



MINISTRY OF ICT & NATIONAL GUIDANCE

A Knowledge and Productive Society driven by ICT & National Ideology

NATIONAL BUSINESS PROCESS OUTSOURCING POLICY

August 2024

FOREWORD

It is my pleasure to introduce the National Business Process Outsourcing (BPO) Policy of Uganda, which sets out the Government's vision and strategy for leveraging the BPO industry's potential to drive economic growth and development in the country.

Business Process Outsourcing, which is the acquisition of external services from third-party service providers to facilitate internal operations, is a rapidly growing industry worldwide, and Uganda is no exception. With its young and educated population, competitive labour costs, and strategic location, Uganda is well-positioned to become a leading BPO destination in Africa. The Government recognises the potential of this industry to create jobs, increase exports, and contribute to the country's overall economic development.

The National BPO Policy outlines a comprehensive framework for developing the BPO industry in Uganda. It identifies key strategies and initiatives to create an enabling environment for BPO businesses to thrive in the country. These include enhancing the business environment, building the necessary infrastructure, promoting skills development, and supporting research and development.

The policy is the product of extensive consultations with stakeholders in the BPO industry, including Government agencies, private sector players, and development partners. Their input has helped ensure that the policy is relevant, practical, and responsive to the needs of the industry and the country as a whole.

I am confident that implementing this policy will contribute to the growth of the BPO industry in Uganda and the creation of new job opportunities for the country's youth. I, therefore, urge all stakeholders to support the implementation of this policy as we work together to realise the full potential of the BPO industry in Uganda.

Hon. Dr. Chris Baryomunsi

MINISTER OF ICT AND NATIONAL GUIDANCE

TABLE OF CONTENTS

FOREWORD	I
TABLE OF CONTENTS	III
LIST OF ACRONYMS	IV
1 INTRODUCTION	1
1.1 DEFINITION OF BUSINESS PROCESS OUTSOURCING.....	1
1.2 BACKGROUND	1
1.3 SITUATIONAL ANALYSIS	4
1.3.1 <i>Banking, Financial and Insurance Services (BFSI)</i>	4
1.3.2 <i>E-Government Initiatives</i>	5
1.3.3 <i>Education and Content Development</i>	5
1.3.4 <i>Healthcare services</i>	6
1.3.5 <i>Telecommunication Services</i>	6
1.3.6 <i>Utilities and Essential Services</i>	7
1.3.7 <i>Other Possible Opportunities for Business Process Outsourcing</i>	7
1.3.8 <i>Linkage to Existing Policy and Legal Frameworks</i>	8
1.4 PROBLEM STATEMENT.....	10
1.5 JUSTIFICATION	12
2 THE BUSINESS PROCESS OUTSOURCING POLICY	13
2.1 POLICY STATEMENT	13
2.2 VISION	13
2.3 MISSION.....	13
2.4 GOAL.....	13
2.5 POLICY OBJECTIVES.....	13
2.6 EXPECTED OUTCOMES.....	14
2.7 GUIDING PRINCIPLES.....	15
2.8 POLICY STRATEGIES.....	16
2.9 CROSS-CUTTING ISSUES.....	18
2.9.1 <i>Climate change</i>	18
2.9.2 <i>Environment</i>	18
2.9.3 <i>Gender and Equity</i>	18
3 POLICY IMPLEMENTATION	20
3.1 COORDINATION AND LEADERSHIP	20
3.2 COMMUNICATION AND SENSITIZATION	21
3.3 ROLES OF DIFFERENT STAKEHOLDERS	21
3.4 CONSENSUS BUILDING AND CONSULTATIONS.....	26
3.5 FUNDING MECHANISMS	27
3.6 MONITORING AND EVALUATION.....	27
3.7 POLICY REVIEW AND AUDIT.....	28
3.8 BUSINESS PROCESS OUTSOURCING LEGISLATION	28
4 POLICY COMMITMENTS	28
5 CONCLUSION	30
GLOSSARY OF TERMS	32

LIST OF ACRONYMS

BOU:	Bank of Uganda
BPO:	Business Process Outsourcing
DLG:	District Local Government
GDP:	Gross Domestic Product
GOU:	Government of Uganda
ICT:	Information and Communication Technology
ITES:	Information Technology Enabled Services
ITO:	Information Technology Outsourcing
KCCA:	Kampala Capital City Authority
LGs:	Local Governments
MAAIF:	Ministry of Agriculture, Animal Industry and Fisheries
MDAs:	Ministries, Departments and Agencies
MEACA:	Ministry of East African Community Affairs
MEMD:	Ministry of Energy and Mineral Development
MoICT&NG:	Ministry of Information Communication and Technology and National Guidance
MoFPED:	Ministry of Finance, Planning and Economic Development
MoGLSD:	Ministry of Gender, Labour and Social Development
MoLG:	Ministry of Local Government
MoPS:	Ministry of Public Service
MoSTI:	Ministry of Science, Technology and Innovation
M&E:	Monitoring and Evaluation
MTIC:	Ministry of Trade, Industry and Cooperatives
MTWA:	Ministry of Tourism, Wildlife and Antiquities
NEMA:	National Environment and Management Authority

