

POLICY ADVOCACY AND BUSINESS DEVELOPMENT DEPARTMENT



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PRESENTED TO

THE POLICY ADVOCACY COMMITTEE OF THE BOARD OF DIRECTORS

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1.0. Introduction

As an Apex Body of the private sector in Uganda, Private Sector Foundation Uganda (PSFU) is delighted to report to our members, partners, and other stakeholders on some of the activities we have been engaged in during the period under review. The summary of activities as outlined below is based on our four strategic mandates as an organization which are:

1. Research and advocacy on policy issues that affect private sector enterprises.
2. Maintain institutionalized dialogue with the government on behalf of the private sector in Uganda.
3. Review of business legislation and regulation to make it more efficient for private sector operations.
4. Business development support for SMEs i.e. product development, standards improvement, market access, technology acquisition, and application and skills training.

In PSFU's Refreshed Strategic Plan 2022 – 2025, the Policy Advocacy Department is obliged to actualize Strategic Objectives 1 and 3:

Strategic Objective 1: To be Uganda's undisputed policy-influencing body with a focus on members and the wider private sector.

Strategic Objective 3: To review and advocate for a regulatory framework to support business survival and growth from micro-SME-middle-large for business formalization.

The department has an obligation to actualize the mandates of PSFU, especially in research, evidence-based policy advocacy, and business development. To achieve that, the department is thus required to engage PSFU's membership, the government, and development partners.

It is based on that background that we report on the activities accomplished this quarter from April to June 2023 in an effort to achieve that objective. The activities are arranged based on four core mandates of; research and membership engagements; writing of policy position papers and briefs on issues affecting members; advocacy and public sector engagements; business development services.

SECTION 1: POLICY RESEARCH

1.1. Policy Briefs and Position Papers

1. Private Sector Position Paper on Permits for Uganda's Milk Exporters to Kenya 25 May 2023¹

Kenya Dairy Board (KDB) has refused to renew over 80 import permits for Ugandan companies producing powdered milk to Kenya since March 2023. As a result, we consulted with the members and wrote a position paper which was submitted to Rt. Hon. Rebecca Kadaga - 1st Deputy Prime Minister and Minister for East African Community Affairs, Rt. Hon. Speaker of Parliament of the Republic of Uganda, Minister of Foreign Affairs, Minister of Trade, Industry and Cooperatives and Minister of Agriculture, Animal Industry and Fisheries. We are still following up on the matter because no action has been taken as of now.

2. Private Sector Position Paper on AfCFTA Presented to the Secretary-General AfCFTA 15 May 2023.²

PSFU in partnership with the Ministry of Trade Industry and Cooperatives, UMA and Uganda Chamber of Commerce and Industry hosted the Secretary General of Africa Continental Free Trade Area (AfCFTA). The purpose of the visit was to highlight the key opportunities for the private sector and how they can be harnessed and give an update on the progress of the Trade Area Agreement implementation. As part of the visit, PSFU developed a Private Sector Position Paper on the Opportunities, Challenges, and Interventions to Enhance Ugandan Companies' Exports to the AfCFTA Market which was Presented to the Secretary General – AfCFTA. The Secretary General promised another visit specifically focused on export financing by Afriexim Bank.

¹See the Paper Here: <https://www.psfuganda.org/policy-papers/301-private-sector-position-paper-on-permits-for-uganda-s-milk-exporters-to-kenya-25-may-2023/file.html>

²See the Paper Here: <https://www.psfuganda.org/policy-papers/300-private-sector-position-paper-on-afcfta-presented-to-the-secretary-general-afcfta-15-may-2023/file.html>

3. Private Sector Position Paper on the FY 2023 2024 Tax Bills Presented to Parliament 19 April 2023³

As part of the Financial Year 2023/24 budget process, PSFU was contacted by the Parliamentary Committee on Finance, Planning and Economic Development to present a position paper on the tax bills presented to the committee by the Ministry of Finance, Planning and Economic Development. PSFU consulted with members and developed a paper on the Private sector position of the proposals and presented it to the committee. The presentation was led by the Chairman Policy Advocacy Committee. As part of the PSFU's proposals throughout the budget process, 78% of the proposals were adopted by the government.

4. Private Sector Position on the Excise Duty Amendment Proposed by Parliament on Bottled Water 2023⁴

Following PSFU's meeting with the Parliamentary Committee on Finance Planning and Economic Development on the tax bills, in the committee's report to the plenary, a new proposal to amend the Excise Duty Act to Introduce ad valorem of Ugx 75 per liter of Mineral Water came up. As a result, PSFU responded by presenting the private sector's position on the proposal to the Parliamentary Committee on Finance, Planning and Economic Development. However, Parliament maintained the same position. Thus, we continue to engage both the MoFPED on the same.

