

# E-cargo tracking starts as Mombasa route improves

By Samuei Sanya

The Uganda Revenue Authority (URA) has registered a landmark achievement with the launch of a \$5.2m (about sh13b) electronic tracking system for cargo on the Mombasa-Kampala route.

Speaking during the launch of the system at tax body's headquarters in Kampala, Allen Kagina, the URA commissioner general, noted that the system is part of a change in mindset from controlling to facilitating trade.

"Government is fully committed to facilitating trade. We recognize that the private sector is the engine of economic growth. We expect that with this system, Uganda's doing business ranking should rise," she said.

"The cost reduction for the private sector and the time savings of this system outstrip the actual cost of the system," she added.

The Electronic Cargo Tracking System will monitor imports, exports, re-exports and goods in transit. The system relies on electronic tracking devices fixed on a container unit or on a truck.

The devices provide real time data on the location of cargo, the speed and route of the truck to URA officers, clearing agents, and owners of the truck.

Hitherto, the URA used escort cars to follow transit cargo from the point of entry to the point of exit resulting in annual costs of up to sh3b to



The pilot phase of electronic cargo tracking reduced transit time from seven days to an average of two days by eliminating unnecessary stops by drivers

## BETWEEN THE LINES:

- The devices send real time data on location of cargo
- Uganda will save up to sh3b it has been spending annually on escorting cargo using escort cars from the point of entry to the exit point

the private sector.

Moustapha Ndiaye, the World Bank Uganda manager noted that the system will bolster attempts to bring down the cost of business on the Mombasa-Kampala route.

The \$5.2m system was co-funded by the Government, World Bank and Trademark East Africa.

Frank Matsaert, the Trademark East Africa boss, noted that by facilitating trade within

East Africa and reducing business costs, donors such as Norway, Sweden and the UK whose funds were used to develop the system, are creating jobs and fighting poverty.

"When we started the pilot in October 2013, the transit period through Uganda was seven days on average and has now been reduced to two days," Richard Kamajugo, the Uganda Revenue Authority (URA) commissioner for customs, said. "This was partly because the drivers were making un-necessary stops along the journey."

Everest Kayondo, the Kampala City Traders Association (KACITA) boss, noted that the system is long overdue but pointed out that it is still unclear as to how the costs of the new system will be borne.

**Business on Mombasa trade route improving**  
Over the past two years, the

revenue authorities of Uganda, Kenya and Rwanda have taken several initiatives to reduce transit time and reduce non-tariff barriers to trade along the 1,200km route.

In October 2013, presidents Yoweri Museveni of Uganda, Paul Kagame of Rwanda and Uhuru Kenyatta of Kenya agreed to implement a Single Customs Territory between them as members of the East African Community.

The agreement led to the reduction of weigh bridge requirements along the Mombasa-Kigali trade route, resulting in reduction in cargo transit days.

A pilot of the system showed that bulk fuel products imports using the SCT system in February 2014 rose to about 120 million litres from 108 million in February 2013, with a 32% increase in taxes paid to the URA.

## FOREX Rates

CURRENCY	BUY	SELL
US Dollar	2515	2525
Pound Sterling	4260	4340
Euro	3490	3580
Kenya	28.5	29.3
Tz Sh	1.5	1.57
Japanese Yen	24	27
Rwandese Franc	3.4	3.8
Sudanese pound	540	660
Dhram	675	695

RATES ARE SUBJECT TO CHANGE

## MARKET BRIEFING

### CYBER CRIMINALS CHANGING TACTICS

Last week, Microsoft Corp. released new data warning computer users that cybercriminals have now increasingly resorted to using deceptive tactics to steal people's personal and financial information for malicious purposes.

