



MINISTRY OF WORKS AND TRANSPORT
STANDARD GAUGE RAILWAY (SGR)
PROJECT



NATIONAL CONTENT STRATEGY



March 2024



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SGR Reliable Connectivity

NATIONAL CONTENT STRATEGY

MARCH
2024

Prepared by:

Standard Gauge Railway Project
MINISTRY OF WORKS AND TRANSPORT

Table of Contents

LIST OF ABBREVIATIONS AND ACRONYMS	iv
MESSAGE FROM THE PROJECT COORDINATOR	vi
EXECUTIVE SUMMARY	viii

I: INTRODUCTION

1

1.1 SGR Project Mandate.....	2
1.2 Vision.....	2
1.3 Mission Statement.....	2

2: NATIONAL CONTENT

3

2.1 Objectives of the National Content Strategy	3
2.1.1 Main Objective	3
2.1.2 Specific Objectives.....	3
2.1.3 Possible areas of participation.....	4

3: BEST PRACTICES FROM UGANDA AND SELECTED COUNTRIES

6

3.1 Uganda.....	6
3.1.1 Petroleum Authority of Uganda (PAU).....	6
3.1.2 Uganda National Roads Authority.....	7
3.2 Selected Countries.....	8
3.2.1 Brazil.....	8
3.2.2 South Africa	8
3.2.3 Kenya.....	9

4: THE CURRENT SITUATION

3

4.1 Trade.....	11
4.2 Public Procurement.....	11
4.3 Bills, Policies and Strategies.....	12
4.3.1 National Development Plan III (NDP III) 2020/21-2024/2025.....	12
4.3.2 Buy Uganda Build Uganda Policy 2014.....	12
4.3.3 National Trade Policy 2007.....	13
4.3.4 National Industrial Policy 2008	13
4.3.5 National Petroleum Content Policy 2017.....	13
4.3.6 National Public Sector Procurement Policy 2019.....	13
4.3.7 National Content Bill.....	14
4.4 Education, Employment and Human Capital Development.....	15

5:SWOT ANALYSIS OF THE UGANDAN PRIVATE SECTOR IN REFERENCE TO THE SGR PROJECT		16
5.1	Strengths.....	16
5.2	Weaknesses.....	16
5.3	Opportunities.....	17
5.4	Threats.....	17
6:STRATEGIES FOR PRIVATE SECTOR PARTICIPATION		18
6.1	General Strategies.....	18
6.2	Specific Strategies.....	18
6.2.1	Human Resources.....	18
6.2.2	Major Construction Materials.....	19
6.2.3	Auxiliary Construction Materials.....	21
6.2.4	Sub-contracting.....	21
6.2.5	Other Opportunities.....	21
7: IMPLEMENTATION STRATEGIES AND ACTIONS		24
7.1	Internal Organization and Coordination.....	24
7.2	Actions and Strategies by The Contractor.....	24
7.2	Working Closely with Other Stakeholders.....	25
7.3	Infrastructure and Government Support.....	26
7.4	Constant Measuring of Progress.....	26
7.5	Increase Awareness of National Content (Communication Strategy).....	26
8: IMPLEMENTATION, MONITORING AND EVALUATION		27
9: WAY FORWARD		28
10: APPENDICES		29
Appendix I: List of Professions / Skills that shall be Required during the SGR Construction / Operations.....		30
Appendix II: Key Details of the Cement Manufacturing Companies in Uganda.....		32
Appendix III: Key Details of Some Steel Companies in Uganda.....		33
Appendix IV: Some Construction Materials without estimated quantities for the Eastern route.....		34
Appendix V: Licensed Telecommunications Service Providers.....		35
Appendix VI: Sample Templates for Monitoring and Evaluating National Content.....		37

List of Abbreviations and Acronyms

AU	African Union
AGSA	Auditor General of South Africa
ATM	Automated Teller Machine
COMESA	Common Market for East and Southern Africa
EAC	East African Community
EAS	East African Standards
ESMP	Environmental and Social Management Plan
E&P	Exploration and Production
EPC	Engineering, Procurement and Construction
EU	European Union
FY	Financial Year
GDP	Gross Domestic Product
GKMA	Greater Kampala Metropolitan Area
GOU	Government of Uganda
ISO	International Standards Organization
KCCA	Kampala Capital City Authority
LRT	Light Rail Transit
M	Meter
NT	National Treasury
MG	Meter Gauge
MDA	Ministries, Departments and Agencies
MGR	Meter Gauge Railway
MOU	Memorandum of Understanding
MOWT	Ministry of Works and Transport
MT	Metric tonnes
NCIP	Northern Corridor Integration Projects
NDP	National Development Plan
O&M	Operations and Maintenance
OPC	Ordinary Portland Cement
PAU	Petroleum Authority of Uganda
PMU	Project Management Unit

PPDA	Public Procurement and Disposal of Public Assets Authority
PPP	Private-Public Partnership
SADC	Southern Africa Development Corporation
SME	Small and Medium Enterprises
SGR	Standard Gauge Railway
SWOT	Strength, Weaknesses, Opportunities and Threats
UACE	Uganda Association of Consulting Engineers
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shillings
ULS	Uganda Law Society
UNBS	Uganda National Bureau of Standards
UNDP	United Nations Development Programme
URC	Uganda Railways Corporation
USA	United States of America
USD	United States Dollars

Message from the Project Coordinator



The Government of Uganda is striving to raise the country's competitiveness, reduce the cost of doing business and foster socio-economic transformation, in line with the National Development Plans (NDP I, II and III) 2010/11 - 2024/25 and Uganda Vision 2040; by developing a Standard Gauge Railway (SGR) network and the Greater Kampala Metropolitan Area (GKMA) Light Rail Mass Transit (LRT) system.

The Main SGR and the SGR-GKMA LRT will be modern, high-capacity Standard Gauge Railway systems that are efficient, reliable, safe and affordable. The Main SGR project is being implemented as a regional project with the Partner States of Kenya, Rwanda and South Sudan.

The Government recognises that the SGR Project is one of the largest ever implemented by the country and appreciates the transformation impact that the project will have on the country.

It is a widely known fact that such mega infrastructure projects have numerous opportunities for local participation. The Government has, through several development policies and strategies, highlighted the need for Local Content. It is in this spirit that the SGR Project has developed a National Content Strategy to enable the private sector and/or Ugandan individuals to effectively participate in the development, operations and maintenance of the SGR; by ensuring preference to domestically produced/ sourced goods and components, or substantial value addition.

The Strategy outlines the key possible areas of participation and the respective strategies, both general and specific, that have been developed to enhance the capability of local participation. It also stresses the need for adequate attention to social issues such as HIV/AIDS, older persons and persons with disabilities, gender, culture, teenage pregnancy, sexual harassment, child labour, and protection of the environment, among others.

National Content mainstreaming is to be enshrined in the SGR contract, and Government through the project is focussed to ensure that the country achieves at least 40% National Content target. To achieve this target, the following will be undertaken:


- The Ministry of Works and Transport (MoWT) will collaborate with the EPC/Turnkey Contractor to provide the necessary information to stakeholders on a timely basis;
- Capacity development to ensure the anticipated 9:1 local to foreign labour ratio is achieved as stipulated in the EPC/Turnkey contract;
- Engagement of local cement manufacturers to ensure that all cement is locally sourced;
- Engagement of steel manufacturers to ensure that they improve their capacity to meet the required standards, so that all reinforcement steel is bought locally;

- Putting in place mechanisms for local businesses to supply earth materials like gravel, sand, aggregates and ballast which will be sourced locally;
- Discussions with private sector associations such as Private Sector Foundation, Uganda Manufacturers Association, Uganda National Association of Building and Civil Engineering Contractors (UNABCEC), individual suppliers, banking institutions, and others on future opportunities; and
- Engagement of Government MDAs, such as Ministry of Finance, Planning and Economic Development, Uganda Revenue Authority, Ministry of Internal Affairs, Ministry of Gender, Labour and Social Development, and the Ministry of Trade Industries and Cooperatives, to address issues such as immigration, tax exemptions, licensing, standards and labour, among others, to ensure a fair playing field for local players.

Prudent implementation of the Strategy will go a long way in preparing the Ugandan private sector for, not only the current SGR project, but also for future infrastructure projects, including those in other sub sectors.

I wish to appreciate the input by the various individuals that were involved in the development of this Strategy. I would like to thank the leadership of the Ministry of Works and Transport, the staff of the SGRP and all other stakeholders for the corporation and support accorded to the PMU over the years. I ask them to continue supporting this very important project for the country so that it is delivered on time in order for Ugandans to start reaping its benefits.

In conclusion, I call upon all Ugandans and all stakeholders to support the implementation of this Strategy to ensure maximum benefits for Uganda.



Cañon Eng. Perez Wamburu

PROJECT COORDINATOR

Executive Summary

The primary objective of this SGRP National Content Strategy is to enable the private sector of Uganda to effectively participate in the development and maintenance of the SGR Project.

The National Content Strategy has an introductory part, a detailed SWOT analysis of the Ugandan private sector in respect to SGR, strategy for private sector participation, as well as an implementation, enforcement and sustainability plan. It concludes with the way forward or action plan for the Strategy.

The Introductory part highlights the commitments of the NCIP Partner States Protocol to jointly develop the SGR network within the member states. The SGR Purpose, Vision and Mission are also highlighted.

Chapter Two (2) explains National Content with its intended benefits to the country, in line with the SGR Project objectives and brief of how it can be achieved.

Chapter Three (3) analyses the best practices from selected countries. This chapter delves into what the selected countries are doing to ensure that local participants are given priority in areas where this can be achieved.

Chapter Four (4) analyses the current situation in terms of local content. In its introductory section, it highlights the huge and growing trade deficit that the country is experiencing. The chapter notes that the PPDA Amendment Act (2014) has created provisions for preference for domestically manufactured goods, Ugandan contractors and consultants to promote their development by giving them a competitive edge. Despite this, as per the 2021/2022 PPDA Annual report, 50% of the proportion of contract by value of all public procurement contracts were awarded to local providers which was still below the target of 61%.

