rehabilitation is at 30%.

Works for modification and expansion of the passenger terminal building are also on-going and are at 30% level of completion. They are being undertaken by Seyani Brothers (U) Ltd.

> On-going is the construction of a new 100,000 tones capacity Cargo Centre, with 80% of works for the new Cargo Centre's Aircraft Parking Apron accomplished, 35% of works for the Cargo Terminal building complete, and 90% of works for the landside and airside access roads accomplished so far.

Ongoing works for the expansion of the passenger terminal building (departure block).

Capacity in the long term car parking was increased from 260 to 410 parking lots.

Members of the Board of Directors of Civil Aviation Authority inspecting works for the Aviation Fuel Hydrant line at the site for the Cargo Aircraft Parking Apron.

Phase two of the expansion of the long term car parking was completed earlier on and it involved creation of additional capacity to park 140 cars to increase the total Long Term Car parking capacity from 260 to 410 cars. The work was undertaken by Energo Uganda Co. Ltd.

Air Traffic Services Management System and Air Traffic Control Radar were upgraded and this led to a shift from use of manual to automated electronic strips. It also extended the ATC Radar's serviceability lifespan by another ten years.

In regard to advancement of technology to suit the current trends, automation of the Aeronautical Information Management System at Entebbe International Airport was enhanced. This has increased efficiency through saving time, reduction in costs incurred by air operators and ability for pilots to file flight plans from anywhere using any web enabled device.

We have also seen the improvement of air navigation services and automation of Entebbe International Airport by the Korea International Cooperation Agency (KOICA) as part of a US$9.5 million grant to Uganda from the Government of South Korea.

The Project involves:-

- Implementation of Air Traffic Services (ATS) Message Handling System
- A computerized Maintenance Management System (CMMS) and Airport Operational Database (AODB) system.
- Improvement of Flight Procedures efficiency through Air Traffic Management.

The three year project commenced in March 2016 and Uganda has on its part come up with counterpart funding of approximately US$ 250,000 (per year) towards the implementation of the project that is expected to be fully delivered by the end of 2018.

A new Terminal Operations Control Centre has already been put in place at Entebbe International Airport and a training facility fully equipped at the CAA Head Office.

Travellers being attended to at the modified departure immigration counters.

FEAFFA's popular training program goes online

The Federation of East African Freight Forwarders Associations (FEAFFA) has commenced delivery of the EACFFPC training program through the FEAFFA Online Resource Center (FORCE).

FEAFFA Executive Director, Mr. John Mathenge, says the platform is now ready for use enabling clearing agents, freight forwarders and shippers to undertake online classes on Rules of Origin (ROO) and more recently, HIV/AIDS and health. All one needs is an internet enabled gadget and reliable internet access, notes the Executive Director.

"We have put in all the necessary measures to ensure students are able to register and go through the courses with ease and at the comfort of their phones, tablets or laptops," says Mathenge.

East Africa Customs and Freight Forwarding Practicing Certificate, EACFFPC, is a six months mandatory regional training program implemented jointly by FEAFFA, its affiliate national associations, revenue authorities and the EAC Directorate of Customs offered to individuals already practicing or intending to practice in the clearing and forwarding industry throughout East Africa. The training equips trainees with necessary skills, competencies and values desirable in Customs and freight forwarding. More than 6000 CFAs have graduated from the program since its inception a decade ago.

For a start, there are three courses currently on the online platform, two on Rules of Origin *(the EACFFPC Rules of Origin Course and an awareness course on the Revised EAC Rules of Origin)* and the other on HIV/AIDS and health.

The EACFFPC course targets both undergraduate students and graduates who wish to update themselves on the latest changes in the subject since they graduated.

The revised EAC Rules of Origin aspect is a short course intended to update all players in EAC trade on the specific changes brought about by revision of the EAC rules of origin in 2015.

Then the HIV/AIDS and health course is targeted towards individuals in the customs clearing and freight forwarding sector mainly at their work stations especially at ports and border posts along the EAC transport corridors.

"The purpose of the HIV/AIDS and health training is to equip the customs agents and freight forwarders with attitudes and skills to safeguard their health and protect themselves, their workmates, families and communities around them against HIV infection and help mitigate the impact of AIDS," says Stephen Ngatunga, the FEAFFA President.

In order to enroll for a course, an interested student will apply for the course via the url, http://lms.feaffa.com/, filling up the student registration form and submitting the same for verification and approval.

A notification email is instantly sent to the student by the system administrator as a way of acknowledging receipt of their application after which the applicant is enrolled for the course applied for and hence granted access to the platform.

Upon successful enrollment, students will be granted access to course materials. The system also provides a student forum where trainees can share and discuss questions on specific course modules not only with their fellow students but also with their tutors. The forum is designed to enhance interaction between learners and their tutors.

> "The online learning option will offers flexibility, therefore enabling working students to effectively undertake their studies, while also being accessible to customs agents located outside major EAC cities

Solving Absenteeism

EACFFPC training has always suffered a lack of sufficient time to effectively cover the entire scope of the subjects.

Student absenteeism is prevalent; which, in part, is attributed to unavoidable circumstances, such as conflicting schedules between the workplace and the evening classes. Majority of the students are employed.

In addition, some of the working trainees who attend classes regularly are often tired after the rigors of work. This affects their levels of concentration and therefore limits the magnitude of what they are able to take in during lectures.

The online learning option will therefore offer flexibility enabling working students to effectively undertake their studies. FEAFFA trainings will also be accessible to customs agents located outside major EAC cities where EACFFPC training currently takes place.

Training of Trainers

In preparation for the rollout, FEAFFA organized a three days Training of Trainers' (TOT) workshop to empower tutors who were to manage the online classes. The training was attended by Rules of Origin trainers and experts from East Africa Revenue Authorities, EACFFPC training centres/institutions and EACFFPC trainers from national associations of customs agents and freight forwarders.

A similar event will be organized for trainers in HIV/AIDS and health to make it easier for them to manage online classes.

Partners

Development of the online learning platform has been supported by USAID East Africa Trade and Investment Hub (the Hub). FEAFFA took advantage of the platform to secure additional support from the Cross Border Health Integrated Partnership Project (CBHIPP) to provide training on HIV/AIDS and health.

The USAID East Africa Trade and Investment Hub boosts trade and investment with and within East Africa. It does this by deepening regional integration, increasing the competitiveness of select regional agricultural value chains, promoting two-way trade with the United States (U.S.) under the African Growth and Opportunity Act (AGOA) and facilitating investment and technology to drive trade growth intra-regionally and to global markets.

The Hub supports the U.S. Government's presidential Trade Africa and Feed the Future initiatives. It is funded by the U.S. Agency for International Development (USAID).

CB-HIPP is also funded by the U.S. Agency for International Development and implemented by FHI 360. It is designed to extend quality integrated health services in strategic border areas and other transport corridor sites in East, Central and Southern Africa. FEAFFA is one of the partners whose role is building capacity of customs clearing and freight forwarding agents in peer-based health education and referral at land sites and extending health education and services, to customs clearing and freight forwarding agents and the mobile and resident workers with whom they interact.

Gulu Logistics Hub To Benefit Three Countries

In recent years, Uganda has played a vital role as a distribution hub for South Sudan and the Eastern Democratic Republic of Congo (DRC). The route to South Sudan and DRC passes through Northern Uganda, which is one of the country's four administrative regions, with Gulu as its regional capital.

Uganda has seen transit volumes grow, which has led to the emergence of a distribution industry especially in Jinja and Kampala.

Despite this important trade, there is no distribution hub in the Northern Uganda. The region depends on other distribution hubs established around Kampala and Jinja, or on goods moving directly to their destination markets through Northern Uganda.

The operationalization of the Gulu Transport and Logistics Hub is therefore expected to address some of the issues that hamper distribution of cargo in Northern Uganda, South Sudan and parts of DRC.

The project will also benefit populations in Northern Uganda, including refugees, by reducing the cost of basic goods, including food, and by providing opportunities to market local produce. This will also increase the capacity of farmers to access the markets and facilitate the importation of agriculture inputs.

The Action, implemented by TradeMark East Africa, on behalf of DFID, will therefore contribute to the achievement of DINU specific *Objective II* – Increase trade of commodities within the region, within the country and with neighbouring countries through improved transport and logistics infrastructures.