NDP:	National Development Plan
NIISP:	National ICT Initiatives Support Programme
NIRA:	National Identification & Registration Authority
NITA-U:	National Information Technology Authority of Uganda
NGO:	Non-Governmental Organisation
PACEID:	Presidential Advisory Committee on Exports and Industrial Development
RECs:	Regional Economic Communities
STI:	Science, Technology and Innovation
UBOS:	Uganda Bureau of Statistics
UCC:	Uganda Communications Commission
UDB:	Uganda Development Bank
UIA:	Uganda Investment Authority
UICT:	Uganda Institute of Information and Communication Technology
UNBS:	Uganda National Bureau of Standards
UNRA:	Uganda National Revenue Authority
URA:	Uganda Revenue Authority
URSB:	Uganda Registration Services Bureau

1 INTRODUCTION

The National Business Process Outsourcing Policy has been developed to spur economic development in the Country through optimal labour utilisation. The Policy aims at enhancing efficiency and effectiveness through ICT-enabled innovative solutions to support business processes and promote the Business Process Outsourcing (BPO) industry in the country for sustainable development. In addition, this Policy is intended to encourage the export of BPO services by private sector operators. The BPO sector is vital for economic growth, global competitiveness, and the creation of gainful employment while leveraging technology.

1.1 Definition of Business Process Outsourcing

Business Process Outsourcing (BPO) is the acquisition of external services from third-party service providers to facilitate internal operations. It occurs in organisations and companies within civil society, the private, and public sectors, both on-shore and offshore. The intention is to improve efficiency and effectiveness by introducing creative and innovative solutions to support business processes.

1.2 Background

The Business Process Outsourcing Policy seeks to achieve the aspirations of the Uganda Vision 2040 by supporting the objectives of the National Development Plan (NDP III) to (i) enhance value addition in crucial growth opportunities; (ii) strengthen the private sector capacity to drive growth and create jobs; (iii) consolidate and increase the stock and quality of productive infrastructure; (iv) enhance the productivity and social wellbeing of the population; and (v) strengthen the role of the state in guiding and facilitating development.

The aspirations of the BPO sector are to create employment opportunities and increase efficiency in the workplace. The Government aspires to claim a good slice of the global Information technology-enabled services (ITES) outsourcing business by 2040 by fostering and supporting BPO business activities by implementing necessary policies and developing the supporting regulatory framework.

For more than 20 years, companies in developed nations have increasingly outsourced parts of their business processes to developing countries like India, the Philippines, Indonesia and others.¹ This has led to increased employment opportunities in developing countries and subsequently contributed to the growth of their economies. In 2020, the global BPO industry was valued at \$163 billion and is expected to grow to \$183 billion by 2023. Traditional BPO services, although growing only half as fast, still make up over 70 per cent of industry value and are likely to remain the dominant revenue pool over the next three to five years² However, in the future, emerging sectors like Artificial Intelligence, blockchain, machine learning, and others will provide opportunities in the BPO sector.

Business Process Outsourcing (BPO) in Uganda is premised on the strategic objectives of the Government, which emphasise the use of ICT to create jobs and improve livelihoods to reduce poverty in the country. These are outlined in the National Development Plan III (NDP III); Uganda Vision 2040; NRM Manifesto for the periods 2006-11 and 2011-2016; the Presidential Investors Round Table (BPO Technical Working Group recommendations 2006/2007); and the BPO Strategy and Model for Uganda (2012).

¹ <https://outsourcingangel.com/how-does-outsourcing-help-developing-countries/>

² Driving economic recovery in South Africa's BPO industry

Similarly, the National IT Policy approved by the Cabinet in 2010 stated that the Government will promote utilising Information Technology Enabled Services (ITES) to support Business Process Outsourcing (BPO) as a critical intervention for job creation using Information and Communications Technology. To this end, the Government agreed to: (i) Set up an infrastructural network that can support the BPO Industry in Uganda; (ii) Set up a Policy framework for the BPO industry in Uganda; (iii) Put in place appropriate incentives that will boost and attract investors in the BPO such as subsidies on Bandwidth to enhance global competition; (iv) Market Uganda as a preferred BPO destination within the region; (v) Establish partnerships with the private sector to enable the sustainability of the BPO industry once it is set up; and (vi) Promote IT as a business growth subsector.

The BPO Strategy of 2012 was developed to enable job creation among the youth and enhance economic growth in Uganda by implementing 19 recommendations in the critical areas of human capital, infrastructure, business environment and supporting structures. However, only 16% of the recommendations in the BPO 2012 strategy were fully implemented by 2016, and the Government still needs to achieve the projected jobs of 20,000 in the 5th year of BPO industry development.

Notably, most BPO companies use information and communications technology (ICT) to increase efficiency and reduce costs and time in service delivery. ICT is the most significant enabler for developing new or better methods, processes, and solutions for handling business processes. Under the Government's NDP III, it has been identified as one of the core enablers for all sectors.

Most companies in Uganda that undertake business process outsourcing provide ICT services (such as Data management, software development, network management,

etc.) and ICT-enabled services (Knowledge processes such as legal services, HR management, medical services, insurance, marketing, agency banking, supply chain management, procurement etc.). However, other companies undertaking business process outsourcing don't necessarily entirely rely on ICT (such as HR outsourcing, logistics and transport operations, etc.).

Several issues have hampered the BPO industry in Uganda in different parts of the ecosystem. The Government desires to harness the full potential of business process outsourcing, hence the need for Policy interventions that will aid in creating a conducive BPO ecosystem. This will attract investment, increase job creation, and enable innovative local solutions to compete in the global market.

1.3 Situational Analysis

The situation analysis evaluates public and private sector efforts, existing gaps in the industry, Uganda's competitive advantages, current legal frameworks and existing linkages between the different players in the ecosystem.

