Management Training and Advisory Centre (MTAC) and its contributions to the competitiveness of Uganda’s economy

By

Soteri Karanzi Nabeeta

MTAC
Presentation Outline

• Background information about Uganda
• Institution set up
• Management Training and Advisory Centre (MTAC) and its role in promoting the competitiveness of Uganda’s economy.
• Recommendations aimed at enhancing Uganda’s competitiveness
Introduction

• This presentation is divided into four sections. Section 1 presents brief background information about Uganda. Section 2 presents a discussion of some of the existing institutions that directly or indirectly impact on the competitiveness of Uganda’s economy. Section 3 presents a case of Management Training and Advisory Centre (MTAC) and its role in promoting the competitiveness of Uganda’s economy. Section 4 presents a list of recommendations aimed at enhancing Uganda’s competitiveness
Uganda, the Pearl of Africa
• Uganda is located on the East African plateau and averages about 1,100 metres (3,609 ft) above sea level. It is one of the countries through which the equator line passes. It possesses peculiar landscapes, lakes including Lake Victoria and rivers especially River Nile which has its source in Uganda. The country also has many tourist attractions like Queen Elizabeth National Park, Kidepo National Park and Lake Bunyonyi and has one of the last reserves of wild gorillas in the world. Famous mountains like Mt Rwenzori, Mt Mufumbira and Mt Elgon are all found in Uganda. The country is rich in mineral resources including gold, uranium and oil, fertile soils with a potential to be Africa’s food basket. Agriculture is the most important sector of the economy, employing over 80% of the work force. Coffee accounts for the bulk of export revenues. It is the beauty of the country that made Winston Churchill to name it ‘The Pearl of Africa’.
Since independence in 1962, Uganda has grappled with various challenges in all sectors of life: political, economic, social and technological problems. Political instability has been reported to be the biggest factor that has hindered the country’s competitiveness in the global economy. This political instability saw the country change top level leadership a record 7 times between 1962 and 1986 compared to Kenya and Tanzania which had two presidents in the comparable time. During the 1990s, Uganda experienced one of the highest rates of per capita income growth in the world with per capita income growth averaging 3.2% for the decade. This was, at least in part, a supply response to post-conflict rehabilitation, and to the implementation of sound macro and structural policies which have achieved and sustained macroeconomic stability, and a market-friendly business environment. Despite the impressive per capita rates, these are undermined by the high population growth rates that stand at 3.3 per annum.
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• However, the country has continued to experience double-digit inflation which undermines the purchasing power especially, against a background of generally low remuneration for employees and low income per capita for the population. The 2011 African Economic Outlook Report projects GDP to improve to 4.5% in 2012 and 4.9% in 2013, respectively, largely premised on the prospects in the oil sector.
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• Since 1986, the government - with the support of foreign countries and international agencies - has acted to rehabilitate and stabilize the economy by undertaking currency reform, raising producer prices on export crops, increasing prices of petroleum products, and improving civil service wages. The policy changes were especially aimed at dampening inflation and boosting production and export earnings. Since 1990 economic reforms ushered in an era of solid economic growth based on continued investment in infrastructure, improved incentives for production and exports, lower inflation, better domestic security, and the return of exiled Indian-Ugandan entrepreneurs.
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• The global economic downturn hurt Uganda's exports; however, Uganda's GDP growth has largely recovered due to past reforms and sound management of the downturn. Oil revenues and taxes will become a larger source of government funding as oil comes on line in the next few years. Rising food and fuel prices in 2011 led to protests. Instability in South Sudan is a risk for the Ugandan economy because Uganda's main export partner is Sudan, and Uganda is a key destination for Sudanese refugees.
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• The World watch Institute (2013) indicates that Uganda has one of the youngest and fastest growing populations on the African Continent, and thus, faces associated challenges including growing youth unemployment. In 2009/10, it was estimated that some 5.9 million people (19.3% of the population) were between the ages of 15 and 24. Youth unemployment was estimated at 4.3%, higher than the labour market rate, at 3.8%.
Youth unemployment and, under-employment, are driven by several factors. These include: lack of employable skills; limited access to financial and technical resources; insufficient investment in vocational training; and a mismatch between available skills and labour market requirements. Whereas the Global Entrepreneurship Monitor (GEM) Report (2010) ranks Uganda among the most enterprising people in the world, the country is, at the same time, ranked poorly in terms of enterprise failures. A disproportionately large number of Micro, Small and Medium Enterprises tend to collapse within the first year or two of start-up, thus throwing their proprietors and any employees they might have, back to unemployment. This just compounds the problem of unemployment and under employment/disguised unemployment. To address the challenge, Government has initiated a number of interventions such as the establishment of a Youth Venture Capital Fund to support bankable youth-initiated enterprises, and the national Business, Technical and Vocational Education and Training (BTVET) programme.
Institutional set up and Uganda’s Competitiveness