According to Microsoft's new data, one of the most common deceptive tactics identified as a top threat in 95% of the 110 countries/regions where Microsoft data was examined was through 'free or cheap online download of products'. Cybercriminals lure their victims by deceptively asking them to download 'free' content such as software, music or videos found online. This content is usually loaded with malware that can steal private information. "Of serious concern in Africa is the threat posed from illicit software downloaded from the internet, which is infected with malware deliberately bundled by cybercriminals," says Daniel Kamau, the Anti-piracy Lead for sub-Saharan Africa.



## Business News

FTSE down at 6814.57

CAC down at 4477.28

DAX down at 9581.45

DOW JONES up at 16583.34

# Raising the quality of Uganda's entrepreneurs

By Paul Busharizi

Last week President Yoweri Museveni attended the UK-Uganda Business Forum in London and said our country is sorely in need of the kind of entrepreneur who can convert our huge potential into marketable products, jobs and wealth.

In the same week the trade ministry was being grilled in Parliament to explain why the Government continued to maintain an interest in textile manufacturer Phoenix Logistics when it had accumulated losses of sh21b since its inception.

It came as a shock to learn too that the Government had increased its interest in the ailing company to 94% in 2010, essentially bailing out its private partners who probably put it in the hole in the first place.

Finally, private equity firm Actis Capital announced they would be selling off most of their interest in power distribution concession Ume-me after almost 10 years of running the increasingly lucrative business.

That's what private equity firms do



- they invest in companies looking to create value and sell out after a pre-determined timeframe or value target is reached.

All these events in one way or another support Museveni's claim that we are lacking entrepreneurs.

A World Bank report on the state of world entrepreneurship earlier this century showed that Uganda is the most entrepreneurial country in the world. A follow up report put us only behind Chile in the pecking order.

But the report showed that the Ugandan entrepreneur is largely a necessity rather than an opportunity entrepreneur. The necessity entrepreneurs start companies to support their lifestyles with no larger goal while the opportunity entrepreneur builds business to exploit opportunities. The size of the company is as large as the opportunity.

## The Ugandan entrepreneur is driven by necessity rather than opportunity

So, whereas Uganda is top of the class in terms of entrepreneurial spirit, it is the nature of its entrepreneurs that is not of the quality to spawn large multinational enterprises.

Museveni is wrong in saying we lack entrepreneurs but is right in saying we lack the quality of entrepreneur to fully exploit the bounty of our nation.

So, the challenge is how do you make the shift in the predominance of entrepreneurs towards opportunity and away from necessity entrepreneurs? One would become a rich man if he could crack that code.

But, for starters, it would help if our entrepreneurs focused more on their balance sheets - the tally of assets and liabilities, than income statements of their financials.

By focussing on income, our busi-

nessmen maintain a short term focus and are satisfied by much less than they can achieve. Building your assets and keeping liabilities to the bare essentials makes for a strong balance sheet and ensures the longevity and long term health of the company.

This shift in mentality makes the difference between running off to buy the Landcruiser VX and reinvesting the majority of the company profits to increase the company viability.

It will also mean that our businessmen will not be seduced by deals which promise large short term returns and settle for the painstaking process of building systems, continually keeping costs down, paying the company first before they pay themselves.

Our natural instincts are for eating what we have now. Delaying gratification takes a higher level of emotional intelligence which has to be cultivated over time.

Some of us like to argue that Ugandans have the capacity to manage and run big enterprises and that what we lack is money - read government support. They have it backwards. Our

businessmen lack finance because they do not know how to manage or run big enterprises. Once they can do that, the finance will come.

Earlier this year when Kenyan investment firm TransCentury made a bid for control of the Kenya-Uganda railway concession, funding agencies were falling all over each other to provide major shareholders and managers of the concession, Citadel Capital, the finances to buy TransCentury out.

The financiers did not do it out of the goodness of their hearts but because they were confident in Citadel's capacity to manage the hundreds of millions of dollars needed to turn around the concession and more importantly show a return on their investment.

It is not the only thing they have to do, but our businessmen must shift their focus away from the Profit & Loss part of their financial statements to their balance sheets before they can sit on the high table of world capitalism.

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