



# PRIVATE SECTOR FOUNDATION UGANDA

Your Partner in Private Sector Led Development

## Monthly e-newsletter JUNE 2010

**Mission:** To Strengthen Private Sector capacity for effective policy advocacy and market competitiveness



## PSFU HOLDS POST BUDGET LUNCHEON



**Hon Gerald Ssendaula Chairman PSFU addressing members of the Private Sector at the PSFU Post Budget Luncheon at UMA Main Exhibition Hall on 11<sup>th</sup> June 2010. On his right is Hon Syda Bbumba Minister of Finance Planning and Economic Development who was the Chief Guest.**

Following the 2010/11 budget submissions to Parliament by the Minister of Finance, Planning and Economic Development on June 10 2010, PSFU prepared a Post Budget Luncheon on June 11 2010 to analyse the above-mentioned submissions in line with the Private Sector proposals to the budget process since October 2009. The luncheon was well attended with over 150 invited guests. The guest of honour was Hon. Syda Bbumba. Private Sector Priorities for the 2010/11 Budget received due consideration

in the allocation of resources for the coming FY (i.e. more than 78% of the Private Sector Concerns were responded to by Government in FY 2010/11).

A detailed synopsis of these issues can be obtained from the PSFU website [www.psfuganda.org](http://www.psfuganda.org) below is a summary of **Key concerns that the Government has responded to in FY 2010/11;**

1. Thermal power generation in the short run; Commissioning 1<sup>st</sup> Bujagali turbine in October 2011; Completion of Feasibility studies for Karuma and Isimba Hydro power projects.
2. Business Process Outsourcing (BPO) will be encouraged to create Jobs and generate exports.
3. A 1500km Optic Cable to be laid to connect major urban centers, 2.6bn Fund allocation to the Ministry of ICT for the operation of NITA to reduce costs of accessing ICT services.
4. Studies for development of Standard gauge railway between Kenya and Uganda to commence, the Tororo-Pakwach line to be extended to Southern Sudan; Kampala – Kasese line feasibility study ongoing.
5. 50m\$ earmarked for rehabilitation and Improvements for City roads and additional UGX 50bn to the Road Fund, Government's commitment on highways and trunk roads, AG to oversee quality of Roads, Govt to start design of 2<sup>nd</sup> bridge at the Nile and MV Pamba to be rehabilitated.
6. Additional 5bn allocated to NCHE and NCDC to improve educational quality and standards also provided Funds for Equipping and completing several technical institutes. Implementation of the presidential initiative on innovations to enhance research in S&T, UGX 1b to EU for skills and entrepreneurial training.
7. Increased the Agricultural Credit facility Fund from 60bn to 90bn
8. UGX 124bn allocated to clear all the outstanding pensions and gratuity arrears; and UGX184bn for current pensions
9. 5 Bills passed into Acts, 9 before Parliament and 3 before Cabinet; legal&regulatory F/W.
10. PPP policy which will provide the framework for the implementation of selected public Infrastructure by harnessing private Sector Financial and Human resource skills is being finalized.

#### **Pending Concerns for Gov't Intervention**

1. Raising the PAYE threshold to Shs 250,000/= to increase the purchasing power.
2. Availability of long-term and affordable business finance
3. Excise Duty on Airtime – Harmonise to match other EAC States i.e. from 12% to 7%
4. Development of the Tourism Sector through expediting enactment of the Tourism Bill, which carries ALL the impending issues that would help develop this sub-sector for competition in the region.
5. Combating Counterfeits and Trade Malpractices, plus all Public Procurement related issues



**Preparations for the Platform for Action: PSFU with consultations to the Private Sector carefully prepares its Budget proposals to Government each year for consideration. From right Hon Gerald Ssendaula Chairman PSFU, Mr Gideon Badagawa Executive Director PSFU and Mr Moses Ogwal Director Policy at a one of the consultative meetings.**

# PSFU Post Budget Highlights June 2010

## PSFU conducts Annual Post Budget Analysis to:

- Ascertain the level of Government response to key priority areas for policy intervention in the previous financial year particularly, in-terms of implementation.
- Establish the trend of budget response to private sector proposals to the national budget,
- Determine the response rate of the national budget being announced to the private sector proposals submitted in that financial year.
- Identify key outstanding issues with no Government response and,

- Suggest a way forward to ensure the above issues are addressed.