• The Global Competitiveness Index 2012-2013 released by the World Economic Forum ranks Uganda in position 123 out of the 144 countries, slipping back by two places from the 121 position it held in the previous year. In the 2013 Doing Business Report by the World Bank, Uganda’s performance dropped six places from 114 in the previous review to 120. Although the report shows improvements to the business environment in all the five East African Community economies, this paints a negative impression of Uganda’s business environment. As such, attraction of investment both local and international is undermined and ultimately Uganda’s general competitiveness in economic performance.

• Some of the costly procedures identified involve period of reserving the name of a business with the registrar, involvement Uganda Revenue Authority (URA) in inspection and payment of various fees.
The Uganda government has initiated and implemented various policies and programmes aimed at steering private-sector led economic growth. In 2000, the government launched a five year Medium Term Competitiveness Strategy with focus on institutional reforms notably the financial sector and export promotion. The Competitiveness and Investment Climate Strategy was commenced in 2006. This strategy was aimed at triggering productivity in the productive sectors of agriculture, manufacturing, services and tourism; improving Uganda’s business environment and competitiveness within the regional context.
Competitiveness and Investment Climate Secretariat

• Uganda has a fully-fledged Competitiveness Secretariat under the Ministry of Finance, Planning and Economic Development. The Uganda Competitiveness and Investment Climate Strategy (CICS) secretariat aims at mainstreaming competitiveness as a driver of growth and prosperity in Uganda. To achieve this, the secretariat has designed a five-pronged approach that combines mindset change, facilitation of priority clusters and increased public-private partnership around farm-level capabilities and critical business challenges.
Other Support Institutions

- In a bid to enhance the country’s competitiveness in doing business, the government of Uganda has over time established various institutions to foster attraction of investments and promote sustainable enterprises in the country. Some of the institutions include but not limited to Management Training and Advisory Centre (MTAC), Uganda Investment Authority (UIA), Uganda National Bureau of Standards (UNBS), Uganda Industrial Research Institute (UIRI), Uganda Export Promotions Board (UEPB), Uganda Tourism Board (UTB) among others. The government has also encouraged the creation of private sector organisations including Private Sector Foundation Uganda (PSFU), Uganda Manufacturers Association (UMA), Uganda Cooperative Alliance (UCA), Uganda National Chamber of Commerce (UNCC) and Uganda Small Scale Industries Association (USSIA) among others.
MTAC and its contribution to Uganda’s competitiveness

Background
Management Training and Advisory Centre (MTAC) is a body corporate under the Ministry of Trade, Industry and Cooperatives (MTIC). The Centre was initiated as a joint project between the International Labour Organization/United Nations Development Programme (ILO/UNDP) and the Government of Uganda in 1965 and, subsequently, formally established by Act of Parliament No. 29, of 1969.
The objects for which MTAC was established include:

a) To assist Government departments, public and private institutions with advisory and training services;

b) To assist industry and other economic sectors in improving management practices;

c) To prepare citizens of Uganda for managerial, functional and supervisory roles in industries and business enterprises;

d) To help citizens of Uganda to become entrepreneurs;

e) To raise the standard of skills of workers employed in industry
Core Programme Areas and the impact on Uganda’s Business Environment

• MTAC offers business-related professional courses at certificate and diploma level (1-2 year duration); short-duration skills and performance improvement training courses (1-4 weeks), and management and institutional development consultancy services. These programmes and services have had far reaching impact on Uganda’s business environment as indicated below:
(a) Job Creation Awareness Campaigns

