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PRIVATE SECTOR FOUNDATION UGANDA (PSFU)

**POLICY ADVOCACY AND BUSINESS DEVELOPMENT
DEPARTMENT ANNUAL PERFORMANCE REPORT
FOR FINANCIAL YEAR 2023/2024**

PRESENTED TO

POLICY ADVOCACY COMMITTEE – PSFU BOARD.

04TH November 2024

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Business growth is our business

1.0 POSITION PAPERS DEVELOPED FOR POLICY ADVOCACY DURING THE FINANCIAL YEAR 2023/24.

S/ N	Quarter	Numbers	Details
1	Q1	4	The papers covered the National Budget Strategy for FY 2024/25, IMF priority areas, a proposal on the timber ban, a report on Kenya's refusal to renew import permits for Uganda's milk exporters, and a detailed paper on industrial crops for the Ministry of Agriculture.
2	Q2	8	The papers addressed several key issues: the Budget priorities were submitted to the Presidential Advisory Committee, while a separate paper to the President focused on enhancing Uganda's business environment and private sector competitiveness. The State of the Economy was presented to Parliament. Tax proposals for FY 2024/25 were outlined, along with a paper on organizing the boda boda industry directed at the Ministry of Works and Transport (MoWT), Kampala Capital City Authority (KCCA), Uganda Police Force (UPF), and Uganda Revenue Authority (URA). Additionally, the impact of Uganda's grain blockage by South Sudan was analyzed for farmers, traders, transporters, and the government, and a paper on the Animal Feeds Bill was presented to Parliament.
3	Q3	8	The documents included a State of the Economy report and the Alcohol Bill submitted to Parliament, a paper on tourism roads to the Ministry of Works and Transport, UNRA, and MoFPED, a proposal to allocate 0.5% of the National Budget to the tourism sector, a paper to URA regarding warehousing restrictions for re-export goods, a report on the tea crisis, the National Budget Framework Paper for FY 2024/25, and papers to Parliament on rationalizing agencies such as UNRA, URF, UCDA, and DDA.
4	Q4	7	The documents included Tax Amendment Bills and the State of the Economy presented to Parliament, papers to the Uganda Revenue Authority (URA) addressing tax-related issues, including EFRIS and excluding PAYE tax for specialist consultants in private health facilities, concerns about URA's harassment of transporters at weighbridges, standard issues affecting business growth submitted to the Uganda National Bureau of Standards (UNBS), and a paper on just energy presented at the 9th Annual Oil and Gas Convention.
Total		27	

2.0 NUMBER OF SECTOR ENGAGEMENTS HELD DURING THE FINANCIAL YEAR 2023/24

S/ N	Quarter	Numbers	Details
1	Q1	13	The meetings involved various sectors including Agriculture, Trade and Commerce, Transport and Logistics, Tourism and Hospitality, Natural Arts and the Creative Sector, Manufacturing, Human Resources (Education, Health, and Skills), Oil, Gas, Energy and Minerals, and Construction and Real Estate. Additionally, there were sessions on GROW project sensitizations across these sectors.

2	Q2	12	The meetings encompassed sectors including Manufacturing, ICT, Construction and Real Estate, Tourism and Hospitality, Transport and Logistics, Agriculture, Oil, Gas, Energy, and Minerals. These discussions aimed to address sector-specific challenges, foster collaboration, and strategize on enhancing performance and growth across these diverse industries.
3	Q3	8	This involved the Manufacturing sector, the Creatives sector, Tourism and Hospitality, the Agriculture sector, and Transport and Logistics.
4	Q4	11	The meetings involved discussions with sectors including Agriculture, Trade and Commerce, Transport and Logistics, Tourism and Hospitality, Natural Arts and the Creative Sector, Manufacturing, Human Resources (Education, Health, and Skills), Oil, Gas, Energy and Minerals, and Construction and Real Estate.
Total		44	