1.3.1 Banking, Financial and Insurance Services (BFSI)

These services have been pioneers in business process outsourcing internationally. Competition, consolidation, compliance, geographical diversification, and new product introduction are key drivers for BFSI firms, which drive them to become both efficient and innovative. BY 2022, total BPO spending by this vertical was estimated to be anywhere between US\$ 60 to 75 billion and growing at a healthy rate. BFSI firms also operate one of the most significant numbers of shared services and captive centres in offshore locations such as India, the Philippines, and China. With access to banking and financial products on the rise in emerging markets, including Africa, BFSI vertical would continue to be a key buyer of BPO services.

Uganda has a potential opportunity to provide customer service services, telemarketing, and data entry in the banking sector and future policy administration services in the insurance sector, covering policy setup, maintenance, and claims management. There is increased potential in the insurance sector in Uganda with the recent introduction of Bancassurance; this will become a vibrant area for domestic outsourcing.

1.3.2 E-Government Initiatives

E-Government involves focusing on using Information and Communications Technology (ICT) to assist in transforming Government structures and operations for cooperative and integrated service delivery. The Government in Uganda has taken up various initiatives and investments under the e-Government initiative. Several Government institutions such as Uganda Revenue Authority, National Identification Registration Authority, Uganda Registration Services Bureau, National Social Security Fund, National Medical Stores, Ministry of Internal Affairs, and Ministry of Agriculture, Animal Industry and Fisheries have undertaken digitalisation projects, increasing the outsourcing potential.

1.3.3 Education and Content Development

BPO services in education require updating, transcription, and collection of information related to student progress records, application cycle, fee collection, and enrollment, which are essentially call centres, data entry, and scanning services. With the Internet breaking geographical barriers, E-Learning and online tutoring are becoming more common within the country. Amity University (AUUP) from India has successfully used the same concept and partnered with Makerere University under the College of Computing and Information Sciences (CoCIS) to offer e-

learning courses in Bachelor's degrees, Master's, post-graduate diplomas and post-graduate certificates for over ten years under the Pan African e-network project.

1.3.4 Healthcare services

Rising healthcare costs, increased technology adoption, and evolving physician-hospital-patient dynamics are forcing the healthcare industry to recast business and care delivery processes. By leveraging BPO (Business Process Outsourcing), healthcare companies can redefine their operating models and maximise value from their business processes. Thus, the demand for BPO services in healthcare will be in the areas of service, billing; mobile diagnosis, prescription, delivery, and reviews; provider contracting; care management; records digitisation; transcription; payment collection; claims and enrolment processing; customer service; analytics; HR management in healthcare facilities; finance and accounting; and procurement. Besides this, medical helplines and telemedicine will also bridge the current gap between the demand and supply of medical services in the country.

1.3.5 Telecommunication Services

Telecommunication services remain vital for consumers and businesses in the next phase of economic growth. The telecom vertical is a key adopter of BPO globally and provides an opportunity for end-to-end outsourcing, which includes customer acquisition, customer service, billing and revenue assurance, and network management. Some of the huge outsourcing deals in the recent past have been in the telecom vertical. Telecommunications companies have outsourced services such as call centres, networks and engineering, employee recruitment, and IT support.

The market reach and widening range of value-added services have made many telecom companies among some of Africa's largest corporations. Across the

continent, 40 telecom companies report annual revenues above \$500 million, with more than half of these earning over \$1 billion a year. Overall, 570 companies in Africa have revenues above the \$500 million threshold, making the telecoms sector the fifth-largest contributor to Africa's large-cap market. Mobile telephony leads the current telecommunications revolution and contributes to infrastructure development, making outsourcing more conducive. Given the high growth potential of the telecom sector in Africa and the 14 million plus customer base of mobile and fixed line services in Uganda alone, the telecom sector has become a key focus area for Uganda's BPO sector.

1.3.6 Utilities and Essential Services

Utility companies and Essential Services worldwide are looking for ways to address the evolving needs of their customers. Customer Service in Utilities has traditionally been an integral part of the business; however, in the recent past, outsourcing in utilities has become a common phenomenon across the world, with significant power distribution and energy firms outsourcing an array of services such as billing, call centre support, statement generation and remittance processes. This provides an outsourcing opportunity to offer auxiliary services associated with National ID, driving permits, passports, and civil registration documents, such as follow-up, collection, access to information and customer service.

1.3.7 Other Possible Opportunities for Business Process Outsourcing

The Other Possible Opportunities for the Business Process Outsourcing industry in Uganda include the following;

- i. **Digital Transformation Initiatives**—Leverage digital transformation initiatives to create short—and medium-term business opportunities. For

instance, digital skilling and providing last-mile infrastructure can open up business opportunities in the BPO sector.

- ii. **Existing expertise**—Leverage the expertise created around Call Centres, Back Offices, Transcription, and Knowledge Process Management to attract outsourcing business from Nearshore (Democratic Republic of Congo, Ethiopia, South Sudan, Tanzania, Burundi), Regional and International Clients.
- iii. **Stable business environment and Incentives**—Leverage a stable business environment and Incentives to attract international investment into ICT Parks and entrepreneurs. For example, the Ugandan Government has allocated land for ICT parks and set up Incubator Hubs.
- iv. **Innovation ecosystem** - Build on innovations leveraging Fourth Industrial Revolution Technologies such as Artificial Intelligence (AI) and machine learning in existing Technology Hubs to form business linkages with the BPO sector locally and internationally.
- v. **International and Domestic business opportunities**—Identify domestic business opportunities regionally under the NDP III Programme. The growing older population in European countries is seeking labour from young African countries.