• MTAC initiated and is implementing Job Creation Awareness Campaigns which are aimed at promoting entrepreneurial culture among Ugandans. The campaigns’ major focus of attention is on mindset change, equipping participants with basic skills in keeping business records, financial management, effective financial saving mechanisms and market identification for products. MTAC engages its consultants and society leaders to sensitize participants and create a change in the livelihoods of the people.
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Participants in one of the Job Creation Awareness Campaigns
MTAC conducts Entrepreneurship Training Programmes targeting small scale business owners and upcoming entrepreneurs. Research findings show that over 80% businesses in Uganda collapse before celebrating their first year. Most of the factors responsible for this were business start-up related like people starting a career in business without the slightest idea of what it entails, ending up in business by accident with little or no prior preparation partly due to high unemployment levels, copy-and-apply syndrome, and unplanned retirement or retrenchment. The collapse is also attributed to lack of entrepreneurial skills, limited access to information on market opportunities and high quality and affordable business development services and lack of finance, adequate technical and management support services. MTAC’s entrepreneurship training programmes have been designed to address problems of this kind.
In addition, many Ugandans are at first not aware of the extent of their entrepreneurial ability and they do not carry out a market survey to determine the viability of the venture. They start businesses just to exploit what initially looks like a potentially profitable business opportunity only to realize later that they do not have what it takes to become an entrepreneur. It is with this view in mind that the efforts of MTAC have been placed on the development of entrepreneurial behavior if businesses are to succeed.
(c) Skills and Performance Improvement Courses

• MTAC’s core mandate is to assist the public and private sectors to promote and develop managerial and entrepreneurship skills necessary to support a vibrant Ugandan economy. The Centre has responded to current and emerging market needs by offering affordable knowledge-and-skills-development products, while ensuring the sustainability of the Centre in several areas ranging from ICT, business to management related areas. This has enabled the Centre build a strong network of its clientele both local and international like the East African Community, Bank of Uganda to mention but a few.
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• MTAC has partnered with different organisations both local and international to equip her clientele with necessary skills including but not limited to International Institute of Education in Paris-France, Association of Business Managers and Administrators (ABMA-UK), Entrepreneurship Institute of India (EDI).
(d) Consultancy and Research

- Over time, MTAC has built consultancy capacity in various areas like organization restructuring, business planning and developing participants’ and training manuals. MTAC is a member of the committee set up to develop Training Manual in Leadership Skills for members of Cooperative Unions in Uganda. The Ministry of Trade, Industry and Cooperatives plan to make it compulsory for anybody striving to lead a Cooperative Union to undergo Leadership training.
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• MTAC is also partner mentoring institution under the Youth Works! Programme where young entrepreneurs in Uganda are selected profiled and marched to mentor institutions to enhance their business growth. These initiatives have contributed towards educating the potential entrepreneurs in different fields and motivate upcoming young entrepreneurs.
(e) MTAC Diploma and Certificate Programmes

• The Centre initiated long term diploma and certificate programmes in the field of ICT, business and management. This was aimed at enabling Ugandans to become effective entrepreneurs at a youthful age. Formal education in Uganda limits chances for the uneducated to acquire relevant knowledge. To bridge the gap, MTAC, in collaboration with ABMA-UK, introduced the Foundation Award for people without Ordinary Level education. The initiatives have seen the Centre enroll a total of 1,616 for 11 diploma and 9 certificate courses in the past year.
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• Participants in a computer training session at MTAC
Recommendations to improve Uganda’s competitiveness

The establishment of the Competitiveness Secretariat should be applauded and so are the Secretariat’s efforts. In order to enhance the competitiveness of Uganda’s economy, the following should be emphasized:

a) There is need to consolidate the existing incubation initiatives and linking them to growth clusters for innovation and technology information flow

b) There is need to establish a profit incubator of excellence through a Public Private Partnership arrangement that targets youth entrepreneurship

c) Deliberate efforts should be made to promote cooperatives in key sectors to encourage the production of the necessary quantity and quality of goods that can attract higher prices and ensure increased incomes for firms and individuals

d) Initiate a collaborative multi-sector approach to tackle competitiveness issues driven by the value chain approach
There is need for deliberate effort to package the education system in Uganda in such a way that it prepares the student’s mind for job creation not job seeking.

There is need to focus on quality than quantity for farm-level products. Competitiveness is about three things; quality, standards and timeliness in the market. If these three are achieved, then quantity without compromising the three above becomes important.

Utilize the existing incubators, research centers and government institutions like MTAC, UNBS and UIRI and link them to the education sector in order to avoid duplication and develop informed decisions.

Concrete action should be taken to eliminate corruption in Uganda. Corruption destroys trust, creates inequity in firm level development and leads to decline in the level of competitiveness in the country.
References

- Management Training and Advisory Centre Act. No 29, of 1969
- MTAC Annual Report, 2012
- Uganda CICS Strategic Operating Plan 2012-2015
- World Economic Forum (2013); The Global Competitiveness Index 2012-2013