5. PSFU Position Paper on Raising Competitiveness of the Central Corridor June 2023⁵

PSFU represented Uganda's private sector at the Regional Stakeholders Consultative Committee Meeting, on the Central Corridor in Bujumbura Burundi, Club Du Lac Tanganyika Hotel From 8th To 9th June 2023. Given the trade challenges Uganda faces especially at our

³ See the Paper Here: <https://www.psfuganda.org/psf-media-centre/296-private-sector-position-paper-on-the-fy-2023-2024-tax-bills-presented-to-parliament-19-april-2023/file.html>

⁴ See the Paper Here: <https://www.psfuganda.org/policy-papers/299-private-sector-position-on-the-excise-duty-amendment-proposed-by-parliament-on-bottled-water-2023/file.html>

⁵ See the Paper Here: <https://www.psfuganda.org/policy-papers/308-psfu-position-paper-on-raising-competitiveness-of-the-central-corridor-june-2023/file.html>

border with Kenya, we raised the need to remove some bottlenecks affecting the use of Central Corridor in order to make it effective. As of Such, PSFU presented a paper that highlighted some of the key steps that have to be taken to make the Central Corridor effective for Ugandan Traders.

6. PSFU Report and Position on South Sudan's Holding of 63 Ugandan Cargo Trucks destined to SS in Nimule⁶

Since May 2023, 66 Ugandan Trucks carrying maize grain and flour were held by the Government of South Sudan Authorities in Nimule – 7 km into South Sudan. The trucks were held on the allegation that the maize flour and grain has aflatoxins that were beyond 10% recommended for human consumption within the EAC. As a result, PSFU intervened and engaged the 1st Deputy Prime Minister and Minister for East African Community Affairs, Rt. Hon. Speaker of Parliament of the Republic of Uganda, Minister of Foreign Affairs, Minister of Trade, Industry and Cooperatives and Minister of Agriculture, Animal Industry and Fisheries, Embassy in Juba, Uganda Revenue Authority and Uganda National Bureau of Standards. Following our communication to them, UNBS sent a team to Elegu which was denied access to the trucks. Thereafter, PSFU also sent a team to study the situation and make recommendations on how to proceed. The team made a report which was presented to the 1st Deputy Prime Minister and Minister for East African Community Affairs who presented it to Cabinet. Following our intervention and other engagements and negotiations with the South Sudan Authorities, on 8th July 2023, the following resolutions were arrived at;

- i. 26 trucks carrying maize flour and grain to be released to Uganda immediately and they left on that day except for 2 whose drivers were not available.
- ii. 66 trucks that have been there for a month and a half to be offload beginning 9th July 2023 into Uganda and be released.
- iii. URA has provided a space where the cargo will be held until it is tested by UNBS.

⁶ See the Report Here <https://www.psfuganda.org/policy-papers/319-psfu-report-and-position-on-south-sudan-s-holding-of-63-ugandan-cargo-trucks-destines-to-ss-in-nimule/file.html>

- iv. A Committee to be formed to follow up on issues of this nature once they arise before the escalation.
- v. More engagement to be done between UNBS and SSNBS to establish the testing modalities.
- vi. Once testing is completed those with aflatoxin will be destroyed.
- vii. The released 26 trucks with cargo will park in Gulu as they await results from UNBS.

7. PSFU FY 2023 2024 Budget Analysis Private Sector Proposals Vs Government Responses⁷

PSFU heavily participates in the FY budget cycle. The process ends with a dialogue which essentially is a platform to account to our members on the achievements (in terms of government responses to private sector proposals) of our policy advocacy efforts. Notably, the dialogue has the following objectives;

1. To account to the PSFU members, on the policy advocacy agenda for the year 2022/23 citing out the achievements and weaknesses.
2. Consult PSFU members on the implications of the FY 2023/24 National Budget Strategy and how it affects investments, business operations and Job creation which informs the advocacy process for the following Financial Year.
3. Create awareness to MSMEs in areas of tax education, business formalization, standards, and the implications of the budget across the country.

To achieve the set objectives, PSFU does a thorough analysis of all the proposals that were made through the budget process and government responses to the same. That information is computed to identify the extent to which our proposals were responded to and a presentation is made to the members in the dialogue by the CEO.

⁷ See the Presentation Here: <https://www.psfuganda.org/policy-papers/322-psfu-fy-2023-2024-budget-analysis-private-sector-proposals-vs-government-responses/file.html>

8. Private Sector Position Paper on the Income Tax Amendment Bill 2023 Returned by HE the President⁸

When the FY 2023/2024 Tax Bills were passed by the Parliament, they were presented to the President for Ascent. However, the President returned the Income Tax Amendment Bill 2023 to Parliament to make some amendments. Thus, PSFU prepared a position paper on the Proposals by the President which was presented to the Parliamentary Committee on Finance, Planning and Economic Development for consideration.