Activities

Procurement of a Detailed Design and Construction supervision consultant: An experienced firm will provide Design and Supervision Consultancy services

Project Duration: *41 Months*

Funding: *The United Kingdom Department for International Development: EUR 2,67 Mio); European Union: EUR 5Mio)*

Partners: *Ministry of Works and Transport, Gulu Local Gov't, Uganda Revenue Authority, the National Logistics Platform with the Private Sector Foundation.*

Beneficiaries: *Exporters and importers, including government agencies in Uganda, Kenya, South Sudan and DRC, will benefit from quicker transit time and cost savings; populations in Northern Uganda will benefit from cheaper products, including food, and connection to markets, thereby providing opportunities for export.*

undertake the detailed design work, develop cost estimates and provide procurement support including preparation of tender documentation. In addition it will oversee execution of the work by the civil works contractor as per the design of the project and provide technical audit services.

Procurement of a Civil Works Construction Contractor: the contractor will construct the facility as per the design of the project to provide functions such as container and break-bulk, handling and storage facilities, space for stakeholders dealing with freight transport and the provision of accompanying services such as customs inspections, tax payment, maintenance and repair, banking and information communication technology connections.

Trade logistics processes, including customs, streamlined: Through the presence of customs and other regulatory agencies at the logistics hub, the process of clearing goods will be streamlined. Ugandan, South Sudanese and Eastern DRC traders and other users will also be facilitated to support the clearance of goods.

Humanitarian Assistance processes made efficient: The logistics clearance processes of humanitarian agencies, such as the World Food Programme, will be streamline to dispatch humanitarian assistance more quickly, efficiently and cost-effectively in the region. Development of the logistics hub is critical at this time when Uganda is playing a key role in responses to several major crises in the region, including the conflict in South Sudan. Uganda is currently hosting more than 800,000 South Sudan refugees.

Overall Objective: *To contribute to reduced barriers to trade for both Northern Uganda and the neighbouring countries of South Sudan and the Democratic Republic of Congo*

RESULTS:

Outcome:

Reduced Barriers to Trade

Intermediate Outcome:

Improved Capacity of Infrastructure in Northern Uganda to serve markets in Northern Uganda, South Sudan and parts of the Democratic Republic of Congo

Short term Outcome 1: *Efficient management of freight transport through Northern Uganda*

Short term Outcome 2: *Improved capacity to handle containers and other cargo in Gulu*

About TradeMark East Africa

TradeMark East Africa (TMEA) is an organization funded by a range of development agencies to promote regional trade and economic integration in East Africa.

TMEA is headquartered in Nairobi with offices in Kampala, Kigali, Bujumbura, Dar es Salam, Juba and Arusha at the East Africa Community (EAC) secretariat.

TMEA is supporting a number of initiatives to achieve its strategic objectives of increased physical access to markets, enhanced trade environment and improved business competitiveness.

TMEA works closely with government institutions, civil society organizations, private sector and EAC secretariat.

About DINU

The Development Initiative for Northern Uganda (DINU) is a Government of Uganda integrated programme. It will be implemented in 33 districts of Acholi, Karamoja, Lango, Teso and West Nile for a duration of six (6) years (2017-2023).

The overall supervision is with the Office of the Prime Minister through local government in partnership with a wide range of stakeholders.

DINU supports interventions in three specific interlinked sectors:(1) Food Security, Nutrition and Livelihoods (2) Transport Infrastructures and (3) Good Governance. Key Implementing Partners have been identified to undertake those interventions according to their specializations. More actors will join along the way.

The financial contributions to DINU are as follows: Government of Uganda (11,954 Mio EUR); European Union (132,8 Mio); DFID (2,67 Mio EUR); The Federal Republic of Germany (1,8 Mio EUR); UNCDF (0,352 Mio EUR) and UNICEF (1,056 Mio EUR).

Asset Financing with dfcu Bank

dfcu Asset Finance offers a smart and affordable financing option for acquiring equipment, business vehicles, plant and machinery for business expansion.

Ronald Ssonko is the Asset Finance Manager at dfcu Bank and shared these insights.

How does dfcu asset finance work

Asset financing is a medium-term option for acquiring equipment, business vehicles, plant and machinery. A contract is drawn between dfcu Bank and the customer, whereby dfcu provides an asset of the customer's choice for usage over a specified period in return for specified repayments at an agreed interest rate. At the end of the period and after complying with all the contract terms, ownership of the asset is fully assigned to the customer. Asset finance is based on the notion that business cash flows are generated from use of the asset.

What can be financed

All good quality, brand new or pre-owned (used) assets to include, but not limited to cars, trucks, buses, computers, aircraft, water vessels and equipment including accessories for manufacturing, medical, communication, energy and power supply etcetera; the customer identifies the asset that fits their requirement. However, the bank will verify the asset quality, reputation of the supplier and pricing before making the purchase.

What are the benefits of dfcu Asset Finance

Collateral free – there is no requirement for security/collateral to access this financing product as the asset financed is used as the primary security.

Accessibility – asset finance allows businesses with limited capital and credit history to boost their operations provided their cash flows are sufficient to cover the asset finance facility payments.

Tenor – asset financing allows for credit periods of up to 60 months (5 years) subject to the leased asset, this is normally a welcome relief for entities that are normally limited to 1-2 years whenever they have sought debt funding for their business operations.

Leasing conserves cash and working capital – cash is not tied up in moveable assets and will be available to finance other business operations.

What repayment options are available

Repayments are structured to match the cash flow of the customer's business. For instance, repayments of a school will be structured to fall at the beginning of a school term whilst that of a farming business will tie in with the seasonal payments. Various structures will always be designed to best fit the customer's cash flow cycle.

How are you addressing the tough economic challenges that could be keeping potential clients away

Like any business, the challenges are coming at us every day and we are in solution-mode every day at the office, but the two worth our mention today are;

The cost of doing business in Uganda as exemplified by the cost of fuel has negatively impacted this product uptake. Many transporters have held back on purchasing new assets just, so they can manage the ever-increasing costs of doing business.

Also high cost of funds for the commercial banks consequently implies a high cost of credit for the final borrower. This scenario has dissuaded many would-be borrowers away from the banks, subsequently resulting in a shortfall on the sales projections for this product.

However, are constantly innovating to maneuver the hostile business environment and a host of products have been included on our menu to ensure we significantly reduce the cost of doing business for and with our customers, but specifically to address the major challenges mentioned above, dfcu Bank has used its strong shareholders to source competitively priced funds in order to offer business friendly rates of credit. It is in this area that we emphatically pronounce our quest to be the preferred business partner for our customers.

What is the future of vehicle lending

With everyone and every business seeking to run a more efficient operation, the market is significantly making a shift to renting business assets as opposed to owning them. Essentially the desired position is to have depreciating assets off their balance sheets and only a pre-determined expense (rent) going off the income statement; this desire has driven the demand for operating leases in this market. It may be at the take off stage, but certainly that's where the future of vehicle lending is headed.

Free Zones:

Hubs of Opportunities for the Logistics Sector

"Logistics is the stuff that if you don't have enough of, the war will not be won as soon as," said General Nathaniel Green, Quartermaster, American Revolutionary Army.

It is indeed true that no matter how fast a company manufactures a product or how good it is, if the product does not get to the customer at the time it is expected, there is bound to be disappointment and perhaps loss of business going forward.

More often than not, reputation of a company is strengthened by timeliness to deliver as agreed. This is why the Logistics sector is very important to ensure connectivity between the manufacturers and the consumers by managing freight, warehousing, and distribution.

The Free Zones Act, 2014 is alive to the vital role that the logistics sector plays in ensuring that free zones are successful by offering complementary opportunities and activities which include: warehousing and storage, breaking bulk, grouping of packages, and other related activities.

According to the Free Zones Act 2014, a free zone is a designated area where goods introduced into the designated area are generally regarded, so far as import duties are concerned, as being outside the customs' control.

They are geographic areas where raw materials and goods may be landed, handled, manufactured or reconfigured for export without being subject to import duties.

The inputs (raw materials, machinery and spare parts) that are for the exclusive use in the development and production output of the business enterprise in a free zone are tax exempt.

The logistics element is important for efficient, cost-effective, and most importantly, timely delivery of cargo to and from the free zones thereby addressing a gap in the global supply chain and ensure client satisfaction at the end of the value chain.

Uganda Free Zones Authority (UFZA) is mandated to oversee the establishment, development, management, marketing, maintenance, supervision and control of Free Zones in Uganda and to provide for any other related matters.

UFZA offers simplified start-up procedures with minimal bureaucracy:

Stage 1: The Applicant must incorporate or register a company with Uganda Registration Services Bureau (URSB) for the sole purpose of developing and/or operating a Free Zone in Uganda;

Stage 2: Submission of a duly filled application form accompanied by relevant documents (Proof of payment of Application Fee, Memorandum and Articles of Association, Tax Clearance Certificate *(where applicable)*, Business Plan, etc);

Stage 3: The submission shall be subjected to an evaluation to satisfy the criteria that warrants issuance of a licence;

Stage 4: Successful Applicants are recommended to the Minister of Finance, Planning and Economic Development for Declaration of the area as a Free Zone;

Stage 5: The Licence is issued after Declaration by the Minister;

Stage 6: Development and operations of the Free Zone should commence within 12 months.