3.0 PARTNERSHIPS AND PUBLIC PRIVATE SECTOR DIALOGUES HELD DURING THE FY2023/24

S/N	Quarter	Numbers	Details
1	Q1	13	The dialogues and partnerships involved the Northern Corridor, East African Business Council (EABC), Ministry of Science and Technology, National Agricultural Research Organization (NARO), Global Alliance for Improved Nutrition (GAIN), Japan International Cooperation Agency (JICA), Uganda Bureau of Statistics (UBOS), PACEID, African Union, Water Resources Institute (WRI), Uganda National Farmers Federation (UNFFE), Ministry of Health, and Uganda Co-operative Alliance.
2	Q2	14	The dialogues and partnerships involved UCDA, MAAIF, Uganda Coffee Federation (UCF), Hortifresh Association, the Ministry of Education, the Ministry of Internal Affairs, Uganda Free Zones Authority, Makerere Research and Innovation Fund (MAK-RIF), National Trade Facilitation Committee (NTFC), AfCFTA, NPA, and UBOS.
3	Q3	25	The dialogues and partnerships involved UBOS, NAADS, the Pakistan High Commission, the African Development Bank, PACEID, the National Planning Authority (NPA), AfCFTA, the Ministry of East African Community Affairs (MEACA), the Ministry of Trade, the Ministry of Lands, Housing and Urban Development (MLHUD), the East African Community Secretariat, MoFPED, the Ministry of Tourism, the Ministry of Education, NEMA, and the Ministry of Trade.
4	Q4	7	The dialogues involved discussions with the FAO, MoFPED, BoU, East African Tea Traders Association, Ministry of ICT, Ministry of Education and Sports, and the Ministry of Lands, Housing and Urban Development (MLHUD).
Total		59	

4.0 REGIONAL ENGAGEMENTS HELD WITHIN AND OUT OF UGANDA.

S/ N	Quarter	Numbers	Details
1	Q1	3	This involved the African Food Systems Forum (AGRF), the Uganda-South Africa Trade and Investment Summit, and the Uganda-Kenya Coast Conference excursion and familiarization trip for 2023.
2	Q2	3	This involved the Uganda-Kenya Coast Tourism, Excursions and Familiarization Trip 2023, as well as the Trade, Tourism, Investment, and Business Forums held in conjunction with Uganda Airlines' new routes to India and Nigeria.
3	Q3	3	This involved discussions with the East African Business Council (EABC) and the East African Community (EAC) Secretariat for the Sectoral Council on Trade, Industry, Finance, and Investment (SCTIFI).
4	Q4	6	This involved discussions with the Joint Permanent Commission between Uganda, Kenya, and Tanzania, the Central Corridor Transport and Transit Coordination Authority (CCTTCA), the East African Business Council (EABC), and the Northern Corridor Transport and Transit Coordination Authority (NCTTCA).
Total		15	

5.0 STRATEGIC STUDIES CONDUCTED THIS YEAR FOR EVIDENCE-BASED ADVOCACY PURPOSES.

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S/N	Study	Status
1	Capacity utilization of manufacturing firms in Uganda.	The findings of these studies were launched and shared with the office of the Speaker, Deputy Speaker, MOFPED, MTIC, URA, MEACA, URSB, UIA, EABC, and other relevant MDAs.
2	Assessment of cost drivers of manufacturing firms in Uganda.	The findings of these studies were launched and shared with the office of the Speaker, Deputy Speaker, MOFPED, MTIC, URA, MEACA, URSB, UIA, EABC, and other relevant MDAs.
3	Impact of Digital Tax Stamps to Ugandan Manufacturers.	The findings of these studies were launched and shared with the office of the Speaker, Deputy Speaker, MOFPED, MTIC, URA, MEACA, URSB, UIA, EABC, and other relevant MDAs.
4	Study on Challenges Affecting Trade and Logistics at Ugandan Borders and Cargo Facilities.	The study's findings have been embraced by sector players, and discussions with the relevant MDAs are ongoing.
5	Market dynamics study on DRC as a key destination for Ugandan products.	The study is finished, but the findings have not yet been released.