9. Private Sector Statement on the FY 2023/24 National Budget⁹

As part of the FY Budget Cycle, the Policy Advocacy Department Prepares a Statement of the Private Sector on the FY Budget. The Statement is read to the Minister of Finance, Planning and Economic Development and the Entire Private Sector by the Board Chairman – PSFU during the National Private Sector Post-Budget Dialogue. The statement is also published in the media for the entire private and public sector to read. The statement includes some milestones taken by the government in response to private sector proposals and other policy areas that need urgent attention by the government. In the Statement, the Chairman emphasized the need for payment of domestic earlier. As a result, the government released 2 trillion shillings of domestic earlier before close of the FY 2022/23.

Business growth is our business

⁸ See the Position Paper Here: <https://www.psfuganda.org/policy-papers/329-private-sector-position-paper-on-the-income-tax-mamendment-bill-2023-returned-by-he-the-president/file.html>

⁹ See the Statement Here: www.psfuganda.org/policy-papers/320-psfu-chairman-s-speech-at-the-national-post-budget-dialogue-21st-june-2023/file.html

SECTION 2: PUBLIC SECTOR ENGAGEMENTS

2.1. Budget process 2023/2024

PSFU heavily participated in the FY 2023/24 budgeting process through which the policy department engaged with both members and the government Ministries, Departments, and Agencies (MDAs) through consultations and advocacy to influence the budget and tax bills. Presentation of evidence-based position papers to the Parliament of Uganda and other MDAs is done as part of the process.

1. Presentation of the private sector position on the Tax bills 2023/2024 to the Parliament of Uganda

On 19th April 2023, PSFU presented a harmonized position paper to the Parliamentary Committee on Finance, Planning and Economic Development through which cross-cutting proposals of promoting business formalization and growth like ensuring a predictable tax regime, digital tax stamps payments to be restructured to consider increased duty collections, strengthen URA tax administration through an effective private-public partnership, develop different tiers/threshold. The proposal highlighted recommendations to tax amendment bills i.e., Income tax bill, tax procures code bill, value added tax bill, excise duty bill, traffic, and road safety bill 2023.

PSFU was represented by a delegation led by the Chairman of the Policy Advocacy Committee Mr. Issa Sekitto, members of the private sector from the Uganda Banks Association, Uganda Business Process Outsourcing Association, Post Bank, Absa Bank, Uganda Insurers Association, Safe Boda, Transport and Logistics Sector, KACITA Uganda and a technical team comprising of Dr. Julius Byaruhanga the Director Policy Advocacy and Business Development, Mr. Eric Sempambo the Investment Specialist for Business Environment, Mr. Allan Ssenyondwa the project Manager CERRRP.

2. Private Sector National Post -Budget Dialogue 2023

The Post Budget dialogue took place on 21st June 2023 to provide an account to PSFU members and Lead Firms, MSMEs and Young Africa Works Partners on key anchorage role of

advocacy in ensuring that the business environment is improved. The main responsibility of improving the business climate is shouldered by Government and the National Budget is one of the Key policy tools through which Government makes the necessary interventions. This activity was also part of the National Budget Month Activities conducted in partnership with other key agencies. In addition, the same budget premises policy reforms that impact the creation of work opportunities for young people through either rigidities or opportunities availed hence the need to be analyzed with the view of influencing more policy reforms and harnessing the opportunities availed.

Through the dialogue, discussions detailed the proposals presented to the government, government responses to the proposals, synopsis on the budget FY 2023/2024, sector (Agriculture, industry, innovation, and trade) specific reflections on FY 2023/2024, private sector hour with the Minister of Finance, Planning and Economic Development through which a private sector statement paper was presented by the Chairman, Board of Directors at PSFU. Hence accountability to PSFU members, lead firms and MSMEs on the policy advocacy agenda for the year 2022/23, tax education awareness, business formalization, standards and implications of the budget FY 2023/24 national budget strategy, its effects on investment, business operations, and job creation informing the advocacy process for the next financial year.

3. Regional Post Budget Dialogues Sensitization

The National budget premises policy reforms that impact the creation of work opportunities for young people through either rigidities or opportunities availed. PSFU held regional dialogue(s) to sensitize and consult the private sector and MSMEs in the Western Region (Kabale, Mbarara, and Masaka) and Northern and Eastern Regions (Jinja, Tororo, Mbale, Soroti, Lira and Arua) from 26th June 2023. During the sensitization engagements, PSFU was able to identify both policy and membership challenges members face as well as sensitize the business community on the available opportunities and threats within the National Budget, consultations on issues that need to be addressed in the national budget for next financial year, establish a dialogue platform for the young people and Lead Firm structure at various Local Governments and Municipalities.