Chapter Five (5) analyses strengths, weaknesses, opportunities and threats of the private sector in Uganda with respect to the SGR National Content approach. It discusses the plan in the following breakdown areas; SGR internal management system and coordination, working closely with the other relevant stakeholders, infrastructure and government support, and concludes with monitoring and evaluation measures.

Chapter Six (6) delves into the major strategies to enhance local participation in the identified key areas. It provides both general and specific strategies for achieving National Content objectives in the SGR project delivery.

Chapter Seven (7) discusses the implementation strategy. It emphasizes the need for a concerted effort with key stakeholders, and their roles in ensuring enshrinement of National Content in project delivery.

Chapter Eight (8) provides the monitoring and evaluation framework, while the last chapter summarizes with the way forward to be taken to achieve the intended objectives.

1: Introduction

The Governments of Kenya, Uganda, Rwanda and South Sudan are committed to the development of a seamless railway transport system within the framework of the Northern Corridor Integration Projects (NCIP) regional initiative. In May 2014, the four Partner States signed a regional SGR Protocol that commits them. The Protocol provides mechanisms for cooperation between Partner States and stipulates key timelines for project completion. It is in this respect that the SGR Project is being developed to enable faster socio-economic transformation of the NCIP economies.

The total route length of the SGR Project in Uganda is 1,724 km. The project will be developed in phases, starting with the Eastern route from Malaba to Kampala which is 272 km. The proposed main SGR network is as shown in *Figure 1* and *Table 1*.

The Government of the Republic of Uganda (Represented by the Ministry of Works and Transport) is committed to the development of the SGRP under the different modes of contracting including the EPC/ Turnkey. Procurement processes for the Eastern route SGR are already in advanced stages

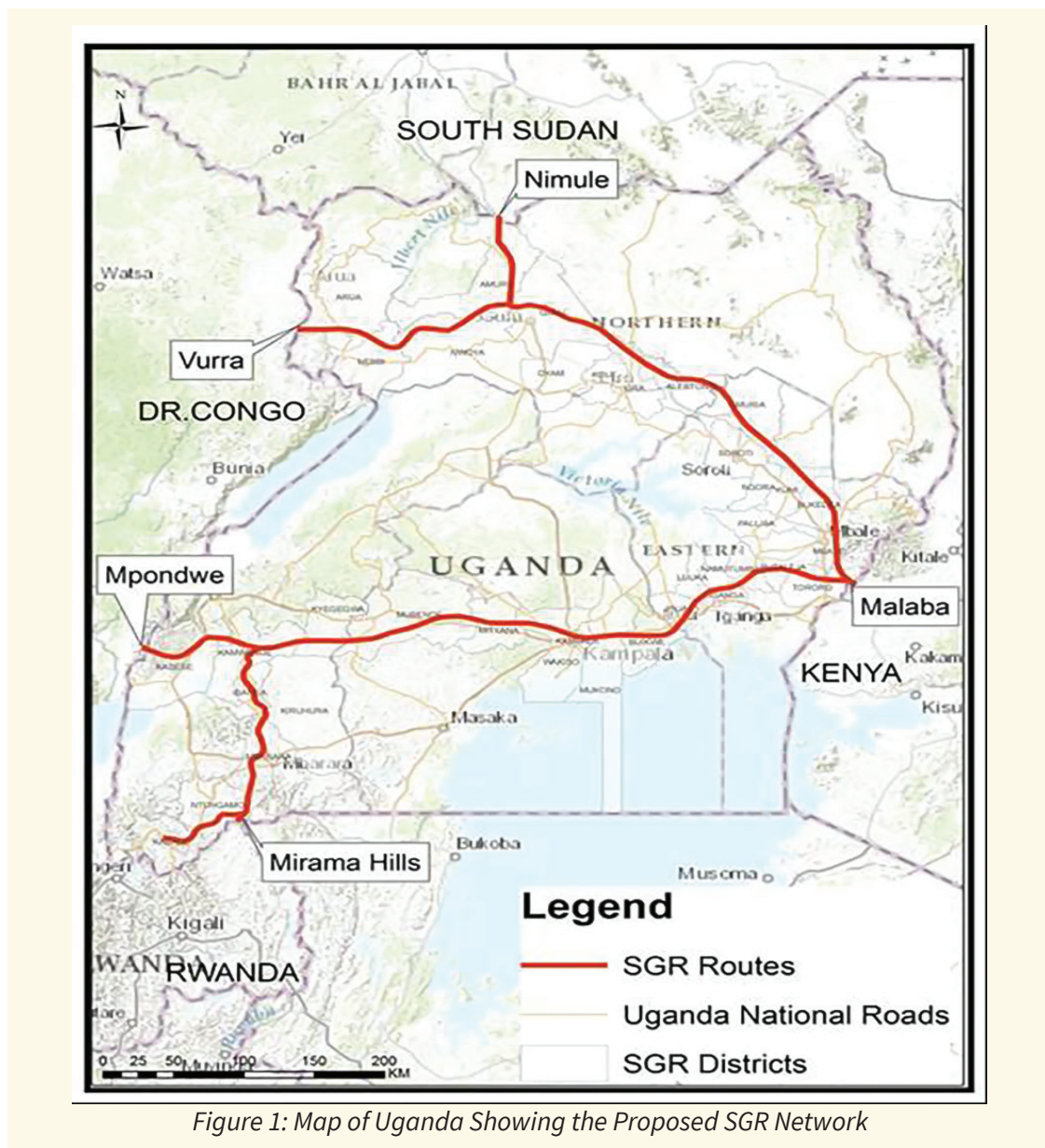


Figure 1: Map of Uganda Showing the Proposed SGR Network

Table 1: Proposed Main SGR Lines

ID	Route (Line)	Length (Km)	Remark
1	Kampala-Malaba	271	Connects to Kenya (includes major sidings)
2a	Tororo – Gulu - Nimule	465	Connects to Northern Uganda & South Sudan
2b	Gulu – Pakwach	117	Connects to West Nile
2c	Pakwach – Vurra	180	Connects to DR Congo
3	Kampala-Kasese - Mpondwe	383	Includes 11km Hima Branch. Connects to DR Congo
4a	Bihanga - Mirama Hills	168	Connects to Rwanda
4b	Mirama Hills – Muko	112	Connects to iron deposits
5	Expected major sidings	28	
Total		1,724	Approximate, changes as detailed designs are finalised

1.1 SGR Project Mandate

To build an efficient railway system that will stimulate industrialization, reduce unemployment and transform Uganda.

1.2 Vision

To develop a modern and efficient Standard Gauge Railway system in Uganda.

1.3 Mission Statement

To develop a modern, efficient, integrated and seamless SGR system in a cost – effective and timely manner.

To achieve the mission, vision and purpose, the SGR Project shall require the participation of the local indigenous stakeholders and therefore, calling for a clear National Content Strategy for the project.

2: National Content

“National Content” in this context means the level of use of Ugandan local expertise, goods and services on the SGR Project; and the substantive combined value added or created in the Ugandan economy through utilisation of Ugandan human and material resources for the provision of goods and services to the SGR Project.

It shall be promoted through:

1. Workforce development by employment and training of the local workforce,
2. Investments in supplier development through developing and procuring supplies as well as services locally, and
3. Subcontracting of specific elements of the project to local providers from Uganda.

It is estimated that the project benefits which will accrue to the economy by 2040 is estimated at USD 118.4 billion.

In this regard, as per the PPDA Act, a company/firm will be regarded local if more than 50% of its capital is owned by Ugandan citizens (PPDA Act: Section 59A, Subsection 5).

2.1 Objectives of the National Content Strategy

The Strategy recognizes the fact that the Standard Gauge Railway Project (SGRP) is one of the biggest projects that Government is implementing. It is therefore important that Ugandans are engaged fully in the entire process, to ensure the realization of the benefits to the present and future generations.

2.1.1 Main Objective

The main objective of the National Content Strategy is to enable the private sector and individuals of Uganda to effectively participate in the development, maintenance and operation of the SGR, by ensuring preference to domestically produced / sourced goods and components or substantial value addition.

2.1.2 Specific Objectives

The specific objectives are:

- To ensure that the country achieves at least **40%** National Content target
- To develop the Ugandan local businesses to become competitive locally and internationally, through the empowerment of local suppliers to meet the needs and standards of the SGR project;
- To ensure technology transfer to Ugandans during the development, management and operation of the new railway system;
- To enable local training institutions to run requisite curriculum relevant for the railway industry;
- To maximize participation of skilled, semi-skilled and unskilled Ugandans in the SGR project activities;
- To enhance value addition and job creation through the use of local businesses;
- To have local goods and services that meet the standards and specifications procured by the contractor in line with the terms and conditions of the contract;
- To ensure mainstreaming of cross-cutting issues and activities such as gender, environment, HIV & AIDS, and other infectious diseases in the delivery of the project; and
- To ensure sustainable development of the railway industry in particular and the economy in general.

2.1.3 Possible areas of participation

The SGR Project presents several possible areas of participation to the Local Industry. By identifying these areas here, companies can justify their investments rationally and prepare to partake of the opportunities that the project presents.

These areas include the following:

- a. Major construction materials and inputs
 - i. Cement of various types, batten, converted timber, board, geogrid, geomembrane, geotextile, rubble, ballast, sand, gravel, aggregates, steel bars, etc.
 - ii. Petroleum products
 - iii. Pre-stressed metal bellows, steel bars, shape steel, and steel strand
- b. Sub-contracting (outsourcing for civil and building works)
- c. Equipment leasing and hiring
- d. Consultancy services
- e. Labour resources (skilled, semi-skilled, unskilled and management including professionals)
- f. Security services
- g. Financial services
- h. Insurance and brokerage services
- i. Communication services and data systems
- j. Legal services
- k. Vehicle hire services
- l. Tools, small equipment, instruments and spare parts
- m. Travel and tour services
- n. Personnel management (Agencies)
- o. Hospitality (Hotel/catering services, accommodation, food supplies)
- p. Cleaning services
- q. Vehicle service/repair
- r. Clearing and forwarding services
- s. Health / medical services
- t. Events / PR / Entertainment
- u. Training services
- v. Waste recycling and management
- w. Environmental management
- x. Translation services
- y. Logistics and warehousing
- z. Social services – HIV, people with disabilities, gender, cultural, reproductive health (teenage pregnancy), sexual harassment, child labour.

