Stanbic Bank

# AFRICA **TRADE BAROMETER**

An overview of the current cross-border trade landscape of Africa

UGANDA

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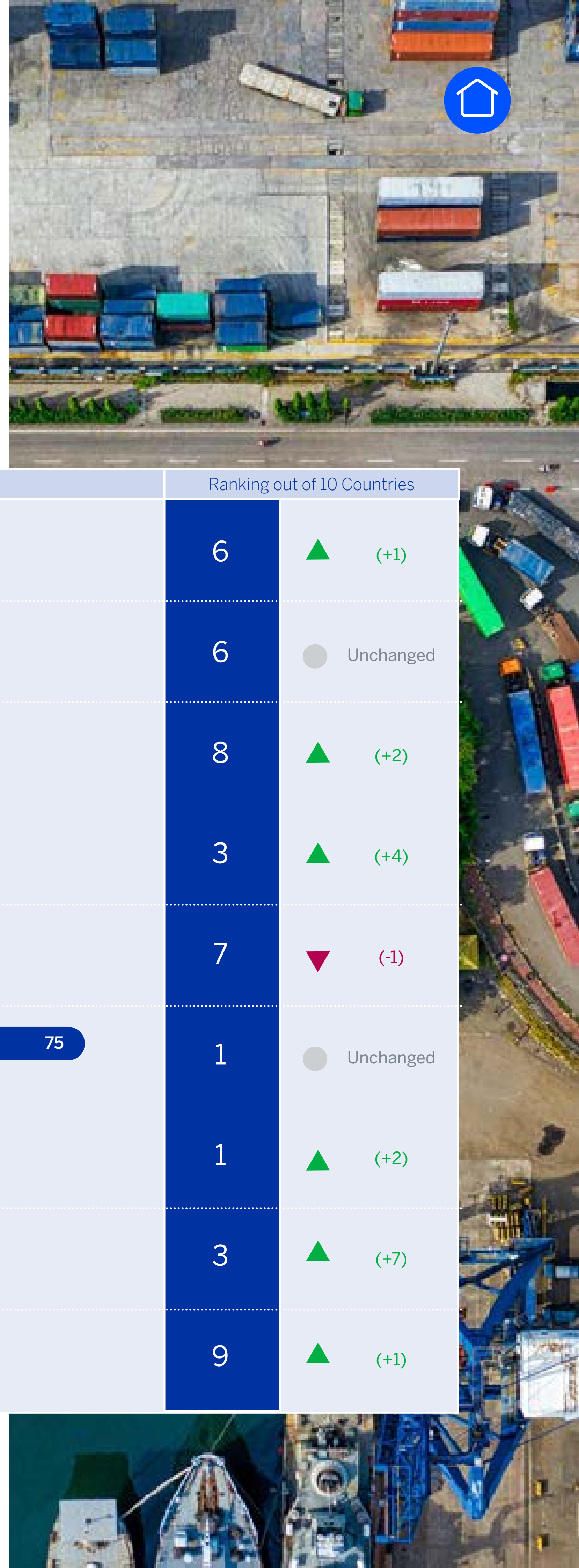

Being Africa's largest bank, Standard Bank (trading in Uganda as Stanbic Bank) has leveraged its presence and expertise across the continent to create the Stanbic Bank Africa Trade Barometer (SB ATB).

The SB ATB was launched in 2022 to create Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade. Availability of trade data remains a challenge across Africa and the SB ATB aims to fill part of this data gap through up-to-date survey data on the views of African businesses on the environment they operate in, their trade behaviour, trading activities and their perceptions on trade.

**This is Issue 4 of the SB ATB.** The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia.

**To construct the SB ATB index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources.** These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance and economy, and traders' financial behaviour. These are the seven variables on which the trade barometer scores for each country are constructed.

**From a primary data perspective, the Stanbic Bank Firm Survey Trade Barometer (SB STB) is constructed.** The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2 258 firms across the 10 countries of interest.

**From a secondary research perspective, the Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed.** The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources. It is important to note that the SB ATB ranking of countries is relative to the 10 countries themselves. In other words, countries are ranked against each other i.e., relative scores to each other.

**The SB ATB is an aggregate of the SB QTB and the SB STB.**

The table below shows Uganda's relative performance in the seven broad thematic categories of the SB ATB.

**SB STB ranking for Uganda across seven thematic areas**

| Thematic Category | Indicator | August 2024 | May 2023 | Ranking out of 10 Countries | |
|---|---|---|---|---|---|
| **Macroeconomic Stability** | Business Confidence | 57 | 57 | 6 | ▲ (+1) |
| **Governance and Economy** | Government Support on Trade | 49 | 52 | 6 | Unchanged |
| **Infrastructure** | Quality of Infrastructure | 36 | 35 | 8 | ▲ (+2) |
| | Infrastructure Obstacles | 59 | 54 | 3 | ▲ (+4) |
| **Access to Finance** | Access to Credit | 37 | 42 | 7 | ▼ (-1) |
| **Traders' Financial Behaviour** | Credit Terms Extended to Clients | 75 | 67 | 1 | Unchanged |
| | Credit Terms Advanced from Suppliers | 68 | 63 | 1 | ▲ (+2) |
| **Foreign Trade** | Ease of Trade | 41 | 38 | 3 | ▲ (+7) |
| **Trade Openness** | Trade openness | 49 | 47 | 9 | ▲ (+1) |

**Note:** All (with the exception of the ease of trade) indicators have an index score ranging from 0 to 100, where 0 represents a low score and 100 the highest score. For the ease of trade indicator, 0 represents a high score and 100 a low score.

This is the country report for Uganda.

It contains an analysis of the primary and secondary data gathered specifically for Uganda between July and September 2024 and showcases trends and opportunities in trade within the country. **A consolidated report will complement the individual country analyses,** synthesising data from the 10 African markets surveyed to provide a comparative perspective on the factors enabling and hindering trade. This will form the cornerstone of the trade barometer.

**Uganda's position in the overall SB ATB ranking fell from position 7 in May 2023 to position 9 in August 2024.** Regarding the SB QTB, the country maintained its 9th-place ranking. On the other hand, Uganda rose from 9th place to 6th in SB STB. Despite Uganda's unchanged SB QTB ranking and improved SB STB ranking, the country's overall SB ATB position fell in relation to the other markets.

Uganda fell to 9th position in the annual SB ATB ranking.

**Uganda's macroeconomic environment has positively impacted its trade attractiveness, with GDP growth rising to 5.5% in 2023, driven by the oil, manufacturing, and construction sectors.** Foreign direct investment (FDI) continues to grow, fuelled by significant investments in oil projects, with inflows forecasted to reach USD 3.2 billion in 2024. Inflation has been steadily declining and is expected to drop to 3.5% in 2024, supported by the Bank of Uganda's monetary policies. However, external risks such as geopolitical tensions, volatile commodity prices, and domestic issues like adverse weather and rising government debt pose potential threats to this positive outlook. Managing these risks will be crucial for sustaining Uganda's trade growth.

**Uganda's business confidence index remained unchanged at 57 in August 2024, reflecting stable sentiment among businesses, supported by optimism surrounding the growing oil sector.** Corporates, in particular, are highly optimistic, with 72% expressing confidence in the economy's future, driven by projected oil, construction, and tourism growth. However, smaller businesses are less optimistic, citing concerns over high taxes and interest rates. Protests in early 2024 against the Uganda Revenue Authority's new digital tax system have further dampened confidence among small businesses. Despite these challenges, 46% of surveyed businesses remain optimistic, anticipating increased demand and revenue growth, although concerns over taxation and currency volatility persist.

**Uganda's government support index for cross-border trade declined slightly from 52 to 49 in August 2024,** reflecting a dip in business sentiment regarding government assistance. Only 34% of surveyed businesses perceive the government as supportive of cross-border trade, down from 40% in May 2023. Businesses are calling for tax relief (87%), improved regional trade relations (87%), and better promotion of the AfCFTA (83%). The newly implemented tax collection system targets small and medium businesses and has fueled concerns about increased operational costs. Additionally, Uganda's suspension from the African Growth and Opportunity Act (AGOA) and trade barriers within the East African Community (EAC) are further straining trade dynamics, impacting Ugandan goods' competitiveness in key markets.

**Uganda's trade-related infrastructure score remains low but showed slight improvement, rising from 35 in May 2023 to 36 in August 2024, supported by airport and power infrastructure developments.** Supporting the positive sentiment were Entebbe International Airport, which is expanding to increase capacity to 3.5 million passengers annually, and the Karuma Hydropower Plant, now fully operational with 600 MW capacity. However, rail infrastructure continues to struggle, with inefficiencies and rolling stock shortages leading to decreased perceived quality. This has caused a heavy reliance on road transport, which now handles 90% of Northern Corridor traffic.

**Uganda's business confidence index remained unchanged at 57 in August 2024, reflecting stable sentiment among businesses, supported by optimism surrounding the growing oil sector.**

**46% of surveyed businesses remain optimistic, anticipating increased demand and revenue growth, although concerns over taxation and currency volatility persist.**

**The newly implemented tax collection system targets small and medium businesses and has fuelled concerns about increased operational costs.**

**Uganda's access to credit index dropped from 42 in May 2023 to 37 in August 2024, indicating increased difficulty for businesses securing financing.** Nearly half (47%) of surveyed businesses reported challenges in accessing credit, citing lack of collateral (50%), bureaucratic processes (46%), and high interest rates (44%) as major obstacles. Despite these challenges, 75% of surveyed businesses offer credit terms to clients compared to 67% in 2023. In addition, more businesses (68%) receive credit advances from suppliers than in 2023 (63%). This reflects some confidence in the broader economic outlook. Most businesses believe that more flexible loan terms and quicker access to funding from financial institutions can help support cross-border trade. Mobile money platforms are being explored as a tool for credit scoring to improve financial inclusion and access to credit for small businesses.

**Ugandan businesses are adopting a mix of cash and digital payment methods for cross-border transactions.** Telegraphic transfers and cash are the joint leading payment methods for sales at 62%, followed by international transfers (54%) and mobile money (46%). telegraphic transfers remain the most popular for purchases at 62%, while cash, though still significant, is more commonly used in informal trade. Card use for cross-border purchases has nearly doubled to 21%, a shift driven by financial reforms to reduce cash dependency, such as the National Payment Systems Act 2020. Despite these changes, cash continues to dominate local sales, particularly among smaller businesses, accounting for 90% of transactions.

**Despite a rise in Uganda's ease of trade index from 38 in May 2023 to 41 in August 2024, perceptions of the benefits of intra-African trade have become less favourable.** Awareness of the African Continental Free Trade Agreement (AfCFTA) has increased to 39%, but businesses still face obstacles such as high transport costs, capital requirements, and non-tariff barriers. While 30% of surveyed businesses prefer trading with African countries, complexities in customs regulations and high tariffs continue to limit competitiveness. Additionally, Uganda's suspension from AGOA has strained trade relations with North America, further impacting trade dynamics.

**Surveyed Ugandan businesses remain optimistic about trade growth, with the trade openness index rising from 47 in May 2023 to 49 in August 2024, despite regional challenges.** Imports from Asia, particularly from China, continue to expand, with 69% of businesses sourcing goods from the region, driven by demand for machinery and electronics. Export activity has also increased, with 18% of surveyed businesses now exporting, up from 8% in May 2023. However, exports to Kenya and Rwanda have declined due to tariff barriers and diplomatic tensions, though recent agreements with Kenya may ease restrictions. Despite these obstacles, 85% of exporters expect their volumes to grow over the next two years.

**In conclusion, Uganda's fall to 9th place in the SB ATB rankings highlights ongoing issues, such as reduced access to credit, declining government support for cross-border trade, and dissatisfaction with tariff regulations**. Future iterations of the SB ATB should closely monitor the effects of Uganda's exclusion from AGOA, especially on export competitiveness, and the impact of recent agreements with Kenya in easing regional trade barriers. The progression of oil production and how revenues will influence economic revitalisation will be crucial to track, alongside evolving perceptions of government support, particularly regarding tax reforms. Additionally, it will be important to follow the role of mobile money in enhancing financial inclusion, especially as businesses seek alternative financing solutions amid tighter credit conditions. Improvements in trade infrastructure, such as the Karuma Hydropower Plant and Entebbe International Airport, should also be tracked to evaluate their long-term impact on trade facilitation and competitiveness.

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**reported challenges in accessing credit, citing lack of collateral (50%), bureaucratic processes (46%), and high interest rates (44%) as major obstacles.**

**Mobile money platforms**

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**Export activity**

**has also increased, with 18% of surveyed businesses now exporting, up from 8% in May 2023.**

# 1 INTRODUCTION

Africa's largest bank, Standard Bank (trading in Uganda as Stanbic Bank), has leveraged its presence and expertise across the continent to create the Stanbic Bank Africa Trade Barometer (SB ATB).

The SB ATB was conceived with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade.

Trade—in the context of the SB ATB—should be understood as the process of production and transfer of goods and services that is enabled by solutions that effectively connect the supply chain domestically and internationally to create economic value.

**Launched in 2022, this is Issue 4 of the SB ATB.** Issue 1, 2 and 3 were published in June 2022, November 2022 and September 2023 respectively. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia.

The objective of the SB ATB is to provide dynamic and insightful analysis that can intelligently inform and grow Africa's trade ecosystem.

**Updated annually, the data enables stakeholders to take the pulse of African trade in near real-time** to measure improvements or declines in business confidence, track operational challenges, and identify shifts in overall tradability.