Some of the concerns of the business community from the regional engagements include.

- i. Access to electricity remains a hindrance to efficient production. The cost of power is still high to allow these MSMEs to operate profitably.
- ii. Access to quality seeds remains a major challenge to optimize the yield from agriculture.
- iii. Price volatility of the yield from the above-mentioned cereals also remains a key challenge to farmers that needs deliberate efforts, especially on cereals from this region. The government needs to put in place forward contractual systems to buy this product at prices that allow these farmers to stay in business.
- iv. Several private sector players engaging in export trade are uncertain of the requirements for export. There is a need for more knowledge on export requirements.
- v. There is limited access to production machinery which leads to inefficiency in land use. The community attributed to the underutilization of the land resource to the failure to have a functional system for access to agricultural equipment to cultivate at scale.

These post-budget activities kick-start our consultations for the FY 2024/2025 budget cycle.

4. Meeting to develop a strategy for the transport and logistics sector.

On 17th May 2023, the Transport and Logistics Sector technical working group convened to develop the sector strategy to be used for advocacy, lobbying, and dialogue with both government and developing partners as well as better planning for the sector. Strategies developed by the National Logistics Platform supported by Trademark East Africa (TEMA) were reviewed to identify gaps as well as align them to the new trends in the sector.

The major gap identified was that the current strategy didn't cover the whole sector but rather focused on freight logistics thus resolutions of i) developing a concept note to lobby for funds to engage a consultant to support develop a new strategy, need for inclusivity along the sector value chain, development of a position paper on both monetary and non-monetary regulations for financial year 2023/2024 developed by ministry of transport and works, ii) developing a strategic plan for the drivers subsector with programs prioritising establishing the private sector public transport self-regulatory program highlighting clear operating

procedures for public transport, establish bylaws to enhance self-regulation among the private sector, aligning the developed structures with the government to support implementation of agreed upon policies etc., iii) development of road safety knowledge awareness and education programmes by Introducing driver offence scheme through a public private partnership to cater for minor offences created by drivers before they face the driver demerit system and establishing the private sector community/ associations/ groups through driver trainings programs.

5. Stakeholders' meeting on key issues affecting players along the central corridor.

A stakeholders consultative meeting including all players along the central corridor to discuss the central corridor performance report 2022, strengthening the central corridor member state roads lead agencies, development of national and regional policies, guidelines, standards and practices on green freight, development of railways and inland waterways assets database, revision of the central corridor levy on cargo was held on 13th April 2023 facilitated by the Central Corridor Transit Transport and Facilitation Agency (CCTFA). During the engagement, observations and recommendations below were made.

Observations

- a) Increase in dwell time at the Port of Dar es Salaam raised concerns among stakeholders and urged port operators to come up with mitigation measures including solving the limited access by rail at the port.
- b) Secretariat advised to include train turn-around time in their report to appreciate the multi-modal services as priority is given to trucks loading at the port instead of wagons.
- c) The vessel turnaround time in the Dar Es Salaam port remains high such that it affects port users.
- d) Inclusion of comparative rates with other corridors to showcase Central Corridor competitiveness; the CCTO report to be benchmarked with competing corridors.
- e) Members agreed on the need to strengthen Road safety initiatives along the Central Corridor. Further, the meeting was updated on the number of developments and

initiatives that have taken place since 2019 when the CCTTFA Road Safety study was conducted.

- f) It was further updated that, the Traffic and Road Safety Act, 1998 (Amendment) Act, 2020 was enacted and abolished National Road Safety Council (NRSC). The amended Act created the Competent Authority which is the Transport Regulation and Safety Department within the Ministry of Works and Transport, the Parliament has agreed to increase funding for road safety interventions.
- g) There are policies and regulations on green freight in place for both marine and road transport in Uganda. Some policies and regulations are currently being worked on through various government agencies in charge of transport for implementation on their upcoming projects.
- h) There are programs on green freight being implemented by the transport and logistics sector.
- i) Railway and water transport can significantly assist in reducing emissions.
- j) The participants observed that the Ecological Transport program is important for the DRC given the climate change observed by then in the DRC.

Recommendations

1. Furthermore, considering reducing the truck turnaround time, the meeting requested the CCTTFA secretariat to follow up on the offer of the Tanzania Port Authority (TPA) to set up temporary yards for transit cargo as TPA is upgrading the berth.
2. Need to include data on intra-regional trade (Challenges is on the formalities on the sourcing of data and systems in place); air transport; and road safety (This is the Key issue that we need to include and report on it as justification for a need to move cargo from road to rail).
3. Recommended Tanzania to join the EAC electronic Cargo tracking system to fast-track monitoring of cargo movement along the corridor.
4. Need for promotion of electric vehicles and other green technologies.
5. Need to consider interventions aimed at creating a conducive environment for the quick uptake of electric vehicles in the member states.