## Government Priority Areas for Financial Year 2010/11

- Infrastructure development ; Roads & Energy;
- Promotion of Science, Technology and Innovation to facilitate value addition and employment;
- Enhancing agricultural production and productivity;
- Private sector development; and
- Improving public service delivery.

## Government Response vs. Implementation to Key Private Sector Priorities/Proposals

Financial Year	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11
Response Rate	12.5%	33.0%	54.5%	72.7%	78.6%	78.8%
Implementation Rate	5.6%	5.9%	9.7%	11.3%	12.7%	

Source; PSFU Policy Advocacy Unit

The above table shows that the response rate growing; Government's key challenge however remains on the implementation of set and agreed priorities. In financial year 2009/10, major implementation was in the agricultural sector; with a 60bn Agricultural Fund put in place.

## Private Sector Key Priority Areas for Government Consideration in FY 2010/11

Priority Areas:	Budget Response:
<ul style="list-style-type: none"> <li>▪ <b>Transport infrastructure; Roads, Rail, Water Ways and Air</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ USD 50 million earmarked for city roads and additional UGX 50bn to the Road Fund</li> <li>▪ Auditor General to take oversight on quality of Roads</li> <li>▪ Studies for development of Standard gauge railway between Kenya and Uganda to commence</li> <li>▪ Tororo-Pakwach line to be extended to Southern Sudan; Kampala – Kasese line feasibility study ongoing</li> <li>▪ Govt to start design of 2<sup>nd</sup> bridge at the Nile</li> <li>▪ MV Pamba to be rehabilitated</li> <li>▪ Thermal power generation in the short run</li> <li>▪ Commissioning 1<sup>st</sup> Bujagali turbine in October 2011</li> <li>▪ Completion of Feasibility studies for Karuma and Isimba Hydro power projects</li> <li>▪ Several power transmission lines planned for construction</li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>Energy Development</b></li> </ul>	
<ul style="list-style-type: none"> <li>▪ <b>Labour productivity and Skills Development</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Additional 5bn to NCHE and NCDC to improve educational quality and standards</li> <li>▪ Provided Funds for Equipping and completing several technical institutes</li> <li>▪ Continue Implementation the presidential initiative on innovations to enhance research in science and technology</li> <li>▪ Shs 1 b to Enterprise Uganda for skills and entrepreneurial training</li> <li>▪ Generate 25 crop varieties resistant to disease, and increase productivity through agricultural research</li> <li>▪ Consolidate the agricultural extension services with provision of inputs to farmers through the restructured NAADS, allocated 36billion more to agriculture</li> </ul>

## East African Community related issues

- From 1st July 2010, the East African Community will establish a single economic territory within which business and labor operate.

- The current structure of the Common External Tariff (CET) of 0%, 10% and 25% has been maintained.

- Ministers for Finance, Permanent Secretaries – Finance and Governors to meet and agree on the roadmap for the Monetary Union.
- Import duty reduced on Gas cookers and other cookers from 25% to 10%.
- Increase of Import Duty on aluminium stranded wires and cables from 10% to 25%.
- Import duty on various items<sup>1</sup> reduced from 10% which covers intermediate goods under the EAC tariff bands to 0%.
- Extension of reduction of duty; on Import duty on wheat grain, rice, cement, worn clothing. The Ministers for Finance agreed to extend the reduction of import duty on certain items<sup>2</sup> for one year:

#### Outstanding issues specified in the PSFU Priority Proposals

- Energy; No price incentives provided to independent power producers, solar power needs not addressed.
- Air transport; aviation challenges not addressed
- The challenge of low labour productivity; minimum wage issues not addressed as well
- Taxation related issues; no measures put in place to broaden the tax base, PAYE related concerns not addressed
- Procurement Issues; a 15% preference for Public procurement not considered in budget
- Tourism; FY 2010/11 budget so adamant about Tourism development and related issues.