1.3.8 Linkage to Existing Policy and Legal Frameworks

The following is an analysis of existing legal and regulatory frameworks in relation to the BPO sector.

- i. **The Constitution of the Republic of Uganda** - The 1995 Constitution of the Republic of Uganda (as amended) guarantees people's right to employment, privacy and access to information. It is a fundamental enabling and guiding legal framework.

- ii. **Data Protection and Privacy Act (2019)** – This Act aims to protect the privacy of the individual and personal data by regulating the collection and processing of personal information. This law is critical because it addresses all data collection, retention, storage, sharing, and commercialisation of data and privacy issues. This is crucial for the BPO industry, considering that foreign-based companies would previously not be comfortable sending their data to a destination that does not have provisions comparable to those of the General Data Protection Regulation 2016/679 (GDPR).
- iii. **The Cyber Laws**—These include the Computer Misuse Act (Amendment) 2022, the Electronic Signature Act of 2011, and the Electronic Transactions Act of 2011. These laws are critical because they guide users on how to use computers and other gadgets, deter/punish crimes orchestrated online, and give legal effect to electronic transactions such as signatures and correspondences.
- iv. **National Payment Systems Act, 2020**—This Act seeks to regulate mobile financial services. It ensures that payments continue online and further ease doing business virtually.
- v. **Uganda Communications Act, 2013**—The Uganda Communications Act, 2013, is an enabling law that ensures providers of communications infrastructure and services are set up in Uganda and properly guided to achieve the Government's aspirations.
- vi. **The National Information Technology Authority Act of 2009** establishes the National Information Technology Authority, Uganda (NITA-U), whose mandate is to provide ICT services to the Government, promote standardisation, and promote access and utilisation of ICTs.
- vii. **The Access to Information Act, 2005** – This law provides the right of access and prescribes the classes of information and the procedure for obtaining access to that information.

- viii. **Uganda Registration Services Bureau Act, Cap 210** – This law handles registrations relevant to business processes.
- ix. **Companies Act, 2012** – This law governs the establishment and operation of companies in Uganda.
- x. **The Public-Private Partnerships Act, 2015** - This is the prime law that regulates the development and implementation of Public-Private Partnerships in Uganda.
- xi. **Income Tax (Amended) Act 2023** – Guides on taxes to be paid by the different businesses and highlights Uganda’s tax regime.
- xii. **The Copyright and Neighbouring Rights Act, 2006; and Trademarks Act, 2010.** These laws assure owners of copyrights and trademarks that the same shall not be abused in Uganda.
- xiii. **The National Broadband Policy, 2018.** The Policy promotes, among others, infrastructure sharing, reducing the cost of doing business in Uganda and lowering the cost of internet-based services.

The Government of Uganda has also developed Standards, Regulations and Accreditation Guidelines to enhance the Business Process Outsourcing (BPO) Industry.

1.4 Problem Statement

Uganda is implementing various initiatives aimed at achieving socio-economic transformation. Youth in Uganda are the youngest population in the world, with an average age of 14.9 years. The major problem is that over 70% of qualified youth between 18 and 35 struggle to access employment opportunities. Without opportunities at home, our homegrown talent will continue to exit in increasingly large numbers for labour exportation. Business Process Outsourcing (BPO) has

proven to create employment opportunities and improve livelihoods for youth, thereby increasing GDP. However, there are inadequacies in stimulating and promoting the acquisition of services from third-party providers (local BPO companies) by the public and private sectors to facilitate their internal operations.

The inadequacies include 1.) **Inadequate infrastructure support** caused by: a) insufficient seat capacity; b) inadequate equipment; c) the existence of obsolete technology; d) dynamic technology trends; and e) underdeveloped IT for local third-party service providers. 2.) **High operational costs** caused by a) lack of an incentives framework; b) lack of a mechanism for access to financing; c) insufficient baseline data; d) the existence of barriers in planning, establishment, and approval of new programs in process implementation; e) limited investment; f) lack of a monitoring and evaluation mechanism; f) limited research; g) unethical conduct; and h) inadequate appreciation of BPO. 3.) **Inadequate skilled labour** caused by a) Inadequate management competencies; b) inadequate knowledge acquisition; c) lack of relevant global professional certifications; d) high costs of training; e) limited specialised training; f) lack of a responsive tertiary sector; and g) non-progressive qualifications framework by local third-party service providers. 4.) **Limited Access to Markets** caused by a) low demand from domestic and international clients; b) lack of a marketing and branding strategy; c) unfair competition; d) limited creativity; and e) Limited literacy and. 5.) **Limited public sector process re-engineering** caused by a) Lack of country-level strategy for business process re-engineering; b) Inability of third-party service providers to meet the requirements for certification; c) Low-quality compliance of third-party service providers; d) Cumbersome certification and compliance procedures; e) Inadequate support for Intellectual Property Management of ICT innovations; and f) Inappropriate mechanism for standards and dispute resolution.

The complex nature of these inadequacies can ably be addressed by developing a National Business Process Outsourcing Policy. This Policy is intended to provide a conducive regulatory environment and promote the availability of business opportunities and incentives that support the BPO sector.