**The SB ATB is based on primary and secondary data sources. Primary research is gathered through a survey of over 2 258 firms representing small businesses, big businesses, and corporates across the 10 countries.** The survey is augmented by in-depth interviews with select thought leaders in respective countries, and secondary data from sources such as the World Bank, the International Monetary Fund (IMF) and central banks of the respective countries.

**To complement the individual country reports, a consolidated report will be published, serving as a cornerstone of the trade barometer.** This overarching document will synthesise the data from the various country analyses to offer a comparative perspective of the factors enabling and impeding trade across the 10 African markets surveyed.

**This is the country report for Uganda.** It contains analysis of the primary and secondary data gathered specifically for Uganda and showcases trends and opportunities in trade within the country. Primary and secondary data was gathered in Uganda between July and September 2024 for this fourth issue of the SB ATB.

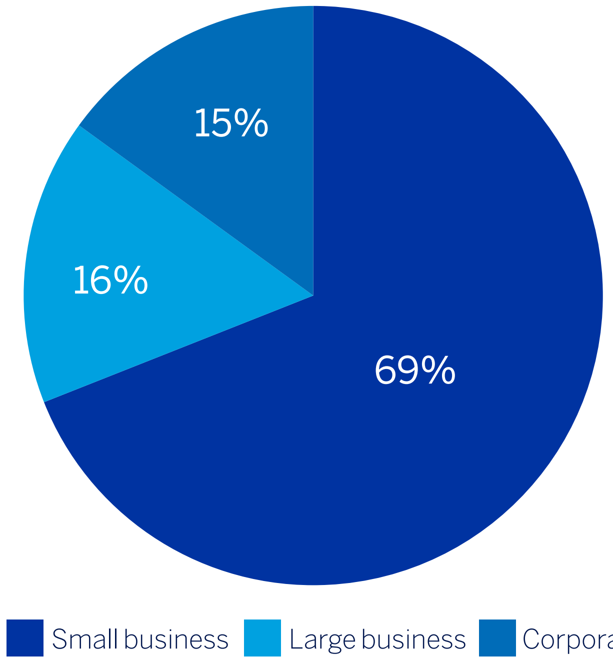
**The surveyed businesses in Uganda were located in the following cities or towns: Kampala, Gulu, Lira, Mbale, Mbarara, Arua, Wakiso, Hoima and Fort Portal.** In order to be representative, the majority of these (69%) were small businesses (see Figure 1) given that most businesses in the country fall in this category. There were three in-depth interviews conducted in Uganda as part of this issue. These were with representatives from the Ministry of Trade, Industry and Cooperatives, and the Uganda Revenue Authority.

**The fact that the majority of surveyed businesses were small businesses is a central value-add of the Stanbic Bank Africa Trade Barometer (SB ATB).** Generally, aggregate trade data and information on the African continent is skewed by large businesses who trade specific commodities in large volumes. The trading activities and behaviour of small businesses is therefore often not adequately represented.

**Skewness towards small businesses of SB ATB.**

The emphasis and findings in the SB ATB relate to small businesses, their trade behaviour, trading activities and their perceptions on trade. The SB ATB also makes a contribution in understanding the trade perceptions of small businesses in Africa that do not necessarily engage in cross-border trade. Understanding the trade perceptions of all small businesses is key, as it aids in Africa's journey from a disjointed trading landscape to a more cohesive one where an extensive range of economic participants actively engage in trade with one another.

**Figure 1:** Breakdown of surveyed businesses in Uganda by business segment




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**Notes:** Certain survey findings in this report may differ from data at the aggregate level because data at the aggregate level is skewed by a few large businesses that trade large volumes of specific commodities. This is pointed out in the report, as relevant.

# 2 STANBIC BANK AFRICA TRADE BAROMETER ISSUE 4 COUNTRY RANKINGS

Uganda fell two places in the Stanbic Bank Africa Trade Barometer ranking, from position 7 to 9.

**In order to construct the Stanbic Bank Africa Trade Barometer (SB ATB) index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources.** These thematic categories are macroeconomic environment, macroeconomic stability, government support, infrastructure constraints and enablers, trade openness, traders' financial behaviour and access to finance, and foreign trade and trading in Africa.

The SB ATB consists of the following two trade rankings:

- **The Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed from a secondary research perspective.** The SB QTB scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reports.
- **The Stanbic Bank Firm Survey Trade Barometer (SB STB) is constructed from a primary data perspective.** The SB STB scores and ranking by country are the averages of all the survey data collected from 2 258 businesses.

**The SB ATB is an aggregate of the SB QTB and the SB STB.** Changes in a country's ranking on the three indices (SB ATB, SB QTB and SB STB) are driven by changes in both the aggregate score for that country, as well as their relative ranking against the other countries included. Changes in the SB ATB rankings over the past year are driven mostly by the changes in the SB STB scores.

The SB ATB ranking of countries is relative as countries are ranked against each other i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that on a common starting point of 0 and maximum point of 100, this is how the two markets fared.

**Uganda went to 9th place from 7th in the SB ATB rankings (see Figure 2).** Nonetheless, the country rose to 6th place from 9th place last year in the SB STB and remained constant in the SB QTB.

**While Uganda demonstrated commendable performance in various aspects, surpassing certain benchmarks, it was overtaken by countries achieving even higher levels of success, which led to a decline in its rankings.** This comparative analysis sheds light on Uganda's position in the rankings.

**Firstly, Uganda experienced a slight decrease in exports as a percentage of GDP, dropping from 14.4% in 2023 to 13.7% in 2024.** In contrast, countries like Mozambique (46%) and Zambia (44%) boasted significantly higher export contributions to their GDP, thus enhancing their rankings substantially.

**The country also struggled with a relatively high foreign exchange (FX) variance of 1.77 in 2024, whereas peer nations like Angola and Nigeria maintained more stable FX environments with variances of 0.77.** Moreover, Uganda faced challenges in air transport infrastructure, retaining a low ranking (position 10) over the two years. Comparatively, countries like South Africa (1st), Kenya (2nd), and Ghana (5th) exhibited more well-developed air transport networks.

**In terms of business confidence and access to credit, Uganda found itself in middling positions, ranked 6th and 7th, respectively.** Conversely, nations such as South Africa and Angola garnered more positive perceptions due to robust economic governance and credit facilities, attracting higher foreign direct investment (FDI) inflows. Additionally, Uganda faced challenges with tariff rates and trade facilitation, with import and export regulations posing hurdles to cross-border trade. Comparative to countries like Mozambique and Namibia, which implemented trade reforms to ease these processes.

**The country's fall in the SB ATB is part of a broader trend since the September 2022 iteration when Uganda ranked 6th.**

There are nonetheless reasons for optimism, considering rises in perceptions of export growth, ease of trade and credit terms extended to and advanced from suppliers.

**Figure 2:** ATB, QTB and STB ranking, by country

1 = High tradability score — 10 = Low tradability score

| Aug '24 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **ATB** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| May '23 | 1 | 2 | 4 | 8 | 6 | 5 | 3 | 9 | 7 | 10 |
| Jan '22 | 1 | 7 | 3 | 5 | 8 | 4 | 2 | 9 | 6 | 10 |

| Aug '24 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **QTB** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| May '23 | 1 | 2 | 3 | 4 | 6 | 7 | 8 | 5 | 9 | 10 |
| Jan '22 | 1 | 8 | 3 | 6 | 4 | 9 | 6 | 2 | 7 | 10 |

| May '23 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **STB** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| Sep '22 | 3 | 4 | 1 | 2 | 7 | 9 | 8 | 5 | 6 | 10 |
| Jan '22 | 4 | 2 | 6 | 5 | 9 | 8 | 7 | 10 | 1 | 3 |

Improved in Ranking — Remained in the same ranking — Declined in ranking

**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**Notes:** All values are shown so that a higher value is 'better' for trade, with the best to least ranking economies being ranked 1, 2, 3, etc., and how this has changed over time. Red border indicates that the country has declined in the relevant ranking from May 2023. Green border indicates that the country has improved in ranking from May 2023, while Grey border indicates that the country has remained in the same position as in May 2023.

# 3 MACROECONOMIC ENVIRONMENT

Uganda's macroeconomic conditions have a positive impact on her tradability attractiveness.

**A country's macroeconomic environment is a crucial factor in determining its attractiveness for trade and business in the economy.** Some factors that increase a country's trade and investment attractiveness are high GDP (indicating a strong production of goods and services); high GDP per capita (suggesting strong consumer purchasing power); low inflation (ensuring the local currency remains favourable for importers); high foreign direct investment (FDI) (indicating a generally business-friendly environment) and high merchandise trade as a percentage of GDP (reflecting substantial imports and exports).

**Ugandan's overall macroeconomic outlook remained positive across several indicators, showing signs of steady improvements and a remarkable resilience in the face of global economic crises (see Table 1).** In 2023, the country's real GDP grew to 5.5%, up from 4.7% in 2022.[1] This growth was primarily driven by key sectors, including oil, manufacturing, construction, and mining.[2] Uganda's real GDP is further forecasted to accelerate to 5.8% in 2024, mainly driven by investments in the oil sector and auxiliary oil industries such as construction benefiting from the boom.[3]

**GDP growth is supported by growing foreign direct investments (FDI).** FDI inflows are forecasted to reach USD 3.2 billion in 2024 (growing by 10% from 2023) and USD 3.5 billion in 2025. The oil industry has mostly contributed to the increasing FDI inflows. An estimated USD 15 billion to USD 17 billion has been invested to date across Uganda's four major oil and gas projects. These include the Tilenga and Kingfisher projects in the Upstream (USD 6 billion to USD 8 billion) and the East African Crude Oil Pipeline (EACOP) (US 5 Billion), and the Uganda Refinery (USD 4 Billion) Projects in the midstream.[4] The East African Crude Oil Pipeline (EACOP) will transport oil from Uganda's Lake Albert fields to Tanzania's Tanga port for export to global markets.

**The Bank of Uganda has also managed to contain inflation.** Inflation has been on a steady decline, and is expected to halve to 3.5% in 2024 from its levels in 2022.[5] The Central Bank increased interest rates to fight inflation and this helped contain the depreciation of the shilling against the dollar. Factors such as foreign portfolio outflows from Uganda as offshore investors pursue higher returns elsewhere,[6] increasing export earnings from coffee and gold which benefit from an increase in global commodity prices contributed to the volatility of the shilling against the dollar.

**Additionally, increase in FDIs have played a role in improving the macroeconomic environment in Uganda mostly driven by oil investments as Uganda plans to start pumping crude oil in 2025.** Also, investments in key infrastructure projects such as the Karuma Hydropower Plant— a 600 MW capacity facility in mid-Northern Uganda. The plant, built by Sinohydro Corporation Limited, highlights the growing relations between China and Uganda.[7]

**6.2%**

is the real GDP growth forecast for Uganda for 2025, maintaining momentum from previous years.

> The trade environment in Uganda allows the private sector to lead, fostering competition and providing supportive frameworks for businesses. The government also offers low-interest loans to aid growth, and a stable political climate attracts trade and investment.
>
> Representative from Ministry of Trade Industry Co-Operatives

[1] Stanbic Bank African Markets Revealed, 2024.
[2] African Development Bank, 2024. Available here.
[3] Stanbic Bank African Markets Revealed, 2024.
[4] Petroleum Authority of Uganda, 2024. Available here.
[5] Stanbic Bank African Markets Revealed, 2024.
[6] Reuters, 2024. Available here.
[7] Jing, 2024. Available here.

**However, there are domestic and external risks that pose a threat to Uganda's macroeconomic environment and affect her tradability attractiveness.[8]** External risks include geopolitical tensions, tight global financial conditions, and volatile commodity prices. Conflicts in the Middle East and the Russia-Ukraine war in particular have the potential to further disrupt global supply chains and cause volatility in commodity prices. Given that Uganda is a net importer of petroleum products, an increase in the global crude oil prices would lead to imported inflation. Similarly, unrest in East Africa, including in South Sudan and the Democratic Republic of Congo, may disrupt trade and increase government spending, particularly on security.

**On the domestic front, macroeconomic risks that would negatively impact the positive real GDP growth include adverse weather conditions which would result in lower agricultural yields and increase the government's import bill for key crops.** Additionally, delays in financing for planned oil projects would delay much needed foreign currency injections into the economy. Higher interest rates and a volatile shilling against the US dollar can also dampen economic activity as imports become expensive and there is a shortage of foreign exchange reserves in the country.