Throughout the aforementioned process, the applicant is facilitated to ensure efficiency in documentation.

To ensure success in the implementation of the free zones scheme, the Government of Uganda has made significant investments as a commitment, by improving and developing infrastructure to the free zones in order to facilitate timely delivery of goods and services.

AEO Summit already paying dividends

The fourth Global Authorised Economic Operator (AEO) conference held in Kampala earlier in the year seems to be paying off already.

According to the hosts, the Uganda Revenue Authority (URA), the rewards of the prestigious World Customs Organisation (WCO) event, hosted in Africa for the first time, is evident, with the logistics and transport industry being among the biggest beneficiary thus far.

In an interview with Mr Dicksons Kateshumbwa, the URA Commissioner Customs, it was obvious that the global meeting instilled a high level compliance, cementing trust between the tax prefect and the logistic industry players.

The March 2018 conference stressed the importance of the AEO programme, a message that the industry players seems to have embraced without hesitation.

"The AEO programme is progressing well. After the successful conference, we got a lot of interest from the business community and the impact on the compliance behaviour has been positive," Kateshumbwa said recently.

"So far we have 56 companies on the AEO programme at National Level and 23 companies with the regional AEO Status. We hope to grow these numbers with even more focus on Small and Medium Enterprise (SMEs) by creating a tier rating system so that we progressively grow companies from low levels of compliance and security upwards," Mr Kateshumbwa added.

It further emerged in the interview that a discussion has commenced with China, India and South Korea on Mutual Recognition Agreements (MRAs) and URA has already signed the AEO – MRA Implementation roadmap with the three countries.

Once enforcement of the MRAs begins local AEO exporters will, apart from preferential handling, be accorded exclusive clearance treatment. This means their exports will be accorded first clearance opportunities and therefore saved from the rigours of clearing 'distrustful' cargos.

What is the AEO programme?

This initiative is part of the safe framework of standards, developed by the World Customs Organization and adopted by many customs administrations globally, including Uganda. Generally, it is a trade facilitation/compliance initiative that recognises companies and all the players in the international supply chain that are compliant and fulfill certain requirements. And in turn customs/revenue authorities grants them benefits which allows them clear their cargos faster while at the custom points.

For example, under this programme, a clearing agent may be given priority treatment when transacting/clearing goods at the customs. The same can also be afforded to an importer.

The programme became particularly crucial following the 9/11 terror attack in the USA, compelling the international customs community to come together and forge a way forward.

"So this programme was formed to allow cooperation among customs administration across the world. Under this programme customs coordinate with each other and share information and intelligence amongst themselves with a view of preventing dangerous items or even individuals from penetrating into member countries and causing destruction or evade taxes," explains Kateshumbwa.

Under this programme, customs and businesses operate as partners rather than two distinct entities.

Multilines is one of the Ugandan companies with AEO status

> **"So far we have 56 companies on the AEO programme at National Level and 23 companies with the regional AEO Status. We hope to grow these numbers with even more focus on Small and Medium Enterprise (SMEs) by creating a tier rating system so that we progressively grow companies from low levels of compliance and security upwards,"**
>
> **Mr Kateshumbwa**

Once an enterprise expresses willingness to undergo the rigorous checks and assessment of the programme, it earns the trust of the government. Successful businesses thereafter are recognised and are accorded benefits such as priority treatment at the customs point.

The programme also looks to strengthen the cooperation of customs with other government agencies. This is important in securing revenue and security. For example customs will be required to share intelligence with other government agencies like the Uganda Bureau of Standards and the security agencies among other bodies.

Who implements the AEO

Before being enrolled, a firm must be willing to voluntarily join the AEO programme. The revenue authorities will then require the entity to do a self-assessment of its entire operations with emphasis on security of cargos, premises and its employees. Thereafter the assessment the entity provides will be verified before it is granted the AEO status.

Importantly, only those that attain the low risk measurement and can sustain the required standard will be granted the AEO status.

Within the EAC, Uganda already has a mutual recognition. This implies that if one's AEO status was granted here in Uganda, they will accrue the same benefits across all the EAC couuntries, namely: Kenya, Tanzania, Rwanda and Burundi.

Currently there are about 36 companies under the AEO programme and over the next two years URA is looking at increasing it to 100, although that will be subject to companies fulfilling the requirements.

Being AEO certified however, does not meant it is done and dusted. An enterprise's transactions are still monitored on a monthly basis. And if there is anything suspicious a red flag is issued.

AEO and revenue collection

"Statistics indicate that the impact is massively positive. The compliance level of the signed up traders and importers is near perfect. If all our traders were on the same programme the collections would be unimaginable. I believe we can hit nearly 100 per cent compliance," says Kateshumbwa.

Normally success in revenue collection is a function of compliance, he explains. Majorly, efficiency in tax administration and being able to facilitate the processes is crucial. This progammes has all those elements, Kateshumbwa asserts.

Before the close of the previous financial year revenue calendar, URA customs department was guaranteed slightly over UGX 1 trillion (US$ 262.8m) in revenue from companies that had AEO status.

With 28 more companies being brought into the programme, the revenue contribution of entities under this initiative will go to about 25% beginning this financial year, 2018/19, according to Kateshumbwa; who equates the AEO programme to the elite Champions' League.

Continental honors

Uganda's AEO programme has been assessed to be the most mature on the African continent.

"We have been implementing this programme since 2005. With the support of Trademark East Africa, we even pushed it to greater heights. Our global ranking is very high in as far as implementing the AEO is concerned; a great positive for Uganda," Kateshumbwa noted.

Some of the companies on the URA AEO list

1.KUEHNE & NAGEL	*9.RKS*	*17. SPEDAG INTERFREIGHT*	*25.HUAWEI*
2.BEMUGA	*10.DHL INT*	*18.TOYOTA*	*26.ENFREIGHT*
3.GM/VP/VEQ/VM/VENG	*11.BOLAX*	*19.SUPERPLAZA*	*27.BATU*
4.STEEL &TUBE	*12.BTS UGANDA*	*20.DAKS*	*28.KARGO INTERNATIONAL*
5.DHL	*13.BOLLORE*	*21.UNION LOGISTICS*	*29.TOYOTA*
6.PARTH	*14.ROOFINGS/RRM*	*22.BRITANNIA*	*30.NICE*
7.NICE/UBL/JESA	*15.TNT*	*23.TOTAL*	*31.JESA*
8.MULTILINES	*16.THREEWAYS*	*24.UMEME*	

Dar es Salaam Route

Ugandan importers breathe a sigh of relief

The resumption of rail services between Kampala and Dar es Salaam has presented Uganda's freight and forwarders industry with an alternative to the busier Mombasa corridor, offering more certainty to different importers over the safety and arrival of their goods.

The number of goods moving through Dar es Salaam has picked up after the Uganda Railways Corporation took over from Rift Valleys Railways, which was managed by Qalaa Holdings, in January 2018. Egypt's Qalaa Holdings had a 25-year concession to revamp the rail services between Uganda and Kenya, which was expected to reduce the cost of transport for importers and also relieve the road network between the two countries of pressure exerted by the heavy trucks moving cargo. However, after a series of warnings over the company's delay to improve the railway network, both countries agreed to cancel the concession.

Mr Stephen Wakasenza, the Chief Commercial/Concession Officer, Uganda Railways Corporation, said now that they are in charge, there are more plans to boost the amount of cargo along the route.

"URC has also resumed services to Dar es Salaam via Port Bell and Mwanza and we are now carrying up to 8,000 tonnes on that route. URC expects to have up to 15,000 tonnes starting September and going forward," he said.

The plan to nearly double the cargo moving through Dar es Salaam, comes just over 10 years after the Kampala – Mombasa corridor was cut off for days when a disputed presidential election in Kenya in late 2007 threw the country in turmoil, sparking off riots that claimed hundreds of people.

As a result of the riots, key imports such as petroleum products could not get into Uganda because Kenya remains a key gateway for imports into East Africa. In the end, Uganda was thrown into a fuel crisis, with the price of a litre of petroleum products shooting to levels that have never been matched since.

It was at that time that Uganda started to seriously consider moving goods through Dar es Salaam, although the distance to Kampala is longer compared that from Mombasa. While it has taken long for Uganda to consider the Dar es Salaam route, the latest indicators are that the route is changing the prospects of importers.

"The Dar es Salaam route is proving to be the most efficient, with cargo reaching Uganda in three and a half days," Wakasenza said.

TERP Media, one of the oldest public relations firms in Uganda, a subsidiary of the Tomosi Group, issued a statement saying they were promoting the use of the Dar es Salaam port for Uganda bound cargo (imports) and exports.