#### Way forward in FY 2010/11

- Ensure increased Private Sector participation in budget policy
- Implementation of planned activities within the new Financial Year
- Ensure Strict Budget Discipline to reduce budget supplementaries
- Strengthen and formalize the PPP Policy in the implementation process

**N.B;** Government is keen on supporting the private sector by enabling the acquisition of appropriate technology and promoting the use and development of the ICT. Having completed laying out 1500 km of optical fibre linking most major towns in the country, the Government's focus for the year 2010/11 is on the promotion of science and technology application to enhance the technological capacity of the private Sector enterprises.

<sup>1</sup> The reduction will apply to the following item: Pigments and prepared driers of a kind used in the paint industry; Stamping foil used in manufacturing scratch cards; Non calcined petroleum coke used in the cement industry; Felt paper and paperboard used for manufacture of filters; and Flat rolled products of iron and non alloy steel that is less than 600 mm in width.

<sup>2</sup> Wheat grain from 35% to 10%; Rice from 75% or US\$ 200 per tonne to 35%; Cement from 40% to 25%; & worn clothing to 35%, US\$ 0.20 per kg.

## PSFU holds its AGM

PSFU Organised its Annual General Meeting on 1<sup>st</sup> June 2010 at UMA Main Exhibition Hall. Mr Gerald Ssendaula Chairman PSFU thanked the Board, Members of the Advisory Council and Management for working so hard to fulfil the mandate of PSFU. The Chairman also thanked the development partners most especially the World Bank, the ACBF through the Uganda Country Capacity Building Programme (UCCBP), the Anti Corruption Threshold Programme (ACT –USAID), and other partners who have contributed very generously towards our efforts to execute the mandate of PSFU. "I particularly wish to laud the confidence placed in PSFU by all our partners who have manifested strong commitment to support private sector development in Uganda. I would also like to thank the Government of Uganda for the support and the strengthened Public Private Partnerships." Mr Ssendaula said.

## PSFU New Corporate Plan 2010-2013

### 'Enhancing Sustainability and Performance'

**Private Sector Foundation Uganda has developed a new Corporate Plan 2010-2013;**

**Vision:** To be the national lead partner in Private Sector development.

**Mission:** To Strengthen Private Sector capacity for effective policy advocacy and market competitiveness.

#### Corporate Plan Theme:

PSFU has recently ended implementing a corporate plan whose main theme was **"route to enhancing performance"**; and made a lot of progress towards its mandate. PSFU is now embarking on its next phase of development under the theme **'Enhancing Sustainability and Performance'**, and it believes that this corporate plan will enable it achieve its above mentioned goals. Extensive brain storming and consultations aided by modern corporate planning tools resulted into the following Strategic Thrusts which the PSFU will focus on over the coming three years

#### STRATEGIC THRUSTS

1. Strengthen Financial Management and diversify Financial Base
2. Strengthen Delivery of Member Services
3. Enhance effectiveness of Trade and Policy advocacy
4. Strengthen Project Management Capability
5. Enhance HR Function and positive Organisation Culture
6. Enhance PSFU's Image and Differentiation
7. Strengthen Governance framework and Internal Processes

## PICTORIAL OF THE PSFU POST BUDGET LUCHEON



Hon Gerald Ssendaula Chairman PSFU greets Hon Syda Bbumba as she arrives for the PSFU Post Budget Luncheon



Hon Syda Bbumba addressing members of the Private Sector at the Luncheon on her right is Mr. Lamin Manjang and Mrs Irene Kasiye Alemu both Board Members of PSFU.



Members of the Private Sector at the PSFU Post Budget Luncheon



Ms Allen. Kagina Uganda Revenue Authority with other members of the Private Sector at the PSFU Post Budget Luncheon



Mr Charles Ochichi Executive Director Enterprise Uganda (Left) with Mr. Tom Buringuriza Deputy Executive Director Uganda Investment Authority (UIA)



From right is Mr. Geoffrey Ssebuggwawo Director BUDS-ERT-PSFU, Mr. Gideon Badagawa Executive Director PSFU, Mr Lamin Manjang Board Member PSFU and Mr. Richard Baguma Executive Director AMFIU at the Luncheon.

## The EAC Common Market is here

The Common Market seeks to deepen and widen the EAC integration process beyond the Customs Union by allowing free movement of services, labour and capital and granting EAC citizens the freedom of movement and right of establishment anywhere in the EAC.