6. Best practices on green freight emissions from other countries should be adopted and used as a benchmark for implementation in member countries.
7. CCTTFA Secretariat to organize an awareness campaign in line with green transportation and the adoption of standards on vehicle emissions.

6. The AfCFTA Secretary General's Visit to Kampala

PSFU in partnership with Uganda National Chamber of Commerce and Industry (UNCCI), United Nations Development Program (UNDP), Ministry of Trade and Cooperatives and Uganda Manufacturers Association (UMA) organized a Business Forum on **15th May 2023 at Kampala Serena Hotel** as a follow-up visit of The Secretary-General, of the African Continental Free Area (AfCFTA), His Excellency General Wamkele Mene.

The forum objectives were to network and engage with the AfCFTA secretariat with the aim of creating awareness about the existing avenues for dialogue for the private sector, establish partnerships between PSFU and the AfCFTA on modalities to share information and opportunities for the membership at the AfCFTA level as well as dialogue on the existing barriers which affect trade both at local and AfCFTA level.

During the forum, the Uganda Manufacturers Association representing the private sector presented a position paper on the opportunities and interventions to enhance Ugandan companies to export to the AfCFTA market.

7. Mid-term Evaluation of the National Curriculum Development Centre Strategic Plan.

On 14th June 2023, PSFU Participated in a consultation workshop on the mid-term Evaluation of the National Curriculum Development Centre Strategic Plan. The five (5) year strategic plan (2020/21- 2024/25) was formulated through a participatory consultation process of key stakeholders. The plan undertook cognizance of the aspirations of the NDP III, the Uganda Vision 2040, the East African Vision 2050, and the African Union Agenda 2063. The plan was also entrenched in the mandate of the Centre which is the production **of curricula and related materials** hence the strategic theme; **"A market-oriented and skill-based curriculum"**.

The purpose of the Mid-term Evaluation was to determine the extent to which the Centre has made progress toward achieving the strategic objectives. The review identified a weakness in the areas of good governance and management best practices as well as the establishment of partnerships hence recommendations like integration of ICT in the curriculum, engagement with employers to ensure the needs are raised and linked to the curriculum, emphasis on the implementation of the lower secondary curriculum to ensure its rightly done, include early childhood development of the curriculum for the nursery section, work with the private sector to develop prototypes etc.

8. Review and Harmonization of the tourism licensing and taxation framework

The review and harmonization of Uganda's taxation and licensing framework was initiated by the Ministry of Tourism, Wildlife and Antiquities (MoTWA) with funding from the World Bank under the Competitiveness and Enterprise Development Project (CEDP).

The overall objective of review and harmonization of Uganda's taxation and licensing framework is intended to establish gaps, overlaps in the legal, administrative, and financial aspects of the current Tourism and Licensing Framework, and their impacts on the tourism sector in the bid to facilitate a favorable environment for doing business, while ensuring that the government agenda to generate adequate revenues to facilitate sector development is not compromised.

The harmonized framework should, therefore:

1. Provides a consistent legal framework for taxation and licensing in the tourism sector.
2. Protects tourism players along the value chain from unfair taxation and licensing schemes.
3. Lower the cost of doing business for tourism enterprises through the elimination of any inaccuracies in the system that may lead to double taxation and multiple taxation/licensing.
4. Ensures an efficient revenue collection system for the government, consequently raising the amount of revenue generated by the government from the tourism sector.

5. Provides for building institutional capacity to implement the taxation and licensing framework.
6. Ensures that a reasonable and relative percentage of the proceeds from tourism taxes and licenses are ploughed back into the tourism sector.

Private sector proposals

- a) Carry out a comparative analysis at the regional level to find out how the sector can be competitive.
- b) Harmonize tourism taxes - national and local into one tax bracket and integrate community tourism into the tax framework.
- c) Harmonize/ integrate government agencies' systems to eliminate duplication of roles.
- d) Tax education clinic for the private sector at the Ministry of Tourism Wildlife and Antiquities.
- e) Carry out a baseline survey to guide the incorporation of all sectors along the value chain.
- f) Promote formalization within the sector.

9. Impact of global crises on food security in the East African Community (EAC)

PSFU participated in the validating of the impact of global crises on food security in the East African Community conducted by the East African Business Council in partnership with GIZ Business Scouts for Development. The study analyzed and identified selected regional food products significantly affected by global crises and charted out measures to improve food security in the EAC. During the validation, a project on Enhancing the Competitiveness of the Agri-Food Industry and Mitigating the Impact of Global Crises to Improve Food Security in the EAC was also launched.