**Table 1:** Selected macroeconomic factors impacting tradability attractiveness for Uganda

| Indicator | Unit | 2019 | 2020 | 2021 | 2022 | 2023 | 2024f | 2025f |
|---|---|---|---|---|---|---|---|---|
| Nominal GDP | USD, billions | 37 | 39 | 43 | 46 | 47 | 50 | 54 |
| GDP per capita | USD | 920.8 | 935 | 988.8 | 1 028.3 | 1 034 | 1 088 | 1 143 |
| Real GDP growth rate | % | 6.4 | 3.0 | 3.5 | 4.7 | 5.5 | 5.8 | 6.2 |
| Inflation rate | % | 31.9 | 33.0 | 32.2 | 29.6 | 37.2 | N/A | N/A |
| Lending interest rate | % | 2.1 | 2.8 | 2.3 | 7.2 | 5.4 | 3.5 | 2.9 |
| Merchandise trade | % of GDP | 19.9 | 19.1 | 18.5 | 18.2 | 18.6 | 17.8 | N/A |
| Exchange rate stability (USD/NAD) | NAD per USD | 3 573 | 3 593 | 3 462 | 3 580 | 3 737 | 3 803 | 3 840 |
| FDI | USD, billions | 1.3 | 1.2 | 1.6 | 3 | 2.9 | 3.2 | 3.5 |
| Trade (exports and imports as % of GDP) | % | 39.36 | 37.00 | 41.71 | 34.51 | 37.23 | N/A | N/A |

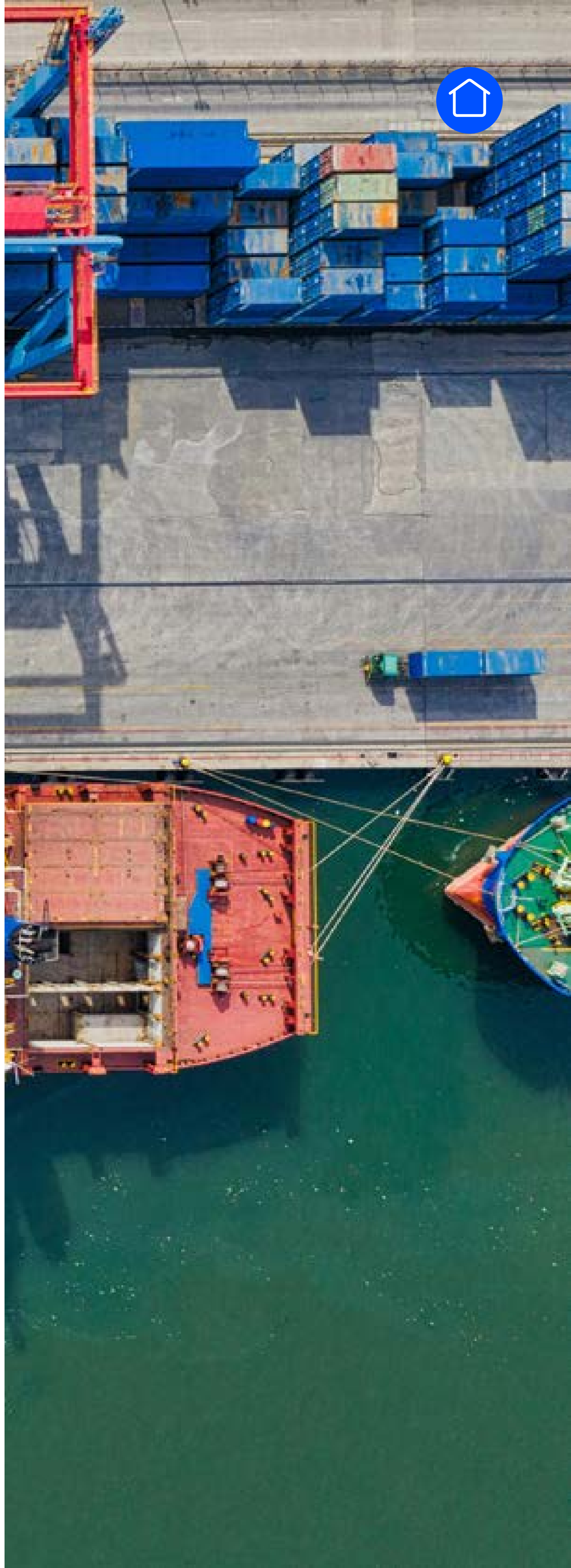
**Source:** Stanbic Bank African Markets Revealed Report; World Bank

**Note:** 'f' represents forecasted data point. Information collected is up to June 2024 and forecasts could have been revised by the time of publication.

**The Central Bank increased interest rates to fight inflation and this helped contain the depreciation of the shilling against the dollar.**

**External risks include geopolitical tensions, tight global financial conditions, and volatile commodity prices.**

**Delays in financing for planned oil projects would delay much needed foreign currency injections into the economy.**



[8] Ministry of Finance, Planning and Economic Development, 2024. Available here.

# 4 MACROECONOMIC STABILITY

Confidence in the economy remains stable, supported by anticipated boost from the oil sector however, tax remains a concern for surveyed businesses.

## UGANDA'S BUSINESS CONFIDENCE INDEX SCORE


**Source:** Stanbic Bank Africa Trade Barometer Issue 4

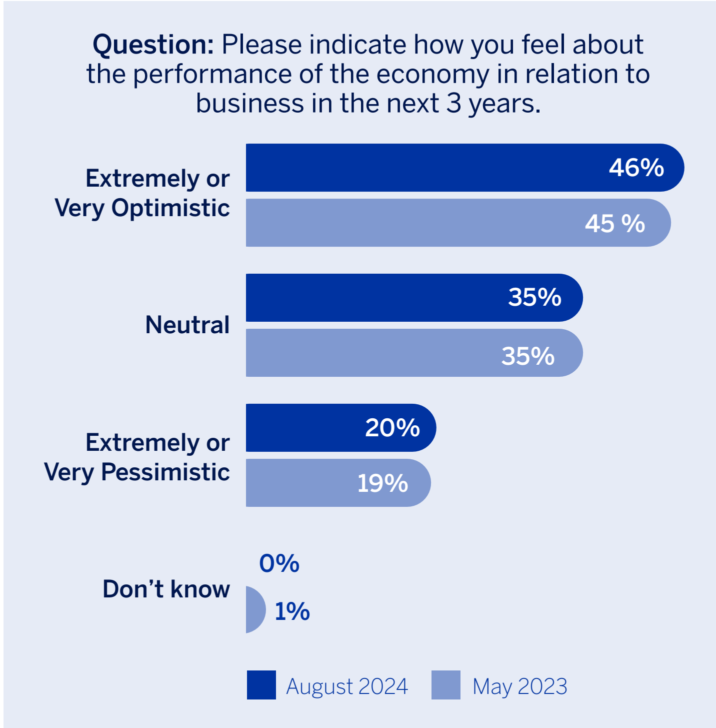
Business confidence can vary between 0 and 100, where 0 indicates an extreme lack of confidence, 50 neutrality and 100 extreme confidence. In the August 2024 SB ATB survey results, Uganda's business confidence index score remained the same at 57. This means that business sentiment in August 2024 and May 2023 are similar.

***

**Surveyed businesses' perceptions of the performance of the economy in relation to the business environment have remained mostly positive (see Figure 2).** 46% of the surveyed businesses are optimistic about Uganda's economic performance in relation to businesses over the next three years. Corporates are the most optimistic, with 72% expressing confidence, significantly higher than large businesses (53%) and small businesses (39%). Notably, corporate confidence has risen by 33%, up from 54% in May 2023 SB ATB survey. This improved sentiment is likely driven by government efforts to enhance the business environment. The Ugandan government managed to contain inflation and maintain a relatively stable exchange rate, this enabled better investment planning and supported export competitiveness.[9] However, the lower levels of positive sentiment from small businesses, compared to big and corporate businesses, in part, can be due to the recent enforcement of a new revenue collection system known as Electronic Fiscal Receipting and Invoicing Solution (EFRIS), which requires all receipts and invoices submitted to the revenue authority to be digital. Smaller businesses might perceive this negatively (the streamlined tax collection) even though this might be a positive initiative for the government to increase their revenue. Additionally, high interest rates and taxes, including an 18% VAT proposal on goods or services provided by employers to employees at no cost such as airtime or internet data, have caused discontent among small and medium-sized businesses.[10,11] On July 15, 2024, the President of Uganda assented to 19 bills, including the Value Added Tax (Amendment) Act, 2024.[12]

**The positive sentiment by surveyed businesses reflects the overall performance of the economy at the aggregate country level (see Table 1).** Uganda's economy is projected to grow by 5.8% in 2024 (see Figure 3), outperforming the East African region's forecasted 5.1% average growth.[13] Economic growth is expected to accelerate in 2025 supported by investments in oil and the subsequent multiplier effects associated with investments in the industry.[14]

**Figure 2:** Businesses' perceptions of the performance of the Ugandan economy

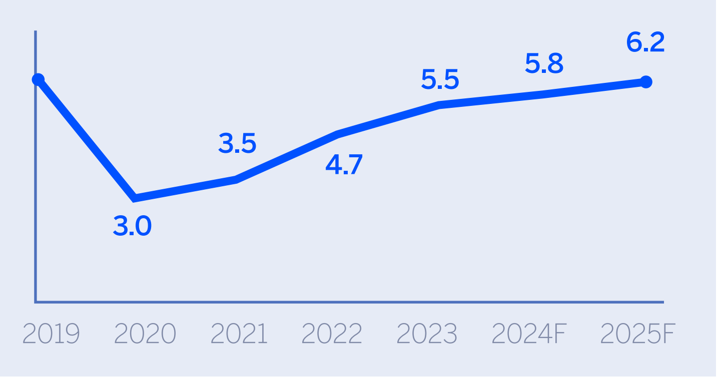



**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**39%** of surveyed small businesses are optimistic about the performance of the economy, lower than both big businesses and corporates.

[9] Ministry of Finance, Planning and Economic Development. 2024. Available here.
[10] NewVision, 2024. Available here.
[11] ENS Africa, 2024. Available here.
[12] Tax News Update, Ernst & Young, 2024. Available here.
[13] AfDB, 2024. Available here.
[14] Stanbic Bank African Markets Revealed, June 2024.

**Figure 3:** Real GDP growth (%)




**Source:** Uganda Bureau of Statistics | Stanbic Bank African Markets Revealed June 2024

**Note:** 'f' represents forecasted data points.

**The increased investment in the oil sector referenced above is expected to boost a wide range of other industries, including construction, tourism, and accommodation.** Uganda anticipates a long-term economic uplift over the next three decades, with oil and gas revenues projected to contribute USD 8.6 billion to the country's GDP once production from the Kingfisher and Tilenga upstream developments in Lake Albert begins in 2025. Additionally, Uganda is looking to models from Norway and the UAE to effectively diversify its economy and avoid the "oil curse" as it prepares for the first crude flows from these developments.

**Other key factors contributing to the positive outlook include the expected growth of exports, driven by improving commodity prices for key products like gold and coffee.** Additionally, the East African Crude Oil Pipeline, which will transport oil from Uganda's Lake Albert oil field to the Port of Tanga in Tanzania, is contributing to the positive outlook. Another factor contributing to the positive outlook is Uganda's effective management of dollar liquidity, which has been better compared to its neighbouring countries.

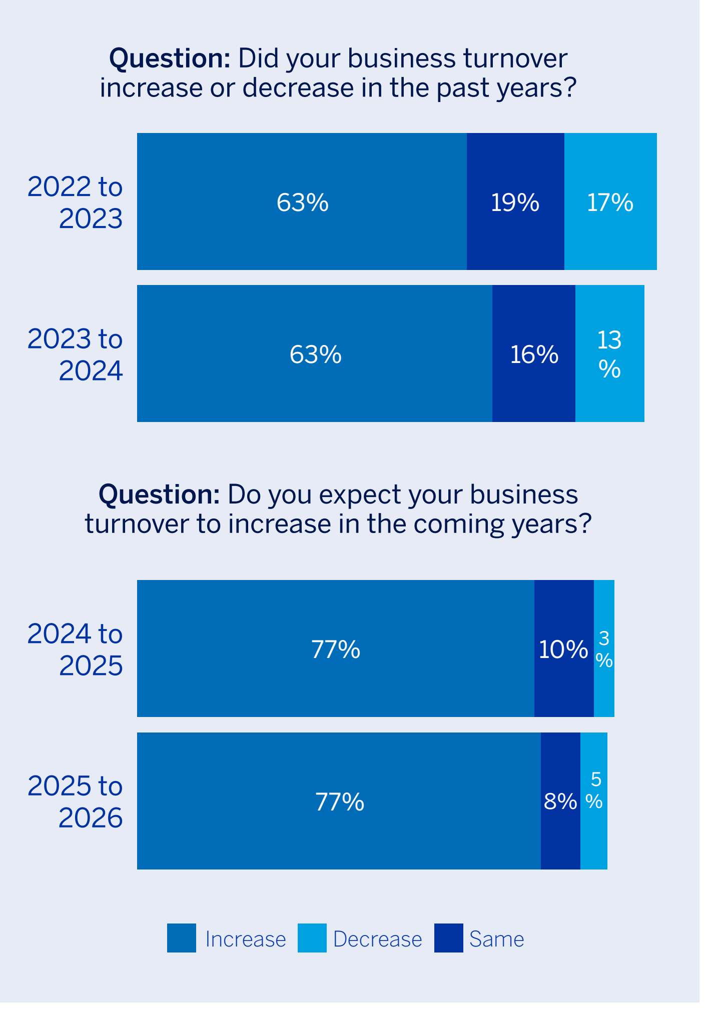
**Respondents with an optimistic outlook on the Ugandan economy commonly cited high demand from customers (45%) as the main factor behind their optimism.** Business growth (44%) and increased economic growth (44%) were also high up on the list. These figures show a significant increase from the previous survey, where demand from customers was only 17%, business growth was 16%, and increased economic growth was 9%. Business perceptions remain positive regarding the economy's future growth, this is likely due to the generally positive macroeconomic conditions the country is experiencing.

**On the other hand, 20% of surveyed businesses expressed a negative outlook on the future performance of the economy in relation to business.** Majority of these businesses cited high taxation (56%), as the main reason for their pessimism. Taxation remains a sensitive issue across the surveyed SB ATB markets, impacting the broader business environment and economic stability. In early April 2024, traders, mainly small and medium-sized businesses in Kampala, began protesting against high taxes and the enforcement strategies of the Uganda Revenue Authority (URA). The protests were centred on the electronic receipt and invoicing solution, a digital system introduced in 2020 to enhance VAT collection by tracking and managing invoices and receipts. Initially applied to large businesses, the system was extended to small and medium-sized businesses in April 2024.[15]

**46% of surveyed businesses remain optimistic about the prospects of business and revenue growth in the future (see Figure 4).** They cited increased sales, orders, and demand (83%), increased marketing activity (78%), and financial stability (78%) as key factors that will positively impact their revenue.