### EAC Regional Integration Process

- Signing of East African Community Agreement (1984)
- Setting up of Tripartite Committee of officials as a mechanism to re-establish regional cooperation (1986)
- Signing of the Agreement for Establishment of Permanent Tripartite Commission for East African Cooperation (1993)
- Signing of Protocol on Establishment of a Secretariat of the Permanent Tripartite Commission (1994)
- Signing of Treaty for Establishing East African Community (1999)
- Enforcement of EAC Treaty (2000)
- Commencement of Custom Union (2005)
- EAC Expansion with Rwanda and Burundi as members (2007)
- Signing of EAC Common Market Protocol (2009)
- Establishing a regional common market
- Monetary Union
- Political Federation

### The benefits of the common market

With about 130 million people, a combined Gross Domestic Product of over \$73 billion, an average income per capita of \$506, and with vast natural resources including recently discovered oil, the Common Market presents a formidable trading bloc with the rest of the world which if well exploited has the capacity to fast track economic growth and enhance the quality of life of our people.

With the Common Market, East Africa as a region has just opened itself to greater internal competition, which among others, should stimulate productivity, create more competitive jobs while promoting greater labour market efficiency through free labour mobility. In addition the five member states position themselves as a single negotiator against other trading blocs. The higher attractiveness as an international investment destination will result in significant capital inflows, stronger global bargaining power as a region, lower cost of doing business regionally, increased regional product competition resulting in higher quality products and service standards, enhanced best practice sharing and innovation, the opportunity to plan infrastructure and tourism promotion initiatives at a regional level, better security, and a focus on increased operational efficiency in organizations resulting in a better customer experience, among others.

In order to take full advantage of the Common Market, businesses need to re-think and re-construct their business strategies to reflect regional perspectives; to take advantage of an expanded consumer base. Businesses should leverage their products and services through cross border partnerships and synergies.

### The challenges

The major challenges are with procedures, legislations and regulations across borders including tax administration. Harmonisation of customs duties on goods and creating a more predictable tariff structure for third party trade partners are critical at this stage.

The Common Market presents several other challenges that suggest the need for further work to be done to ensure a smooth transition. The diversity of our cultures with different work ethics prevailing in each country; the fact that Uganda is not a Swahili speaking nation while the others are; the non-tariff barriers such as time loss, corruption, and red tape still exist; current weaknesses in the transport sector with poor utilization of the railway and water modes of transport; the differences in levels of political and economic development, differences in standards regarding product and service quality. There are also still major challenges with policy predictability.

### What needs to be done?

The following interventions need to be made ahead of the full execution of the Common Markets protocol;

- a) Increase sensitisation of all citizens.
- b) Increase negotiation capacity of the Ministry of East African Affairs with particular expertise on Trade matters.
- c) Advocate for satisfactory functioning of the EAC NTB elimination Mechanism
- d) Negotiate for the inclusion of sensitive goods in the EAC Common Market Protocol

### Points to note for the business community

- Only goods originating from within the EAC region are exempt from import duty. All other taxes such as withholding tax and VAT will still be applicable.
- Country specific rules and regulations will still be applied in regard to the movement of labour, natural persons, services, capital and right of establishment.
- All Ugandan traders are encouraged to obtain certificates of origin and national quality standards marks for their goods in order to take advantage of the exemptions on import duty.

## All is set for PSFU International Trade Facilitation Expo 2010

### “Competing Effectively in the EAC Common Market”

Together with MTN, EPPATAPS, UAP Insurance, Roofing's, Uganda Revenue Authority, Shumuk, Centenary Bank and KACITA, PSFU has organised the International Trade Facilitation Expo from 27<sup>th</sup> -28<sup>th</sup> July 2010 at UMA Main Exhibition Hall. The Expo is expected to attract over 4,000 participants and all is set.

The exhibition will enable exporters and importers acquire information on the available Trade Facilitation services. It will also provide an additional platform to over 200 providers of trade facilitation services to show case their services to the private sector.

The event is also an opportunity for the importers and exporters to interact with Ambassadors and High Commissioners of countries that significantly trade with Uganda to demystify the process of acquiring VISAs and to explore the other services offered by the Embassies and High Commissions. Importers and exporters will also meet with key government bodies that facilitate exports or imports. These include the Ministry of Tourism, Trade and Industry, Uganda National Bureau of Standards, Uganda Export Promotion Board, Uganda Investment Authority and the Kenya Ports Authority, among many others.