10. Africa Continental Free Trade Area (AfCFTA) Investment Protocol and its Implications

PSFU participated in the discussions of the AfCFTA investment protocol, and its implications organised by Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI). The Investment Protocol was adopted by the African Union Heads of State as an integral part of the AfCFTA. The protocol presents opportunities and implications that Uganda should be aware of and prepare to harness these opportunities.

On the side of the side of the private sector, the protocol calls for:

- i. Granting of preferential treatment to any company qualifying under domestic law a State Party to achieve national, sub-regional or regional development goals.
- ii. Supporting the development of local entrepreneurs and to establish linkages with local firms supply chains, industries, and institutions with a view to strengthening local capabilities.
- iii. Enhancing productive and trade capacity, generating employment, wealth creation, developing resource capacity and training, research, and development.
- iv. Appointing where appropriate, as executives, managers, or members of board of directors, nationals from the State Party where the investment is made.
- v. Promoting transfer of technology, skills, and know how, innovation and other benefits, a production process or other proprietary knowledge.
- vi. addressing economic and development disparities suffered by identifiable ethnic or cultural groups, including historically marginalised groups or geographical regions and localities.

During the meeting, Uganda Investment Authority (UIA) and Ministry of Finance, Planning Economic Development (MoFPED) committed to realign the domestic policies and laws that make Uganda harness the opportunities provided in the protocol.

11. Uganda Working Group on Private Sector Investment Monitoring

In recognition of the growing demand for timely and accurate economic statistics, the Bank of Uganda (BoU) in collaboration with the Uganda Bureau of Statistics (UBOS) and Uganda Investment Authority (UIA) founded a Working Group in 2001 to monitor private investments in Uganda. PSFU has been adopted to the Working Group as a voice of the private sector on the nature of data and statistics required for private sector investment planning. The main objective of the working group is to monitor private sector investment in Uganda to provide information for policy analysis and compilation of external sector economics statistics.

Over the years, data on private sector investment has been collected through the annual Private Sector Investment Survey (PSIS). The last survey was carried out in 2022 and collected data for calendar year 2018, 2019, 2020 and 2021. The 2023 survey has started and was officially launched on 30th June 2023.

12. The Elimination of Non-Tariff Barriers in the region

The 36th Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) noted that NTBs are a challenge for the realization of the EAC Common Market Protocol and its benefits to the free movement of goods across borders. To measure the impact of NTBs and strengthen reporting and monitoring mechanisms in the Region, the SCTIFI then considered undertaking a study with objectives including;

- Sensitizing cross-border traders on EAC Simplified Trade Regime (STR) and EAC Rules of Origin.
- Jointly agree on the implementation of the EAC OSBP operational procedures for the new OSBPS at Mpondwe / Kasindi and Goli Mahagi;
- To promote the use of the Mpondwe Border Market;
- Joint OSBP operations at Mpondwe agreed upon;
- Management of the Border Market designated to Lubiriha Town Council on Uganda Side;
- Create Border Committees for handling day-to-day challenges that affect the clearance of cargo at the borders established;
- Registration of cross-border traders by both Uganda and DRC done for ease of recognition;

The expected outcome of the study includes.

- i. Measure the trade and economic impact of NTBs in the EAC;
- ii. Develop a Training Programme for National Monitoring Committees on the identification and prioritization and quantification of NTBs;
- iii. Develop an EAC NTBs Fact Book and Toolkit; and
- iv. Develop an EAC Elimination of NTBs Application (NTB App).

Recommendations

- a) There is limited awareness by DRC traders and trade facilitating agencies on EAC protocols and procedures for the elimination of NTBs due to its new Membership. It's recommended that the Secretariat scales up engagements and awareness activities to DRC Border Agencies on all regional trade matters that include Rules of Origin, Simplified Trade Regime, Trade Facilitation and Elimination of NTBs processes.

- b) The market constructed under the Great Lakes Trade Facilitation Project of the World Bank is small compared to the available traders. There is a provision/space for expansion where traders are trading in open space and Development Partners could be approached for supporting this expansion.

13. COMESA Stakeholder Engagement and Consultation

The stakeholders meeting convened at the Ministry of Trade, Industry and Cooperatives (MTIC) aimed at exploring the opportunities in the COMESA Market. The stakeholders in this meeting engaged were the Insurance Regulatory Authority, UMA, UWEAL, UEPB, UNBS, MTIC and PSFU.

The engagement and consultation outcomes were agreements that there need for insurance guarantee schemes to de-risk our exports in case of losses, need for an Export fund, review of the National Export Strategy, consolidation of the market benefits offered in the EAC and COMESA market as well as negotiations such as the Rules of Origin, etc.