**Despite growing business sentiment, concerns persist that could negatively impact expected turnover for Ugandan businesses.** Decreased sales and orders due to fewer customers or customers under financial pressure (80%), high taxation (77%), and an unstable political environment (74%) are key issues. The Ugandan shilling's volatility against the US Dollar (see Figure 5) coupled with new tax measures negatively affect customer and business purchasing power.

**Figure 4:** Sentiments on turnover increases of Ugandan Businesses




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**Note:** Numbers may not add up to exactly 100% due to "don't know" and "refused" responses not being included.

**Figure 5:** Movement of UGX against the US Dollar


**Source:** Bank of Uganda; Stanbic Bank African Markets Revealed Report

**Note:** 'f' represents forecasted data points.

> We face significant challenges with foreign exchange requirements for trade with the DRC, as converting currencies to acquire dollars adds complexity and cost to our operations.
>
> Representative from Ministry of Trade Industry Co-Operatives

**56%**

of surveyed businesses that are not optimistic about the performance of the economy identified high taxation as a reason, a proportion that was twice as many when contrasted with the May 2023 survey.

[15] The Independent Uganda, 2024. Available here.

# 5 GOVERNMENT SUPPORT

Sentiment toward government support for cross-border trade has slightly declined, with businesses increasingly calling for more assistance from the government.

### UGANDA'S GOVERNMENT SUPPORT INDEX SCORE


**Source:** Stanbic Bank Africa Trade Barometer Issue 4

Government support index can vary between 0 and 100, where 0 indicates an extreme lack of Government support, 50 neutrality and 100 extreme Government support. In the August 2024 SB ATB survey results, Uganda's Government support index score has slightly declined from 52 to 49. This means that compared to May 2023, surveyed businesses in Uganda feel the Government has been less supportive of cross-border trade activities in this iteration of the survey.

***

**Fewer surveyed businesses in Uganda perceive the government to be supportive of cross-border trading activities** in this iteration of the survey (34%) in contrast to the May 2023 survey (40%) (see Figure 6).

**Asked what the government can do to support cross-border trade,** 87% of surveyed businesses emphasised the lowering of business tax, followed by improved regional trade relations (87%), and promotion of the AfCFTA (83%) within the business environment. The issue of simplifying business policies (81%) was an emerging concern from surveyed businesses.

**Taxes are a notable factor that could explain the more negative views this year.** The newly enforced tax collection system implemented in April 2024 aims to expand the tax base to small and medium businesses. While this initiative aims to increase revenue collection in order to meet the country's fiscal needs, it places additional pressure on businesses, especially those operating in an already challenging economic environment. The government argues that the new revenue collection system will streamline tax payments for businesses through digitisation. However, small and medium-sized enterprises (SMEs) view this system as a potential increase in their operational costs in addition to the current taxes they already pay.[16]

**Another notable tax amendment has been the expansion of persons liable to pay VAT to include recipients of the proceeds from auctions where goods are sold.[17]** These recipients will now be treated as the suppliers of the auctioned goods. The amendment stipulates that the person responsible for paying VAT in the case of auctioned goods is the recipient of the auction proceeds, further broadening the scope of VAT liability in such transactions. This could affect the banking industry due to the added costs for defaulters.

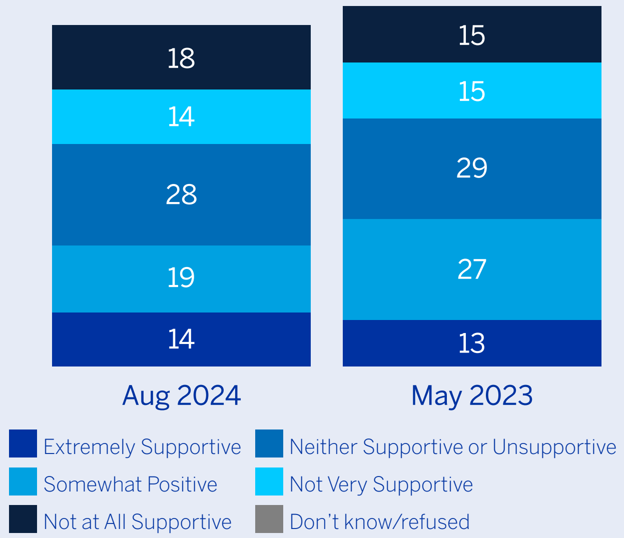
**Perceptions of lack of government support in cross-border trade may also be exacerbated by Ugandan representatives in the East African Legislative Assembly, the legislative arm of the East African Community, being against using retaliatory policies to respond to trade barriers by other East African countries such as with Kenya and Tanzania.[18]** These barriers, known as non-tariff barriers, make it harder for Ugandan businesses to trade because they involve complicated rules that are hard to track or prove. Since these barriers often do not leave clear evidence, businesses struggle to deal with them on their own. For example, Tanzania is charging excise duty on confectionery, which should be zero-rated under the EAC Common External Tariff. Meanwhile, Uganda has taken Kenya to the East African Court of Justice over a dispute on oil imports, accusing Kenya of denying access to Mombasa port facilities.[19]

**Additionally, Uganda's suspension from the African Growth and Opportunity Act (AGOA) by the US on December 29, 2023, complicates its trade dynamics to an extent.[20]** Uganda was suspended due to "gross violation of internationally-recognised human rights" over it's anti-LGBT law and was no longer eligible to participate in the programme, as specified in section 104(3) of AGOA act.[21] While, in the 12 months to June 2023, Uganda's exports to the US under AGOA were only USD 8.2 million, the suspension affects the countries ability to grow its exports to the North African market.[22]

**Despite a decline in the perception of government support from surveyed businesses, government initiatives such as the Parish Development Model (PDM) has contributed to economic growth and the expansion of the agricultural sector by 5.1% in 2024 compared to 4.5% registered in fiscal year 2022/23.** This multi-sectoral initiative aims to transition subsistence households into active participants in the economy by providing them with financial support with the goal of stimulating production and value addition in the Agricultural sector To date, 1.165 million households have benefited from PDM funds totalling USD 11 billion (Shs 2.4 trillion), channelling their investments into agriculture projects such as poultry, dairy, coffee, piggery, fish, fruits, and food crops.[23]

> Our government is actively supporting traders. For example, we offer affordable financing for cooperatives and grassroots traders, along with training through the Export Promotion Board and Standards Body to help SMEs access local and international markets.
>
> Representative from the Ministry of Trade, Industry and Cooperatives

**Figure 6:** Sentiments on government support on cross border trade




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

[16] The Citizen, 2024. Available here.
[17] ENS Africa, 2024. Available here.
[18] NTV, 2024. Available here.
[19] The East Africa, 2024. Available here.
[20] AGOA, 2024. Available here.
[21] AGOA, 2024. Available here.
[22] The East African, 2024. Available here.
[23] Ministry of Finance, Planning and Economic Development, 2024. Available here.

# 6 INFRASTRUCTURE CONSTRAINTS AND ENABLERS

Uganda's trade-related infrastructure score remains low but shows slight improvements supported by airport and power infrastructure developments.

### UGANDA'S QUALITY OF TRADE-RELATED INFRASTRUCTURE INDEX SCORE


**Source:** Stanbic Bank Africa Trade Barometer Issue 4

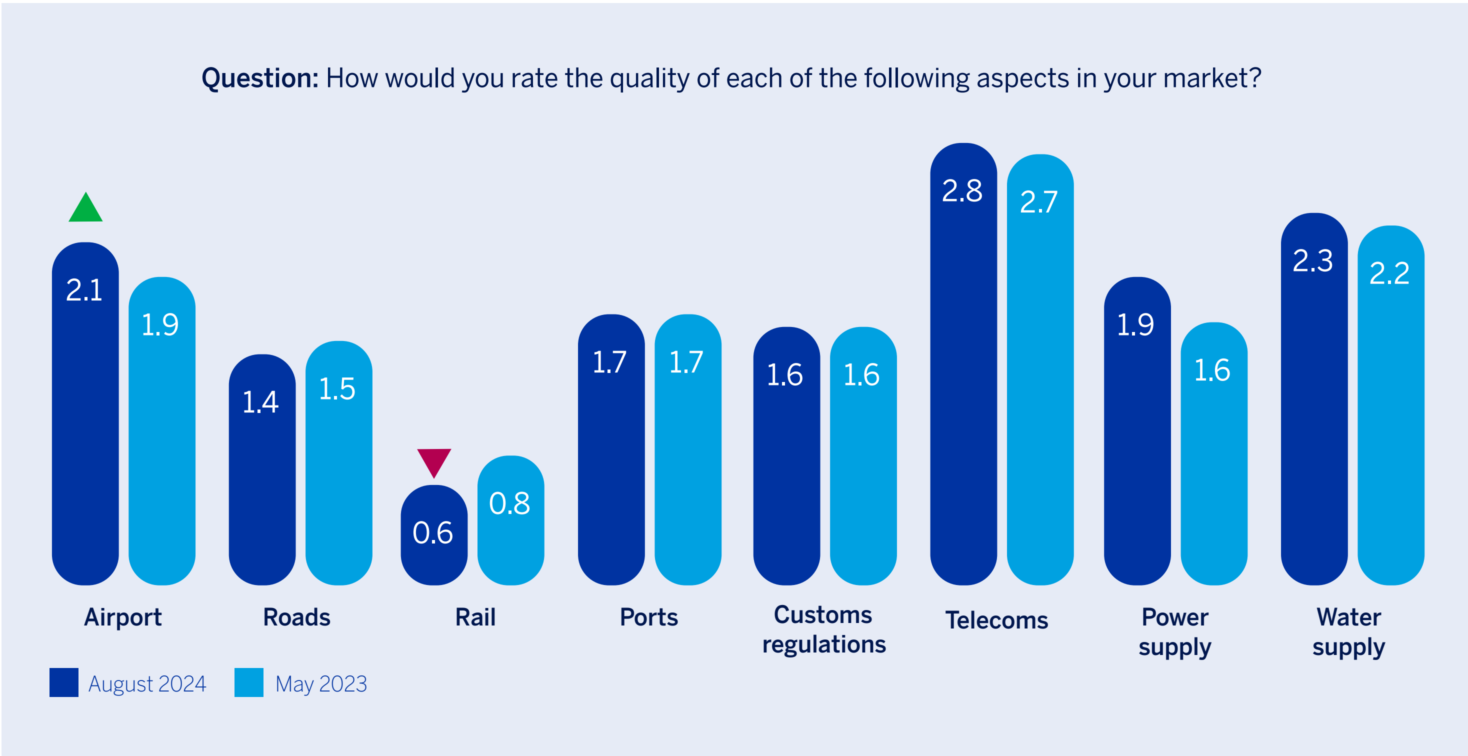
The quality of trade-related infrastructure index can vary between 0 and 100, where 0 indicates poor quality, 50 indicates fair quality and 100 indicates excellent quality. In the August 2024 SB ATB survey results, Uganda's quality of trade-related infrastructure index score increased slightly from 35 in May 2023 to 36.

***

**Surveyed Ugandan businesses largely perceived improvements of quality in trade-related infrastructure in their country.** Aspects that saw an increased perception of quality include airport, telecoms, power and water infrastructure (see Figure 7).

**Improvements to the perceived quality of power infrastructure (0.3 point increase) amongst surveyed businesses can be, in part, attributed to a pipeline of energy projects in 2024.** In October 2024, Uganda inaugurated the final turbine of the Karuma Hydropower Plant— a 600 MW capacity facility situated in mid-Northern Uganda—successfully integrating it into the national grid, thereby achieving full operational status as the country's largest hydropower producer.[24] Uganda seeks to further build up its power supply infrastructure, especially in the renewable

**Figure 7:** Perceived quality of various infrastructural aspects (out of 5 points)




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**Notes:** Rating is on a 5-point scale, where 5 = excellent quality and 1 = poor quality. Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey.

> Infrastructure is very, very critical; logistics is key. For everything from perishables to garments, we need robust networks to handle cross-border trade efficiently, especially as we depend on ports like Mombasa and Dar es Salaam for our import needs.

Representative from the Ministry of Trade, Industry, and Cooperatives

[24] Jing, 2024. Available here.

energy space with the construction of the 25MW Ituka Solar PV project, which commenced in August 2024. The plant will be able to meet the West Nile area's 15 MW energy demand which is currently experiencing a 50% supply deficit.[25]

**FAST FACT:**

Uganda's hydropower sector is the country's largest renewable energy source, rapidly expanding from three generation plants in 2001 to over 40 in 2021.[26]

**The 0.25 point increase in positive sentiment towards airport infrastructure between surveyed business cohorts in the 2023 and 2024 ATB could partly be attributed to the recent expansion and modernisation of Entebbe International Airport (EIA).** EIA is the country's largest airport and is located 45 kilometres from the capital city of Kampala. The expansion, which was reported to be 92% complete in August 2024,[27] will increase the airport's capacity from 2 million to at least 3.5 million passengers a year upon completion. Apart from the expansion, recent developments include a USD 9.5 million automation and modernization project with the Korea International Cooperation Agency (KOICA), introducing enhanced data management, maintenance systems, control centres, and improved air traffic procedures.[28] Moderating these positive developments are reports of Uganda Revenue Authority officials being accused of involvement in tax evasion at Entebbe International Airport in August 2024. The officials are alleged to have permitted undeclared goods through customs without taxes being paid, resulting in significant government revenue losses, with claims of over UGX 1 trillion (USD 272 million) lost to URA corruption last year.[29]

**Uganda is not without its challenges in infrastructure quality, as indicated by the survey.** The decrease in perceived quality of rail infrastructure from 16% in May 2023 to 11% in August 2024 among surveyed businesses aligns with reports of persistent rolling stock shortages and rail system inefficiencies. The former is linked to Uganda Railways Corporation report of a significant discrepancy in its asset register, whereby the company was unable to account for a significant number of wagons that had entered Kenya carrying goods. Despite the Malaba-Namanve metre gauge track— a segment of the railway line which connects Kampala to the port of Mombasa—being upgraded to fair condition by the end of 2023, traders have continued to express dissatisfaction, leading to a reliance on road transport. As a result, 90% of the Northern Corridor's traffic moves by road, with only 7% being facilitated by rail.[30]

**Another significant development in infrastructure in Uganda is the investment in the Uganda Refinery project (USD 4 billion) and East African Crude Oil Pipeline (USD 5 billion).** This is set to stimulate exports through the Uganda National Oil Corporation and drive GDP.[31]

**FAST FACT:**

Uganda is one of sixteen landlocked countries in Africa, relying mainly on the Ports of Mombasa and Dar es Salaam for import-export trade with the rest of the world.