The East African Community today operates under a fully fledged Customs Union and now East African is operating under a Common Market. This poses a number of challenges and opportunities for the business community. The 2010 International Trade Facilitation will provide information on East African Common Market and how Ugandan business community can compete effectively.

PSFU each year organises Annual International Trade Facilitation Events intended to provide information, networking and capacity building for Uganda's importers and exporters by bringing them together to interact with Ambassadors representing Uganda's major trade partners and with leading providers of trade-facilitating services. The theme for the event is “COMPETING EFFECTIVELY IN THE EAC COMMON MARKET”

Various ambassadors and representatives of Uganda's major international trade partners like; U.S, UK, Southern Sudan, Egypt, Kenya, Tanzania, Congo,

South Africa, Netherlands, Italy, India, France, Pakistan, China, will be available to exchange information, network and equip the Ugandan private sector with relevant information regarding importing and exporting with Uganda.

*PSFU invites the importers, exporters and the entire Business Community to attend the event. Entrance is free for all from 8:00am -5:00pm each day. For more information contact Moses Ogwal Director Policy Advocacy on 0312263850/ [mogwal@psfuganda.org.ug](mailto:mogwal@psfuganda.org.ug)*

### Preparatory Meeting of COMESA Policy Organs Meetings and Summit

The meeting was held on Monday 28<sup>th</sup> June 28, 2010 at the MTTI board room in preparation for the COMESA summit to take place in Mbabane, Swaziland 25<sup>th</sup> August – 1<sup>st</sup> September 2010. The meeting followed the Trade and Customs Committee meeting held on 15<sup>th</sup>-17<sup>th</sup> June in Harare, Zimbabwe. The major objective of the Harare meeting was to assess the progress in implementation of regional integration programmes. A number of issues including elimination of NTBs, Food Commodity Trade, Rules of Origin, and Trade in services were discussed, inter alia.

#### **The summit**

The summit of heads of State will be preceded by the policy organs meetings which will, among others, review and make collective recommendations on various issues. A number of events have been considered for the event including: meetings of the administrative and budgetary matters committee, intergovernmental committee, council of ministers, COMESA business forum, ESA-EPA Council, meeting of the ministers of foreign affairs and ultimately the meeting of heads of state.

#### **Private Sector Interest in the summit**

Whereas the summit will address all the technical details of the legal and institutional framework and roadmap for launching the Tripartite EAC-COMESA-SADC FTA; review the progress made in the implementation of the Customs Union and progress along the 2012 roadmap and the status of mobilization of funds and implementation of regional infrastructure projects including trade facilitation, which are all critical for private sector competitiveness. The business community needs to be encouraged and supported to engage in the COMESA business Forum.

#### **The way forward**

The Uganda Private Sector and business community at large is encouraged to attend the summit. The Chamber of Commerce and the UIA will work closely with PSFU to mobilize and ensure appropriate representation. The next meeting to finalize the Uganda positions will be held 14<sup>th</sup> July, 2010 at the MTTI board room.

## Creating Synergy across Livestock Sector in the EAC Region

The East African Business Council (EABC) organized a workshop on Creating Sectoral Synergies in the livestock sector across EAC region at Kigali during April 22-23, 2010. The workshop was fully supported by the Commonwealth Secretariat; and organized as a part of the series of activities planned under the ComSec Project entitled "Improving Trade Flows In and out of the East Africa Community". The overall objective of the workshop was to explore the ways and means of creating production synergies and marketing linkages in the livestock sector across the region with a view to improve overall performance and trade flows of the sector within and from the EAC region.

The specific objectives of the workshop included: to provide a platform for the key stakeholders of the region to discuss and identify national and regional constraints affecting the performance of the sector; to diagnose, deliberate and arrive at common issues affecting the sector and suggest a framework to address the same and create conducive business environment in the region for creating sectoral synergies; to provide a networking opportunity to the key stakeholders of the identified livestock products in EAC region for creation of synergy, product and institutional clustering; to identify and create a database of major players of the livestock sector in the EAC region and determine national focal points for facilitating synergy creation and coordinating policy advocacy at national level.