1.5 Justification

The purpose of this Policy is to develop an adequate system of acquiring external services to facilitate operations. The intended outcomes of having this Policy in place are: i) **Enhanced employment rates**—The Policy shall help to enhance market penetration/access both locally and internationally, which will create employment for the youth.

ii) **Enhanced revenue and increased economic productivity**—The Policy will increase the number of BPO operators, which in turn will lead to enhanced revenue in the country.

iii) **Reduced production costs and improved service delivery** – Outsourcing of some internal services will lead to reduced wastage in production processes in some organisations

vi) **Reduced capital flight** – This will also lead to reduced capital flight as these companies will outsource services from Uganda.

vi) **Enhanced technology transfer** – The entry of big companies investing their technology in Uganda will create opportunities for Ugandans to adopt the latest technologies during operations.

2 THE BUSINESS PROCESS OUTSOURCING POLICY

2.1 Policy Statement

To enhance the regulatory environment of the BPO sector for the harmonised coordination and promotion of the BPO ecosystem.

2.2 Vision

To position Uganda as a preferred BPO destination leveraging on ICTs.

2.3 Mission

To stimulate the growth of the BPO sector, create jobs, and improve livelihoods.

2.4 Goal

To develop an adequate system of acquisition of external services from a third party to facilitate industrial or professional operations of a going concern.

2.5 Policy Objectives

The main objective of this Policy is to develop an adequate system for acquiring external services to facilitate operations. This shall be achieved through the following specific objectives.

- (i) To facilitate public and private sector process re-engineering.
- (ii) To ensure minimum operational costs for BPO.
- (iii) To enhance access to markets for BPO operators.
- (iv) To enhance skilled labour for BPO.
- (v) To provide adequate private and public infrastructure support for the BPO ecosystem.

2.6 Expected Outcomes

The National Business Process Outsourcing Policy intends to realise the following outcomes:

Main Outcome	Sub Outcomes	Output Indicators
1: Increased efficiency and effectiveness in the delivery of private and public services	i. Increased performance of the BPO industry supported by innovation.	Percentage increase in productivity of the BPO industry
	ii. Increased investment in skills development.	Number of skills development programs
	iii. Increased foreign direct investment for BPO companies.	Amount of foreign direct investment attracted (in USD)
	iv. Enhanced visibility of Uganda BPO companies.	Market share percentage growth
2: Increased contribution to GDP	i. Increased investment in infrastructure.	Number of BPO infrastructure supported
	ii. Increased contribution of BPO to job security.	Number of new jobs created and sustained by the BPO industry
	iii. Increased tax revenue to the Government.	Amount of tax revenue generated from the BPO industry (in USD)
3: Increased employment opportunities	i. Enhanced market opportunities.	Number of new market opportunities created
	ii. Increased acquisition of industry-relevant	Number of certifications obtained by BPO companies

	certifications and standards by BPO companies.	
	iii. Increased skilled labour	Number of skilled labourers employed in the BPO industry

2.7 Guiding Principles

The following principles will guide the implementation of the Policy:

- i. **Enhancing public-private and public-public partnerships** in developing the BPO industry and using ICT innovations. The Policy is guided by the need to promote local capacities between public and private players.
- ii. **Ensuring a transparent and collaborative BPO ecosystem.** It was developed through a consultative process with key stakeholders comprising civil society, MDAs, development partners, and private sector actors.
- iii. **Ensuring universal access to BPO and ICT innovations** in a conducive and secure environment for the BPO and ICT innovations sector to thrive.
- iv. **Promoting the conduct of appropriate research, innovation, and relevant skills development for the BPO and innovation sector.** This Policy prioritises harnessing optimal benefits from scientific knowledge and advancing research and innovations while preventing risks.
- v. **Ensuring the country harnesses benefits from the latest technologies.** The Policy shall promote the use of modern technologies to provide BPO services.
- vi. **Gender and Inclusiveness.** This involves considering the universality of human rights principles and good governance while addressing cross-cutting issues such as gender or Persons with Disabilities, promoting cultural diversity and geographical coverage.

2.8 Policy Strategies

Policy Objective 1: To Facilitate Public and Private Sector Process Re-Engineering.

This objective shall be achieved through the following strategies.

Strategies:

- i. Develop a country-level business process re-engineering strategy.
- ii. Develop and publicise BPO services certification requirements. This will enhance BPO companies in Uganda's compliance with global certification requirements.
- iii. Develop an appropriate mechanism for standardisation of BPO services.
- iv. Provide support for Intellectual Property Management for innovative BPO services.

Policy Objective 2: To Ensure Minimum Operational Costs for BPO.

This objective shall be achieved through the following strategies.

Strategies:

- i. Develop an attractive incentives framework for BPO, such as a favourable tax regime
- ii. Develop mechanisms for reducing barriers in planning, establishing and approving new programs and during process implementation
- iii. Develop and implement an appropriate monitoring and evaluation framework for the BPO sector
- iv. Create advocacy and awareness for increasing access to finances for the BPO sector
- v. Conduct a baseline study, continuous assessments, and research on the BPO industry in Uganda

- vi. Develop and publicise ethical and guiding principles for BPO operations

Policy Objective 3: To Enhance Access to Markets for BPO operators.

This objective shall be achieved through the following strategies.

Strategies:

- i. Create opportunities for investment in the BPO sector by sensitising potential stakeholders to enhance their appreciation of BPO.
- ii. Create opportunities for demand from domestic and international clients.
- iii. Develop and implement a branding and marketing strategy for the BPO sector in Uganda.
- iv. Develop a mechanism for providing equal business opportunities in the sector.
- v. Develop and implement marketing campaigns within and outside Uganda for BPO companies.