**600MW**

is the capacity of the fully operational Karuma Hydropower Plant, inaugurated in October 2024.

**Uganda is not without its challenges**
**in infrastructure quality, as indicated by the survey.**

**The decrease in perceived quality of rail infrastructure**
**from 16% in May 2023 to 11% in August 2024 among surveyed businesses aligns with reports of persistent rolling stock shortages and rail system inefficiencies.**

"Infrastructure deficits have contributed negatively to trade. Rail and airport infrastructure must be developed to enable the transport of more goods to countries, but in Uganda we only have one airport and the railways are really bad."

Representative from the Uganda Revenue Authority

[25] ESI Africa, 2024. Available here.
[26] GIZ. Available here.
[27] Seyiga, 2014. Available here.
[28] Seyiga, 2023. Available here.
[29] Insider, 2024. Available here.
[30] The Infrastructure Consortium of Africa, 2024. Available here.
[31] Uganda Chamber of Mines and Petroleum, 2024. Available here.

# 7 TRADE OPENNESS

Surveyed businesses anticipate trade growth despite regional challenges.

### UGANDA'S TRADE OPENNESS INDEX SCORE


**Source:** Stanbic Bank Africa Trade Barometer Issue 4

The quality of trade openness index can vary between 0 and 100, where 0 indicates poor quality, 50 indicates fair quality and 100 indicates excellent quality. In the August 2024 SB ATB survey results, Uganda's quality of trade openness index score increased from 47 in May 2023 to 49.

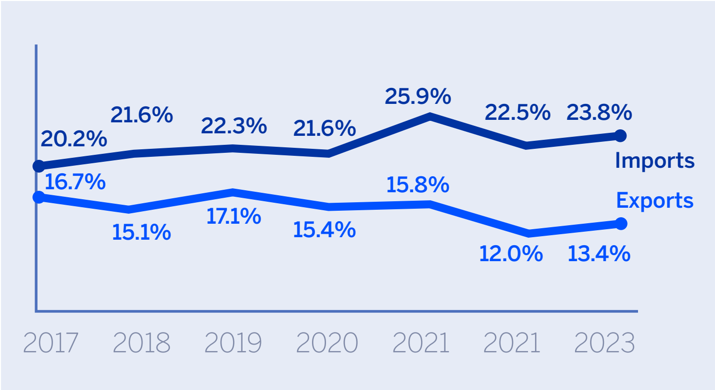
***

**38% of surveyed businesses in Uganda import their inputs**. For those that import, the majority operate in the consumer goods sector (27%) and purchase their goods from international wholesalers (60%). This is mirrored in the macroeconomic data, where imports represent a relatively large share of GDP (24%) (see Figure 8).

**85%**

of surveyed businesses that export sell their goods directly to end consumers, consistent with 86% of surveyed businesses in May 2023.

**Figure 8:** Imports and exports (% of GDP, 2017 - 2023)




**Source:** World Bank

**Asia is the largest source of imports for Uganda.** 69% of surveyed businesses source imports from Asia, in contrast to the aggregate figure of 36% reported by the Ministry of Finance in July 2024.[32] China is the most popular import market for surveyed Ugandan businesses. Of the businesses surveyed in August 2024 that import, 40% import from China, in contrast to 38% of the businesses surveyed last year. On an aggregate level, the Ministry of Finance reported that China accounted for 55% of imports originating from Asia.[33]

## FAST FACT:

In June 2024, Asia accounted for 37% of Uganda's import bill. In Asia, China and India are the main import destinations for Uganda, accounting for 71.8% of Asian imports in June 2024.[34]

**The majority of Uganda importers surveyed expect the volume of their imports to increase in the near future (see Figure 9).** 70% of surveyed importers feel that it is likely that the volume of their imports will increase over the next two years, representing a 5% increase relative to the sentiments recorded in May 2023. The majority of businesses (45%) who hold this sentiment primarily expect imports from China to increase, further pointing toward strengthened trade ties between the two countries. Trade between Uganda and China is expected to be further facilitated by the establishment

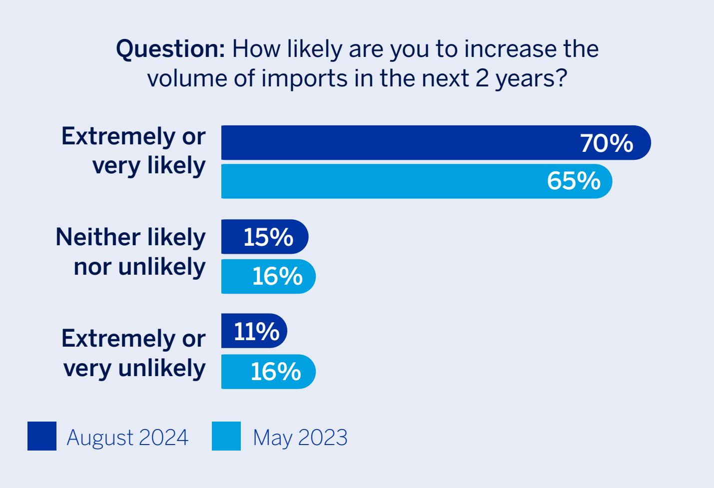
"We import a lot of products from China - machinery, electronics, pharmaceuticals, textile and apparel. We don't have an industry that has capital goods and electronics, but the population wants them and the market is here."

Representative from the Ministry of Trade, Industry, and Cooperatives

[32] NewVision, 2024. Available here.
[33] Ibid.
[34] Uganda Bureau of Statistics. Available here.

of Chinese-owned industrial parks in major cities which will increase accessibility to goods sourced from China.[35]

**Figure 9:** Importers perceptions on their likelihood to increase import volumes over the next 2 years (%)




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

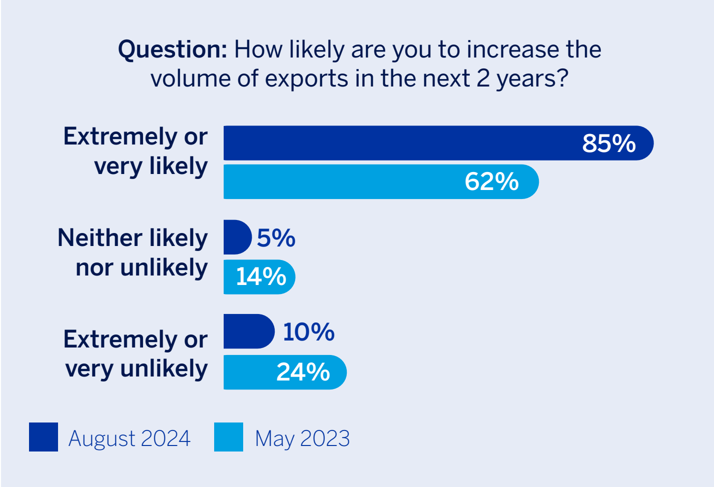
**On the export trading landscape, 18% of surveyed businesses export in contrast to 8% of businesses in May 2023.** The majority of these operate in the consumer goods sector and 85% sell their goods directly to end consumers.

**This increase in exportation activity is aligned with an optimism for increased export volumes amongst surveyed businesses.** 85% of surveyed exporters feel that it is likely that the scale of their exports will increase over the next two years, representing a 23% increase relative to the sentiments recorded in May 2023. Taking a three year view; the optimism for an increase in export volume recorded in August 2024 is consistent with 89% of the cohort of businesses surveyed in September 2022. These sentiments are likely a reflection of exports increasing in 2023 after a dip in 2023 (see Figure 10) and exporters expecting this momentum to continue.

## FAST FACT:

Uganda's export earnings increased by 22.4%, from USD 717.2 million in June 2024 in comparison to USD 585.9 million registered in June 2023.[36]

**Figure 10:** Importers perceptions on their likelihood to increase export volumes over the next 2 years (%)




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**East Africa remains a prominent destination of Ugandan exports.** 59% of surveyed businesses sell exports to East Africa, in contrast to 71% of businesses surveyed in May 2023. Amongst surveyed businesses, exports to Kenya and Rwanda have decreased significantly from May 2023.

**Compared to May 2023, when 29% of the businesses surveyed were exporting to Kenya, the August 2024 survey indicates that only 14% of the surveyed cohort are currently exporting to the neighbouring country.** On a macroeconomic scale, exports from Uganda to Kenya were reported to have decreased by 9% in the beginning of 2024 compared to 2023, a shift consistent with the experiences of the businesses surveyed in the ATB.[37] This change in behaviour from surveyed businesses could be attributed to a series of tariff and non-tariff barriers that have been affecting the freeflow of bilateral trade between the two countries. These barriers include a 25% Kenyan excise duty on onions, potatoes, and potato crisps and chips from Uganda which came into effect in July 2022. The Prime Cabinet Secretary and Cabinet Secretary for Foreign and Diaspora Affairs in Kenya and the Minister of Foreign Affairs of Uganda met in May 2024 to agree to remove all the tariff and non-tariff barriers that have been increasing the cost of trade between the two countries. Trade between Kenya and Uganda could thus increase in the next iteration of the SB ATB.

**Surveyed businesses that export to Rwanda dropped from 18% in last year's survey in contrast to 10% in this year's survey.** This change in activity amongst surveyed businesses could be a response to the recent escalations in the longstanding diplomatic tensions between Rwanda and Uganda. The partial closure of the border by Rwanda, travel advisories, and the implementation of an export permit system, which Uganda views as a trade embargo, may have significantly disrupted trade routes and diminished the export figures.[38]

> Non-tariff barriers have been a key challenge to trade. Kenyan restrictions on Ugandan goods like milk and electricity are unpredictable, oscillating without clear reason — one day we trade seamlessly, the next our goods are halted at the border; it's a political move affecting real trade.
>
> Representative from the Uganda Revenue Authority

[35] Lane, 2021. Available here.
[36] Uganda Bureau of Statistics. Available here.
[37] Munda, 2024. Available here.
[38] Mumbere, 2024. Available here.

# 8 TRADERS' FINANCIAL BEHAVIOUR & ACCESS TO FINANCE

Telegraphic transfers and cash facilitate payment for cross-border sales and surveyed businesses find access to credit difficult.

**UGANDA'S ACCESS TO CREDIT INDEX SCORE**


**Source:** Stanbic Bank Africa Trade Barometer Issue 4

Access to finance can vary between 0 and 100, where 0 indicates an extreme difficulty in accessing credit, 50 neutrality and 100 indicates no difficulty in accessing credit. In the August 2024 SB ATB survey results, Uganda's access to credit index score declined to 37 from 42 in May 2023. This means surveyed businesses in Uganda found it harder to access credit compared to May 2023.

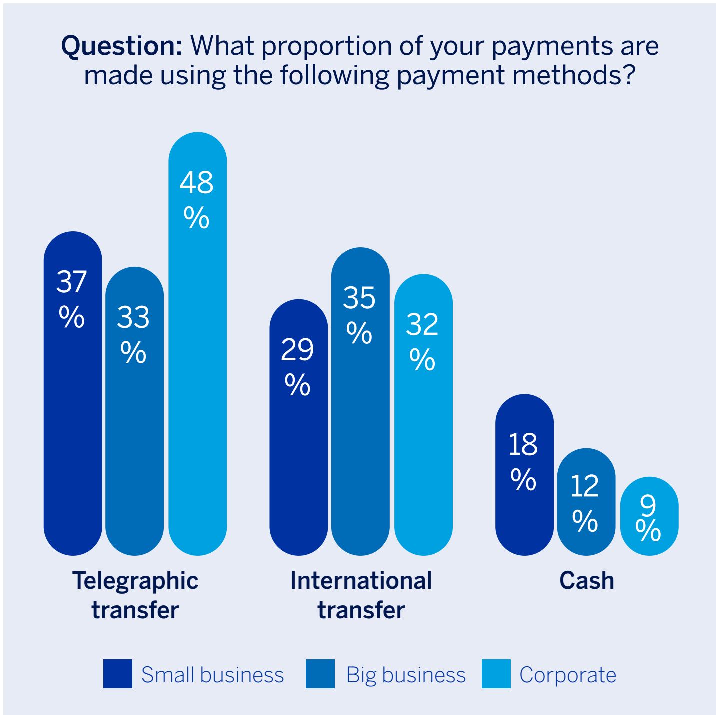
***

**Surveyed businesses mainly rely on digital payment methods for cross-border transactions, with businesses still adopting cash but using it less frequently.** Telegraphic transfers and cash are tied as the preferred method of payments for facilitating cross-border sales for surveyed Ugandan businesses at 62%. For cross-border purchases, the majority of surveyed businesses indicated using telegraphic transfers (62%) followed by international transfers (51%) and cash (32%). Despite surveyed businesses preferring cash, an analysis of the usage of each payment method by business segment reveals that cash constitutes the smallest proportion of cross-border purchases among surveyed businesses. Moreover, a trend emerges as businesses grow, with higher cash usage among small businesses relative to corporates (see Figure 11). While the accessibility and low cost of cash support the ease of trading, telegraphic transfers are typically utilised by businesses that are somewhat established and already have banking relationships in place. These businesses value the efficiency and security that telegraphic transfers provide for their financial transactions.

