



Uganda business trends in 2017

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Introduction

2016 was a year of disruptions such as the Brexit vote in the UK and Donald Trump's election. There appears to be a New World Order (NWO).

Another year has started and so we ask, what does the future bring for business?

In this article, I explore the key themes and articles we shared with you over the course of the year via the "[advanced thinking newsletter](#)" and also provide insights on some of the most important areas for you to focus on during 2017.

Over the last few years we have pushed for common trends like:

- Get online – There are now more than 23% of the Uganda population accessing the internet, mainly on their mobiles.
- Get your team to be high performing. You need skills based teams to drive change in a highly unpredictable environment like Uganda.

I summarise these trends from 2014 – 2016 further below. I have also provided links to that analysis.

Summary of 2017 trends

These are expected to be:

1. **Power shift in global economy** - a desire for fairness and sustainability
2. **A reduction in Uganda government expenditure** – Worrying information from World Bank and Moody's rating.
3. **Improvement in access to credit for business.** Exciting trends from Mobile Money, FinTech and the FY 16/17 Budget.
4. **Improvement in ease of doing business.** Improvement in our global ranking as well as reforms at the land registry and other changes are driving this.
5. **A shift to online shopping/activities.** Online platforms like *olx*, *Jumia*, *Kaymu* and *betpawa* are dominating searches by Ugandans. You should pay attention to this shift for retail activity.

What is behind the above trends? Read the detailed analysis below.

Looking forward: Trends for 2017 to watch out for.

1. **Power shift in global economy - a desire for the facts, fairness, sustainability and values based leadership.**

Globalisation brings out nationalistic fears (Trump, Brexit, France's Le Pen) or creates a new global citizen. Whichever side of the coin you land on, [this trend is about positive action](#).

- **NEW GLOBAL CITIZENS** will embrace brands that help foster understanding. So think about campaigns that build bridges between people and cultures; OR
- **NATION NURTURERS'** 'local first' outlook can be served by products and campaigns that show a real commitment to a particular place.

What is most important is authenticity and fairness. In today's world and in Uganda in particular – social media access (*WhatsApp*, *Facebook*, *twitter* et al) means that if your brand is perceived to be inauthentic or unfair – the message will spread like bush fire.

The backlash against US President Trump has for example caused a global boycott/backlash of the products of persons associated with him – such as his daughter Ivanka’s fashion brands, *Uber* (as its founder sits on his economic advisory council) and *Tesla* (it’s founder sits on his advisory council).

The rise of the power of the “crowd” as above also means that successful brands need to start recognizing non-traditional yet more authentic demographic segments. People are increasingly connected and news of events far and wide travels instantly. This increasingly makes people aware of themselves and their place in the world. They are increasingly seeking an identity and they “just want to be who they are” – hence the desire for fairness and equal treatment.

Successful leaders are perceived as those who seem authentic and concerned about the welfare of others – and share their thoughts, aspirations and so on with their followers – because users want to connect with a brand, with which they have common values. You must communicate your brand through value based leadership. As an example, Inachee says it is an ethical thought leadership firm. Ethics and thought leadership are critical to us – and for users who share these values, they will potentially be attracted to our brand – but most importantly will expect us to “walk the walk”.

Meanwhile the sharing economy is driven by a global sustainability drive. People are increasingly aware of wastage and environmental sustainability. This has led to trends like: When you can pay to use [cars by the minute](#), access [office space by the hour](#), eat your [food cooked by your neighbours](#)

As an example, February 2016 saw the City of Cape Town municipal authority upgrade its [Integrated Waste Exchange](#) (IWEX) service. The government-created online portal allows companies and the public to connect and recycle waste items such furniture, tires, computers and packaging. The new portal enables users to add images and details to their listing, and post ads for waste products they are looking for.

2. **A reduction in Uganda government expenditure.** Implying those relying on government as a source of business or revenue will be severely impacted.

As an example, the World Bank froze new lending to Uganda in August 2016. Furthermore, *Moodys* agency in November 2016 downgraded Uganda from B1 to B2. The reason being the higher debt burden of the country as summarised below:

“The Government of Uganda’s debt burden has risen 9 percentage points to 33% of GDP in the past four years, and is projected to continue rising towards 45% of GDP by 2020. Deteriorating debt affordability is reflected in interest obligations expected to consume almost 16% of revenues by 2018, far exceeding the median for B-rated countries of 8%.”

The lending freeze and increased debt burdens mean less expenditure available for various projects critical for the economy to reach the government’s ambitious middle income status target.

3. **Improvement in access to credit** driven by:
 - a. Mobile money and Financial Technology (FINTECH) phenomenon

There were 21.2 million registered mobile money customers in Uganda by December 2015, more than half of the entire population. Some of the products which banks are discussing with telecom companies include, micro savings and loan products via mobile money.