### *Creating synergies in the East African Livestock sector:*

Creating synergy involves working together of two or more people, organizations, or activities for realizing higher results in comparison to sum of their individual effects or capabilities. Creating regional synergies is important as it leads to realization of economies of scale; explores higher production capacities for meeting global trade needs; leads to better information and knowledge sharing; product development through research and attracting FDI, regional policy harmonization and development of regional standards.

### *Cross cutting challenges facing the livestock sector:*

The following were identified as the major cross-cutting challenges faced by the regional livestock sector: Poor and unreliable transport and energy infrastructure; inefficient and expensive IT facilities; overlapping regional blocs and conflicting commitments by member states; lack of value addition and regional initiatives and Non Tariff Barriers (NTB'S). Other cross cutting challenges include: lack of reliable data related to the sector, lack of enforcement of standards and quality control, prevalence of diseases, poor quality of animal feeds, lack of harmonized sanitary and phycosanitary requirements in the region, inadequate technology on breeding and very weak farmer and processor associations in the region.

### *Recommendations:*

The Livestock sector urges the Governments to fast track the development of national Livestock Policies to help position the livestock industry as a viable and sustainable income.

### *The way forward:*

In the short term; that EABC coordinates the formation / creation of a regional livestock under the umbrella of EABC; with clearly defined roles and national coordinators for each sector to enable continuous dialogue and engagement for the purpose of creating synergy and policy advocacy. This Forum would then meet periodically to articulate issues affecting livestock industry.

## Doing Business Improvements Consultative Meeting

The GoU recognizes that sustained economic growth is a necessary condition for socio-economic transformation for prosperity. Since economic growth is largely driven by the private sector, it is important to strengthen the competitiveness of the business sector by ensuring that there is a conducive business environment.

The Competitiveness and Investment Climate Strategy (CICS) Secretariat is at the core of mainstreaming and causing the implementation of reforms aimed at improving the country's investment climate, and works along with other key players to advise GoU on the requisite policies to be adopted to accelerate economic growth.

It organized a stakeholder meeting to highlight the improvements that have been undertaken to date to bring about an improved business environment. The meeting objectives were as follows:

- To communicate to the main respondents of the Doing Business survey and the general private sector the improvements the key agencies have undertaken over the last year.
- To raise opportunities for interactions on how further the agencies can improve their service delivery.

Key presentations on improvements that have taken place were made by Uganda Revenue Authority, the Company Registry, Umeme, and the Land Registry.

The meeting was attended by key private sector stakeholders holders especially those that fill in the Doing Business survey (lawyers, freight forwarders and architects) as well as private sector organizations

including UMA, KACITA, UNCCI and PSFU among others. Doing Business task force members were also in attendance (mainly composed on public agencies). The workshop took place at Serena Hotel on 8<sup>th</sup> June 2010.

As part of the opening remarks, the CICS Secretariat made a presentation that showed Uganda's 2010 Doing Business rankings and what needs to be undertaken to make improvements in the various indicators. The two

Tables below present the rankings and summary of what should be improved as was presented at the meeting.

Indicator	2009	2010	Change in rank	Rwanda comparison
Ease of doing Business	106	112	-6	67
Starting a Business	129	129	0	11
Dealing with licenses	80	84	-4	89
Employing workers	8	7	+1	30
Registering property	156	149	+7	38
Getting Credit	109	113	-4	61
Protecting investors	127	132	-5	27
Paying taxes	71	66	+5	60
Trading across borders	145	145	0	170
Enforcing Contracts	118	116	+2	40
Closing a Business	53	53	0	183