Specifically for labour resources above;

A skilled worker is any worker who has special skill, training, knowledge, and ability in their work. A skilled worker may have attended a college or technical school. Or, a skilled worker may have learned the skills on the job. Examples of skilled labour include crane operators, machinist, drafters, plumbers, craftsmen and any other qualified under this category.

A semi-skilled worker is any who is partly skilled or trained but not sufficiently as to perform specialized work. A semi-skilled worker shall be taken as a person having more training and skill than unskilled labour but, in any case, less than skilled labour.

Unskilled labour is a worker that requires practically no training or experience to carry out a given task. These workers will mainly be engaged in positions that involve manual labour. Unskilled work shall be taken as work that does not require formal education to be executed.

Management refers to those in charge of the Technical and or financial decision of implementing a construction contract.

A Professional is an occupation with special education achieved through higher institution of learning or any other recognised professional body.

3: Best Practices from Uganda and Selected Countries

3.1 Uganda

3.1.1 Petroleum Authority of Uganda (PAU)

The Petroleum Authority of Uganda has a robust National Content framework for the oil and gas sector. It has well documented approved and gazetted National content regulation (2016) both for the upstream and downstream.

The regulations contain the following key clauses and sub clauses;

1. Monitoring and Implementation of National Content

i) General Provisions covering

- a) National content monitoring.
- b) National content during licensing.
- c) Submission of national content programme.
- d) Plan for giving preference for goods and services available in Uganda.

ii) Procurement Requirements

- a) Submission of procurement forecasts to Authority.
- b) Priority for Ugandan goods and services during procurement.
- c) Contracts goods and services to be provided by Ugandan Companies, registered entities and Ugandan citizens.
- d) Principles of bidding.
- e) Principle of bid evaluation.
- f) Establishment of tender information office.
- g) Quarterly procurement report. 16. Labour clause.

iii) Employment and Training of Ugandans and Technology Transfer

- a) Employment of Ugandans.
- b) Plan for recruitment and training of Ugandans.
- c) Implementation of the plan for recruitment and training of Ugandans.
- d) Requirements for succession plan.
- e) Work permits for expatriates.
- f) Migrant workers.
- g) Technology transfer.

iv) Research and Development

- a) Plan for research and development.

2. Information and Reporting Requirements

- a) National content performance report.
- b) Access to facilities by authorised officers.
- c) Communication of national content policies to contractors and subcontractors.
- d) Reporting by contractors and subcontractors.

3. Miscellaneous

- a) Requirement for fabrication and welding in Uganda.
- b) National supplier database.
- c) Monitoring of national human capacity by Authority.
- d) Compliance with Regulations.

Uganda's National Content Policy requires every entity that is to be contracted for the oil and gas activities to register on the National Suppliers Database (NSD), an online repository that is overseen by the PAU. This gives the PAU visibility on companies that are given contracts by the International Oil Companies. The PAU is charged with approval of contracts in the oil and gas sector, and requires every contractor to submit a national content plan before it is awarded a contract.

3.1.2 Uganda National Roads Authority

The Uganda National Roads Authority (UNRA) is an agency of Government, under the Ministry of Works and Transport (MoWT) established by law, the UNRA Act of 2006, with the responsibility of maintaining, managing and developing the National Road network. In addition, the Authority is required to render advisory services to Government and for related matters concerning National Roads, among others.

In their 2021/2022 Annual Performance Report, by the end of the Financial Year, 82% by value of signed contracts worth UGX 1.43trn/= were awarded to local providers through applications of the National Content reservation schemes, accreditations for construction materials and margins of preferences in favour of the local and resident providers.

Actions taken by UNRA to build National Content Capacity

The following affirmative actions were taken to increase the level of participation of local firms in the roads sub-sector:

- I. The procurements of the following contracts have been packaged so as to "ring – fence" them for National Content
 - a. Mechanized maintenance of unpaved and paved roads;
 - b. Periodic maintenance of paved and unpaved national roads
 - c. Low Volume Sealed Roads (LVSR)
 - d. Swamp improvements
 - e. Selected bridge works (short span bridges and multiple box culverts)
 - f. Labour based maintenance of national roads
- II. UNRA obtained Accreditation from PPDA for reservation of selected feasibility study and detailed engineering consultancy services for road upgrading projects to local consultancy firms.
- III. Improved dissemination of the performance of implementation of National Content by the Authority and also the available opportunities. This includes use of Executive Director's Pressers, adverts in newspapers, UNRA Website and participation in public engagements with industry stakeholders (UNABCEC, UACE, UIPE, ERB etc)

- IV. UNRA applied and was granted accreditation for UNRA's Construction Unit (CU). This will enable the CU to purchase inputs directly from manufacturers, franchise dealers and providers as opposed to the current method of the PPDA Act and Regulations framework.

UNRA notes that to improve the organisation's capacity to execute its mandate efficiently, management has continuously invested in programmes, aimed at increasing its competency through acquiring and retaining the appropriate skills, knowledge, tools and equipment.

3.2 Selected Countries

3.2.1 Brazil

Brazil introduced National Content Policies in the Oil and Gas sector in 2003 with an aim of increasing the participation of domestic manufacturers and service providers in the oil and natural gas supply chain on a competitive basis. The National Content policy strictly follows this guideline by requiring a minimum percentage of domestic content for a variety of equipment and materials to promote domestic Brazilian industry and strengthen the country's productive capacity. The country also introduced the Buy Brazil Act (Law 12.349/10 of 15 December 2010). The law gives preference, on public bidding, to companies that offer products and services that comply with Brazilian technical regulation and are produced in Brazil.

The margin of preference considers studies that establish criteria based on jobs and income generation, as well as development and technological innovations that take place in Brazil.

Brazil uses mostly indirect mechanisms to require a certain level of local content, and these include;

- a) Subsidized financing through the Brazil Development Bank,
- b) Tax breaks for companies reaching a certain level of local content,
- c) Quotas for preferential purchases of locally manufactured goods in government tenders, and

3.2.2 South Africa

The South African (SA) Government amended regulations to the Preferential Procurement Policy Framework Act (PPPFA), Act 5 of 2000, which came into effect in December 2011. This empowered the Ministry of Trade and Industry to utilize government procurement to ensure achievement of key industrial policy objectives namely, increased local production within the economy. The implication of the new regulations for businesses, local and foreign, is that all suppliers in designated sectors have to meet the set minimum National Content requirements if they are tendering for goods, works and service contracts within the public sector. Suppliers are required to submit both a declaration of National Content and proof of verification (Ministry of Trade and Industry Website; South Africa).

Suppliers in certain sectors have to include minimum amounts of National Content in the goods, works and services that they provide to users in the public sector. This means it affects all national and provincial departments, all municipalities, all entities listed in terms of schedules as well as all other government agencies. The government supply chain management personnel in these departments and organisations have to check adherence to National Treasury regulations on how tenders must be evaluated against local content. As a supplier, if you do not comply, you do not win the tender.

The following are measures in place to ensure compliance to National Content Requirements (LCR):

- Industry (including unions and business associations) are encouraged to flag tenders and specifications where National Content and production requirements have been transgressed;
- Specifications for products designated can be done in collaboration with the Department for Trade and Industry (DTI) to ensure that specifications are set according to functionality (i.e., what the product should do) rather than brand, product type or past practices;

- Efforts are made through Master Plans to encourage private sector firms to also buy from local producers to strengthen the demand and capabilities of suppliers to meet global standards, where appropriate;
- The Jobs Summit included actions to strengthen local procurement from the private sector, including a key role for Proudly SA to engage with firms to support the national effort;
- Working closely with Proudly SA through the tender monitoring system;
- The DTI works closely with the Office of the Auditor General to scale up the auditing of tenders designated for local production;
- On 1st April 2019, the amended Public Audit Act (PAA) came into effect. The amended PAA gives the Auditor General of South Africa (AGSA) the mandate to report on material irregularities detected during the audits and to take further action if Accounting Officers and authorities do not deal appropriately with irregularities; and
- National Treasury (NT) issued an Instruction Note (No. 2 of 2019/2020) on irregular expenditure effective 17th May 2019, amongst others stating that officials must take effective and appropriate steps to prevent irregular expenditure within their areas of responsibility.

The Government has also;

- Developed tender advice centres;
- Broadened participation base for small contracts (less than R7 500);
- Waived the security / sureties on construction contracts with a value less than R100,000;
- Encouraged unbundling or unpacking of large projects into smaller projects;
- Promoted early payment cycles by government; and
- Development of a preference system for Small and Medium Enterprises (SMEs) owned by historically disadvantaged individuals (HDIs).

The Government of South Africa and other social partners; including organised labour unions, business (private sector) and community constituencies including organizations of women, civic structures, people with disabilities, youth and cooperatives, signed a Local Procurement Accord on 31st October 2011; to accelerate creation of 5 (five) million new jobs by 2020, as well as the attainment of the goals of the Industrial Policy Action Plan (South African Local Procurement Accord, 2011). This was achieved through a social dialogue which aspired to achieve 75% localization in the procurement of goods and services, both by the public and the private sector.

3.2.3 Kenya

The Kenyan Government amended the Public Procurement and Disposal (Preference and Reservations) Regulations, 2013. The Preference and Reservation Regulations now cover the following areas generally:

- a) Small or micro enterprise or a disadvantaged group wishing to participate in public procurement should apply for registration with the National Treasury or the Respective County Treasury with which they operate;
- b) Public entities are now required to grant exclusive preference to local providers offering; motor vehicles, plant and equipment that are assembled in Kenya, construction material and other material used in the transmission and conduction of electricity of which such material is made in Kenya, furniture, textiles, foodstuffs and other goods made or locally available in Kenya;
- c) Thresholds were set for exclusive preference in respect of works, goods and services;
- d) Procuring Entities are now required to unpack procurements of goods, works and services in practicable quantities;

- e) Budgetary Reservations: Procuring entities can now allocate at least 30% of their procurement expenditure for the purposes of procuring goods, works and services from micro and small enterprises owned by youth, women and persons with disability;
- f) Facilitation for financing of local purchase or service orders. Procuring Entities are now required to facilitate financing of enterprises owned by youth, women or persons with disabilities that have been awarded contracts; by authenticating their notifications of tender awards and local purchase or service orders; and subsequently entering into an agreement with the relevant financing institution, with conditions that shall include paying the contracted enterprise through their account opened with the financier;
- g) Strict deadlines for payments have also been set;
- h) Procuring Entities are now required to have in their tender documents, as a mandatory requirement in the preliminary, requirement for all foreign tenderers participating in International Tenders to source at least 40% of their supplies from citizen contractors prior to submitting a Bid; and
- i) Following the increase in the number of foreign contractors tendering for infrastructure work in Kenya, the Government responded to the pressure from local contractors by introducing new regulations in July 2014. The regulations restrict the categories of work open to foreign contractors and also stipulate that those foreign contractors must either enter into joint ventures with local contractors or locally subcontract a percentage of the work to the locals.