Speaking at the second Uganda-Tanzania Joint Permanent

Commission (JPC) Ministerial meeting, in Kampala, in August 2018, Mr Charles Kateeba, the Managing Director, URC said that in two months of operations of the Portbell – Mwanza route, one customer who shipped 6,800 tons saved USD 240,000 in transport costs.

In Dar es Salaam, Wakasenza said that they work with Tanzania Railways Corporation, Tanzania Ports Authority and Marine Services Company Limited.

"As of now, this is purely on the Meter Gauge Railway network, where we load cargo at Dar es Salaam and it comes all the way to Mwanza and it is loaded on wagon ferries either on MV Kaawa or on MV Umoja to be transported over Lake Victoria between Mwanza and Port Bell and back on rail between Port Bell to Kampala over the Meter Gauge Railway," he said.

Regardless, the corridor through Mombasa remains the preferred option for many importers in Uganda. It is estimated that about 95% of imports into Uganda are exported via Mombasa by road.

Wakasenza said they had "agreed with Kenya Authorities on how to share containers between the standard gauge and the meter gauge wagons."

According to records from the Uganda Railways Corporation, in July, 2018, at least 22,000 tonnes came to Uganda through Mombasa, and starting September, the country expects the figure to shoot to more than 35,000 tonnes.

URC says key customers such as World Food Programme, Bakhesa, Mukwano, Spedag, Interfreight, Bollore, Bidco and Roofings are back to using their services.

According to Mr Hussein Kiddedde, the chairman of the Uganda Freight Forwarders Association (UFFA), total Ugandan international freight is 14.5 million tonnes per annum of which rail is carrying only about 0.5 million (3.4%). Road transport dominates the Northern Corridor (from Mombasa to Kampala), accounting for over 95% of all the freight movement. Road transport however is considered inefficient in terms of costs of transport, safety and protection of the environment. The lack of railway transport and efficient rail connections between the gateway ports, strategic production areas and main land is partly why the region has become uncompetitive, with what is termed as "the highest cost of doing business" in the world.

"An efficient rail transport system and functional inland water ways would significantly spur productivity for domestic and export markets. The dream to become a lead logistics hub in the region is a tall order for Uganda with a non-functional rail system for both goods and passenger logistics," says Kiddedde, OPINION

Why Uganda needs to start thinking global

Without Professionalism Uganda's Logistics Industry Will Continue Lagging Behind

As logistics starts getting its rightful recognition as the engine of any economy, it is important that we get the basics right from the word go. Let us master the semi-professional and professional skills in the global logistics industry first, and then start thinking about bigger things.

Without these basics, the rest become difficult to attain, as it keeps getting more technical at every new level.

The good thing is that we now have many available avenues where one can learn and get to understand the nitty-gritties of the trade. And this being the information age learning material is easy to access.

One of the key institutions is the logistics' academy at FIATA (the International Federation of Freight Forwarders Association), which is open to its members. Their non-residential training can be completed online and a professional qualification attained; a certification that is acceptable worldwide.

The FIATA logistics training academy focuses on a whole range of topics including the latest technologies in shipping, customs clearance, insurance and even direct handling of cargo such as dangerous goods and the like.

In Uganda, we do have training for the local clearing and forwarding players, but it is not at the FIATA level, yet we need to start speaking the global language.

And the courses are constantly updated to ensure the learners are abreast with the ever changing landscape of logistics in the world. The FIATA newsletters are also constantly updating readers about new changes in regulations, in whatever country across the world, which helps transporters avoid surprises.

Ignoring such an opportunity to learn exposes one to the unknown, undermining their ability to compete globally. One will easily get stumped by queries from a potential international client and probably the technical terms (say, Incoterms) being used they will have never encountered either.

And running to Google may not help much as it does not compare to learning directly from experts; who have had the benefit of actually partaking in the whole logistics process and therefore know exactly what they are talking about.

It is therefore important that Uganda has a certain number of people who are technically qualified at globally accepted standards; and it is this critical mass that will move the industry forward. We can even say that within a particular timeframe – say within two years – we will have this number of experts.

Financing

Another vital area is understanding how financing is sourced.

An Indian company recently got funds from Europe to finance a marine transport opportunity in Uganda. Both the company and the financier saw the value and decided it was a worthy investment as local Ugandans looked on.

Similarly, a heads of state summit involving countries along the Central Corridor (Tanzania, Uganda, Burundi, Rwanda and DRC), seeking to transform the route from merely being transport specific to a value-addition-centre, attracted various banks and venture capitalists from all over the world, seeking to pick what they could finance in the 23 projects available.

Back home in Uganda though, we will find banks asking about collateral.

It should be a completely different language when it comes to financing projects at this level. The bank should know how to protect its interests, so that the risks are mitigated. These are things we need to understand.

Probably we need to get together, pool our resources together and have some acceptable resource standards. Anybody should be willing to deal with you because you have a sizeable financial muscle.

Unfortunately, we are all still obsessed with being CEO at our small entities employing 3, 5 or 7 workers; where we call all the shots, with no respect for corporate governance whatsoever.

If multibillion companies like Volkswagen and Tata can merge, why shouldn't two Ugandan companies, with way smaller asset bases, do the same

Successful merger models are available worldwide; with everyone's interests catered for under a new, bigger entity. We need not fear venturing into these spaces. We can even hire professionals to run the new entities if need be, to maximize value.

And then, with a bigger financial arm after a merger, it becomes easier to keep pace with the world, because we can now borrow bigger money if need be.

The logistics industry and supply chain landscape, for instance, is becoming largely automated and artificial intelligence is increasingly being applied on the other side of the world with robots and self-drive cargo vehicles a common sight.

If you are very small, and have never handled US$ 1m in your operation, how can you be in entrusted with a US$ 20m contract

This is how we will end up failing to handle our local content quota in oil and gas, and similar projects.

These are the issues that we should be looking to overcome and become competitive on the global market rather than focusing on procedural challenges of ports and cross border taxes.

Practical thinking

Our associations can be the drivers of this transformation, benchmarking on what has worked elsewhere.

Rwanda's equivalent of UFFA is the richest association in East Africa despite the small size of the country's economy. And this has been achieved through a simple resource pooling model.

The association agreed to have just a single desk at the border to clear each member's goods, as opposed to every company handling their own cargo like it is here.

This has worked tremendously well for everyone involved, because members pay a small fee to the association for this service, while avoiding the larger overheads like rent and staff salaries. This can work here as well. We just need to trust each other more and think differently.

Another interesting example is in Tanzania, where they have reenergized their Meter Gauge railway model; refurbishing several locomotives and upgrading the railway line with the help of Malaysia. They have looked around and used what they have; not waiting for the standard gauge railway to come on board to resume rail transport.

Flexible Government

Whereas I have focused more on the private sector's role, the government too has a big role to play in transforming Uganda's logistics industry, especially with the policies it fronts.

However the private sector must fully participate in the formulation of these policies since they are the ones on the ground getting their hands dirty every day, and therefore are well versed with what is working and what is not elsewhere.

For instance a while back tricycles were banned because they were not mentioned in the Ugandan laws. But they had already proven to be useful in transporting cargo in areas where the ordinary vehicle would not easily access.

This demonstrates the need for the policies to always be up to date; moving with the times and therefore keeping logistics easier to manage. As such, the state should always be willing to listen to us in the private sector.

The author, Mr Charles Kareba, is the founder and Managing Director, Kargo International Ltd and Chairman of Uganda Shipper's Council.

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Threeways Shipping's Jeff Baitwa (L) chats to the State Minister for Works, Gen Katumba Wamala and Irene Muloni (R), the Minister for Energy and Minerals Development at a joint oil and logistics conference last year

Logistics industry gears up for oil

For the 294 km between Hoima up to the Tanzania border that the East African Crude Oil pipeline will pass in Uganda, there are hardly any special social services along the route. And as Uganda, Tanzania and the oil companies move closer to signing the Final Investment Decision for the pipeline, which is expected to unlock investments, the lack of services along the route represents a clearer picture of the opportunities that await the industry.

"I have been on the route a couple of times (on the Ugandan side); there is nothing along the way; hotels are of a poor standard; there is a dire need for various facilities to support construction along the pipeline route. So there are real opportunities there; anything from fuel supplies, petrol stations, supermarkets, name it," says Mr W Mbonye, the CEO, Uganda Shipper's Council.

With a nearly $20 billion investment package expected to be channeled into the country over the next 10 years as Uganda sets on a journey of being an oil-producing country, the preparedness of Ugandans to tap these opportunities remains a concern.