Indicator	Area of Focus
<b>Starting a Business</b>	<ol style="list-style-type: none"> <li>1. Introduce standard registration forms and articles of association (Avail Forms online).</li> <li>2. Reduce time for registration with NSSF.</li> <li>3. Make Company Seal optional.</li> <li>4. Pass Company and Insolvency Bills.</li> <li>5. Combine TIN, VAT and corporate tax registration.</li> </ol>
<b>Registering Property</b>	<ol style="list-style-type: none"> <li>1. Reduce time to obtain property consent form.</li> <li>2. Replace percentage based fee structure by flat fee structure.</li> <li>3. Reduce time to conduct property valuation.</li> <li>4. Unify and computerize property records.</li> </ol>
<b>Dealing with construction permits</b>	<ol style="list-style-type: none"> <li>1. Reduce the cost and time to connect to utilities.</li> <li>2. Reduce the time to obtain the clearance for architectural drawings.</li> </ol>
<b>Getting Credit</b>	<ol style="list-style-type: none"> <li>1. Expand coverage of Credit Bureau.</li> <li>2. Pass Chattels Security Bill, 2008.</li> <li>3. Improve Collateral Registry.</li> </ol>
<b>Enforcing Contracts</b>	<ol style="list-style-type: none"> <li>1. Introduce a fast track for Small Claims with streamlined procedures at Chief Magistrate's Court as well as Commercial Court.</li> <li>2. Publish court activity reports.</li> </ol>
<b>Trading Across Borders</b>	<ol style="list-style-type: none"> <li>1. Extend working hours of border posts.</li> <li>2. Allow electronic transmission of customs declarations from Mombasa to Kampala.</li> <li>3. Harmonise documentation (bonds securities) with EAC region.</li> </ol>

A Task Force has been set up comprising of 12 members to support the reform process chaired by PS/ST,MFPED. A key function of the task force among others will focus on monitoring the progress of reform implementation and ensuring timely information flow across implementing agencies. It has the following 2 year targets:

1. Recognition as a top reformer in Africa (aim to move to double digit position)
2. Move at least 10 points on the rank scale for at least 5 indicators.

### **Discussions.**

The meeting agreed that:

1. Uganda should borrow from the quick wins Rwanda undertook in order to be able to register business in only 3 days.
2. The use of Alternative Dispute Resolution (ADR) should be promoted as a means of improving the indicator Enforcing Contracts.
3. The Ware House Receipt system could be one of the processes promoted to increase access to credit.

### **Way Forward**

The meeting was well appreciated by the participants who particularly requested that the brief on progress made by the various agencies is done on a more regular basis. The following were the key activities that CICS and the Doing Business Task Force would continue spearheading to ensure Doing Business in Uganda gets easier in the long run:

1. Follow up the passing of key Bills that support Doing Business (Companies, Insolvency, and Chattels Securities Bill)
2. Closely follow up the autonomous process for URSB with a focus on implementing quick wins (Rwanda Case study).
3. Support the Land Registry operationalise its Client Charter and implement its information campaign.
4. Initiate a process to support KCC streamlines its processes to support the issuance of construction permits.

It was also agreed that the next stakeholder meeting should include participation from KCC, UNBS and the Ministry of ICT.

## **E-Payment for Domestic Taxes**

Uganda Revenue Authority (URA) has introduced a new tax payment process given that the old had been tedious and cumbersome. Initially, individual banks manually used to prepare till sheets and deliver them regularly to URA outlet offices and this increases the cost of doing business (i.e. high costs of compliance while moving between URA and the banks). The system was also not supporting the electronic payments which would limit the ability to trade across borders and was limited to URA's official working hours, among others.

Following the above short comings of the old system, Uganda Revenue Authority has developed a new concept for payment processing. In line with the initiatives under the transformation drive, new levels of service delivery to stakeholders are anticipated. The payment process has been separated from return filling as each carry different penalties. The electronic payments solution introduces a single process based on electronic notification messages between URA and the banks. The process starts with the taxpayer registering his intention to make a payment and then obtaining a payment registration slip. E-tax is a web based solution which can be accessed by anyone with internet facilities and has a module that handles payment registration.

There are four possibilities through which a payment may be registered under the e payment;

- In a URA Office, an officer may register a payment for the tax payer
- On the e Tax web portal, a tax payer may register a payment where he or she is located as long as there is a computer with internet
- In Ministries or Government Agencies, payment may be registered for fees (NTR) that URA collects on behalf of Government
- Lastly, a tax payer's consultants or agent may register payment on behalf of their clients

Below are the benefits of Electronic Payment;

- Reduce turnaround times at the bank and increases taxpayers' satisfaction
- Improve transaction accuracy
- Reduce reconciliation effort and this increase efficiency gains
- Minimize the manual capture of data hence reduced costs of doing business
- A common interface/link between the banks and URA will reduce the requirement to deal with the many touch points on URA's side
- A self cleaning mechanism of expiring unused payment registration notifications.