**FAST FACT:**

In 2023, 64% of Uganda's adult population used digital transfer services compared to 57% in 2018. This growth is largely driven by Uganda's urban population, where 73% of adults use digital transfer services compared to 60% of the rural population.[39]

**Figure 11:** The proportion of cross-border purchases by select payment methods




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

High bank interest rates make loans unaffordable, with interest exceeding investment returns. This forces people to save slowly, delaying business ventures. Lower interest rates would encourage more Ugandans to start businesses, but currently, capital is scarce.

Representative from the Uganda Revenue Authority

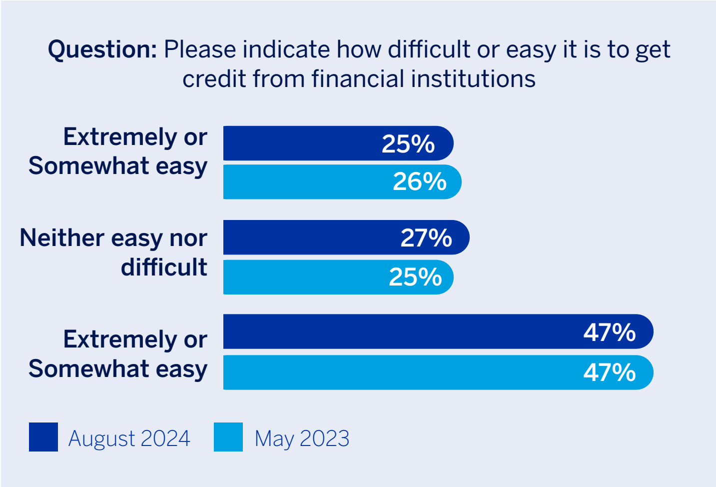
[39] FSD Uganda. Available here.

**A notable change in the preferred payment method for cross-border purchases came from cards.** The use of cards almost doubled to 21% among surveyed businesses in this iteration of the survey, a significant increase from 11% in May 2023. This could be attributed to the reforms including the National Payment systems Act 2020 through the Bank of Uganda which issues 17 payment licences. This reduces the dependency on cash aiming to move toward a cashless economy. Furthermore, through collaborations interbank payments have been digitised across East Africa and COMESA, whilst more work is to be done to increase digitised payments, there has been progress towards a more cashless economy.[40]

**With regard to local transactions, cash remains king particularly for domestic sales.** For domestic sales, the majority of surveyed businesses are paid in cash (90%), followed by mobile money (64%) and EFTs (47%). For domestic purchases, the majority of surveyed businesses in this iteration of the survey pay their suppliers using EFTs (62%) followed by international transfers (51%) and cash (32%). Similar to cross-border transactions, small businesses tend to rely on cash more heavily compared to larger businesses. 66% of surveyed small businesses receive payment in cash relative to big businesses (48%) and corporations (34%).

**Similar to May 2023 , the majority of surveyed businesses (47%) find accessing credit from financial institutions to be difficult (see Figure 11).** The main reasons cited by these businesses for this difficulty are lack of collateral (50%), bureaucratic processes (46%), high interest rates (44%) and stringent loan terms (29%). Many businesses lack sufficient credit histories and assets such as collateral, which presents a challenge for securing a loan. These barriers are compounded for small businesses, typically characterised by high levels of informality and lower levels of financial inclusion, making access to sufficient collateral and a formal credit history more of a challenge to accessing credit. Additionally, the fluctuation of lending rates over the past years and subsequent increase from 18.2% to 18.6% make access to credit more difficult for businesses.

**Figure 12:** Ease of access to credit by surveyed businesses




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**Note:** Bars may not add up to 100% as 'Refused' has been excluded from the graph.

## FAST FACT:

In January 2024, Airtel and gnuGrid CRB launched Uganda's first mobile credit scoring system, transforming credit assessments and fostering financial inclusion. Airtel Money holds data from 14 million wallets, which will empower financial institutions to monitor credit scores and extend credit to customers.[41]

**Surveyed businesses want financial institutions' support in providing credit to facilitate cross-border trade activities.** 85% of surveyed businesses seek quicker access to credit, 84% flexible loan terms and 81% insurance of goods. This highlights the landscape of Uganda where loan terms are shorter and access to credit is harder, particularly among small businesses. However, financial institutions are implementing innovative approaches to address the challenges of businesses. For instance, financial institutions aim to use mobile money platforms as a source of financial history for credit scoring to enable small businesses to receive funding. This enables greater financial inclusion and a greater proportion of small businesses accessing credit.[42]

**62%**

of surveyed businesses prefer telegraphic transfers for facilitating cross-border sales.

**58%**

surveyed businesses' local sales are, on average, made in cash.

> The main challenge is affordable trade finance. In Uganda, central banks offer 20-24% interest rates, making it hard for small and micro businesses to access due to high costs and lack of collateral.
>
> Representative from Ministry of Trade, Industry and Cooperatives

[40] Evolution of payments industry in Uganda, 2022. Available here.
[41] Tech Africa News, 2024. Available here.
[42] AERC, 2024. Available here.

# 9 FOREIGN TRADE & TRADING IN AFRICA

Intra-African trade has gotten easier for surveyed businesses, coinciding with an increase in awareness of the AfCFTA.

### UGANDA'S EASE OF TRADE INDEX SCORE

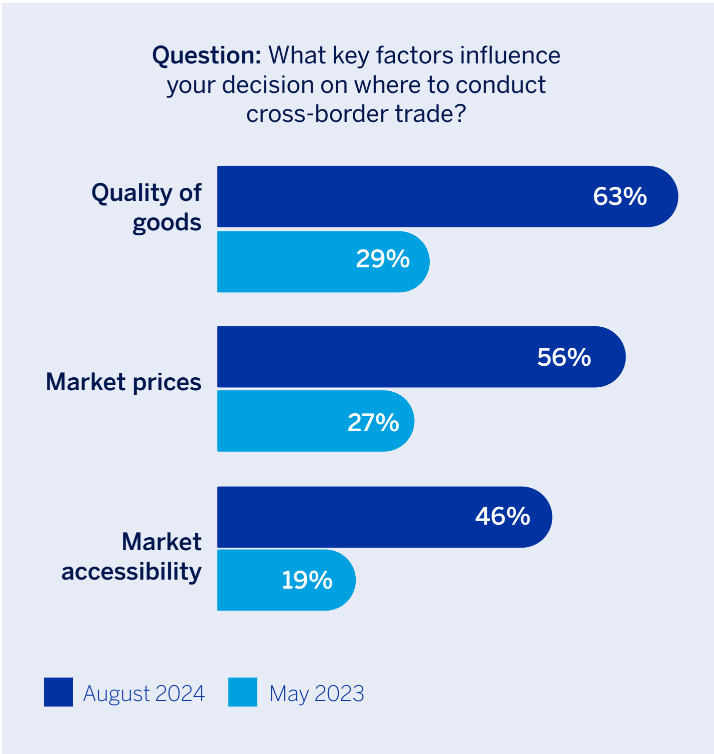

**Source:** Stanbic Bank Africa Trade Barometer Issue 4

Ease of trade can vary between 0 and 100, where 0 indicates an ease of trade with other countries, 50 neutrality and 100 indicates an extreme difficulty in trading with other countries. In the August 2024 SB ATB survey results, Uganda's ease of trade index score rose to 41 from 38 in the May 2023 survey. This means that surveyed businesses found it easier to trade with foreign markets this year in contrast to May 2023.

***

**Surveyed businesses prefer trading in African (30%) and Asian (28%) markets.** The majority of surveyed Ugandan businesses prioritise quality of goods (63%), market prices (56%) and market accessibility (46%) when deciding on which countries to conduct cross-border trade with (see Figure 13). All of these have significantly grown as factors to consider in contrast to the May 2023 survey. The preference for intra-African trade can be partially explained by Uganda's involvement in regional trading blocs such as the East African Community and the Common Market for Eastern and Southern Africa Intergovernmental Authority on Development which makes for accessibility of trade amongst other African countries, reducing trade costs for Ugandan surveyed businesses.[43] On the other hand, Asian markets, particularly China, are key import destinations for surveyed businesses, with 69% surveyed businesses prefer trade with China due to lower costs of products.

**Figure 13:** Factors for cross-border trading




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**China is the most significant global trading partner for surveyed businesses in Uganda.** The nature of their involvement in trade with China is centred on buying final goods and services directly from China (50%) and importing raw materials (29%). The majority of surveyed businesses cited good quality products (88%), ability to customise orders (86%), fast response times (84%), and lower cost of products (64%) as the most important elements in doing business with China.

**Only 3% of surveyed businesses preferred trading with North America.** The most common reasons among surveyed businesses for not trading with US-based companies are high shipping costs (38%), high tariffs and taxes (34%), longer lead times (21%), and currency fluctuations (21%).

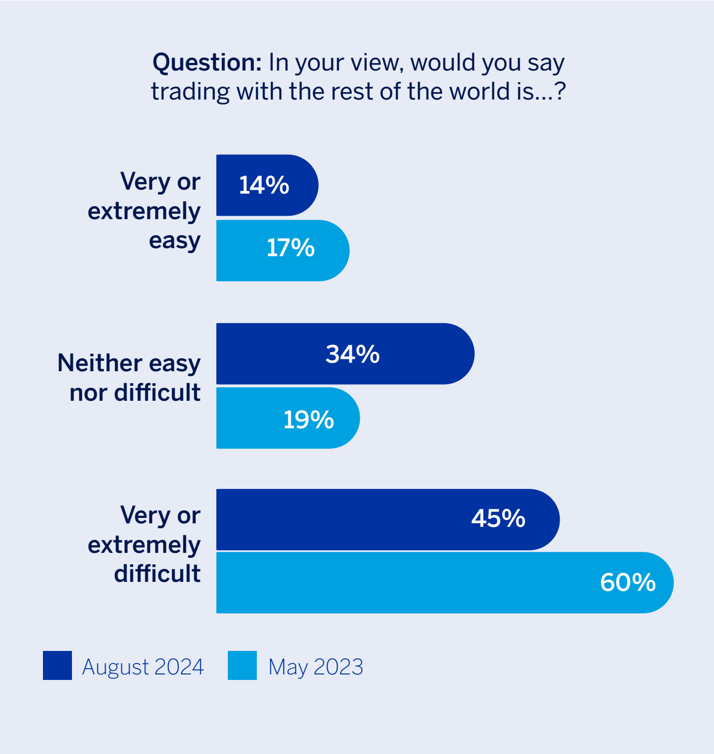
**45% of surveyed businesses report trading with the rest of the world as very and extremely difficult in contrast with 60% in May 2023.** This positive trend is primarily attributed to a rise in businesses reporting easier trading procedures (9%), technological advancements that improve trade (9%) and high quality of products (9%). An analysis of surveyed businesses importing activities reveals that this trend is driven by trade relations with China, who have been the top import destination for surveyed businesses across all four waves of the SB ATB.

> Our exports to China have surged from USD 115,000 in 2017 to USD 43.5 million by December 2023. This significant increase in value is accompanied by a growing variety of products being exported.
>
> Representative from Ministry of Industry and Cooperatives

> Non-tariff barriers and rising protectionism are hindering market access which is a major challenge.
>
> Representative from the Ministry of Industry and Cooperatives

[43] Tralac, 2018. Available here.

**Figure 14:** Businesses perceptions of the ease of trading with the rest of the world




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**Despite an easier trading landscape, surveyed businesses still face obstacles to global trade.** Surveyed businesses indicated lack of knowledge or expertise (36%), customs and trade regulations (40%), import and export bans (41%), and poor/lack of trade investment (49%) as obstacles to global trade. Uganda has high tariff barriers which impact the cost of trade, with import charges of 1.5% infrastructure tax to finance railway infrastructure developments and a Digital Service Tax of 5% to all non-resident foreign businesses.[44] Furthermore, Ugandan exporters need to strengthen their trading processes to adhere to international standards as 70% of first time exporters fail.[45] All these further impact trade with other African countries and the rest of the world.

**Similar to global trade, the perceptions of surveyed businesses regarding the ease of intra-African trade has increased.** The percentage of businesses reporting easy (whether very or extremely) increased from 20% in May 2023 to 26% in August 2024. This trend coincides with a 10-percentage point decrease in businesses reporting intra-African trade as difficult. The easing trade landscape for surveyed businesses is primarily attributed to a significant increase in the percentage of businesses reporting good trading relationships (19%), easier trading procedures (16%) and lower trading taxes (13%).

**Uganda is one of 54 signatories to the African Continental Free Trade Agreement (AfCFTA).** AfCFTA is an initiative which looks to, amongst other things, improve the level of intra-African trade by creating a single market for goods and services and lower some of these aforementioned trade barriers. To this end, members of the AfCFTA are committed to eliminating tariffs on most goods and services that are traded between African countries over a given period following the AfCFTA entering its operational phase in July 2019.