For example, when the Auditor General carried out a value for money audit on national content for the year 2017, it was discovered that out of the $133m spent on contracts, purchase orders and call-offs, only 28% were undertaken by Ugandan companies. The key areas where the money was spent was on legal services, freight forwarding and customs clearance, waste collection services, catering services, survey and some engineering services, among others.

There appears to be different reasons as to why Ugandans are still getting the short end of the stick when it comes to oil contracts.

Hussein Kiddedde, the chairman of the Uganda Freight Forwarders Association, puts it to a limited skilled workforce.

"In Uganda, there is an acute shortage of skills in the logistics sector, including skilled heavy goods vehicle drivers, heavy equipment operators, warehouse managers, health and safety officers, cold storage managers, and many other skills," he said. He added: "In addition, when there are skills available, companies have difficulty in retaining these skilled persons and so they are often lost to multinationals or they go to other countries where they can earn more with their skills-set."

On the other hand, some challenges are outside those of the local Ugandan companies, especially in regards to the delays in the oil industry.

“Timelines for oil field developments and further exploration have kept shifting over the years. First movers in the oil and gas logistics sector have been heavily affected,” he says.

Still on the timelines, some Ugandan companies do not know exactly when and how many services and in what quantities, the oil companies will require. Due to that, many local Ugandans cannot shore up finance, especially in this market when credit is tight and expensive, and a lot of paperwork and due diligence is needed for the loan to be approved.

Kiddedde further points out that, “...any further shift in the oil and gas development timelines will be detrimental to our members, the industry local content and the economy as a whole. Currently, logistics industry today employs over 208,000 persons directly (World Bank). This implies a far reaching impact given the dependency ratio as we know it.”

However, Uganda’s oil industry offers more certainty today. The Front End Engineering Design for the Tilenga project, which is to be developed by Total E&P is done, while a performance bond by the Lake Albert Refinery Consortium has been posted with the government of Uganda, activating the Project Framework Agreement that was signed in May.

Ugandans have now been urged to eye the opportunities that are about to be unlocked, especially when the Final Investment Decision for the crude oil pipeline is signed in the first quarter of 2019.

For starters, up to 800,000 tonnes of equipment will be imported into the country during the development and production stages of the oil industry. This presents an immense opportunity for the logistics industry.

Mbonye, says that more joint ventures between locals and foreigners are happening to exploit the different opportunities.

“We are seeing foreign companies coming in to do joint ventures with local companies to bid for these tenders; I have participated in several of them and the sheer scale of logistic requirements is so massive that few people really do appreciate what it is going to take to actually execute this project,” he notes.

Mbonye adds that the volumes of cargo that are being talked about are in millions of tonnes, yet Uganda’s logistics industry already moves about 6 million tonnes of cargo in both imports and exports.

“So, if we are to add another 2 million tonnes within five years; that is a huge spike. How do the logistic players deal with it?”

For now, organisations like the UFFA, the Association of Uganda Oil and Gas Service Providers (AUGOS) and the Uganda Chamber of Mines and Petroleum are pushing for more participation of local players in the oil industry through different initiatives such as organizing forums to unveil the opportunities available and how to tap into them. Also, Stanbic bank has started an incubation programme to train local entrepreneurs on how to penetrate and exploit the oil industry.

However, more is needed if Ugandans are to reap tangible benefits from the new sector.

Uganda lines up various projects to change face of transportation

Uganda is looking for funds to refurbish MV Pamba and also replace MV Kabalega, two vessels that were critical for the transportation of cargo over Lake Victoria before they stopped service more than 10 years ago.

Water Transport

"The government is sourcing for funding for the refurbishment of MV Pamba and procurement of the new MV Kabalega. The design for the new ship to replace Kabalega was completed five years ago," said Mr. Gerald Ekinu,(***pictured above***) the principal economist and statistician in the department of transport services and infrastructure in the Ministry of Works and Transport. He was speaking on the sidelines of a press conference to announce Uganda's hosting of the Global Logistics Convention 2018.

MV Kabalega sank after colliding with MV Kaahwa. MV Pamba on the other hand, was grounded a few weeks later after it failed to meet the minimum requirements for it to operate on the waters.

That the government is looking to revive the services of the two vessels will come as a sigh of relief for the logistics industry, which continues to look for alternatives to the high transportation costs it faces – especially by road.

Railways

Ekinu also said that plans to restore the rail services in the different parts of the country, another cheaper form of transport compared to road, are underway.

"The contractor for civil works and the consultant for supervision for the rehabilitation of the Meter Gauge Railway from Tororo to Pakwach is at the bidding stage. This is being supported by the European Union at the estimated cost of € 31 million," he said.

Tororo has become the mining district for Uganda, hosting three huge cement factories and a Chinese company, Guangzhou Dong Song, which is exploring for phosphate. The need to transport products such as cement on rail is important to avoid the pressures on Uganda's roads exerted by heavy trucks, while also saving the transport a lot in costs.

Pakwach on the other hand is closer to the districts of Nwoya, which holds huge oil deposits and part of which hosts the Tilenga oil project to be undertaken by Total E&P.

There is public worry that another critical project, the Standard Gauge Railway (SGR) could be failing. That feeling is drawn from the SGR works in Kenya, which have progressed tremendously, with the line active between Mombasa and Nairobi.

Ekinu says such sentiments are far from the truth, noting that land acquisition is continuing for the Malaba – Kampala route. Up to 100km of land out of 273 kilometres has been acquired, according to figures with the ministry.

He further notes that Uganda and Kenya have harmonized the construction time lines and mobilisation of funds.

Exim Bank of China, which will finance the project, undertook a project appraisal of the railway and completed it. Negotiations over the financing are currently ongoing, adds Ekinu.

Bukasa Port

The Ministry of Works also retains hope in the Bukasa Multimodal Port, on Lake Victoria, cutting the costs of transport for importers and exporters. The Bukasa Port, which is being developed, will connect to the Kampala - Jinja Expressway, the SGR, Central Corridor through the Mwanza Port in Tanzania and the Northern Corridor through Kisumu, Kenya.

It will also serve as a logistics centre location for assembling, de-commissioning, storage and re-distribution of imports and export cargos with regard to business-to-business and industrial supply chains for Southern, Western and Northern Kampala, Kampala Industrial and Business Park (KIBP) and Kampala – Mukono area.

According to the ministry, the activities completed as of June 30, 2018 for Bukasa include: preparation of the Master Plan, Design Criteria, Geotechnical and Topographycal surveys, Resettlement Action Plan, and Environment Social Impact Assesment.

Ekinu says the second phase of developing the Bukasa port will include the construction of the port to a capacity of 2.3 million tonnes per year, the construction of shipyard and floating. Government expects to complete this stage by 2020.

The third phase comprises of expanding the port with an additional 5.2 million tonnes in handling capacity, making a total maximum peak of 7.2 million tonnes. This stage could be achieved by 2030.

Ekinu says the government is positive that Bukasa will: improved mobility of traffic along the Central Corridor Route, hence avoiding monopoly of using the northern corridor; facilitate movement of transit goods to Uganda, South Sudan and Eastern DRC; provide cheap movement of bulky goods by water transport as relative to road and rail hence lower transportation costs which translates to relatively lower cost of living and promote the ship building industry which in turn will lead to improved mobility and accessibility to the islands and hinterland.

Air Transport

Air transport remains an expensive venture for many businesses, but that has not stopped government from putting in place the right infrastructure.

Construction of Kabaale Airport in Hoima, which is meant to serve the oil industry in the area, is said to be ahead of schedule.

Also, the revival of the national carrier, Uganda Airlines, which is expected to hit the skies in the second quarter of 2019, is bound to offer new options for the transport industry.

With all these transport projects being undertaken, Ugandans have the opportunity of making some money off them. Many of the contracts of these projects specify that local content should account for at least 30% of the value of setting up the venture.

"Project Management Teams are required to monitor the implementation of ongoing civil works to ensure contractors comply with the local content requirements with the view of building the local capacity," notes Ekinu.

Road Transport

Policy

Meanwhile to improve standards in the transport and freight logistics industries, Government of Uganda intends to introduce a green logistics policy to limit carbon foot print emission at the airports and reduction of emission through driver behavioral change.

Also driver training of commercial heavy goods vehicles is going to be looked into in a bit to professionalise the industry.

Policies emphasizing multimodal transport planning and development and the Corridor Development approach are also underway.

Unifreight truck with a clean environment message.