Policy Objective 4: To Enhance/Provide Skilled Labour for BPO.

This objective shall be achieved through the following strategies.

Strategies:

- i. Develop a standardised skilling framework (including establishing language neutralisation centres, professionalism, project management, and software documentation).
- ii. Create accessible and affordable skilling programmes and infrastructure for BPO companies.

Policy Objective 5: To Provide adequate Private and Public Infrastructure Support for the BPO Ecosystem

This objective shall be achieved through the following strategies.

Strategies:

- i. Develop and implement mechanisms for the establishment and regulation of equitably regionally distributed BPO-supportive infrastructure.
- ii. Facilitate the process of identifying and securing suitable land for BPO investments.
- iii. Develop a National Portal for the BPO industry in Uganda.

2.9 Cross-Cutting Issues**2.9.1 Climate change**

This Policy shall encourage the development of BPO initiatives that support mitigation against climate change. It aims to promote the use of green technologies that mitigate against the adverse impacts of climate change. It will encourage using technologies that reduce emissions and adapt to climate change.

2.9.2 Environment

The Policy is in sync with environmental management tenets at the global, regional, and national levels. Due diligence will be taken to ensure that it is in line with national environmental guidelines, such as e-waste management.

2.9.3 Gender and Equity

This Policy recognises the contributions and needs of men, women and youth in the business process outsourcing and Innovation space. Business process outsourcing is gender neutral to the extent that women, youth, marginalised groups and ethnic minorities, among others, can engage in economically productive enterprises by leveraging business process outsourcing. This Policy will identify and empower special interest groups to maximise utility through capacity building and establishing infrastructure, markets, and requisite resources. The Policy further recognises the

different regions' distinctiveness and contribution to economic development. It will support sustainable utilisation of the BPO according to the availability of opportunities and comparative advantage in the specific areas of the country.

3 POLICY IMPLEMENTATION

3.1 Coordination and Leadership

The National BPO Policy is a multi-stakeholder framework that leverages other policies and integrates efforts to harness employment opportunities in a coordinated and harmonised manner. As such, it inter-connects policies that need to be customised for job opportunities. Every relevant sector will be an implementing unit of the Policy.

The MoICT&NG shall continue supporting the development of BPO, including Policy implementation and sponsoring enabling legislation. It will ensure that the Policy is implemented and monitored, including but not limited to developing an incentives framework and the disbursements of the various incentives/concessions available under the Policy. This will necessitate strengthening intra-sectoral and inter-sectoral linkages with other MDAs, the local Governments, the private sector, civil society, development partners and community members. The Ministry shall own the institutional framework and mandate for the BPO sector, provide oversight guidance and coordination, provide technical support and information to all BPO stakeholders, and sensitise the public to appreciate BPO in Uganda.

The Ministry shall follow the existing systems and mechanisms of public Policy management in engaging and bringing Government and non-government actors on board. Therefore, the Ministry will utilise its institutional framework and arrangements for service delivery, including the Minister, Top Management, program working groups and units, to advance BPO-specific issues.

3.2 Communication and Sensitization

Successful implementation of this Policy requires a clear communication strategy and feedback mechanism. Upon approval of the BPO Policy, an implementation strategy will be developed. The Policy and implementation strategy will be disseminated to all stakeholders (national, regional and district levels).

3.3 Roles of Different Stakeholders

The following stakeholders were identified as key players in the BPO ecosystem.

- i. Government Ministries Departments Agencies (Public sector):** The government is both a regulator and a consumer of BPO services. The Government regulates various service providers in service delivery, such as telecommunications (UCC), insurance (IRA), (NITA-U), etc. These are drawn from strategic and operational departments within Ministries, Departments, or Agencies (MDAs). They deliver service to the citizens, increasing the potential to launch regional BPO centres nationwide. They may utilise BPO services and contribute to growth in employment;
- ii. Private Sector companies:** The private sector is a consumer and service provider for BPO services. As consumers, private sector entities acquire services from BPO companies. Private sector entities also outsource business to BPO companies but also operate their BPO across different sectors, potentially generating more employment. They include companies that have partnered with or been outsourced to provide BPO services in Uganda. The private sector BPO service providers (non-ICT) are represented through their associations;
- iii. Strategic and Development Partners:** These are both local and international companies or organisations that are supporting various BPO initiatives, including the identification of potential clients within key BPO markets like the European Union, United Arab Emirates, United States of America,

Australia, etc. They include but are not limited to funding agencies, donating partners, and cooperation agencies;

- iv. **Innovation Hubs, Research and Development Organizations:** These are companies and organisations from the Research, Development, and Education sectors that present the potential to contribute to BPO activities and provide support to innovators and BPO companies through skilling, among others;
- v. **Local Citizens:** These are the general public of Uganda who are skilled and seeking employment opportunities. Citizens who will benefit from BPO services are also considered in this category.
- vi. **Offshore and Nearshore Companies:** They are both consumers and service providers. As consumers, Ugandan BPO operators export services to these foreign companies. In contrast, service providers may invest locally by partnering with local BPO companies or establishing their own BPO companies in Uganda.

The BPO Policy Implementation Plan will highlight detailed implementation stages/phases. However, the table below elaborates on the policy's overall objectives, strategic interventions, and responsibility centres.