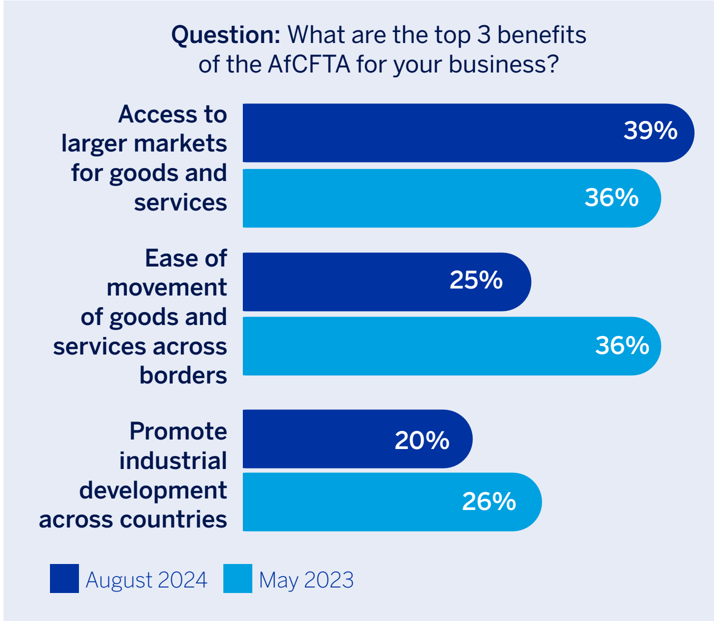
**Awareness of the AfCFTA amongst Ugandan businesses has increased to 39% from 33% in May 2023.** This could be from convenings of member states and intended implementation through investments in improving transport and logistics infrastructure and further streamlining customs procedures and reducing non-tariff barriers which have been intensified.[46]

**Most Ugandan businesses believe that the implementation of the AfCFTA will reap benefits for their businesses (see Figure 15).** The most commonly identified benefits are allowance for larger markets for businesses goods/services, ease in movement of goods/services across borders and contribution to movement of capital and people across borders (20%).

## FAST FACT:

The Guided Trade Initiative (GTI) aims to catalyse trade under the AfCFTA through preferential tariff arrangements. The GTI began in late 2022 with 8 participating countries trading selected goods. As of 2024, 30 more African countries will be covered by the GTI as well as an increase in the scope of products to be traded, including bio pesticides, packaged moringa, tea, coffee, and meat products, among others.[47]

**Figure 15:** Expected benefits of the African Continental Free Trade Area




**Source:** Stanbic Bank Africa Trade Barometer Issue 4

> Regional arrangements like the EAC, COMESA, and the Continental Free Trade Area are leading in promoting trade.
>
> Representative from the Ministry of Industry and Cooperatives

[44] International Trade Administration, 2023. Available here.
[45] IGC, 2022. Available here.
[46] Draft progress report, 2024. Available here.
[47] Africa24. Available here.

# CONCLUSION

**Uganda's descent to 9th place in the SB ATB rankings is symptomatic of broader issues such as diminished access to credit, waning government support for cross-border trade, and mounting dissatisfaction with import and export tariff regulations.** This downward trajectory from the country's 6th place standing in September 2022 indicates persistent struggles within the trade sector. Yet, amidst these challenges, there are discernible signs of opportunity and potential. Notable improvements in the perceptions of export growth, trade facilitation, and mutually beneficial credit terms with suppliers provide a silver lining that could catalyse positive change in the near future.

**Uganda's economy is buoyed by a high rate of GDP growth, as well as growing investment and trade ties with China**. The prospective commencement of oil production in the region is expected to generate substantial revenues, potentially having a positive downstream effect on various sectors of the economy. These developments hold the promise of an infusion of wealth and investment that could revitalise the nation's trade footprint.

**However, the road to enhanced trade attractiveness for Uganda is not without hurdles.** Contentious tax reforms have sparked disapproval within the business community, especially the enforcement of the EFRIS, and the country's recent exclusion from the African Growth and Opportunity Act (AGOA) serves as another setback, potentially stymying trade opportunities with the United States.

**As Uganda navigates these complex challenges, future editions of the SB ATB will be instrumental in monitoring the country's progress in trade facilitation and the broader impact of its economic policies**. The resilience of Uganda's trading sectors and the government's responses to these issues will be critical factors to watch in the pursuit of a more favourable trade environment.

# APPENDICES

## **Appendix 1:** Stanbic Bank Africa Trade Barometer (SB ATB) Country Ranking for Issue 4, 2024

The Stanbic Bank Africa Trade Barometer (SB ATB) scores are an aggregate of the Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and the Stanbic Bank Survey Trade Barometer (SB STB) scores. Countries are ranked against each other, i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

SB ATB scores remained the same for Namibia, Angola and South Africa, while half of the countries saw their scores decrease from May 2023 (see Table 2).

**Countries that have retained their ranking from May 2023:**

- Namibia (2nd position)
- South Africa (1st position)
- Angola (10th position)

**Countries that have improved in their ranking from May 2023:**

- Mozambique (4th to 3rd position)
- Nigeria (6th to 5th position)
- Tanzania (8th to 4th position)
- Zambia (9th to 8th position)

**Countries that have declined in their ranking from May 2023:**

- Uganda (7th to 9th position)
- Kenya (5th to 6th position)
- Ghana (3rd to 7th position)

**Table 2:** Stanbic Bank Africa Trade Barometer (SB ATB) scores by country

| | Africa Trade Barometer (ATB) Score | | ATB Ranking | |
|---|---|---|---|---|
| | August 2024 | May 2023 | May '22 | Aug '24 |
| Angola | 0 | 0 | 10 | 10 |
| Ghana | 14 | 46 | 3 | 7 |
| Kenya | 16 | 32 | 5 | 6 |
| Mozambique | 29 | 35 | 4 | 3 |
| Namibia | 47 | 50 | 2 | 2 |
| Nigeria | 19 | 29 | 6 | 5 |
| South Africa | 100 | 100 | 1 | 1 |
| Tanzania | 25 | 25 | 8 | 4 |
| Uganda | 4 | 25 | 7 | 9 |
| Zambia | 9 | 15 | 9 | 8 |

**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**Note:** The scores denote the performance of each country relative to the full country list on the specified measures.

## **Appendix 2:** Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) Country Ranking for Issue 4, 2024

The Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reported facts.

SB QTB scores remained the same for Uganda, Angola, Mozambique, Namibia, Nigeria and South Africa, while most countries had their scores decline from May 2023 (see Table 3).

**Countries that have retained their ranking from May 2023:**

- Uganda (9th position)
- Namibia (2nd position)
- South Africa (1st position)
- Angola (10th position)
- Mozambique (3rd position)
- Nigeria (4th position)

**Countries that have improved in their ranking from May 2023:**

- Kenya (6th to 5th position)
- Tanzania (8th to 7th position)
- Zambia (7th to 6th position)

**Countries that have declined in their ranking from May 2023:**

- Ghana (5th to 8th position)

**Table 3:** Stanbic Bank 3-Year Quantitative Trade Barometer (SB QTB) scores by country

| | Quantitative Trade Barometer (QTB) Score | | QTB Ranking | |
|---|---|---|---|---|
| | August 2024 | May 2023 | May '22 | Aug '24 |
| Angola | 0 | 0 | 10 | 10 |
| Ghana | 20 | 27 | 5 | 8 |
| Kenya | 22 | 26 | 6 | 5 |
| Mozambique | 36 | 37 | 3 | 3 |
| Namibia | 45 | 46 | 2 | 2 |
| Nigeria | 25 | 32 | 4 | 4 |
| South Africa | 100 | 100 | 1 | 1 |
| Tanzania | 20 | 23 | 8 | 7 |
| Uganda | 11 | 18 | 9 | 9 |
| Zambia | 21 | 23 | 7 | 6 |

**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**Note:** The scores denote the performance of each country relative to the full country list on the specified measures.

## **Appendix 3:** Stanbic Bank Survey Trade Barometer (SB STB) Country Ranking for Issue 4, 2024

The Stanbic Bank Firm Survey Trade Barometer (SB STB) scores and ranking by country are the averages of all the data collected from the primary research surveys conducted with 2 258 businesses.

Except for Zambia, SB STB ranks have changed in this wave for all countries, while the majority of the countries saw their scores rise (see Table 4).

**Countries that have retained their ranking from May 2023:**

- Zambia (10$^{th}$ position)

**Countries that have improved in their ranking from May 2023:**

- Uganda (9$^{th}$ to 6$^{th}$ position)
- Namibia (4$^{th}$ to 2$^{nd}$ position)
- Kenya (8$^{th}$ to 7$^{th}$ position)
- Ghana (7$^{th}$ to 5$^{th}$ position)
- Tanzania (3$^{rd}$ to 1$^{st}$ position)

**Countries that have declined in their ranking from May 2023:**

- Angola (1$^{st}$ to 3$^{rd}$ position)
- Mozambique (6$^{th}$ to 9$^{th}$ position)
- Nigeria (5$^{th}$ to 8$^{th}$ position)
- South Africa (2$^{nd}$ to 4$^{th}$ position)

**Table 4:** Stanbic Bank Survey Trade Barometer (SB STB) scores by country

| | Survey Trade Barometer (STB) Score | | STB Ranking | |
|---|---|---|---|---|
| | August 2024 | May 2023 | May '22 | Aug '24 |
| Angola | 79 | 100 | 1 | 3 |
| Ghana | 37 | 18 | 7 | 5 |
| Kenya | 34 | 18 | 8 | 7 |
| Mozambique | 25 | 22 | 6 | 9 |
| Namibia | 79 | 53 | 4 | 2 |
| Nigeria | 31 | 22 | 5 | 8 |
| South Africa | 44 | 67 | 2 | 4 |
| Tanzania | 100 | 65 | 3 | 1 |
| Uganda | 34 | 12 | 9 | 6 |
| Zambia | 0 | 0 | 10 | 10 |

**Source:** Stanbic Bank Africa Trade Barometer Issue 4

**Note:** The scores denote the performance of each country relative to the full country list on the specified measures.

## **Appendix 4:** Selected Macroeconomic Indicators for Uganda

This appendix is structured around the thematic categories of the Stanbic Bank Africa Trade Barometer: macroeconomic stability, trade openness and foreign trade, access to finance and infrastructure. These are important in evaluating the trade environment and prospects of a country. Within each theme, specific indicators have been selected to quantify elements contributing to the overall trade climate. The data spans from 2019 to the forecasted values for 2024 and 2025, offering a temporal perspective on trends and potential future directions.

**Table 5:** Uganda macroeconomic overview

| Thematic Categories | Indicator | Unit | 2019 | 2020 | 2021 | 2022 | 2023 | 2024** | 2025** |
|---|---|---|---|---|---|---|---|---|---|
| Macroeconomic Stability | GDP per capita | USD | 37.1 | 38.9 | 42.8 | 45.5 | 47.1 | 50.3 | 54.3 |
| | Nominal GDP | USD, billions | 920.8 | 935.0 | 988.8 | 1 028.3 | 1 034 | 1 088 | 1 143 |
| | Real GDP growth rate | % | 6.4 | 3.0 | 3.5 | 4.7 | 5.5 | 5.8 | 6.2 |
| | Lending interest rate | % | 2.1 | 2.8 | 2.3 | 7.2 | 5.4 | 3.5 | 2.9 |
| | Inflation rate | % | 3 573 | 3 593 | 3 462 | 3 580 | 3 737 | 3 803 | 3 840 |
| | Exchange rate stability | NAD per USD | 19.9 | 19.1 | 18.5 | 18.2 | 18.6 | 17.8 | N/A |
| | BON Bank rate | % | 9.8 | 7.5 | 6.6 | 8.3 | 9.8 | 10.1 | 8.7 |
| | Merchandise trade | % of GDP | 3.2 | 3.8 | 4.3 | 3.6 | 3.7 | 3.5 | 3,8 |
| | FX reserves | USD, billions | 11.7 | 13.1 | 17.2 | 18.8 | 18.7 | 18.1 | 20.3 |
| | Domestic debt (% of GDP) | % | 23.4 | 27.9 | 29.7 | 29.6 | 28.2 | 29.3 | 27.4 |
| | External debt (% of GDP) | % | 17.8 | 20.5 | 19 | 16.5 | 17.1 | 15.8 | 15.1 |
| Trade Openness and Foreign Trade | Trade (exports and imports as % of GDP) | % | 39.4 | 37.0 | 41.7 | 34.5 | 37.2 | N/A | N/A |
| | Merchandise trade (% of GDP) | % of GDP | 31.9 | 33.0 | 32.2 | 29.6 | 37.2 | N/A | N/A |
| | Balance of trade* | USD, billions | -3.6 | -4.6 | -4.4 | -5 | -4.8 | -5 | -5.8 |
| | Current account (% of GDP) | % | -2.6 | -3.6 | -3.6 | -4.1 | -3.7 | -4.2 | -5.1 |
| | Exports of goods and services | USD, billions | 6.2 | 5.6 | 6.2 | 6.1 | 9 | 9.4 | 9.6 |
| | Imports of goods and services | USD, billions | -9.8 | -10.2 | -10.6 | -11.1 | -13.8 | -14.4 | -15.4 |
| Access to Finance | Domestic credit to private sector (% of GDP) | % | 13.8 | 14.2 | 14.8 | 15.1 | 14.7 | N/A | N/A |
| | Gross capital formation (% of GDP) | % | 25.5 | 24.2 | 24.1 | 24.2 | 23.3 | N/A | N/A |
| | Net official development assistance and official aid received | USD, billions | 2.0 | 3.1 | 2.6 | 2.1 | N/A | N/A | N/A |
| | Personal remittances received (% of GDP) | % | 4 | 2.8 | 2.9 | 2.7 | 2.9 | N/A | N/A |
| | FDI | USD, billions | 1.3 | 1.2 | 1.6 | 3 | 2.9 | 3.2 | 3.5 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Infrastructure | Individuals using the internet (% of population) | % | 6.0 | 7.4 | 10.0 | N/A | N/A | N/A | N/A |
| | Access to electricity (% of population) | % | 41.3 | 42.1 | 45.2 | 47.1 | N/A | N/A | N/A |
| | Mobile cellular subscription (per 100 people) | Ratio | 59.1 | 62.4 | 65.7 | 70 | N/A | N/A | N/A |

**Source:** Stanbic Bank, 2024. Available here. | World Bank. Available here.

**Notes:** *Negative values indicate that a country is a net importer, while positive values indicate it is a net exporter.
**2024 and 2025 data points are estimates. N/A denotes that the relevant data was unavailable from the specified source.