SECTION 3: REGIONAL ENGAGEMENTS

3.0. Technical Committee meetings on Infrastructure Development and Management (IDM) and Private Sector Development Investment Promotion (PSIP).

From 29th to 31st May 2023, PSFU participated in the Northern Corridor Transport and Transit Coordination Authority (NCTTCA) to the technical committee meetings on Infrastructure Development and Management and Private Sector Investment Promotion in Nairobi Kenya. The technical committee meeting brought together delegates from 6-member states who are using the Northern Corridor route including Uganda, Kenya, South Sudan, the Democratic Republic of Congo (DRC), Rwanda and Burundi.

During the meeting, the Northern Corridor Secretariat presented the progress report of the Financial Year (FY) 2022/23 highlighting the planned activities for the next FY 2023/24. The progress report indicated that the NCTTCA committed to coordinating the implementation of the Roadside Station (RSS) Program, Developing and Maintaining a Business Information Portal and promoting Private Sector Investments in Infrastructure Programmes.

The progress included engaging a consultant to develop the national roadside stations guidelines in Uganda, formation of the northern private sector association to support provision of data for use during portal development, training of key stakeholders and data entry, mapping special economic zones in the member states with support from Uganda Free Zones Authority and other government institutions.

Through the engagement, plans for the next Financial Year 2023/24 and below were the key agreements.

1. Promote Road safety campaigns in Uganda by the IDM program of the NCTTCA.
2. Organise a high-level engagement meeting between key public agencies and the private sector players to engage and get commitment to development of regional infrastructure by both public and private sector players.

3. Promote the use of the Northern Corridor Business Information Portal (NCBIP) in Member States through
 - i. Signing of MoUs with 1 main Private Sector Association in each MS for the promotion of the portal to their members and for the management of the company registration process on the portal
 - ii. Train 2 focal persons in each of the Private Sector Associations, to manage the company registration process on the portal.
 - iii. Recruit and train 2 enumerators and distribute data collection tools to them, at 5 major borders between Member States to be collecting data and disseminate information on cross-border market and agricultural commodities.
 - iv. Keep the portal live online and ensure its daily management.
4. Develop RSS Framework and Regulations for Uganda through support to ongoing initiatives.
5. Facilitate engagements between Uganda Free Zones Authority (UFZA) and Government institutions in Uganda to enable common understanding and planning for the SEZ program and support the UFZA activities.
6. Support the development of the Uganda National Private Sector Strategy for Trade and Transport sector.

All the activities that were adopted will be budgeted and presented to the council of Permanent Secretaries and Council of Ministers before the beginning of the next Financial Year 2023/24 for adoption and implementation.

3.1. Regional Stakeholders Consultative Committee Meeting by the Central Corridor Transit Transport Facilitation Agency (CCTTFA)

From 8th to 9th June 2023, PSFU participated in the regional stakeholders' meeting organized by Central Corridor Transit Transport Facilitation Agency (CCTTFA) in Bujumbura to discuss issues affecting private sector players using the central corridor transport and transit route. During the meeting, PSFU presented a private sector position on the effectiveness and competitiveness of the central corridor in Uganda.

The position was anchored on five points, and they include.

- i. The Ease of getting port passes and truck passes at the Port of Dar es Salaam.
- ii. The cost-effectiveness and efficiency for use of the central corridor.
- iii. Cargo clearance time within the Ports of Dar es Salaam and Mwanza.
- iv. The inclusion of the Ugandan business community at the port operations.
- v. Training of the Ugandan customs clearing agents to be based in the ports of Mwanza and Dar es Salaam.

While Items i, ii, iii and iv require the engagement of the Tanzania Ports Authority and other stakeholders to have these issues sorted, Item v was adopted and has been considered for implementation in the next Financial Year 2023/24.

To enhance the competitiveness of the Corridor in the 5-member states (Tanzania, Rwanda, Burundi, DRC, and Uganda), all stakeholders will be having quarterly meetings in each Member State to ensure that any challenge that comes is escalated to different agencies with immediate effect.

To increase the presence, competitiveness, and coordination of CCTFA projects and activities in the Member States of the central corridor, the meeting adopted the proposal to revise the cargo fee rate of 60 US\$ cents per ton at the Port of Dar es Salaam.

3.2 EAC-PTB Benchmarking on the role of the quality infrastructure in the Ethiopian leather sector on 19th to 23rd June 2023.

In the Uganda livestock industry, the hides and skins are the only products that have successfully penetrated the export market with over 5 million hides and skins exported annually. The leather industry is therefore one of the sectors with huge untapped potential to create decent jobs for youth in raw material supply, value addition, and manufacture/trade of leather products. This, therefore, presents a huge opportunity for young people in the creative arts, fashion, and manufacturing sectors. It's against this background that PSFU with support from Mastercard Foundation- Young Africa Works - Lead Firm Structure Project carried out a benchmarking tour to Ethiopia on the role of quality infrastructure in the development of Ethiopia leather sector. The goal of the benchmarking visit to Ethiopia was to draw lessons from Ethiopia on drivers for the success of their leather industry.