4: The Current Situation

Analysis of the current situation is meant to assist in understanding the demand-side requirements, the supply-side capabilities and any barriers that may limit local participation. This knowledge will enable the Project Management Unit (PMU) to define what is realistic and achievable.

4.1 Trade

The country has continued to experience a large trade deficit over the years according to UBOS. The trade deficit increased to US\$ 508.5 million in February 2022 compared to a deficit of US\$ 440.4 million recorded in January 2022. The overall trade deficit has continued to widen as a result of importation of high value manufactured goods compared to low value exports of agricultural primary products. The biggest composition of Uganda's imports includes petroleum and petroleum products. The Manufacturing output in Uganda has been growing at an average rate of 5% annually for the last 5 years with the highest composition of the manufacturing output in food processing. Opportunities exist in virtually all areas ranging from food processing and beverages, leather, paper, textiles and garments, fertilizers, pharmaceuticals, oil exploration and extraction, fabrication, ceramics, etc.

4.2 Public Procurement

The Government of Uganda spends a significant amount of money in its expenditure through public procurement. However, the Public Procurement and Disposal of Public Assets Authority (PPDA) 2021/2022 Annual report indicates that 50% of the proportion of contract by value of all public procurement contracts were awarded to local providers. This was still below the set target of 61%.

Public Procurement can be a very good avenue of promoting National Content in Uganda with trillions of shillings being spent through public procurement each year.

The PPDA Amendment Act (2014) has created provisions for preference for domestically manufactured goods and Ugandan contractors and consultants, to promote their development by giving them a competitive edge. Also, to promote particular specified geographical areas, specified public procurement contracts or parts of a contract can be reserved.

In order to promote the participation of local providers in public procurements, PPDA together with Ministry of Finance, Planning and Economic Development revised and revoked the PPDA Guideline 1/2018 and issued a new guideline 12/2024 which has been gazetted and implementation commenced on 22nd March, 2024. The Guideline was issued in accordance with Sections 50 (2), 59B and 97 of the PPDA Act, 2003; to facilitate the implementation of the National Development Plan (NDP I, II and III) 2010/11 - 2024/25; and the Buy Uganda Build Uganda Policy 2014 that provide for the need to support locally manufactured products, knowledge transfer, and human capital development.

The issued guideline provides for key definitions such as:

“EAC Provider” means a citizen of the East African Community (EAC) or company incorporated in any of the EAC Partner states and has been operational in any of the EAC Partner States for at least ten years with demonstrated evidence of doing business and complying with relevant statutory obligations;

“Local Provider” means a national, resident or EAC provider;

“National Provider” means a Ugandan Citizen or provider registered in Uganda and wholly owned and controlled by Ugandans;

“Provider” means a natural person; or an incorporated body including a consultant, contractor or supplier licensed by a competent authority to undertake business activities;

“Resident Provider” means a provider incorporated in Uganda and is not a national provider;

The application of this guideline is highlighted under section **1.3** of the guideline and the main objective is to guide Procuring and Disposing Entities on public procurements reserved for award to the different providers.

While there may be widespread agreement with a policy of supporting the participation of local producers in the supply of infrastructure assets, questions are raised as to whether procurement is the best way to do it. The view is often expressed that assistance to local industries should be on the supply side and that procurement policies should be ‘neutral’ in terms of promoting development. However, current demand-side policies are not neutral and as a consequence the unlevelled playing field. National Content in public procurement is essential to developing a sustainable Public Procurement System in Uganda.

4.3 Bills, Policies and Strategies

The Government has, through a number of policies and strategies, highlighted the need for National Content (enhancing the country’s competitiveness through support for locally manufactured products, knowledge transfer and human capital development). These include, but not limited to the ones described hereafter.

4.3.1 National Development Plan III (NDP III) 2020/21-2024/2025

The key objectives of the NDP III include, to;

1. Enhance value addition in key growth opportunities,
2. Strengthen the private sector capacity to drive growth and create jobs,
3. Consolidate and increase the stock and quality of productive infrastructure,
4. Enhance the productivity and social wellbeing of the population, and
5. Strengthen the role of the State in guiding and facilitating development.

Objectives (1) to (4) can be achieved through promotion of National Content and as such, some of the strategies outlined by the NDP III include:

- i. Increased agricultural production/productivity and agro-processing, mineral beneficiation and mineral led industrialization, oil refining, digitalisation, and labour-intensive light manufacturing (including cottage industries);
- ii. Sequential and coordinated infrastructure investments in energy, roads, water, air, rail, industrial parks and mechanized irrigation schemes, to support increased production/productivity for export expansion and the production of goods that are otherwise imported;
- iii. Increased generation of more skilled, better motivated and healthier workforce for all sectors of the economy, but particularly for industrial sector as well as a modernized agricultural sector; and
- iv. A strengthened private sector that is able to drive growth and investments in collaboration with the State.

4.3.2 Buy Uganda Build Uganda Policy 2014

In September 2014, the Government of Uganda through the Ministry of Trade, Industry and Cooperatives launched the “Buy Uganda Build Uganda” Policy to give guidance to policy makers to ensure that promotion of the consumption of locally produced goods is integrated into their policies and procedures. The Buy Uganda Build Uganda Policy also intends to foster local economic development through increasing input of local labour, goods and services.

The policy vision is “To develop a vibrant, dynamic and competitive private sector that transforms local products through the value chain to meet the required standards.” The mission is “To support the production, purchase, supply, and consumption of local goods and services.” The policy aims at promoting

consumption of local goods and services, promoting the use and conformity to standards to guarantee quality goods and services, and providing capacity building programs to local suppliers of goods and services.

The policy also outlines several strategies that can be used to achieve the above objectives and shows a range of products including beverages, cereals etc., currently being imported that can be provided from Uganda.

However, from the report of the Parliament Committee on Finance, Planning and Economic development on the National Local Content bill, 2022 (August 2022), the Buy Uganda Build Uganda (BUBU) Policy has not been fully operationalised due to lack of an enabling law, nonexistence of implementation modalities and lack of sanctions for non-compliance.

4.3.3 National Trade Policy 2007

The National Trade Policy encourages the use of locally developed materials in production, with a view of stimulating growth in local production sectors. The policy also encourages the consumption of locally produced goods and services, and providing affirmative action to local suppliers under Government procurement, while ensuring conformity with existing national laws.

4.3.4 National Industrial Policy 2008

One of the policy objectives of the National Industrial Policy is to exploit and develop natural domestic resource-based industries such as petroleum, cement and fertilizer industries, and promote competitive industries that use local raw materials.

The policy encourages the use of local raw materials in value adding industrial processes to enhance market opportunities for supply sectors, through use of cluster development initiatives and encouraging existing industries and new investors to utilize the services of local technology institutions and consultants, as a means of developing national local technological capabilities.

4.3.5 National Petroleum Content Policy 2017

In 2014, the Government of Uganda developed the Petroleum National Content Regulations 2014. The purpose of these regulations is to promote the training and employment of Ugandans, transfer of knowledge and technology, and the provision of goods and services by Ugandan companies in petroleum activities, and to promote cooperation between international companies and Ugandan Universities research institutions and technical institutions.

The Policy also requires licensed companies to source goods and services exclusively from Ugandan companies where the goods and services meet the desired quality, the provision of goods and services not available in Uganda by international companies that have entered into joint ventures with Ugandan companies, and in exceptional cases, with the approval of the Authority, wholly foreign owned companies.

4.3.6 National Public Sector Procurement Policy 2019

The National Public Sector Procurement Policy promotes socially responsible public sector procurement. It provides for Government to promote equal engagement opportunities and ethical trading initiatives that support marginalized groups for purposes of socio-economic development through achieving the following objectives:

- Ensure that public contracts are awarded to providers who maintain acceptable standards of business integrity and ethics;
- Institute deliberate efforts to involve the disadvantaged groups [especially women and the youths], SMEs and Local Providers in Public Sector Procurement;

- Develop simplified and accessible procedures to promote participation of SMEs and local providers without compromising value for money;
- Promote incorporation of both international and regional standards, especially those related to supporting social inclusion, decent work and promoting employment opportunities;
- Ensure that there is effective access of information and credit facilities to local providers and SMEs; and
- Support local providers, women, youths and SMEs to build sufficient capacity to enable them participate in the procurement process.

The policy also provides for using public procurement as an economic development tool through promoting progressive procurement policies which are receptive to, and considerate of the local economy.

4.3.7 National Content Bill

On 6th August, 2022, the Parliament of the Republic of Uganda passed the National Content Bill 2022 (National Content Act or Act) into law, however H.E the President referred it back for reconsideration of some clauses before he can assent to it.

The Bill seeks to address, and remedy the shortcomings and defects in all existing policy, legislation and guidelines touching on the subject of National Content in Uganda that include; the Public Procurement and Disposal of Public Assets Act 2003 (PPDA), the Petroleum (Exploration, Development and Production) Act 2013, the Petroleum (Exploration, Development and Production) (National Content) Regulations 2016, the Guidelines on Reservation Schemes to Promote National Content 2018 and the ‘Buy Uganda Build Uganda’ (BUBU) Policy.

The overall objective of the National Content Act therefore is to impose National Content obligations on all persons using public resources or carrying on an activity under a license in Uganda.