S/N	Study	Status
6	Study on the Impact of the 12% Excise duty tax on internet	The study is still in progress, and the findings will be released as soon as they are finalized.

6.0 POLICY DOCUMENTS BEING DEVELOPED INFLUENCING POLICY AT NATIONAL LEVEL.

S/N	Document Nature	STATUS
1	Development of the National Startup Policy.	This policy is nearing completion and will soon be submitted to the Cabinet Secretariat.
2	Development of Uganda's National Private Sector Strategy for the Construction Industry.	The strategy is complete and yet to be launched.
3	Development of the National BDS Standards.	The Standards have been approved by the Standards Technical Committee and are now available for public review.

7. THE PSFU ACHIEVEMENTS IN THE FY 2024/25 NATIONAL BUDGET

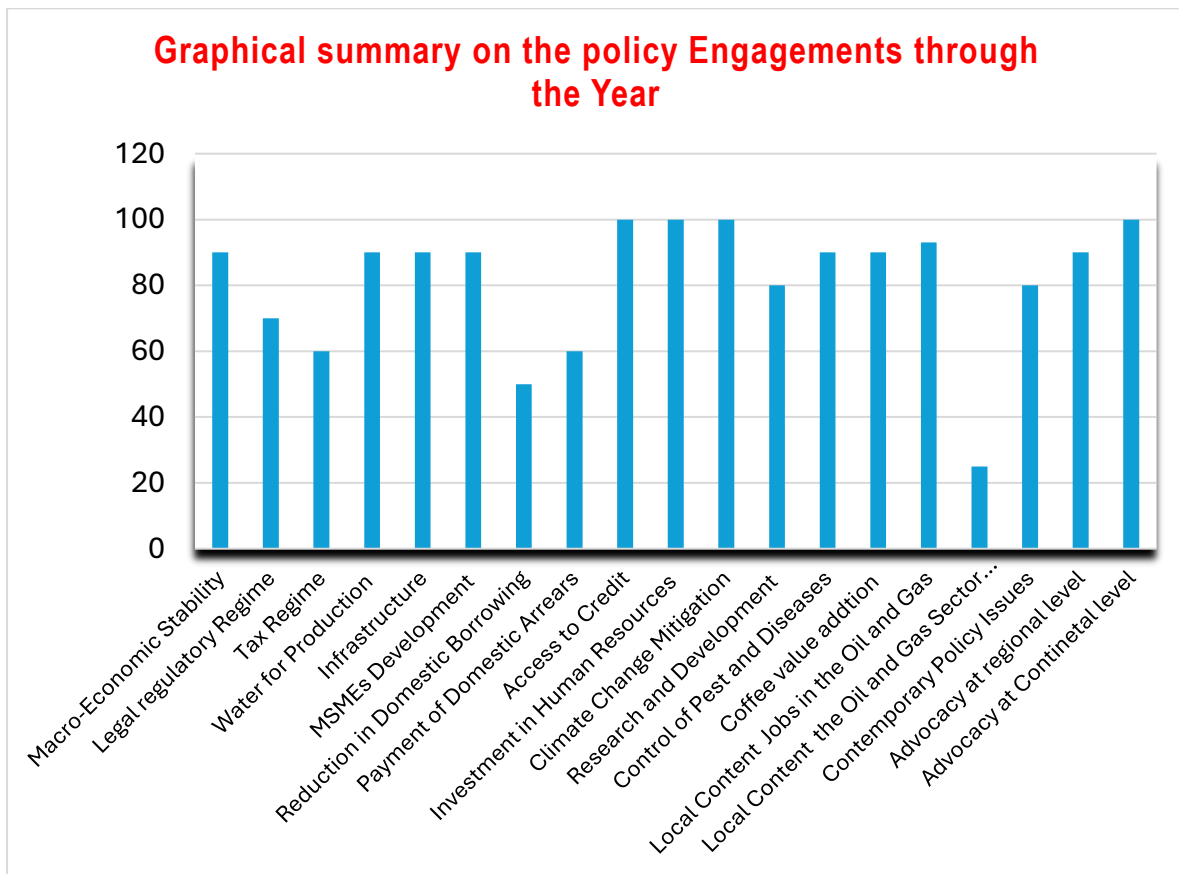
S/N	ITEM	PROPOSAL	REFLECTION IN THE BUDGET
1	Macro-Economic Stability	Prioritize investment in the selected production sectors.	The government has prioritised ATMS (Agro-industrialisation, Tourism, Minerals and Science and Technology).
		Government interventions should be based on a value chain basis.	Government has considered ATMS as a growth Strategy for the next FY.
2	Legal regulatory Regime	National Local Content Bill, Competition Bill, Animal Feeds and Nutrition Bill, Real Estates Bill, Government Pensions (amendment bill), horticulture sector policy, apiculture sector policy, Tea Policy, Contract Farming Bill.	Parliament considered the passed the Animal feeds Bill, the A competition Act which had taken over 15 years as Bill since its introduction in 1998.
		Implement the report on the Comprehensive Business Licensing Reform 2012 by the Ministry of Finance, Planning and Economic.	Government has commissioned a study on the legal licensing reform for implementation in the FY 2024/25.
		Do not rationalise key agencies that support the Private Sector like UNRA, URF, UCDA, URSB, NITA-U, DDA, and Microfinance Regulatory Authority for Money lenders.	All these Agencies remained and have been given votes in the next FY budget.
3	Tax regime	Reduce the Capital gains Tax from 30% to 5% to attract more venture Capital from the US\$ 100 million in 2023 to over US\$ 800 million like it happened for Kenya.	Government adopted the Proposal of 5% on the capital gains tax which is more competitive.