The Specific Objectives were.

1. Understand which parameters Ethiopian laboratories test and the role that testing take to promote the leather sector in Ethiopia.
2. Connect and discuss development of the leather testing capacities in the EAC.
3. Appreciate the importance of private-public networking in developing testing capacities and how it can be replicated in EAC countries.
4. Become aware of the constraints and challenges of the testing labs, the effect this has on the private sector development, and how other countries lead by example.
5. Experience constraints and challenges of producers along the leather value chain, and the kind of action required; Learn how policy makers in Ethiopia have addressed constraints and challenges of testing labs and the effect this has had on private sector development.
6. Identify incentives, specific leather-related policies, and other ideas that can be applied in EAC countries.
7. Learn about best practices (through visiting factories) among others.
8. How can their practices be incorporated or adapted for use in Uganda to improve the system?

Recommendations included:

1. Stakeholders in the Leather sub-sector should form a national Taskforce to spearhead the transformation of the leather sub-sector. Strengthening of Uganda Leather and Allied Industries Association (ULAIA) could easily drive this.
2. Further benchmarking of good practices with other countries such as Italy, China, and Brazil.
3. There is a need to develop, review and enforce the relevant laws, regulations and guidelines, standards, and codes of practice pertaining to leather and leather products quality. Equally, the quality of hides and skins in Uganda is deteriorating and thus government intervention is key for improved quality along the entire chain.
4. There is a need to establish a business information system to assist SMEs to improve market access (e.g., duty-free at Entebbe Airport, Uganda Airlines, major Super Markets/Malls etc.) and industry best practices.

5. Facilitate horizontal and vertical collaboration of leather value chain players and other relevant stakeholders such as Academia, Chemists, Leather Technologists etc. to enable the sector to reap from economies of scale of collective action.
6. Facilitate resource mobilization and policy support for the growth of the value chain e.g., revitalizing below-installed capacity and closing tanneries to further value addition to finished leather.
7. Rethink on policy to enhance the leather sector.
8. Need to establish a leather center of excellence -training institutions.
9. Establish courses on leather in higher educational institutions.



SECTION 4: ACTIVITIES IN PROGRESS

4.0. Study of the Impact of Digital Tax Stamps on the manufacturing industry

The Government of Uganda introduced DTS on goods that are subject to excise duty in the fiscal year 2019/2020 to reduce underreporting and misclassification of revenues by businesses producing excisable goods. The objective for the introduction and implementation of DTS, in line with the Domestic Revenue Mobilization Strategy, was to increase tax compliance and revenue collection. It was implied that all producers and importers of the gazetted commodities were expected to stamp their products with digitally traceable tax information.

The implementation of DTS has had a significant impact on the manufacturing industry, as manufacturers and importers of excisable goods are required to affix the stamps to their products and comply with DTS regulations. This has led to concerns about the cost of implementation and the impact on business operations.

PSFU has contracted this service to PwC to conduct a study. In the scope of services, the study will look at the impact of DTS on the manufacturing industry in Uganda focusing on the tax revenue collection impact, cost of doing business, and practical solutions for implementing DTS effectively, analyze the challenges and advantages of DTS, as well as the scope of services necessary for implementing DTS in the manufacturing industry.

4.1 Uganda- Kenya Coast Tourism Conference, Excursion & Fam Trip, 2023

The Consulate General of Uganda in conjunction with PSFU and tourism stakeholders in Uganda and at the Kenya Coast organized the Uganda- Kenya Coast Tourism Conference and Exhibition in Mombasa. The Conference was followed by Excursions at the Kenya Coast and a Familiarization trip to Uganda by selected tour operators from the Kenya Coast.

It is against this background that the Consulate and stakeholders in Uganda and Kenya Coast are organizing the Second Conference in November 2023 planned for 12th November to 2nd December 2023 at Diani Reef Hotel, Kwale County. The Uganda- Kenya Coast Tourism Conference 2023 will involve excursions at the Kenya Coast and a fam trip to Uganda. There

will also be an opportunity for Business-to-Business Sessions (B2B), to enable participants from Uganda to meet and interact with their counterparts from the Kenya Coast.

5.0. Conclusion

We once again thank the private and public sectors for supporting our efforts in all the engagements held in quarter four (4) amidst your busy schedules. Going forward, we continue to engage members and the private sector both on contemporary and strategic issues that improve business growth and competitiveness. We intend to intensify our research efforts once we recruit personnel responsible for Economic Policy Research and Analysis.