The National Content requirements are listed below:

- Requirement to prioritise Ugandan goods and services,
- Employment of Ugandan citizens,
- Work permits,
- Contracts for public works, and
- Subcontracting of Contracts and Public Works.

The national content plans require entities to specifically do the following:

- Subcontract 40% of the scope of contracted services;
- Dedicate / spend 20% of the total contract sum on the procurement of goods manufactured or readily available in Uganda;
- Employ Ugandan citizens on the project and ensure that 60% of its total staff are Ugandan;
- Undertake training of Ugandan staff in spheres of the project and dedicate at least 2% to training;
- Implement strategies to transfer technology, knowledge and skills to Ugandans;
- Undertake local supplier capacity development and formulate a succession plan; and
- Subcontract and create local partnerships in activities and dedicate at least 1% of the total sum of its contract sum to such activities.

4.4 Education, Employment and Human Capital Development

In its third annual labour survey for 2021, UBOS reports that, the working population in Uganda (aged 14-64) was 55%, making 23.5million people of the estimated human population of 42.9million people. Of those who qualify for work,20.5million are actually working. Over 60% of these were engaged in the agriculture, forestry and fishing sector and the education level of these is still low, with three quarters of these having primary school as their highest level of education. About 35% of all working persons are involved in subsistence agriculture and over 51% of the working persons are self-employed.

There have been considerable efforts by the Government of Uganda towards human capital development programmes i.e., the education and health sector. 16.7% of the overall National Budget of FY 2021/22 was allocated towards human capital development programmes.

There have been considerable achievements such as expanded access to Secondary school education, with over 1.9 million students being enrolled into secondary school education in 2019/2020, an increase of 45% from 2017/2018; introduction of the Students Loan Scheme to support students for higher learning; and increase in the number of higher learning institutions. However, there is still a large gap between the education and workforce dynamics in Uganda, partly because there has not really been conscious human capital development programmes or efforts in Uganda. This is supported by the UNDP “Human Development Report, 2020” which ranked Uganda at position 159 out of 189 countries. The report cited a below average quality of Math / Science education, below average capacity to attract and retain talent, and ranked the country 101 out of 122 countries.

5: Swot Analysis of the Ugandan Private Sector in Reference to the SGR Project

A SWOT (Strength, Weaknesses, Opportunities and Threats) analysis was carried out to identify the Ugandan Private Sector's strengths and weaknesses, as well as the broader underlying opportunities and threats in respect to their involvement in the SGR project. This was carried out to help in developing the National Content Strategy and decision making.

5.1 Strengths

The Ugandan private sector has evolved over time and has a number of strengths that can be taken advantage of to enhance their ability to effectively participate in the SGR project as listed below:

- Existing nascent construction industry;
- Liberalized economy;
- Government policy on strengthening local industry;
- Educated labour-force;
- Abundant young semi-skilled affordable labour-force;
- There are business firms in the country with international background such as VIVO Energy, Total, Hima Cement (Lafarge Group), etc.;
- There is a stable government with good political will to address the National Content agenda; and,
- Good investment climate and incentive regime.

5.2 Weaknesses

There are a number of weaknesses that may affect the full participation of the private sector in the SGR project that require to be closely analysed and addressed. Some of the key weaknesses are:

- Limited government support to local private sector;
- Fragmented, uncoordinated, unregulated and heavily informal private sector;
- Limited Technology, research and development;
- Few established industries that are internationally competitive;
- Poor work ethics and managerial skills; and
- Inadequate legal and regulatory framework for the construction industry.

It is important to note that in 2017/2018, the PPDA conducted a preliminary assessment on the status of implementation of the guideline on preference and reservation schemes in public procurement in a number of Procuring and Disposing Entities, and the following weaknesses were highlighted:

- Lack of adequate capacity among the local providers;
- Lack of adequate finances to execute most contracts;
- Limited competition, exploitation of sub-contractors through under-pricing the inputs required by the local companies;

- Delayed payments;
- Inadequate enforcement mechanism; and
- Overly restrictive requirements and skewed definitions for eligibility of national versus resident providers.

5.3 Opportunities

There are a number of available opportunities for the private sector to explore under the SGR project to enable National Content participation. SGR Management desires to address the local firms' participation in the supply chain of the project, with strengthened capacity to compete, which is very crucial to the promotion of local content.

The local firms shall be required to meet the quantity, quality, consistency and competitive pricing as per the project standards and specifications. The opportunities are listed below:

- Political will;
- Public Private Partnership Act in place;
- Availability of local materials to be used in the project;
- Government strategy to invest in infrastructure over a long-term horizon; and
- Tax incentives for the construction industry.

5.4 Threats

There exist external factors that still pose a threat to the private sector in respect to their effective participation in the SGR project, both in the short and long term. These threats require close internal government intervention to give a favourable climate for the Ugandan private sector. Some of the threats are:

- Unfamiliar standards (Project Standards etc);
- Varying export quotas from various countries that make imports cheaper;
- Deliberate support by foreign governments to their respective companies in strategic sectors;
- Regional bodies such as COMESA, SADC and EAC have conditions that may not be favourable to the Ugandan private sector;
- High production cost; and
- High cost of finance to support the private sector, especially lack of construction specific financing.

6: Strategies for Private Sector Participation

The National Content Strategy looks at the available opportunities alongside the existing strengths, weaknesses and threats. General and specific strategies are proposed to mitigate the weaknesses and threats, and also harness strengths and opportunities.

6.1 General Strategies

These include the following:

1. Putting in place mechanisms for enhancing the capabilities of the local human resource through training and attachments to other capacity building mechanisms. A skills mapping exercise will be undertaken, and strategies to bridge identified gaps developed and implemented.
2. Sensitizing and mobilizing the private sector through their umbrella bodies to individually take up the opportunities offered by the project.
3. Holding SGR – Private Sector forums to share information, develop strategies to enhance private sector participation and monitor progress.
4. Working with specific industries to meet the required standards for the contract.
5. Engaging key Government MDAs including MoFPED, MoTIC and regulatory bodies with the key objective of enhancing private sector participation in the project.
6. Encouraging the private sector to benchmark with the neighbouring countries of Kenya, Ethiopia and Tanzania to appreciate better the need and/or modalities for their participation.
7. Work with URA and MoFPED on the issues of taxation and immigration of labour.
8. Continuous building of local human capacity to ensure that they have the requisite skills, experience, attitude and work ethic required in a global market.
9. Ensuring that the contractor provides timely information on his quantitative and qualitative needs in terms of human resources, materials, procurement procedures and any other opportunities to allow for ample preparation time on the part of the prospective private sector participants¹.
10. Establish a collaborative approach with all stakeholders, especially with the contractors, to ensure that implementation of the strategy minimises unbearable constraints to delivery of the project.

6.2 Specific Strategies

6.2.1 Human Resources

Ensure the implementation of the contractual obligations regarding local labour to foreign labour ratio (such as 9:1). This will be ensured through:

- Ring-fencing certain jobs, immigration control, skills/technology transfer/apprenticeship for specific jobs and regular skills audit, industry attachment, training for special skills (e.g., Machine operators, stone pitching), labour audits and ensuring competitive wages (pay to the local worker should be commensurate to the job description), among others.

¹ It is important to note that in countries where National Content enhancement has been successful, it has taken a long-term view as there is no quick-fix solution for local participation, especially in cases where the local base is narrow. Contractors usually meet difficulties in finding partners with the requisite capacity and management standards, but these diminish over time as capabilities are reinforced and business connections are more easily made.

- Favourable working conditions in compliance with the relevant laws of Uganda in collaboration with district labour offices.
- Work closely with local governments (LG) and contractor in organizing and training local labour force, especially on work culture, alcohol and other substance abuse among others. *Appendix I* provides a list of some of the professions/skills that shall be required during construction and operation of the SGR.
- Early identification of skill requirements and creating the opportunity to train workers for and during the construction phase. This shall include industry attachments, having every expert with a Ugandan attached for understudying to gain experience leading to a clear succession and nationalisation plan.
- Work permit recommendations is required from the project management team before a permit is issued to foreign workers.
- Contractor shall demonstrate a clear training and succession plan and where necessary show prove that there are no Ugandans capable of filling a particular job for which a foreign worker is being proposed.
- The contractors shall be required to avail their human resource plan and organisation structure to the client indicating the key areas earmarked for the nationals.
- The SGRP if necessary, will develop a national talent database for ease of planning and monitoring for the required human resource for the project. The client where necessary will make use of any other register developed by a competent Government entity.

6.2.2 Major Construction Materials

All materials available in the country that conform to the standards specified in the Contract shall be used in the construction of the SGR. Where such a material is not available in the country, the contractor shall seek for approval or consent from the employer to import.

The SGR PMU will ensure early information sharing with the supply side so that prospective suppliers are given ample time to prepare themselves to compete for the available opportunities. Two key strategies will be employed to achieve this: sensitization of the private sector on the procurement systems, policies and the use of dedicated supplier or enterprise development programmes.

Cement

The Cement to be used in the project will be both ordinary and high-grade cement. Ordinary cement will be 32.5N and 42.5N, and high-grade 45.5N and 52.5N among others. These cements shall conform to the approved project Standards. The SGR Project through Uganda National Bureau of Standards will engage local companies to configure their manufacturing processes to be able to supply the required high-grade cement conforming to the standards and quantities.

According to the UBOS statistics 2021, Total Net Domestic Supply (NDS a proxy of growth in the construction sector) of cement registered a 20.2% (percent) increase in 2020, with 3,226.5 thousand tonnes from 2,684.8 thousand tonnes in 2019. *Appendix II* provides details of the current status of the cement industry.

Steel (Reinforcement bars)

The steel products that shall be used in the project range from smooth and ribbed bars (8 – 32mm), angle bars, tendons, flat steel, I – Beams, C – Channels, steel pipes, tracks and turnouts. Some of the products are not manufactured locally and it is important for the Ugandan steel manufacturing sector to focus on what they are currently manufacturing to start with. The recommended and approved Standard for the project shall apply.