S/N	ITEM	PROPOSAL	REFLECTION IN THE BUDGET
		Reduce the rates for DTS and consider it a form of tax administration.	Government adjusted the cost of DTS stamps for beer and promised to reduce the others.
		Do not consider imposition of excise duty on powdered beer to spur innovation	Imposed excise duty on powdered beer at Shs 1,000 per kilogram
		Do not increase the tax on petrol but rather maintain the status quo to spur production.	Increased excise duty on petrol by Shs 100 per litre.
		Do not increase the tax on diesel but rather maintain the status quo to spur production.	Increase excise duty on diesel by Shs 100 per litre.
		Maintain the excise duty of 80% or 8,000 whichever is higher on imported wines	Increased excise duty on imported wines from 80 percent or Shs 8,000 per litre to 100 percent or Shs 10,000 whichever is higher.
		Do not consider the tax on construction materials to motivate investors in the sector to meet the housing gap of 7 million in Uganda.	Imposed excise duty of Shs 500 on adhesives, grout, white cement and lime. The objective is to align the tax treatment of these products with that of cement.
		let the taxable goods/ services by an employer not be subject to VAT	the provision of taxable goods/ services by an employer to an employee to attract VAT.
		Reduce the capital gains tax from 30% to 5%	Reduced capital gains tax to 5% from the 30%
		Provide tax holidays for the electric and hybrid cars and batteries.	We have provided tax holidays for only electric cars and motorcycles and equipments on it.
		Extent the waiver of penalties and interest on arrears outstanding by June 2023 to be extended to December 2024.	Extended the waiver of penalties and interest on arrears outstanding by June 2023 to December 2024
		Increase the number of URA Staff and administration units for better administration.	Expanding URA presence and coverage by opening up 5 liaison offices;
		Streamline the information sharing deal with the challenge of illicit trade	Strengthening the exchange of information with other tax authorities to combat illicit financial flows and under-declarations
		Waive off Penalties for Traders due to lack not using IFRIS and consider meeting initial cost of investment in the machines	All the Penalties were waived off
4	Water for production	Increase distribution of water for production to support continuous production through the whole year.	Plans to Increase storage capacity for water for production from 52.6 million cubic metres to 76.8 million cubic metres.
5	Infrastructure	Allocate money for Water for production and irrigation to deal with the challenge of inconsistent production through the year.	Water for production to increase storage capacity of the
		Tourism roads to be developed	Shs 1.629 trillion for interventions construction of tourism roads, road