Ekinu notes that a number of road projects are in the pipeline to improve cross-border trade, as indicated in the table below:

Road	Initiative
Masaka – Kyotera – Mutukula	Design for the rehabilitation of the road has commenced this year
Kapchorwa – Suam	Civil works commenced in 2018
Ishasha – Katunguru	Detailed engineering design for the upgrading of the road is currently ongoing
Kampala - Jinja	Design for the rehabilitation of the existing road is ongoing
Nebbi – Goli	Detailed design for the upgrading of the road was completed and funding is currently being sought to undertake the civil works
Kampala – Jinja Express Highway	The procurement process in ongoing under a PPP framework

Recap

Joint Oil & Gas Convention and Regional Logistics EXPO 2017

The Joint Oil & Gas Convention and Regional Logistics EXPO 2017, was hosted by Uganda Freight Forwarders Association (UFFA) in partnership with the Uganda Chamber of Mines and Petroleum (UCMP), and the Private Sector Foundation of Uganda from 25 – 27 April 2017 at the Kampala Serena Hotel. Under the theme *"Transforming Uganda into a Regional Logistics Hub- What is your role?"* the inaugural Regional Logistics EXPO 2017, and the 3rd Annual Oil & Gas Convention brought together 460 participants from 13 countries and these included experts in the sector, government officials, private sector players, development partners, industry players from within the region and globally. It was supported by the Ministry of Energy and Mineral Development; Ministry of Works and Transport; Total: Tullow Oil; CNOOC; World Bank Group –Korea Green Growth Trust Fund; UK aid; Trade Mark East Africa; and FIATA.

Objectives of the 2017 workshop

The primary objectives of the workshop were to bring together the public, private sector, development partners and civil society, in order to:

- Discuss and understand the current transport and logistics sector in Uganda, the opportunities and challenges to com petitively trade in the region.
- Provide a forum for the development of a hub master plan, identify investment opportunities and sources of funding to finance the hub initiative.
- Disseminate information on ongoing development projects and initiatives by relevant stakeholders for the logistics and Oil and Gas industries
- Facilitate National Logistics Platform in partnership with the government of Uganda towards enhancing logistics performance by facilitating and accelerating critical reforms in the logistics sector.
- Bring together industry stakeholders to focus on the practical approaches needed to take full advantage of the numerous opportunities in the Oil and Gas industry that are about to be opened in Uganda.
- Identify entry points along the value chain within which the private sector can offer various services and
- Boost cooperation between the Oil and Gas and Logistics industry.

Oil & Gas and Logistics are natural partners - UCMP

In his welcome remarks, Elly Karuhanga, the Chairman of UCMP said that the stage was now set for Uganda's oil and gas industry to take off. He said that the transport and logistics needs for the oil and gas sector presented a huge opportunity for the Ugandan freight logistics industry. He further revealed that an estimated U$20 billion would be spent over the course of the next 3 years (2017-2020) to establish the necessary infrastructure including the Standard Gauge Railway (SGR) refinery, oil pipelines, oil tanks, upstream development, production amount, and a new round of licenses which will give new companies new blocks. It was projected that transport and logistics will take up 60 percent of the work. He stressed that the logistics industry needed to enhance their capacity and efficiency in order to respond effectively to the demands and standards of the oil and gas sector.

Uganda strategically located – Sabiiti

Moses Sabiiti, the then TMEA Country Director, explained that Trademark East Africa was heavily engaged in supporting all the EAC partner states including South Sudan to open up the region for trade. He observed that Uganda was a natural distribution hub given its strategic location; and high demand is projected for freight and supply chain expertise. He cited a marked increase in Uganda's trade volume and the increased role of Uganda's freight forwarding in transporting metric tons of grains and rice annually, breaking bulk and onward movement across neighboring states as a positive example of how Uganda is playing a wider logistics role in the Great Lakes region despite being landlocked.

Transform Uganda into a logistics' hub - UFFA's Mwijukye

Mwijukye championed the call for Uganda's transformation into a logistics hub and expressed gratitude for South Korea's support during the bilateral consultations which helped clarify the dream of transforming Uganda into a Regional Logistics Hub. She noted that "It is timely for logistics because we are talking about value chain, export promotion enhancement, inbound and outbound logistics. We need to have those chains linked for the value of the customer in or outside Uganda. Three-quarters of the goods we import are destined to DRC and South Sudan because we have the inland ports but we also have a distribution strategy for neighbouring countries. So it cannot continue being business as usual." A hub will enhance exports, boost industrialization while transforming upcountry towns like Tororo, Kasese, and Gulu into cities that would comfortably accommodate the high demands of the petroleum industry especially in the storage and handling of bulk products.

Uganda's Transport Master Plan – Gen. Wamala

He focused his address on the oil and gas sector and the Transport Master Plan. The fundamental element in a logistics system is a transportation system, which an interdependent relationship in that that logistics management needs transportation to perform efficiently and vice versa. A successful logistics system can help to improve transportation development. The Regional Logistics EXPO 2017, served as a platform for the Minister of Works and Transport to showcase the direction in which they are taking in terms of transport and infrastructure in the years to come.

Trade facilitation's role – TMEA's Kamajugo

Mr Richard Kamajugo, the Senior Director for Trade Development, TMEA, made a keynote address titled *'The role of trade facilitation intervention in opening up Uganda as a logistics hub'.*

Kamajugo addressed the delegates on the subject of trade facilitation reforms that can drive the logistics industry forward while simultaneously achieving the objective of transforming Uganda into a Regional Logistics Hub. He explained that TMEA was engaged in trade facilitation which looks at how procedures and controls governing the movement of goods across national

borders can be improved to reduce associated cost burdens and maximize efficiency while safeguarding legitimate regulatory objectives.

He noted that one of the lessons learned is that while trade and transport related infrastructure remains crucial for future plans, in the interim, administrative reforms notably: a change in focus from control to facilitation, improving efficiency of processes, better use of available information, risk-based approaches, and adopting a culture of providing feedback to government, will help drive improvement in logistics efficiency and performance which will invariably increase Uganda's competitiveness and comparative advantage.

Korea's logistics Policy – Dongseon

As part of the Korea-Uganda partnership that covers logistics policies and infrastructure, a special delegation from Korea attended the Joint Oil and Gas conference and Regional Logistics EXPO 2017. Mr. Ji Dongseon, the Senior Deputy Director, Ministry of Land, Infrastructure and Transport, South Korea, provided an overview of South Korea's development experiences of logistics facilities and technologies.

His presentation walked the delegates through the history of South Korea following the WWII to date with the resultant impacts on livelihoods and the infrastructure industry. He revealed that currently, there were 193,000 logistics companies employing 620,000 people and in 2015, the logistics sector generated US$ 78 billion in revenue. The government of Korea recognized that logistics is a vital growth industry that was critical to the economic growth of their country and took advantage of its position as the Northeast Asia Logistics Hub.

Ji Dongseon explained that S.Korea experienced a paradigm shift, from "old logistics" to "new logistics".

He urged that Uganda was in the same position South Korea was many years ago and therefore has the potential to strategically position itself as a regional hub and develop the logistics industry to compete internationally.

State Competitiveness & Threats - Mr. Mark Pearson

Mr. Mark Pearson, a consultant presented an overview of the logistics industry focusing on the state, competitiveness and threats. The Uganda Private Sector Logistics Strategy is still a work in progress as it is incomplete, Pearson noted. He mainly highlighted the need for cooperation between the private and public sectors; a review of the skillset required to ensure compliance to freight logistics international practice, regulation and standards and the need for optimal management of the SGR to deliver reduction in transportation costs.

Recommendations

If the Logistics Sector wants to take advantage of the many opportunities, it needed to be pro-active and aggressive in securing the new business. Mr. Pearson urged the Logistics Sector to work together to:

- Ensure Public-Private partnerships result in cooperative competitors.
- Conduct an in-depth analysis to ascertain the needs of each major economic sector in Uganda and the region (oil and gas; mining; cement; horticulture; light engineering; agriculture; etc.) in terms of logistics infrastructure (storage facilities and warehousing), equipment (to transport abnormal loads) and standards (minimum health and safety standards/compliance requirements international companies require).
- Disaggregate this analysis to explore the impact the various future scenarios will have on the logistics sector.
- Assess how each sector can prepare itself for these new opportunities.
- Engage with the firms which will require logistics services and gain an understanding of their needs and build a working relationship.

URA, freight logistics industry are partners

Mr Dicksons Kateshumbwa is the Uganda Revenue Authority (URA)'s Commissioner for Customs whose department works closely with Uganda Freight Forwarders Association (UFFA) amongst other freight logistics players. He highlights the contribution the industry plays in Uganda's tax policy and administrations:

How do you describe Uganda Revenue Authority's relationship with the freight logistics industry?

I would say, very excellent and strong. We have built trust and confidence with each other over the years cultivating a mutually beneficial partnership. We plan to continue with that good working relationship for the good of ourselves and the country at large.

How much do you involve the private sector in policy reforms?