A recent [PwC publication](#) states that: “FinTech is gaining significant momentum and causing disruption to the traditional value chain. In fact, funding of FinTech start-ups more than doubled in 2015 reaching \$12.2bn, up from \$5.6bn in 2014. Cutting-edge FinTech companies and new market activities are redrawing the competitive landscape, blurring the lines that define players in the Financial Services sector”

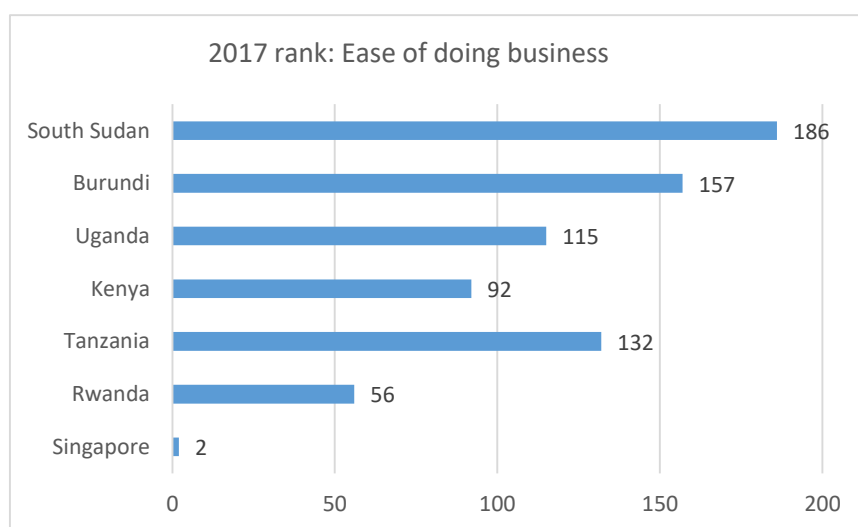
- b. Recapitalisation of UDB (as announced in the FY16/17 budget). Additional Shs. 500bn to be provided.
- c. Financial sector reforms by Bank of Uganda (such as Islamic and agency banking and bank assurance).
- d. Reduction in government borrowing from the domestic market. When government borrows heavily from the domestic market (through issue of Treasury bills for example) then banks attracted by the lucrative returns lend to government and hence funds are diverted from the private sector. A reduction in domestic borrowing leads to more credit available for banks to lend to the private sector.

4. **Improvement in ease of doing business** driven by:

- a. *Introduction of online registry* for obtaining trading licence and reduced incorporation fees (2016).
- b. *Introduction of regional industrial parks* to provide investors with access to land as one of the key incentives. The parks include *Namanve, Mbale, Arua and Mbarara*.
- c. *Digitalisation of land registry (2016)* – allowing improved security available. This will result in lending rates to potentially fall as cost of doing business falls.
- d. Proposal in FY16/17 budget for *VAT relief for “renewable energy”* projects – solar, wind and geothermal.

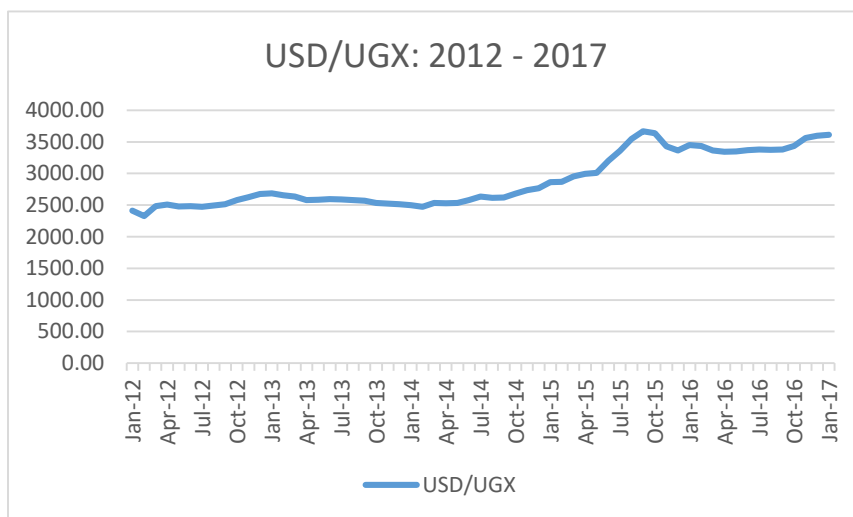
Overall, Uganda ranks 115 globally in ease of doing business (122 in 2016). It compares to its neighbours as shown below. We also analyse the overall 5 year movement in the USD/UGX below.

Uganda ease of doing business ranking 2017 (with East African comparisons).



Source: [World Bank](#)

Uganda USD/UGX movement (Jan12 – Jan17)



Source: [Bank of Uganda](#)

Being aware of the shilling’s depreciation should enable you to plan better for your business – particularly if you for example need to import goods, the falling shilling makes it more expensive to import the same goods over a period, as you purchase them in “hard currency” like the USD.