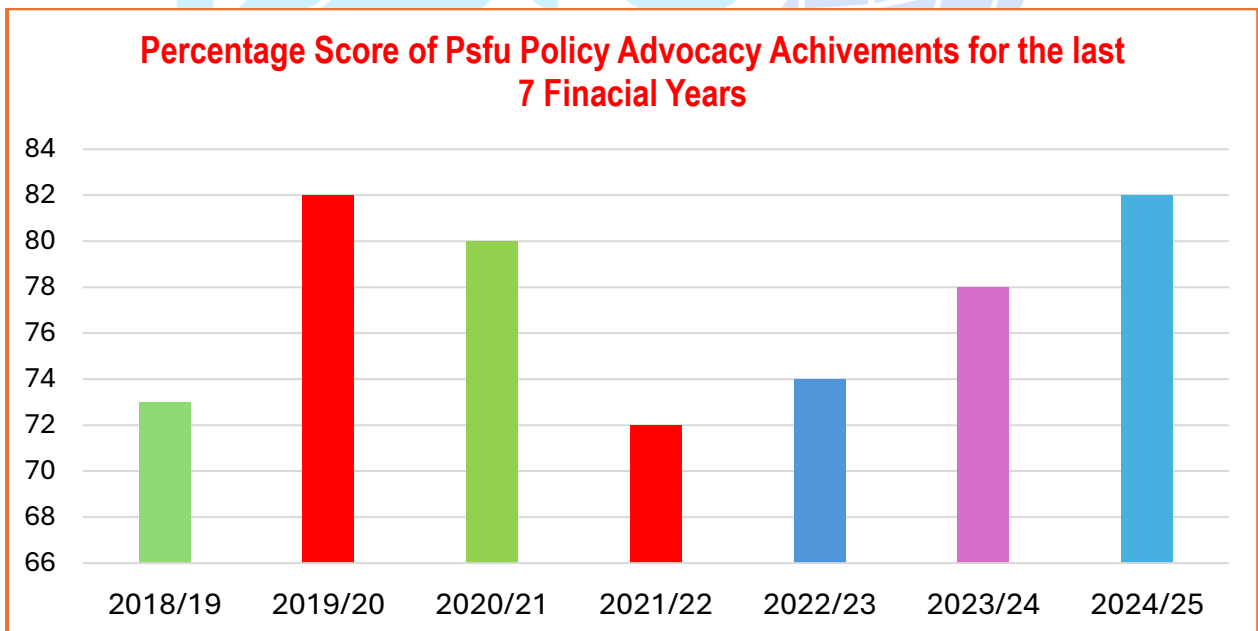
S/N	ITEM	PROPOSAL	REFLECTION IN THE BUDGET
			rehabilitation, and 150 kms of electric fence.
		Investment in the aerodromes	Maintenance of 13 aerodromes including Arua, Gulu, Pakuba, Masindi, Lira, Kidepo, Moroto, Soroti, Tororo, Jinja, Mbarara, Kasese, Kisoro
		Invest resources to deal with human wildlife conflicts	150 kms of electric fence and maintain the existing 106 km fence
		Allocate money in City transport avoid loss of over 52 days in traffic jam in a year in Kampala according to World Bank report	Government has budgeted for over US\$ 500 to work on the city roads
		Invest in Trade Facilitation Infrastructure for both imports and exports	Money has been secure for the construction of the SGR
5	MSME development	Allocate more money to UDB and Agriculture Credit Facility in Bank of Uganda	There has been money allocated to cater for the MSMEs development through SBRF, GROW, and INVITE among others.
6	Reduction in Domestic Borrowing	Reduce Domestic Borrowing does not crowd out the Private Sector	The government plans to borrow 8.9 trillion from 3.6 trillion. Of last year which is 147% increase.
7	Priotise payment of Domestic Arrears	Priotise payment of the domestic Arrears currently standing at	<ul style="list-style-type: none"> • Government allocated 200 billion it happened last year despite increase in the volume of the budget by 38% • 9 trillion allocated interest rates payments • 12 trillion for domestic refinancing.
8	Access to affordable credit	Provide cheap and affordable credit to the MSMEs to facilitate their growth and complete recovery from the COVID 19 effects.	<p>Shs 100 billion allocated for the Small Business Recovery Fund (SBRF) on top of the Shs 250 billion all to be given at 10% per annum with plans to relax requirements given the that only shs 18.4 billion (7.36%) has been given out benefiting only 1,459 business</p> <p>GROW project worth Shs 824 billion project to support women-owned enterprises.</p> <p>INVITE (Industrial Transformation and Employment) project worth Shs 800 billion value addition and exports.</p> <p>UDB has been capitalised with extra Shs 55 billion on top of the formidable Shs 1.6 trillion already available.</p> <p>ACF received Shs 30 billion on top of the Shs 303 billion given since 2009 to support commercial on-farm investment, post-harvest management, agro-processing, and trade in agricultural produce. This facility has benefited over 3,868 projects.</p> <p>Emyooga allocated Shs 80.28 billion on top of the Shs 480 billion and out of which</p>