Objective	Strategic Actions	Responsible Centre
1. To facilitate public and private sector process re-engineering.	Develop a country-level business process re-engineering strategy	MoPS to lead, MoICT&NG, MTIC, MoFPED, UNBS, NIRA, Private Sector
	Develop and publicise third-party services certification requirements. This will enhance	MoICT&NG to lead, MTIC, MoFPED, BoU, NIRA, NITA-U, Deposit Protection

	the compliance of BPO companies in Uganda with global certification requirements.	Fund, UNBS, DLGs, Private Sector
	Develop an appropriate mechanism for the standardisation of BPO services	MoICT&NG to lead, URSB, MTIC, UNBS, KCCA, URSB, UCC, URA, NITA-U
	Provide support intellectual property management for innovative BPO services.	MoICT&NG to lead, URSB, MoSTI, Development Partners, and Private Sector
2. To ensure minimum operational costs for BPO	Develop an attractive incentive framework for BPO, such as a favourable tax regime.	MoICT&NG to lead, MTIC, MoFPED, UNBS, NGOs, URA, UIA, UBOS, UDB, Uganda Media Centre, Development Partners, and Private Sector
	Develop mechanisms for reducing barriers in planning, establishing and approving new programs and during process implementation.	MoICT&NG to lead, MTIC, MoFPED, UNBS, NGOs, URA, UIA, UBOS, UDB, Uganda Media Centre, and Private Sector
	Develop and implement an appropriate monitoring and evaluation framework for the BPO sector.	MoICT&NG to lead, MTIC, MoFPED, UNBS, DLGs, NGOs, URA, UIA, UBOS, UDB, Uganda Media Centre, Development Partners, and Private Sector

	<p>Create advocacy and awareness to increase access to finances for the BPO sector.</p>	<p>MoICT&NG to lead, MTIC, MoFPED, UNBS, DLGs, NGOs, URA, UIA, UBOS, UDB, Uganda Media Centre, Development Partners, and Private Sector</p>
	<p>Establishing mechanisms for access to finances for the BPO sector</p>	<p>MoICT&NG to lead, MTIC, MoFPED, UNBS, DLGs, NGOs, URA, UIA, UBOS, UDB, Uganda Media Centre, Development Partners, and Private Sector</p>
	<p>Conduct a baseline study, continuous assessment and research on the BPO industry in Uganda.</p>	<p>MoICT&NG to lead, MTIC, MoFPED, UNBS, DLGs, NGOs, UBOS, URA, MoGLSD, DLGs, URA, UIA, UDB, Uganda Media Centre, Development Partners, and Private Sector</p>
	<p>Develop and publicise ethical and guiding principles for BPO operations</p>	<p>MoICT&NG to lead, MTIC, MoFPED, UNBS, DLGs, NGOs, URA, UIA, UBOS, UDB, Uganda Media Centre, Development Partners, and Private Sector</p>

3. To enhance access to markets for BPO operators.	Create opportunities for investment in the BPO sector through sensitisation of potential stakeholders to enhance appreciation of BPO.	MoICT&NG to lead, MTIC, MoFPED, UNBS, DLGs, NGOs, Development Partners, and Private Sector
	Create opportunities for demand from domestic and international clients	MoICT&NG to lead, MTIC and its agencies, MoFPED, UNBS, NGOs, MEACA, and Private Sector, and Private Sector
	Develop and implement a branding and marketing strategy for the BPO sector in Uganda.	MoICT&NG to lead, MTIC and its agencies, MoFPED, MTWA and its agencies, UNBS, NGOs, PACEID, development partners and Private Sector
	Develop a mechanism for providing equal opportunities in the sector	MoICT&NG to lead, MTIC and its agencies, MoFPED, NGOs, and Private Sector
	Develop and implement marketing campaigns within and outside Uganda for BPO.	MoICT&NG to lead, MTIC and agencies, MoFPED, UNBS, DLGs, NGOs, Development Partners, and Private Sector
	4. To enhance skilled labour for BPO.	Develop a standardised skilling framework (including

	establishing language neutralisation centres, professionalism, project management and software documentation)	Institutions, MTIC, MoFPED, UNBS, DLGs, NGOs, and the Private Sector
	Create accessible and affordable skilling programmes and infrastructure for BPO companies.	UICT to lead, MoICT&NG, Universities and other tertiary Institutions, MTIC, MoFPED, UNBS, DLGs, NGOs, Private Sector, and all MDAs
5. To provide adequate private and public infrastructure support for the BPO ecosystem	Develop and implement mechanisms to establish and regulate equitably, regionally distributed BPO-supportive infrastructure.	MoICT&NG to lead, MTIC, MoFPED, NGOs, and Private Sector
	Facilitate the process of identifying and securing suitable land for BPO investments.	MoICT&NG to lead, MTIC, MoFPED, NEMA, MLHUD
	Develop a national portal for the BPO industry in Uganda	MoICT&NG to lead, MTIC, MoFPED, and Private Sector

3.4 Consensus Building and Consultations

This Policy was developed through a consultative process championed by the Ministry of ICT and National Guidance. The Ministry held consultative processes aimed at promoting and utilising non-core business processes for socio-economic development for ordinary citizens. In this process, it became apparent that there is limited acquisition of services from third-party service providers by both public and

private sectors to facilitate their internal processes. The consultations included the BPO operators, Government Ministries, Agencies and Departments, the private sector, development partners, academia and civil society.

3.5 Funding Mechanisms

Implementation of this Policy requires the mobilisation of financial resources for capital investment and the implementation of activities through diversified funding sources. Financing from GOU, bilateral and multilateral development partners, public-private partnerships, civil society and other sources will support the implementation of this Policy. The MoICT&NG will identify resources required to carry out these roles, recommend them to MoFPED for evaluation, and allocate a fair share of the country's budget for BPO development.