For the last three to four years, we have been undertaking many reforms by introducing initiatives such as those mentioned above. They all require a lot in terms of planning on our side and input from key partners such as the clearing and forwarding fraternity. The private sector has strongly supported these reforms from the onset and is understanding even when we encounter inevitable teething challenges with initiatives like the ASYCUDA World or the Electronic Single Window.

The freight logistics business service is worth about a trillion shillings annually, while employing many, both directly and indirectly as the service facilitates trade across the board. And as the economy expands, we are going to see more opportunities created for the people.

So it is important we move hand in hand with the sector in whatever we are doing.

What challenges do you encounter when dealing with this sector?

The freight logistics sector has been largely supportive of late. Our only major challenge is that sometimes members do not pay much attention to capacity building of their staff, which undermines their output and in the process affect how our customs teams perform.

Some other players are unscrupulous and engage in activities that sometimes do not measure up to our compliance expectations. If the member organisations like the Uganda Freight Forwarders Association (UFFA) deal with these challenges head on, we believe that the gains will be much more than what we are experiencing today.

What else would you urge UFFA members to do regarding your working relationship with them?

Let us keep it strong through continuous engagements to resolve any issues that may arise. Customs is there to facilitate our relationship, drive our businesses for the benefit of our country. The right things which we will and are doing are directly feeding into regional and international business agenda.

What new innovations or areas are you looking at while dealing with UFFA members?

Members have to pay attention to the technological developments taking shape globally. They have to invest in latest technology that matches clients' expectations. The world is talking about block chain, e-commerce, and more is coming. So we have to be ready all the time.

Where do you envisage URA's future relationship with UFFA?

We are sure that it will get stronger and stronger. The foundation is strong and UFFA members should expect only positive things from us. We will not stop thinking, innovating and working for the good of our country.

Logistics Sector Constraints to Competitiveness in Uganda

The Uganda freight logistics industry is undermined by various factors in its bid to remain competitive. Here, we briefly examine these limitations:

1- **Limited Investment in bonded storage facilities** e.g. a fully-fledged ICD/logistics facility costs over US$ 1 million however, operational licenses are only valid for 12 months and expire every December 31, regardless of when it was acquired. The short licensing period makes investment in the sector risky and unpredictable.

Solution: The license should have a validity of at least 4yrs to allow for favourable external financing and equity.

2- **High Transaction costs;**

i. There is an urgent need for Uganda to negotiate **cross border levies** (like Rwanda did with TZ from 500 TO 152USD; and Kenya did with South Sudan.); for every 1million tonnes (i.e. 40,000 trips x USD 200), Uganda loses USD 8million in revenue to Kenya. A Kenyan registered truck incurs only USD 50 on Uganda side despite the common market protocol. Ugandans are now registering their trucks, fueling and employing drivers in Kenya as a result. (Ug has about 3000 trucks of which 750 are oil & gas industry compliant while Kenya has over 9000)

ii. Uganda loses UGX 1 million (for every truck trip from just fueling which comes to UGX 40bn per million tonnes.

iii. Ugandan trucks are not competitive when it comes to distributing Ugandan exports and transit goods to the region. The cross border levies for a Ugandan truck in the region are;

a. DRC - 600 USD
b. TZ (Dar) - 500 USD
c. Juba – 350 USD (Kenya negotiated reduction)

Solution: Aggressive negotiation is required by the Government on behalf of the private sector. Rwanda and Kenya have successfully negotiated lower rates for their private sector in Tanzania and South Sudan respectively.

3- It is critical and urgent that existing partnerships between the National Logistics Platform and the relevant government agencies in the Sector Development Group is formalized through a signed MoU.

- To ensure the involvement of the private sector in the sector planning process (Currently Uganda has no Transport and Logistics Policy).
- To ensure the industry issues are addressed and prioritized.
- Given that there are ongoing developments currently taking shape in all neighboring countries (Kenya, TZ, Ethiopia) .We risk losing our natural competitive advantage (geographic location to distribute) if we do not collaborate and move fast.

4- **High cost of financing:**

i. The interest rates for short term contracts (which is common practice in logistics projects) are extremely high and the facilities are overly collateralized.

ii. Banks have limited products that provide solutions to the sector because it is considered a high risk sector.

Required solutions:

a. **Setting up an oil fund that incentivizes the investment**

in the sector

b. Fast tracking Islamic Banking regulations

5- Inadequate skills in the sector;

i. Filled with youth but with limited skills and certification e.g. EHS, HGV skills, Equipment lifting certification/services etc.

Required Solution: The Government needs to attract certified trainers in relevant fields and the driving curriculums need to be incorporated in the technical education institutions.

6- Inconsistency in **Weigh bridge Operations** leading to infrastructure deterioration, lost time to market and unfair competition in the sector e.g. there are inconsistencies in the weights measured by weigh bridges on the same route for the same truck. This causes delays and unnecessary costs. It also breeds corruption and over loading.

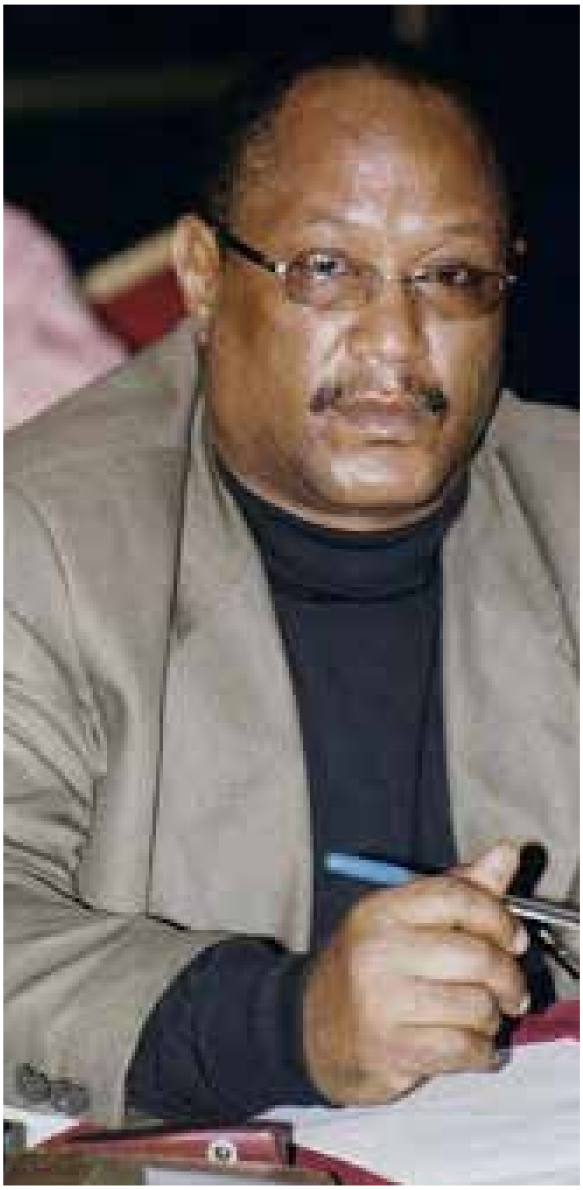
Required Solution: Standardize and automate weigh bridges. Shippers should also be held accountable for overloading contraventions.

7- Taxation on Commercial Vehicles and spare parts:

i. Elements of unprofessional conduct and compromise of standards in the sector e.g. unregistered players, overloading, compromised repair standards and counterfeit spare parts is partly due to confiscatory taxation.

Required Solutions:

- It is imperative to relax taxation for at least 2 financial years on brand new commercial vehicles to attract and spur investment in the Oil & Gas Sector and to position Uganda as a logistics hub.
- Approve the private sector self-regulation bill currently at EAC



KASSIM OMAR

Tribute to a freight logistics icon

On September 05, 2017, Mr Kassim Omar breathed his last at a Kampala hospital.

Until that point, the 56 years-old spoke for, promoted and represented the clearing and forwarding fraternity in Uganda and the region with indisputable passion.

According to his contemporaries, the late Omar was one of the very few industry voices of reason.

He spoke for the voiceless; they said, fiercely pushed for professionalism in the industry and he was restless when battling issues undermining the industry growth and development.

And when, his time on earth was served, even his critics could not but agree in unison that Omar was an exemplary industry leader.

Indeed, he was a likeable man. As for his passion, it reverberated all through. It would be felt. Seen. And even touched. His smile was infectious. He would easily win friends on his side. This he did with a combination of persuasion and intellectual argument.

That in short tells the tale of the late Omar, the man death robbed off the scene before fully harvesting the fruits he sowed with the like-minded many, many years ago.

At the time of his death, he was the National Chairman of the Uganda Clearing Industry and Forwarding Association as well as the chairperson of the East African Business Council (EABC).