## **Appendix 5:** Key Results of the Stanbic Bank Africa Trade Barometer Issue 4 Survey in Uganda

This appendix presents the key results of the main questions asked to businesses in Uganda as part of the fourth edition of the Stanbic Bank Africa Trade Barometer. The results are structured according to the SB ATB thematic categories: macroeconomic stability, trade openness and foreign trade, infrastructure, government support, as well as traders' financial behaviours and their access to finance. Not all questions in the SB ATB survey are presented here. The questions selected for inclusion have been chosen for their closed-ended nature and being succinct enough for a concise presentation. Questions pertaining to the general profile of businesses and individual respondents, or those requiring open-ended responses, have been omitted. This approach ensures that the findings detailed in the following table are directly relevant and valuable for interpreting the trade dynamics within the Uganda context.

**Table 6:** Key findings of the survey

| Thematic Categories | Question | Responses | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Macroeconomic Stability | Thinking of your business turnover over [from 2020 to 2021], please indicate if turnover increased, decreased or remained the same. | Increased | Decreased | Remained the same | Don't know | Refused | | – | – | – |
| | | 41% | 42% | 10% | 6% | 1% | | – | – | – |
| | Thinking ahead [from 2024 to 2025] do you expect business turnover to increase, decrease or remain the same. | Increased | Decreased | Remained the same | Don't know | Refused | | – | – | – |
| | | 77% | 3% | 10% | 9% | 0.5% | | – | – | – |
| | Thinking ahead [from 2025 to 2026] do you expect business turnover to increase, decrease or remain the same. | Increased | Decreased | Remained the same | Don't know | Refused | | – | – | – |
| | | 77% | 5% | 8% | 10% | N/A | | – | – | – |
| | Please indicate how you feel about the performance of the economy in relation to business in the next 3 years. | Extremely optimistic | Very optimistic | Neutral | Not very optimistic | Not at all Optimistic | Refused | Don't know | – | – |
| | | 7% | 39% | 35% | 15% | 5% | N/A | N/A | – | – |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Infrastructure | [Road infrastructure] How would you rate the quality of the following aspects in your market? | Excellent | Very good | Good | Fair | Poor | Do not depend on/ use this | Don't know | – | – |
| | | 1% | 3% | 25% | 44% | 27% | N/A | 0.45% | – | – |
| | [Water supply] How would you rate the quality of the following aspects in your market? | Excellent | Very good | Good | Fair | Poor | Do not depend on/ use this | Don't know | – | – |
| | | 5% | 10% | 51% | 23% | 9% | 1% | 1% | – | – |
| | [Telecommunications] How would you rate the quality of the following aspects in your market? | Excellent | Very good | Good | Fair | Poor | Do not depend on/ use this | Don't know | – | – |
| | | 10% | 21% | 52% | 14% | 3% | N/A | N/A | – | – |
| | [Ports] How would you rate the quality of the following aspects in your market? | Excellent | Very good | Good | Fair | Poor | Do not depend on/ use this | Don't know | – | – |
| | | 1% | 6% | 24% | 25% | 16% | 7% | 20% | – | – |
| | [Airports] How would you rate the quality of the following aspects in your market? | Excellent | Very good | Good | Fair | Poor | Do not depend on/ use this | Don't know | – | – |
| | | 7% | 9% | 30% | 29% | 10% | 5% | 10% | – | – |
| | [Customs and trade regulations] How would you rate the quality of the following aspects in your market? | Excellent | Very good | Good | Fair | Poor | Do not depend on/ use this | Don't know | – | – |
| | | 0% | 4% | 28% | 43% | 15% | 5% | 4% | – | – |
| | [Power supply] How would you rate the quality of the following aspects in your market? | Excellent | Very good | Good | Fair | Poor | Do not depend on/ use this | Don't know | – | – |
| | | 1% | 10% | 40% | 32% | 15% | 0.45% | N/A | – | – |
| | [Rail infrastructure] How would you rate the quality of the following aspects in your market? | Excellent | Very good | Good | Fair | Poor | Do not depend on/ use this | Don't know | – | – |
| | | N/A | 1% | 6% | 22% | 54% | 9% | 9% | – | – |
| Trade Openness and Foreign Trade | How likely are you to increase the volume of imports in the next 2 years? | Extremely likely | Very likely | Neither likely nor unlikely | Very unlikely | Extremely unlikely | | – | – | – |
| | | 14% | 56% | 15% | 11% | 4% | | – | – | – |
| | How likely are you to decrease the volume of imports in the next 2 years? | Extremely unlikely | Very unlikely | Neither likely nor unlikely | Very likely | Extremely likely | | – | – | – |
| | | 22% | 30% | 26% | 18% | 4% | | – | – | – |
| | To what extent do importation-related taxes, including tariffs, impact your business growth? | Severe impact | Major impact | Moderate impact | Minimal impact | No impact | | – | – | – |
| | | 14% | 34% | 16% | 20% | 17% | | – | – | – |
| | To what extent do importation-related customs and trade regulations impact your business growth? | Severe impact | Major impact | Moderate impact | Minimal impact | No impact | | – | – | – |
| | | 10% | 35% | 16% | 20% | 18% | | – | – | – |
| | How likely are you to increase the volume of exports in the next 2 years? | Extremely likely | Very likely | Neither likely nor unlikely | Very unlikely | Extremely unlikely | | – | – | – |
| | | 23% | 62% | 5% | 5% | 5% | | – | – | – |
| | How likely are you to decrease the volume of export in the next 2 years? | Extremely unlikely | Very unlikely | Neither likely nor unlikely | Very likely | Extremely likely | | – | – | – |
| | | 23% | 41% | 14% | 18% | 5% | | – | – | – |
| | To what extent do exportation-related taxes, including tariffs, impact your business growth? | Severe impact | Major impact | Moderate impact | Minimal impact | No impact | | – | – | – |
| | | 5% | 12% | 15% | 14% | 55% | | – | – | – |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Trade Openness and Foreign Trade (Cont.) | To what extent do exportation-related customs and trade regulations impact your business growth? | Severe impact | Major impact | Moderate impact | Minimal impact | No impact | | – | – | – |
| | | 3% | 12% | 12% | 15% | 58% | | – | – | – |
| | In your view would you say trading with the rest of Africa is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult? | Extremely easy | Very easy | Neither easy nor difficult | Very difficult | Extremely difficult | Don't know | Refused | | – |
| | | 3% | 24% | 30% | 24% | 15% | 5% | N/A | | – |
| | In your view would you say trading with the rest of the world (OUTSIDE OF AFRICA) is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult? | Extremely easy | Very easy | Neither easy nor difficult | Very difficult | Extremely difficult | Don't know | Refused | | – |
| | | 1% | 13% | 34% | 30% | 14% | 8% | N/A | | – |
| | Are you aware of the African Continental Free Trade Area Agreement? | Yes | No | | – | – | – | – | – | – |
| | | 39% | 61% | | – | – | – | – | – | – |
| | What are the top 3 benefits of the AfCFTA on your business? | No benefits (Exclusive) | Ease the movement of goods/ services across borders | Allow for a larger market for my goods/ services | Allow for greater competition | Promote the availability of more products and services to choose from | Contribute to the movement of capital and people across borders | Facilitate greater investment across countries | Promote industrial development across the countries | Enhanced regional payment systems |
| | | 34% | 25% | 39% | 17% | 19% | 20% | 12% | 16% | 9% |
| Government Support | Please indicate how supportive your government is with regards to cross-border trading activities. | 5 - Extremely supportive | 4 | 3 | 2 | 1 - Not at all supportive | Refused | Don't know | – | – |
| | | 14% | 19% | 28% | 14% | 18% | N/A | 7% | – | – |
| Traders' Financial Behaviour and Access to Finance | Please indicate how difficult or easy it is to get credit from financial institutions | Extremely easy | 4 | 3 | 2 | 1 - Extremely difficult | Refused | Don't know | | – |
| | | 5% | 20% | 27% | 22% | 25% | N/A | 3% | | – |
| | Why do you prefer using cash to pay for your goods or services when trading with suppliers in other countries? | Minimal cost/ fees | Allows for negotiations | Limited knowledge in other payment methods | Convenient - easy to deal with | Privacy | Other | – | – | – |
| | | 22% | 41% | 11% | 67% | N/A | N/A | – | – | – |
| | What challenges, if any, do you encounter when using cash when trading with suppliers in other countries? | Fraud | Loss of money/ security risks | Fluctuating exchange rates | Customs declarations | Inconvenience - of carrying large amounts of money | Other | – | – | – |
| | | 37% | 56% | 37% | 15% | 22% | N/A | – | – | – |
| | What benefits or incentives would encourage you to entirely switch to formal channels (such as cards, electronic payments, international transfers) when trading with suppliers in other countries? | Faster transaction processing times | Minimal document requirements | Competitive exchange rates | Guaranteed security | Recorded transactions | Other | | – | – |
| | | 41% | 30% | 41% | 26% | 7% | N/A | | – | – |
| | Do you offer credit terms to your clients? | Yes | | | No | | | – | – | – |
| | | 75% | | | 25% | | | – | – | – |
| | Do you have credit terms arrangements with your suppliers? | Yes | | | No | | | | – | – |
| | | 68% | | | 32% | | | – | – | – |

# ABOUT THE RESEARCH

**The Stanbic Bank Africa Trade Barometer is based on both primary and secondary research sources.** This is Issue 4 of the SB ATB. Issues 1, 2 and 3 were released in June 2022, November 2022 and September 2023, respectively. Data collection (both primary and secondary research) for Issue 4 was carried out between July and September 2024 in all 10 countries of interest.

The primary research component involves the administration and analysis of a firm survey (i.e., a survey of sample businesses in the countries of interest) and in-depth interviews with key stakeholders. The sample is stratified by size (small, big and corporate), region and industry. A total of 2 258 businesses were surveyed and 30 in-depth interviews were conducted across the 10 countries in Issue 4.

In Uganda, 220 businesses were surveyed. 51% of these businesses were in Kampala, 11% in Gulu, 8% in Lira, 11% in Mbale, 6% in Mbarara, 10% in Arua, 1% in Wakiso, 1% in Hoima and 1% in Fort Portal.

The breakdown of surveyed businesses in Uganda by business segment was as follows:

- 69% were small businesses
- 16% were big businesses
- 15% were corporates

In the context of the SB ATB, small businesses are defined as those with a turnover of less than UGX 9 billion, large businesses as those with a turnover of between UGX 9 billion and UGX 71 billion and corporates as those with a turnover of more than UGX 71 billion.

The breakdown of surveyed businesses in Uganda by industry is as follows:

**Table 7: Breakdown of surveyed businesses in Uganda by industry**

| Industry | % | Industry | % |
|---|---|---|---|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 19 | Education | 4 |
| Agriculture, forestry and fishing | 13 | Other service activities | 3 |
| Manufacturing | 8 | Electricity, gas, steam and air conditioning supply | 2 |
| Accommodation and food service activities | 8 | Water supply; sewerage, waste management and remediation activities | 2 |
| Human health and social work activities | 8 | Real estate activities | 2 |
| Construction | 6 | Public administration and defence; compulsory social security | 1 |
| Administrative and support service activities | 5 | Mining and quarrying (includes oil & gas) | 1 |
| Professional, scientific and technical activities | 4 | Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use | 1 |
| Transportation and storage | 4 | Arts, entertainment and recreation | 0 |
| Information and communication | 4 | Activities of extraterritorial organisations | 0 |
| Financial and insurance activities | 4 | | |

The breakdown of surveyed businesses by staff complement was as follows:

- 21% had below 5 employees
- 25% had 5 - 10 employees
- 16% had 11 - 20 employees
- 22% had 21 - 50 employees
- 7% had 51 - 100 employees
- 8% had 101 - 1,000 employees
- 1% had 1 001 to 5 000

With regards to individual respondent characteristics within the businesses, 28% were female and 72% were male.

The breakdown by their job titles is as follows:

- 34% were general managers
- 18% were heads of departments
- 14% were owners, partners or co-owners
- 9% were chief accountants
- 5% were chief executive officers (CEOs)
- 4% were executive directors
- 3% were managing directors
- 1% were director generals
- 1% were chief financial officers
- 1% were treasurers

Further details by region, business segment, industry, staff complement, age of firm, the firms' corporate and strategic decision-making structures as well as individual respondent characteristics (gender, job title, etc.) are available on request.

There were three in-depth interviews conducted in Uganda as part of Issue 4. The interviews were held with representatives from the Ministry of Trade, Industry and Cooperatives, and the Uganda Revenue Authority.

The survey and in-depth interviews were conducted on a confidential basis.

The secondary research component involves the gathering and analysis of quantitative data. This data is primarily collected from World Bank sources, although additional data is obtained from the International Monetary Fund (IMF), the International Trade Center and individual country central banks.

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In-depth details on how the Stanbic Bank Africa Trade Barometer scores for each country are calculated, and the resultant country rankings, are available on request.

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The research was produced by Standard Bank Business and Commercial Banking Research & Insights. For any questions or information requirements on this report please contact tradebarometer@standardsbg.com.

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