Uganda has over twelve steel manufacturing companies. These include:

- Roofing Rolling Mills Limited - Namanve Industrial Park, Kira Municipality, Wakiso District
- Roofing's Limited - Lubowa, Wakiso District
- Yogi Steels Limited - Njeru - Buikwe District - Jinja - Uganda
- Mayuge Sugar Industries Ltd – Steel Division - Buikwe District - Jinja - Uganda
- Pramukh Steel Limited - Njeru - Buikwe District - Jinja - Uganda
- Steel Rolling Mills Uganda Limited - *Member of the Alam Group* - Jinja, Jinja District
- Steel and Tube Industries Uganda Limited - Kampala
- Tembo Steel Mills (Uganda) Limited – *Buikwe & Iganga Districts.*
- Uganda Baati Limited - Kampala, Tororo & Arua
- MM Integrated Steel Mills (Uganda) Limited - *Jinja, Jinja District [2]*
- Madhvani group limited steel division - Jinja
- Tiang Tang Steel, Mukono
- Yogi steels Limited – Njeru Kayunga Road -Buikwe District.

Table 2 shows the total annual production index of metal products in tonnes from 2016 to 2021, with an average annual production at 160,960 tonnes, a percentage increase of 0.2% from the year 2017.

Table 2: Total Annual Production Index of Metal Products

Description	Weight	Year						Annual %age change (2021)
		2016	2017	2018	2019	2020	2021	
Metal products	83	162.94	168.53	154.13	149.5	162.78	167.88	3.6
Iron & Steel Manufacturing	78	166.28	174.75	160.22	154.66	168.07	173.30	3.6
Other Metal Production	5	108.12	66.54	54.29	64.73	75.97	79.02	4.0

Source: Uganda Bureau of statistics (statistical abstract 2022)

Appendix III highlights key details of the steel companies in Uganda and Appendix IV provides some required materials.

In the case of steel, three main strategies will be employed as follows:

Structural Steel: Because it is manufactured by few companies' world over, and if none of these is found in Uganda, the contractors will have to import.

Reinforcement steel bars: Steel manufacturers that import approved billets will be provided with the required standards and advice on how to configure their processes to meet the required standards. However, where manufacturers do not meet the standards, the contractor will be allowed to import. Priority will first be given to locally manufactured reinforcement bars. The SGR project will work hand in hand with the Uganda National Bureau of Standards to augment their capacity given the new developments of railway in the country.

Benchmarking: The project will encourage the private sector to benchmark from other East African Partner states i.e. Kenya and Tanzania, given that they have completed new sections their railway projects among others.

6.2.3 Auxiliary Construction Materials

Uganda has large quantities of good local materials such as sand, aggregates, timber, gravel, etc that are adequate to be used in the project. These materials and sources for the SGR project will be subjected to detailed study and analysis, to determine their suitability to meet the minimum quality standards.

Aggregates and Ballast

The stone-base with good tested and approved granite rocks for construction in Uganda is enormous. This will be used in the SGR construction in form of hardcore, coarse and fine aggregates, stone/quarry dust, etc. It is important to note that the specifications have stringent physical and chemical properties of the rock, and production processes including gradation and cleanliness, and therefore any supplier must adhere to these requirements. For quality control purposes, the Contractors will be allowed few specific sites that must be approved by the Employer. The Project will work with the Contractor to ensure that the sites approved by the Project are the only sources used. The private sector will be participating in processing and transportation of the materials.

Sand and Gravel

Sand and gravel mining is one economic activity supporting the construction sector in Uganda with SGR not being an exception. Sand is mined from lake shores and inland dunes. Sand mining has increased considerably in Uganda to meet the demands of the construction sector where it is used to make concrete products, etc. Gravel soil is in abundance in all parts of the country. All these materials must conform to the chemical and physical properties, and must be in compliance to the Project standards.

The Project Management Unit will work with the Contractor and National Environment Management Authority (NEMA) to ensure that the sites approved by the Project are the only sources used. The private sector will be participating in processing and transportation were possible.

It should be noted that NEMA issues licenses for sand-mining on the lakeshore and quarries, and for large scale projects away from water bodies as well as gravel mining.

6.1.4 Sub-contracting

The SGR Project has so many areas of civil works that the local contractors can tap in as subcontractors based on their abilities, experience and skills. The contractors shall have to develop clear implementation plan indicating the main areas to be subcontracted.

Where Ugandans firms may not have adequate capacity, foreign firms may be engaged in Joint Venture (JV) partnership with Ugandan firms. The scope of work and value of the JV should be provided to ensure clear monitoring during implementation.

The Ugandan contractors under their umbrella body, Uganda National Association of Building and Civil Engineering Contractors (UNABCEC) are better placed to negotiate with the Contractor/EPC/Turnkey Contractor, including but not limited to the mode of sub-contracting.

6.2.5 Other Opportunities

Consultancy Services

The project shall have engineering and non-engineering works that require consultancy services. Members of the Uganda Association of Consulting Engineers (UACE) and private professionals will be encouraged to take up these opportunities.

Oil and Petroleum Products (Fuel and Lubricants)

The project shall require large quantities of fuel and lubricants to run the many equipment to be used. Therefore, there will be opportunity to supply oil and petroleum products to the project.

Training

There will be various opportunities for training firms and institutions to impart skills, transfer knowledge, and build capacity during the SGR project implementation. The SGR project will encourage the Contractor to engage local firms to partake of opportunities in this area.

Financial Services

The magnitude of financial transactions that shall be involved in the project calls for the direct participation of local financial institutions. The SGR Project expects the financial institutions regulated by the BOU to play a major role in the delivery of the project.

Insurance Services

The nature of the project requires that the party performing work has appropriate insurance to cover liability claims by third parties that calls for the direct participation of local insurance companies. The SGR Project expects insurance companies regulated by the Insurance Regulatory Authority (IRA) to play a major role in the delivery of the project.

Insurance of the civil works, construction equipment and the contractor's workers, is a requirement for the project. This calls for the many insurance firms under their umbrella association, Uganda Insurers' Association with close to 29 members to take lead.

Communication Services

Uganda has a number of local communication service providers that have to take up the opportunity for providing data, voice, courier, broadcasting and telecommunication services. These services shall be required by the contractors and associated firms.

Appendix V highlights a number of licensed telecommunication service providers in the country, as of March 2023.

Legal Services

In implementing the Standard Gauge Railway Project, management shall ensure adherence to the rule of law, respect for human rights and business. This will require the services of the different Ugandan law firms and the legal professionals.

Security Services

Security is an important aspect of the society. The management of SGR project alongside the government security agencies looks forward to the many registered private local companies in Uganda to offer the different security services to the project.

Uganda has close to 60 registered private security companies with over 20,000 private security personnel. Private security firms will be encouraged to take up opportunities presented by the project.

Equipment Hire and Leasing

There will be opportunities in leasing equipment for haulage of cement, gravel, aggregates, ballast, reinforcement bars and others. The private sector is encouraged to take up opportunities in this area.

Logistics, Clearing and Forwarding

Given the magnitude of the SGR project, there will be significant opportunities in logistics, clearing and forwarding. The Contractors will be encouraged to advertise these opportunities.

NB: The Contractors and all other players will be encouraged to meet the axle load requirements of the country.

Tourism and Hospitality

There will be opportunities in tourism and hospitality services. The private sector is encouraged to take up opportunities in this area. These opportunities include accommodation, catering services, tour and travel services, among others.

Medical and Health Services

There will be opportunities in medical and health Services including counselling, general medical treatment, immunization, vaccination, HIV/AIDS testing, treatment and counselling, and others. The private sector is encouraged to take up opportunities in these areas.

7: Implementation Strategy and Action

The project management team envisages a long-term programme in achieving the National Content objectives with clear flexible implementation and sustainability strategy. This shall involve proper internal organization and coordination, as well as working with all the stakeholders.

7.1 Internal Organization and Coordination

To advance coordination within the project management, the following shall be implemented/done:

- a) A National Content desk/Committee shall be established within the project office, whose mandate will be to ensure implementation of the Project National Content Strategy;
- b) Working with the contract supervision team, the National Content Committee, will develop a national content monitoring, evaluation and reporting framework.
- c) The client will undertake a national content survey and a capacity needs assessment.
- d) Working with the contractor, a national supplier data base will be established. This data base will be updated from time to time. The client where necessary will make use of any other data base developed by a competent Government entity.
- e) Corporate approaches will be established and enshrined in all workings to recognize National Content as a strategic issue. This shall be done by, among others, developing and implementing corporate standards, with easy communication between the different stakeholders and business units;
- f) Integration of National Content Strategy into the project systems to maximize National Content outcomes;
- g) Encouraging and enforcing the contracting firms to include National Content among their key performance objectives including submission of quarterly reports on national content performance; and
- h) Ensuring transparency in all dealings. The client where necessary shall be obliged to carry out background checks or due diligence on the companies/service providers/subcontractors availed by the contractor to determine whether they are indeed local firms. This may include, among others, verifying that the signatories to the bank accounts (bank resolutions) are indeed Ugandans or at least as expected by law.
- i) The client shall issue permits for subsequent work to be performed by the contractor.

7.2 Actions and Strategies by The Contractor

- a) The contractor will, be required to designate a focal point person/team that will work hand in and with the client's National Content Committee to implement the strategy. Information flow shall be clear between the project management team and contractor's staff, to understand the capabilities of local suppliers and how to reach them;
- b) The Contractor shall submit his national content annual procurement plan, including the budget to the client for review and approval. The plan should among others include the values to be subcontracted, the expected timelines for implementation and payment to providers; The plan shall include minimum qualitative and quantitative percentages especially of labour among others as guided by the employer. The Contractors list of subcontractors and service providers shall clearly indicate the local content component.