S/N	ITEM	PROPOSAL	REFLECTION IN THE BUDGET
			Shs 268 billion disbursed to 6,810 Emyooga SACCOs.
			PDM allocated Shs 1.059 trillion for the PDM SACCOs with each parish getting Shs 100 billion.
			Bank of Uganda has considered patient capital for agriculture in their products.
9	Priotise investment in the Human resources	Priotise payment of public staff and erect more schools.	<ul style="list-style-type: none"> • 9.9 trillion has been considered. • 26.3% of the entire budget. • 362 billion allocated for construction of 60 seeds schools in sub counties without seeds schools.
10	Climate Change Mitigation	The government should allocate resources to cope with the situation	Government allocated resources worth Shs 516.78 billion to procure a total of 15 million seedlings for distribution to the Albertian and refugee hist districts.
11	Research and development	Allocate resources to generate seed and produce vaccines that	Resources allocated to facilitate establishment a safe facility at Namulonge to manage aflatoxins in cereals and nuts.
			Allocated Shs 2.07 billion for the commercialisation of COVIDEX and other natural therapeutics to be certified internationally.
			Allocated Shs 25 billion for finish development and commercialisation of 20 million antitick vaccine.
12	Control of Foot and Mouth Diseases.	Allocate the resources to procure vaccines for the control fo Foot and Mouth Disease (FMD) to secure Ushs 3 trillion regional market for meat and milk	Allocated 427.21 billion to procure and distribute 44 million doses of vaccines
13	Coffee value addition	Allocate resources to procurement of equipments that can facilitate coffee value addition within Uganda.	Shs 75 billion to acquire modern roastery, produce instant coffee, roast and ground coffee products.
14	Local content	Make a deliberate effort to ensure national content benefits	93% jobs in oil and gas sector for Ugandans amounting to 13,607 jobs Since 2021, contracts 25% of contracts worth USD 1.796 billion signed of the USD 7.162 billion in the oil and gas sector.

8.0 GRAPHICAL PRESENTATION OF THE GOVERNMENT RESPONSE TO THE PSFU PROPOSALS



9.0. THE TREND OF GOVERNMENT RESPONSE TO PSFU PROPOSALS THROUGH THE YEARS



Conclusion

We extend our gratitude to the Policy Advocacy Committee and the entire Board of Directors for the great support you have rendered. The department continues to engage members through

well designed methodologies to fully understand their issues and escalate them to the responsible agencies of government. We look forward to achieving more in the FY 2024/2025. As part of our strategic engagements, we intend to intensify our efforts to research and well structure dialogues based on the Policy Advocacy Manual and ensuring that we bring on board different partners to support in that endeavour.