Revolutionary Traits

"He liked being a revolutionary, especially if he strongly believed in the cause," recounts Mr Charles Kareba, Chairman, Uganda Shippers Council (USC).

Omar, who was among the founders of the Uganda Freight Forwarders Association (UFFA), was passionate about freight logistics and would never mince his words in pursuit for the best for the industry, often calling a spade a spade.

"The role the late Omar played in professionalizing the industry will never go unnoticed. He dug deep. Stayed in the trenches courageously fighting for the wellbeing of the industry until his death," says Kareeba.

His mind goes back to 2003 when several industry players set out to professionalize the industry and achieve self-regulation, recalling how the late Omar fervently made a case for clearing and forwarding agents; never hiding his feelings.

"I will always miss my friend him. The industry will always miss him, as well," Kareba notes.

Similarly, for Mrs Jennifer Mwijukye, a seasoned freight logistics industry player, who runs Unifreight Logistics, a year on, she is yet to come to terms with Omar's passing.

"Kassim's death shocked me personally and the business community as a whole. What a loss. His passion was something we will dearly miss," she says.

It was always a given to find Omar at the forefront of every other measure or policy intended to better the lives of the business community in not only Uganda but the entire East African region. When he was elected chairperson of the East African Business Council in June 2017, he pledged to push the private sector agenda; engaging with governments to reduce the cost of doing business in the region while also emphasizing local participation in the lucrative infrastructure projects, that have largely been dominated by foreign players.

In a communication to members, upon Mr Omar's passing, Mr Patrick Bitature, Chairman, Private Sector Foundation Uganda (PSFU), said: "His premature departure is a huge loss to the business fraternity in East Africa and especially to Uganda."

Mr Gideon Badagawa, the Executive Director at PSFU, echoed similar sentiments about Omar, who he calls an 'icon' of the clearing and forwarding profession in Uganda.

Without Omar's passion and selflessness, Badagawa wonders whether the clearing and forwarding vocation would have gotten much traction in Uganda.

"He was the face of the industry. I still cannot believe that he is no more," he says.

Adding, "He was also such a great ambassador for the private sector. Brutally honest, Kassim was also always mindful about the interests of his fraternity. We need more people like him."

The perfect tribute to accord Omar, therefore, is for the industry players to always aim to emulate him and keep fighting for whatever he believed in, notes Badagawa.

For Mr Vincent Seruma, a communications official at the Uganda Revenue Authority, the late Omar was particularly pivotal in bridging the gap between the clearing and forwarding agents and the tax regulator.

EABC Tribute

MR. KASSIM OMAR, EABC CHAIRMAN (2017/2018)

Chairman, East African Business Council

Chairman, Uganda Clearing Industry and Forwarding Association (UCIFA)

Chairman, Uganda Warehousing Receipt system

Kassim has been Chairman of the East African Business Council since June 16, 2017 before which he served as a Board Director for several years. He has made tremendous contribution to the EAC Integration process on issues of Private Sector growth and development, removal of Non-Tariff Barriers, Improvement of transport and services along the corridors, modernization of the Ports in the region among other areas. Kassim passed on at Nakasero Hospital after a blood clot operation. It's a very major loss to the EAC Business Community, family and friends. Please join us in prayers for the EABC membership, his family and friends Our prayers are with his loving wife and children for God's strength and comfort during this difficult and trying moment.

In God's hand you rest, in our hearts you live forever

Date: Sep 05 2017

Source: www.eabc-online.com

Improving competitiveness with Solid Rock

By Franklin Bouguep

Solid Rock Life and Business (SRLB) is a global leading management company, with partners who work with Governments, organizations, and people to address development challenges and implement practical hands-on solutions across several sectors and industries such as Agriculture, Education, Environment, Oil & Gas, Transport & Logistics. SRLB uses a holistic Organizational Assessment and Development Project Framework based on Operational Excellence and Quality to ensure we exceed our partner's expectations. For more information www.solidrockgroup.ca.

We serve the regional logistics market with our strategic partner Graben 4PL (G4PL). G4PL is an ISO 9001: 2008 Certified Supply Chain Integrator with a dedicated fleet from its sister company Road Freighters Limited. Graben 4PL is a Supply Chain Integrator that is 100% Ugandan owned. It is purely a lead logistics service provider (LIP) organization and therefore an impartial coordinator in the supply chain, Graben 4PL specializes in (but not limited to) coordinating and management of both local and regional supply chains related activities such as freight management, transport, warehousing, supplier management, and Supply Chain Solution's Consulting. G4PL (www.graben4pl.com) was set up in 2010 as a pioneer logistics integrator to support the nascent Oil & Gas Industry by bridging the capacity gap between the local suppliers and the new standards required by the oil industry.

The Logistic sector globally faces a unique set of challenges with an ever-expanding and rapidly changing business environment coupled with unforeseen conditions such as natural disasters, civil unrest, terrorism, migration, and wars.

Today, Senior Executives and Managers in the Logistics sector need to adjust to rapidly evolving situations, disrupting new technologies, a redefinition of the integration of the supply chain and new working models.

Understanding these new changes and empowering leaders in the logistics sector has become critical for companies who seek to develop a long-lasting competitive advantage in an increasingly crowded field.

These challenges are even more acute in the African continent where there is slow adoption of new technologies, environmental challenges and a shortage of expertise in the industry. An internal survey of Solid Rock Life and Business coupled with numerous studies by institutional and development partners has shown that most Executives in the sectors focus more on their managerial than the leadership skills which is needed to develop a strong vision, creativity, and innovation with an aptitude to steer their companies in new directions.

As part of its Corporate Social Responsibility SRLB conducted a Leadership Training based on the renown John Maxwell Method for the Uganda National Logistics Platform on 09th August 2018. This intensive program is expected to be concluded September 30th, 2018 with the issuance of two international certificates. The SRLB Leadership Certificate and the John Maxwell International Leadership Certificate. Training was delivered by SRLB CEO Mrs. Pasima Sule, an Executive Director with the John Maxwell Team and assisted by Mr. Franklin Bouguep, the COO and Executive Director of SRLB.

This Leadership Training navigated John Maxwell's 21 Irrefutable Laws of Leadership one of which was the 'Law of Process.' This law encourages managers to invest in their leadership development continually. The power of process is especially underestimated in most businesses in Uganda.

This training, therefore, helped highlight its value to attain a lasting improvement.

In addition to the Leadership Training, SRLB Uganda with G4PL offers the following services to support the Freight Forwarding and Logistics sector in the region:

Advocacy - SRLB & G4PL can aid the design and Implementation of Advocacy Strategy (Vision, goals and specific objectives) as well as providing support in the Strategy Management & Execution (scenarios, reporting, monitoring, and evaluation)

Partnerships (Implementation & Management) - SRLB & G4PL recognizes the value in strategic partnerships across all value chains in the Logistics Sector and can, therefore, provide training in Public-Private Partnerships as well as advisory in Networking both Locally and Internationally to facilitate Joint Ventures, Consortiums, and Subcontracting.

Training – Technical including, International Defensive driving & Safety, Inventory Management & Warehouse, Transport Logistics Management, Procurement, Sourcing, and Purchasing, Project Management and ICT based courses.

Soft skills – Our experienced consultants offer executive coaching and training to guide directors, trustees, and staff and to develop tomorrow's leaders. Training includes, Leadership, Communications, Negotiations, Conflict Resolution, Team Work & Building and Sales and Marketing

Capacity Building - SRLB & G4PL can help design and implement strategies and solutions that will help Logistics companies successfully develop and achieve organizational effectiveness while accomplishing business goals, and corporate financial sustainability. Here we look at, SCM Process Improvement, Lean Six Sigma Consulting, Digital culture and training, Inventory Management, Import & Export Freight Logistics, Nationwide distribution

Performance Management - Monitoring & Evaluation, process automation, IT tools & data analytics, freight management by dedicated personnel, inventory management by dedicated staff, transportation, warehousing & logistics expertise, equipment inspection, route surveys and fleet & storage yard rental services

Advisory & Consultancy - ISO audit and certification and or similar, Cost Management (Manufacturing costs, logistics costs), Freight contracts negotiation, Transportation sourcing strategy, Warehousing sourcing strategy, KPI, HSE, QC management strategy and 3PL management strategy

Oil and Gas industry compliance - The recent boom in the Oil and Gas Sector has made it mandatory for all its key players to adhere to specific standards as their operations will require it. In Uganda, the logistics segment is one of the specific areas where the government believes should be left to local companies. SRLB & G4PL can, therefore, provide training and support in the following areas; international defensive driving & safety, logistics tenders, project management, international certifications, and QHSE.

The author, Franklin Bouguep, is the Executive Director, Solid Rock Group. Email: franklin@solidrockgroup.ca

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