5. Shift to online shopping

This trend is driven by the growth of the internet as I have highlighted in past years. As I mentioned before, if you do not pay attention to the changing demographic of clients, your business model is about to be disrupted. This trend is especially going to affect car dealers and supermarket/mall/retail models.

Google, the world’s largest search engine on an annual basis analyses what the world searches for. Its latest is: “[Google Trends 2016](#)”. I reviewed this information, with a focus on Uganda.

So what matters the most to Ugandans (or did in 2016)? The table below summarises the key searches for Uganda in 2016.

Pay attention – the top searches you will see are for online platforms. Except for the Kony 2012 and the Uganda elections, all top 5 searches are for online shopping platforms – *Olx*, *Jumia* and *Kaymu*. If you look further below, you will notice that *Cheki* is a car search site, *Betpawa* is a sports betting platform. A similar trend is in Kenya.

Top searches (selected) with Kenya compared - 2016

Uganda	Kenya
<ul style="list-style-type: none"> • Olx Uganda • Jumia Uganda • Kony 2012 • Uganda elections 2016 	<ul style="list-style-type: none"> • Olx Kenya • Betin • Jumia Kenya • Sportpesa

<ul style="list-style-type: none"> • Kaymu Uganda • Nanny • Illuminati • Cheki • Africa cup of nations • Betpawa • Brighter Monday 	<ul style="list-style-type: none"> • Kenyan daily post • Betway • Ntsa kenya • Uber kenya • Tuko news
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Source: [Google trends](#)

Looking back: What did we say mattered in the past?

Every year we predict a number of trends that will be important. What did we say in the last 3 years?

2016 trends

([Full article/analysis is here](#))

1. **Get your business online.** There are 8 million Ugandans or 23% of the population waiting to hear from you!
2. **Build your awareness of the Uganda business environment risks.** What can you do to protect your business from losses driven by the Shilling performance? How about the aspects like reputable supplies, quality inputs?
3. **Do a technology disruption analysis.** What technology trends COULD DISRUPT your business? Is your business model vulnerable to technology from start-ups? If so, how do you manage it? You must innovate or be disrupted – even in Uganda.
4. **Quickly develop a high performance team.** It is worth you asking your team to take the [high performance team survey](#).
5. **Diversify your investment portfolio.** You could start by considering some of the options to invest in other businesses via online platforms for African businesses and start-ups.

2015 trends

([Full article/analysis is here](#))

1. **The rise of technology disrupters like *Uber* and *AirbnB*.** The pace of change of technology continues with traditional business models being disrupted by technology led innovation.
2. **The continued rise of cloud solutions, mobile internet and mobile innovations.** The bulk of internet users in Uganda are accessing the internet using mobile internet devices You need a mobile friendly model (e.g mobile friendly website)
3. **Foreign exchange** effects on business in light of the fluctuating shilling. The Uganda shilling has continually depreciated against the USD and this will not change.

4. **Team dynamics – the young Uganda population.** Business leaders need to be able to understand the mind-set of this generation. They for example expect everything instantly (as a result of growing up in the digital era where communication, emails, et al is instant).
5. **Increased aggressiveness from Uganda Revenue Authority.** With a new URA boss, you can expect she will be looking to leave her own footprint particularly with recent revenue shortfalls.

2014 trends

([Full article/analysis is here](#))

1. **Start marketing online.** There are 6 million users online. This is 17% of the population.
2. **Register and start paying taxes.** Uganda Revenue Authority (URA) is increasingly becoming aggressive in its drive to meet its revenue targets, which per the 2013/2014 budget are that 81% of the government's expenditure is to come from domestic revenues.
3. **Think of your business as a franchise.** Can your business survive without you?
4. **Turn your team into a high performing one.**
5. **Try permission based marketing.** Customers are increasingly being bombarded with marketing information. This means that the immediate sale rarely works. Lead generation is the way to go.

END

About the Writer

D E Wasake (FCCA) is a principal at Inachee an ethical thought leadership firm that provides advisory for businesses in Sub Saharan Africa, including Uganda. It has offices in London and Kampala. Find out more: www.inachee.com

He started his career with PricewaterhouseCoopers (PwC) in Uganda and the Bahamas before moving to a Top 10 firm in the UK.

He has significant audit, tax and advisory experience for several clients including agriculture, manufacturing, entertainment, public/donor funded, mining and financial services(including an \$11 bn fund, a £1.3bn fund for one of the UK's wealthiest families and several other entities including; a London Stock Exchange (LSE) listed asset financing Group, a central bank, a private bank, a Listed Development Finance Group as well as numerous Fund administration, insurance, private equity, open/close ended funds and other investment holding structures including SPVs).

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