## PSFU to organise Eastern Uganda Economic Empowerment Week

Private Sector Foundation Uganda (PSFU) in partnership with Mbale District is organizing the "Economic Empowerment Week in Eastern Uganda scheduled for the 23<sup>rd</sup> to the 26<sup>th</sup> September 2010. This event will take place at Maluku Grounds District Headquarters. This event aims at stimulating the growth of Small and Medium Agri business with a focus on Commercial agriculture and trade within the region. This event is expected to show case successful Agro enterprises from all the districts of Eastern Uganda and International development organizations engaged in carrying out economic development activities and programs in Eastern Uganda. This event will also bring together financial Institutions, Government Development agencies and institutions offering business development services. **The main theme of the event: 'Land Management and Value Addition' Overall objective: "Stimulating entrepreneurship and business growth through value addition."**

### Finalists stand a chance to win 600M in Start Your Business Plan Competition

PSFU has released the results of phase II the Start Your Business Plan Competition 2009/2010. The national competition gives entrepreneurs with unique business ideas an opportunity to make their ideas work by turning them into successful businesses. All entries which were submitted between March and May were reviewed by at least 2 judges who gave feedback for each entry. Participants can access their results by logging on their WebPages on the Start Your business website ([www.startyourbusiness.ug](http://www.startyourbusiness.ug)). The 3<sup>rd</sup> phase of the Start Your Business started on 24<sup>th</sup> June and ends on 30<sup>th</sup> July 2010. During this phase seventy participants will undergo a 4 day residential training workshop in Kampala. Finalists will be trained by trainers from Makerere University Business School Entrepreneurship Centre. The training sessions will emphasise financial planning, risk contingency planning and presentation skills.

### Up Coming Events

- PSFU International Trade Facilitation Expo 27<sup>th</sup> -28<sup>th</sup> July 2010, Main Exhibition Hall UMA Show grounds Lugogo. Entrance is free.
- Eastern Economic Week , September 2010 Mbale
- **Proudly Ugandan** Campaign



**NOTE: We are in the final stages of compiling the PSFU Business Directory 2010/11. Do not miss out in this Master Piece. Book your space to day. Call: 0772540480/[snakibuuka@psfuganda.org.ug](mailto:snakibuuka@psfuganda.org.ug)**

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## Harmonization of Excise Duties in the EAC Countries

EABC organized a regional workshop on the harmonization of Excise duties in the EAC countries between 29<sup>th</sup> and 30<sup>th</sup> June, 2010 at the East African Hotel in Arusha, Tanzania. Partner States need to harmonize their domestic taxes (focus on Excise duties) following the Integration process and the now commenced Common Market in order to allow for efficiency and free movement of goods and services within the region. (As a standard, in the Common Market stage, domestic taxes ought to be harmonized, to ease trade and reduce price distortions). Participants were drawn from Rwanda, Tanzania, Kenya and Uganda. Private Sector Apex bodies coordinated sector players from the various countries, these were drawn from companies mainly manufacturing excisable goods and providing excisable services in the region. These sectors include; Alcoholic Sector, Tobacco/Cigarette Sector, the Soft drinks' sector, the Petroleum Industry, plus the Telecom industry. From Uganda, PSFU and UMA took a lead participatory role together with representatives from; Century Bottling Company, Zain Uganda Ltd, Nile Breweries Uganda Ltd, and BAT Uganda Ltd, who as practitioners presented their industry views.

### Key Cross Cutting Issues Raised for Consideration

- There's need for a win-win situation between the Private Sector and Policy Makers.
- Therefore, for harmonization, there is need to work within agreed regional principles such as; defining taxable products uniformly, defining tax base, replacing ad valorem rates with specific ratings, -harmonization of structures, define specific tax rates in the national Excise tax Laws and finally define lower and upper Ceiling rates for the national taxation rates.

### Way Forward

EABC secretariat suggested that the group at the meeting forms the Private Sector Working group and ensure a private sector position on excise taxes in EAC for harmonization is developed and fed into the EAC Excise bill. It was also agreed that sectoral focal point persons be appointed to further coordinate final positions from all the 5 partner states. Private Sector Apex bodies will work with EABC to coordinate all sectors and have all other issues addressed through this team