The different implementing MDAs should budget for this Policy to perform the strategies and interventions in various sectors and cross-sectoral areas. Provisions should be made for the costs of mainstreaming and integrating BPO across Government business and reviewing the implementation of this Policy. The mobilisation and utilisation of funds under this Policy will follow the amended Public Finance Management Act 2015. The Ministry responsible for Finance, Planning and Economic Development, in collaboration with the Ministry of Information Communication Technology and National Guidance, should establish resource mobilisation partnerships for BPO and Innovation development.

3.6 Monitoring and Evaluation

Due to the interdisciplinary and cross-cutting nature of business process outsourcing, the monitoring and evaluation process should be participatory. It shall require multi-sectoral and multi-faceted teams, including the Government, civil society, private

sector, and public and development partners. The Ministry of Information Communication Technology and National Guidance shall coordinate the implementation of MDAs and budgets for this policy. The monitoring and evaluation of the National BPO Policy will be undertaken as part of the already established MoICT&NG monitoring and evaluation framework, which feeds into the National Policy on Public Sector Monitoring and Evaluation under the Office of the Prime Minister.

3.7 Policy Review and Audit

The information collected through the M&E framework shall guide the Policy audit and inform the periodic evaluation and reformulation of the National BPO Policy. The Government shall undertake periodic performance reviews on the Policy every five years to assess emerging issues requiring Policy interventions and undertake a comprehensive revision of the Policy.

3.8 Business Process Outsourcing Legislation

To implement this Policy, a robust and consolidated regulatory framework is required. The Policy shall provide the basis for the development of legislation. This shall require reviewing and harmonising existing legislation to establish a cohesive body of law for Business Process Outsourcing.

4 POLICY COMMITMENTS

The Government of Uganda is committed to the overall development of the BPO sector through the following course of execution.

- i. Government Outsourcing Services.** The Government shall identify part of its activities and commit to outsourcing these activities to the private sector

and BPO operators for efficiency and cost optimisation to ensure that the Government is at the helm of driving BPO.

- ii. Establishment of BPO regional parks and BPO Infrastructure.** The government shall support the establishment of BPO regional parks by leveraging the existing initiatives of the Uganda Investment Authority (UIA) and the Uganda Free Zones Authority (UFZA).
- iii. Establishment of soft landing programmes.** The Government shall support the international marketing of local BPO companies outside Uganda, where BPO companies can operate from the external market.

5 CONCLUSION

The attainment of robust economic development by the country has been greatly limited by the inadequately developed system of acquisition of external services from a third party to facilitate industrial or professional operations of a going concern, which has propelled the development of this policy. The Policy should establish a country-level business process re-engineering strategy; enable third-party service providers to meet the requirements for certification; enhance compliance with third-party service providers; facilitate a smooth and seamless certification and compliance procedures; provide support for the patenting and copyright of ICT innovations; and establish an appropriate mechanism for standardisation.

The Policy should further Develop an attractive incentives framework for BPO, such as a favourable tax regime; ensure there are no barriers in planning, establishment and approval of new programs and in-process implementation; establish a monitoring and evaluation mechanism for the BPO sector; create opportunities for investment in the BPO sector; establish mechanisms for access to finances for the BPO sector; create and avail baseline data; create opportunities for research in the BPO sector; establish ethical and guiding principles for the BPO sector; create opportunities for sensitisation of potential stakeholders to enhance appreciation of BPO. Additionally, this Policy should provide standardised skilling and appropriate certification for BPO and ICT innovations; create accessible and affordable skilling programmes and infrastructure for BPO and ICT innovations; and develop a standardised skilling framework. The Policy shall encourage and support the establishment of infrastructure for BPO investments; provide regulatory mechanisms to ensure appropriate private and public infrastructure development; facilitate the process of identifying and securing appropriate land for BPO

investments; and provide an enabling environment for investment in infrastructure that supports the BPO sector.

GLOSSARY OF TERMS

Business Process Management: *This is a discipline that uses various methods to discover, model, analyse, measure, improve and optimise business processes*

Business Process Outsourcing (BPO): *This is the acquisition of external services from third-party service providers to facilitate internal operations. The intention is to improve efficiency and effectiveness by introducing creative/ innovative solutions to support business processes.*

Buyers: *These are the organisations and companies within civil society and the private and public sectors that offer business process outsourcing services. These organisations and companies are both domestic and international.*

Captive Centers: *These are client-owned-and-operated service delivery centres, typically in a nondomestic, low-cost location, that provide service resources directly to their organisation. The personnel in a captive facility are legal employees of the organisation, not the vendor.*

Gross Domestic Product (GDP): *The monetary value of services and finished goods produced within a nation's borders within a period. GDP can be calculated on a quarterly or annual basis.*

Information Communication Technology (ICT): *A general term for any communication application or device, including cellular phones, satellite systems, television, radio, network and computer hardware, and several applications and services.*

Information Technology Outsourcing (ITO): *An organisation's outsourcing internet or computer-related work such as programming to other firms. The concept is used interchangeably with BPO, which refers to outsourcing jobs that do not often require many technical skills.*

Innovation: *The introduction of something new. An innovation is a new idea, method, device, or change made to an existing product or field.*

Third-Party Service Providers: *These are the locally registered BPO companies that are ICT and Non-ICT based.*