- c) The contractor will advertise available opportunities using agreed communication channels depending on among others, the size/value of the opportunity. Local suppliers need to be informed early of when and where opportunities will become available. Timelines for the entire procurement process will be agreed between the contractor and the client;
- d) For every opportunity/procurement, the contractor shall submit to the client his evaluation report for review and approval before contracting;
- e) The contractor shall submit his annual and quarterly national content performance report to the client for assessment;
- f) The contractor will apply for work permits for his experts under recommendation of the client. Application of permits shall come with a succession plan. Where necessary, the contractor shall prove that there are no Ugandans to do the job and client has a right to negotiate the job description;
- g) The contractor shall submit training plans for respective job categories including plans for technology transfer;
- h) Pay to local workers should be commensurate to the job description;
- i) Beyond National Content, the contractor should ensure community content- meaning that people in the community need to be involved to ensure acceptability;
- j) Before sourcing anything from the region (such as trucks), Ugandan Capacity shall be exhausted first;
- k) Where Ugandans don't have adequate capacity, foreign firms may be engaged in JV with Ugandan firms. A follow-up of the JV during implementation will be undertaken. The scope of work and value of the JV shall be provided by the contractor;
- l) Both parties shall collaborate with URA on what is to be imported and the waivers on taxes if any;
- m) The contractor shall not self-perform on activities that should be reserved for Ugandans such as catering services, setting up a factory to manufacture something that is already in the country etc; and
- n) The contractor shall submit his successive work plans for approval by the client. These work plans should include clear plans for national content.

7.3 Working Closely with Other Stakeholders

The project management team recognizes the importance of close collaboration with stakeholders in implementing local content. The stakeholders need to play a key role in developing a successful strategy. Stakeholders' participation comes along with valuable knowledge, resources, ownership, sustainability, legitimacy and commitment.

The project management team shall closely work with the following key stakeholders to implement the SGR National Content Strategy:

- Private Sector Foundation Uganda
- Uganda Manufacturers Association
- Government Ministries such as Ministry of Internal Affairs, Immigration department to handle issues of labour importation, and Ministry of Trade, Industry and Cooperatives
- Government Agencies such as Uganda Revenue Authority on issues of taxation and imports, Uganda National Bureau of Standards, Engineers Registration Board, PPDA, PAU etc.
- Local Governments. A railway project being linear traverses through a number of Local Governments, hence the need to effectively engage them for smooth and successful implementation of the strategy.

- Local Communities. Beyond National Content, there is Community Content whereby people in the community need to be involved to ensure acceptability and ownership.
- Business community and Chamber of Commerce
- Financial institutions
- Uganda National Association of Building and Civil Engineering Contractors (UNABCEC)
- Uganda Association of Consulting Engineers (UACE)
- Insurance firms, etc.

7.4 Infrastructure and Government Support

Infrastructure such as power, water and transport facilities, and favourable tax regime are critical to the success of National Content plans and activities. SGR management therefore will look at such factors and advise government accordingly for policy formulation.

7.5 Constant Measuring of Progress

The strategic plan has an appropriate monitoring and evaluation tool with clear indicators to allow measuring progress against set objectives. Conducting a baseline survey and collecting suitable performance data will help to meet compliance and reporting requirements. Management will put in place mechanisms to ensure that the targeted beneficiaries are actually benefiting from the strategy².

Management will constantly review the environment in which the National Content Strategy is developed and implemented. The review of systems and procedures regularly may address:

- The regulatory environment,
- Availability of goods and services,
- Availability of service providers, and
- Social and political environment.

7.6 Increase Awareness of National Content (Communication Strategy)

Currently there are a number of policies that address National Content issues, and yet there is little knowledge about their existence and implementation. The SGR PMU will develop and implement a communication strategy for the National Content Strategy. The strategy will, among other things, ensure timely information flow, through different communication channels such as radio, TV, print media, social media and public campaigns.

It is expected that the contractors shall conduct nationwide or targeted stakeholder engagements with the assistance of the client to ensure information sharing on the possible opportunities for National Content in the project prior to and during the construction.

² There are cases where setting KPIs has led to perverse behaviour. One example of this is 'front' where companies are established with the prescribed local ownership or address, but the decision making and benefits are held by individuals other than those who are targeted. The impact on the economy is also restricted when goods supplied to the contractor are merely imported, repackaged and sold by local firms.

8: Implementation, Monitoring and Evaluation

This Strategy will be managed by the SGR PMU on behalf of the Ministry of Works and Transport. The PMU will establish a dedicated desk (committee) to, among others, ensure adequate implementation of the Strategy. In executing this mandate, the desk/committee will work hand in hand with the private sector, the Contractor and other government bodies, to ensure proper planning, coordination, implementation, visibility, monitoring and evaluation, reporting, accountability, and sharing of experiences.

A Monitoring and Evaluation Framework that sets out appropriate indicators that allow for the collection of appropriate data, measurement and tracking of progress against objectives will be developed and agreed upon with the contractor. The template will assist in estimating number of contracts and the actual monetary value delivered by local firms for each contract. See *Appendix VI* for templates proposed for monitoring and evaluating local content.

It is important to note that the environment in which a National Content Strategy is developed and implemented is likely to be very dynamic. It is therefore essential to review systems and procedures regularly.

In promoting National Content in public procurement, following the issues raised with respect to Guideline 2/2017 on reservation schemes to promote National Content in public procurement, PPDA together with Ministry of Finance, Planning and Economic Development revised and revoked the PPDA Guideline 1/2018 and issued a new guideline 12/2024 which has been gazetted and implementation commenced on 22nd March, 2024. The revised Guideline allowed the participation of EAC providers, National providers, Local providers and Resident providers in the reserved contracts by threshold.

The PPDA in their annual reports re-emphasise their interest in continuing to monitor the execution of contracts, enhance competition and promote the development of the domestic industry through monitoring the implementation of the National Content Strategy.

The National Content Bill, 2022 if assented into law, provides clear provisions of supervision, coordination, monitoring and implementation of National Content in Uganda and shall be adhered to.

9: Way Forward

In order to achieve the intended objectives including the target of at least 40% National Content, all the stakeholders have to play their respective roles with maximum cooperation. The Contractors/EPC Contractors, who are key players for the successful implementation of the Strategy shall be effectively involved.

It's important to consider the regional integration under the EAC, however to achieve National content, the local /Ugandan capacity has to be exhausted before sourcing from the region.

Continuous research, tests on materials, and conducting study tours and visits to other countries to understand and learn their success stories and challenges shall be undertaken.

The Project Management Team, Ministries, Departments and Agencies (MDA) shall look forward to having strong government policy and implementation of the National Content Bill 2022 if assented to into an Act.

Its important to reference the National Content Strategy in the contract and where possible include costs associated with noncompliance or penalties.

10: Appendices

- Appendix I: List of Professions / Skills that shall be Required during the SGR Construction / Operations**
- Appendix II: Key Details of the Cement Manufacturing Companies in Uganda**
- Appendix III: Key Details of Some Steel Companies in Uganda**
- Appendix IV: Some Construction Materials without estimated quantities for the Eastern route**
- Appendix V: Licensed Telecommunications Service Providers**
- Appendix VI: Sample Templates for Monitoring and Evaluating National Content**

APPENDIX I: List of some Professions / Skills that shall be Required during the SGR Construction / Operations

Profession	Trade
Humanities	Managers
	Procurement officers
	Lawyers
	Monitoring and Evaluation Specialist
	Transport Economist/Planners
	Human resource
	Finance/Accountants
	Medical personnel
	Security personnel
	Communications Specialist/Translators
	Sociologist
	Logistics officers
	Occupational Health and Safety officers
	Caterers/chefs
	Insurance Specialist
	Documentation officers
Administrators/clerks	
Engineers, Technologist/Technicians	Mechanical
	Electrical/Electronics/Signalling/Telecoms
	Civil/structural/Track/steel/Tunnel/Earthworks
	Quantity Surveyors
	Land /Engineering Surveyors
	Lifting Specialist
	Information Technologist
	Geologist
	GIS Specialist
	Hydraulics /Drainage specialist
	Laboratory specialist
	Environmental Engineer
	Quality Assurance/ Control specialist
	Quarry specialist
	Radio operators
	Riggers
Architects/draughtspersons	

Profession	Trade
Artisans	Welders
	Carpenters
	Steel fixers
	Masons
	Concrete works
	Plumbers
	Chainmen
	Electricians
	Mechanics
	Painters
	Drivers
	Tilers
	Earth Moving/ heavy Equipment/Gantry Operators
Railway operations	Railway operations, control, Traffic Engineers
	Locomotive/Rolling stock Dispatchers
	Locomotive operators/crew

APPENDIX II: Key Details of the Cement Manufacturing Companies in Uganda

Item	Company	Brands/Grades	Production capacity	Remarks
01	Tororo Cement	-PC - CEM I 42.5N & - PPC- CEM 11;32.5N	3,000,000tons p. a	-It is ISO 9001 – 2008 and ISO 140001 :2004 certified -UNBS certified - Supplied projects such as Karuma, Isimba & Owen falls project
02	Hima Cement (Lafarge Group)	- Power Crete (CEM I 52.5 OPC) -Powermax (CEM I 42.5 OPC) -Powermax CEMIIA-P 42.5) -Superset (CEMIV 32.5R) -Road Cem (HRB 22.5) -Multipurpose (CEMIV 32.5) - Fundi Cement	2,000,000 tons p. a	-ISO certified -Member of the Lafarge Holcim group -UNBS certified -Supplied projects such as the Entebbe expressway, Jinja New Nile bridge, Karuma & Isimba dams
03	Kampala Cement	- NDOVU (42.5R OPC) - KIFARU (42.5R) - NYATI (32.5R)	1,000,000tons p. a	-UNBS certified - Supplied Karuma Hydro Power Dam project - ISO and UNBS certified
04	Simba Cement (U) Ltd	- Simba cement 42.5R - Simba cement 32.5R	1,000,000MT P. a	- UNBS certified
05	Metro Cement	- Metro Cement 32.5N - Metro Cement 42.5		
06	West International Holdings Ltd (Subsidiary of China West Cement Ltd)		6,000 MT/day of clinker and cement	Under construction in Moroto

General comments

From the above, all the above first four cement manufacturing companies are competent and are competitive enough to supply the SGR project based on their available products, capacity and experience, as well as early preparedness in line with the project requirements including the standards.

APPENDIX III: Key Details of Some Steel Companies in Uganda

S/No	Company	Remarks
01	Roofing Rolling Mills	<ul style="list-style-type: none"> Installed capacity of 72,000tons p.a but producing at only about 33.5% annually Produces bars from 8 – 32mm Imports billets from China, Russia & South Africa Has a complete quality control laboratory UNBS & ISO certified Have good machines
02	Madhvani Steel	<ul style="list-style-type: none"> Installed capacity to produce 40,000tons p.a Produces bars from 8 – 32mm Imports billets from China, Russia & South Africa Has a complete quality control laboratory UNBS, ISO, EAS certified Have new installed machines
03	Steel Rolling Mills	<ul style="list-style-type: none"> Has capacity of 36,000tons p.a Produces bars from 8 – 32mm Uses sponge iron from iron ore mined from Kabale but has challenges of reducing phosphorous content. On verification, it has limitations with some of the required Lab test machines i.e., spectrometer but has an old UTM machine for Mechanical test UNBS certified but need to verify if the permits are valid/renewed, Has the required machines installed. At one point, the factory was placed under receivership.
04	Steel and Tube	<ul style="list-style-type: none"> Company is ISO & UNBS certified Production capacity is 72,000 tons p.a Imports Billets for its raw materials Has a complete quality control laboratory Installed new machinery for steel production
05	Pramukh Steel	<ul style="list-style-type: none"> Installed capacity to produce 80,000tons p.a Produces bars from 8 – 32mm Raw materials are majorly from scrap UNBS, ISO 9001-2008, EAS certified Have new installed machines
06	Tembo Steel	<ul style="list-style-type: none"> Production capacity of 180,000tons p.a at Lugazi and 60,000tons p.a at Iganga Produces 8 -32 mm bars Has an integrated sponge iron plant Raw material is majorly scrap metal UNBS and ISO 9001 – 2000 certified
07	Mayuge Sugar steel Division	<ul style="list-style-type: none"> Production capacity 30 tons p/d UNBS certified Raw material is majorly scrap metal and Sponge iron from Steel Rolling Mills Has some quality control management system in place.
08	Tian Tang Steel Group	<ul style="list-style-type: none"> 60,000tons p.a capacity UNBS certified Scrap metal is one of its main raw material sources
09	MM integrated steel limited	
10	Abisha Steel	
11	Yogi Steel	
12	Royal Steel	

APPENDIX IV: Some major Construction Materials for the SGR Construction

SOME CONSTRUCTION MATERIALS OF THE SGR CONSTRUCTION	
Earthworks/Auxiliary materials	Gravel
	Geotextile
	Geogrid
	Compound Geotextile
Stone products	Ballast
	Rock fill
	Aggregates
	Stone dust
	Sand
Buildings	Office & Workshops
	Accommodation
Pipes	Supplying pipe
	Drainage Pipe
Steel	Rebar
	Pres Stressing wires
	Post tensioning wire
	Structural steel
	Fasteners
	Rails
Cement	Grade 32.5
	Grade 42.5
	Grade 52.5

APPENDIX V: Licensed Telecommunications Service Providers

S/N	Operator	License category	Area of coverage
1.	MTN Uganda Limited	National Telecom Operator	National
2.	Airtel Uganda Limited	National Telecom Operator	National
3.	Tangerine T/a Lyca Mobile	National Telecom Operator	National
4.	Ubuntu Towers	National Public Infrastructure Provider	National
5.	Insite Uganda Ltd	National Public Infrastructure Operator	National
6.	Liquid Telecom	National Public Service Provider Regional Public Infrastructure Provider	National Central & Western regions
7.	TruIT Uganda Limited	National Public Service Provider	National
8.	Blue Crane Communications Ltd	National Public Service Provider	National
9.	Bandwidth and Cloud Services Group Limited	National Public Service Provider Regional Public Infrastructure Provider	National Central and Western
10.	United Wireless	National Public Service Provider	National
11.	Internet Solutions Uganda Limited	National Public Service Provider	National
12.	Smile Communications Uganda Limited	National Public Infrastructure Provider Regional Public Service Provider	National Central Region
13.	Hamilton	National Public Service Provider	National
14.	C-Squared	Regional Public Infrastructure Provider	Central Region
15.	East Africa Broadband Services	Regional Public Service Provider	Central Region
16.	Oyo Broadband Services	Regional Public Service Provider Regional Public Infrastructure Provider	Western Region
17.	Cloud Core Services	National Public Service Provider	National
18.	Echotel Proprietary Uganda Limited	National Public Service Provider Regional Public Infrastructure Provider	National Central and Western Region
19.	Roke Telecom	National Public Service Provider Regional Public Infrastructure Provider	National Central and Eastern Region
20.	Fezatel Limited	Regional Public Service Provider	Central and Eastern Region
21.	Kampala Siti Cable	Regional Public Service Provider	Central Region
22.	Kageddo Ventures Limited	Vending and Installation	National
23.	American Tower Corporation (ATC)	National Public Infrastructure Provider	National

S/N	Operator	License category	Area of coverage
24.	Uganda Electricity Transmission Company Limited	National Public Infrastructure Provider	National
25.	Datanet.com	Regional Public Service Provider	Central
26.	Sombha Solutions Store Limited	National Public Service Provider Regional Public Infrastructure Provider	National Central Region
27.	Seacom Uganda Limited	National Public Service Provider	National
28.	National Information and Technology Authority NITA-U	National Telecom Operator	National
29.	Uganda Telecom	National Telecom Operator	National (Under Administration)
30.	Simbanet/ Wananchi	National Public Service Provider Regional Public Infrastructure Provider	National Central Region
31.	HUAWEI Technologies	Equipment Vending and Installation	National
32.	Sky Dot Com	Regional Public Infrastructure Provider	Central Region
33.	Gilat Telecom	National Public Service Provider	National
34.	Sprint Internet Ltd	Regional Public Service Provider	Central
35.	Gametra Service Ltd	Regional Public Service Provider	Central
<i>Source: Uganda Communications Commission as of March 2023</i>			

APPENDIX VI: Sample Templates for Monitoring and Evaluating National Content

Contract No.	Single Sourcing of Bidding	Description	Contractor /Supplier name	Effective date of initial contract	Anticipated finish date	Value of contract and any amendment	Expenditure to date	% of total committed value	International	National/local	Total

STANDARD GAUGE RAILWAY PROJECT

LABOR COMMITMENTS

CONTRACTOR :

CONTRACT REF: [ref. number]

ESTIMATED CONTRACT DURATION

DISCIPLINES / JOBS	ALL STAFF		TOTAL UGANDAN STAFF		
	TOTAL (ALL STAFF)		TOTAL UGANDAN STAFF		
	No.	Manhours (USD)	No.	% No.	% Manhours (USD)
MANAGEMENT STAFF					
Contract Chief					
Project Manager					
Construction Manager					
Administrative Affairs Manager					
ETC					
TECHNICAL STAFF					
Cost Control Engineer					
Claim chief					
Accountants					
Civil Foremen					
Blasting Engineer					
Design Engineer					
HSE Engineer					
ETC					
SKILLED LABOR					
Bridge Formworker					
Blasting Worker					
Bridge welder					
Concrete Mixer Operator					
Crusher Operator					
ETC					
SEMI SKILLED LABOR					
Flagger					
Welder Helper					
Tyreman Helper					
ETC					
Unskilled labor					
Casuals					
ETC					
Summary Staff Categories	STAFF CATEGORIES				
	Management staff			Technical staff	
	No.	% No.	Manhours (USD)	No.	% No.
Contractor					
All Staff					
Ugandan Staff					
OTHER					

STANDARD GAUGE RAILWAY PROJECT


GOODS AND SERVICES COMMITMENTS

GOODS AND SERVICES COMMITMENTS										
CONTRACTOR : _____										
CONTRACT REF: [ref. num] _____										
Description	Sector of activity (choose in the drop down menu)	Potential Ugandan Vendor/Subcontract or	Type of local company (Local Company, JV with Local company)	Estimated Total Quantity (where applicable)	Unit of measure	Estimated Value (USD)	Estimated National Content Quantity %	Estimated National content Value (USD)	Contract duration (months)	Comments
ENGINEERING										
	<i>Also specify unit and quantity</i>									
MANAGEMENT										
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
PROCUREMENT (RAW MATERIALS AND GOODS)										
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
PROCUREMENT (SERVICES)										
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
FABRICATION (INCLUDING ASSEMBLING & TESTING)										
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
SITE INTEGRATION & INSTALLATION										
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
TRANSPORTS & LOGISTICS										
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
SERVICES										
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
TECHNOLOGY TRANSFER & PERFORMANCE / CAPACITY ENHANCEMENT										
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
	<i>Also specify unit and quantity</i>									
OTHER										

STANDARD GAUGE RAILWAY PROJECT

TRAINING COMMITMENTS

CONTRACTOR : CONTRACT REF: [ref. number]		TRAINING COMMITMENTS										TRAINING COST AND RELATED EXPENSES (USD)	MAN-HOURS	FINISHING DATE	COMMENTS			
		Initiative	Objective/ Training KPI to be achieved by the Initiative	Type of Beneficiary (Use drop down menu)	TYPE OF TRAINING					TRAINING SESSION TITLE or DESCRIPTION	STARTING DATE							
TECHNICAL SESSIONS or LECTURES	VOCATIONAL TRAINING				ON THE JOB TRAINING	SCHOOL TRAINING	E-LEARNING	OTHER	TRAINING INSTITUTION									
UPPLIER/ ENTERPRISE DEVELOPMENT	*Contractor to give details of applicable categories *Indicate other initiatives as necessary	Engagements with suppliers OR Quarterly tender workshops															xxxx	
		Building capacity of Ugandan suppliers through joint-ventures & partnerships																xxxx
		Supporting the Industry Enhancement Centre (IEC)																xxxx
		Upgrading or setting up supplier facilities																xxxx
		Pre-investment or transfer of equipment, infrastructure or facilities to Ugandan suppliers																xxxx
		Establishing technology licensing agreements																xxxx
		Support with certification and competency development																xxxx
		Vocational trainings																xxxx
		Other trainings																xxxx
		Scholarships																xxxx
RESEARCH & DEVELOPMENT		Internships															xxxx	
		Graduate trainee programs															xxxx	
		Identify opportunities for local suppliers															xxxx	
OTHERS		Transition from supplier to manufacturer															xxxx	
																	xxxx	
																	xxxx	
																	xxxx	

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