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PRIVATE SECTOR FOUNDATION UGANDA (PSFU)

**POLICY ADVOCACY AND BUSINESS DEVELOPMENT
DEPARTMENT ANNUAL PERFORMANCE REPORT
FOR FINANCIAL YEAR 2024/2025**

PRESENTED TO

POLICY ADVOCACY COMMITTEE – PSFU BOARD.

19TH June 2025

PSFU POLICY ACHIEVEMENTS IN THE FY 2025/26 BUDGET PLANNING CYCLE

S/N	ISSUE	PSFU PROPOSAL	GOVERNMENT RESPONSE	Score
1	Ensure Macro-Economic Stability	Safeguard economic stability by cushioning against external shocks, reducing inflation to the 5% medium-term target, lowering interest rates below 17.74% (2024 levels), and maintaining exchange rate stability.	Government maintained macroeconomic stability, containing inflation at a regional low of 3.4% compared to 4.1% previous year , reducing commercial lending rates from 17.74% (2024) to 16.64% (April 2025) , keeping the Central Bank rate steady at 9.5% through FY 2025/26, and stabilizing the shilling's exchange rate at an average of Shs 3,771 per US dollar.	1
2	Favourable Legal Regime	Expedite enactment of the Sugar Bill to enhance regulatory stability and sustainable growth of Uganda's sugar industry.	The Sugar Amendment Bill 2025 received presidential assent.	1
		Establish a predictable excise duty regime to enhance fiscal certainty and facilitate long-term investment planning	For the past three years, government has ensured a predictable regime.	1
		Consider tax exemption of small businesses reduce business mortality rate among others.	Under the Income Tax Act (effective July 2025), businesses with annual revenues not exceeding UGX 500 million shall be exempt from income tax for a three-year period.	1
		Use National ID numbers or registration numbers for tax identification	The Government shall implement the use of National IDs (for individuals) and registration numbers (for non-individual entities) as primary tax identification numbers with effect from 1st July 2025.	1
		Waive interest and penalties on businesses upon payment of principle by 30th June 2026	The Government shall waive all accrued interest and penalties outstanding as of 30th June 2024, conditional upon full payment of the principal tax liability by 30th June 2026.	1
		Do not Introduce the anti-avoidance rule against fragmented imports	Introduced an anti-fragmentation rule to prevent artificial splitting of imports for tax avoidance purposes.	0
		Proposed amendments to the VAT Act to: (i) replace composite lanterns with solar lanterns in the Third Schedule, (ii) remove billets from the exemption list, and (iii) include biomass pellets in the exemption list."	Government considered these proposals in the Value Added Tax Amendment Bill 2025.	1
		Do not introduce the remission of duty on ex-factory goods.	The government has committed to implement a duty remission scheme for ex-factory goods, subject to taxpayers providing: (1) proof of excise duty payment, (2) goods delivery documentation, and (3) a	0

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			damage assessment report detailing the extent and cause of impairment on in the new Excise Duty Amendment Bill 2025.	
		Change in the scope and threshold of excisable fruit juice and vegetable juice	Government has considered a change in the scope and threshold of excisable fruit juice and vegetable juice in in the new Excise Duty Amendment Bill 2025.	1
		Amend the excisable plastics scope to include only sacks and bags manufactured from ethylene polymers, while explicitly exempting vacuum packaging bags for food preservation and other approved uses.	Government has considered the Considered this proposal in the in the new Excise Duty Amendment Bill 2025.	1
		Maintain current excise duty rates for cigarettes and beer without modification.	Government did not consider this proposal in the new Excise Duty Amendment Bill 2025. Continuous Advocacy with government is ongoing for consideration.	0
		Exempt specified instruments—including agreements, memoranda of agreement, and mortgage deeds—from stamp duty where they serve as collateral, auxiliary, additional, or substituted security for existing obligations.	Government has considered the Considered this proposal in the in the new Stamp Duty Amendment Bill 2025.	1
3	Productive Infrastructure	Boost investment in water-for-production infrastructure to enhance year-round agricultural productivity and climate resilience.	The government has allocated Shs 1.86 trillion to agro-industrialisation, achieving: 145 completed & 157 ongoing solar-powered irrigation schemes (54.76M m ³ capacity), new dams (Usake, Ongunga), Shs 50B added to ACF, and the 2025 National Irrigation Policy to boost year-round productivity, climate resilience, and private investment.	1
		Prioritize investment in Greater Kampala's Road and logistics infrastructure to enhance trade efficiency, reduce transport costs, and boost regional competitiveness for businesses.	In FY2025/26 , government allocated Shs 1.4 trillion for Greater Kampala's Road and drainage upgrades (vs. Shs 579 billion in FY2024/25), prioritizing express highways, traffic-light junctions, and the Kampala-Jinja Expressway to cut costs, ease congestion, and boost trade efficiency.	1

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		Boost tourism roads: More funding, faster upgrades, smarter safety.	In FY2025/26, government allocated Shs 2.2 trillion for tourism roads (up from Shs 496.8B in FY2024/25), prioritizing upgrades like Kampala-Jinja Expressway, traffic-light junctions, and safety tech to enhance connectivity, reduce costs, and boost competitiveness for businesses and tourism. Safety: Installed 500 solar lights (FY2024/25), scaling to 1,000+ lights and 200 signage boards (FY2025/26).	1
		Accelerate investment in domestic aviation infrastructure, including modern cargo/passenger aircraft and upgraded aerodromes, to enhance connectivity, boost trade, and support Uganda's growing tourism and logistics sectors.	In FY2025/26, government prioritized aviation with Shs 493B for Entebbe Airport upgrades, Uganda Airlines' expansion to 17 routes (from 4 in 2019), and Kabalega Airport completion , boosting cargo/passenger capacity to enhance trade, tourism, and logistics, up from Shs 319B revenue in FY2023/24 .	1
		Investment in strategic Infrastructure to facility for both imports and exports.	In FY2025/26, government allocated Shs 11.33 trillion for strategic infrastructure (up from Shs 9.58 trillion in FY2024/25), prioritizing roads, railways (e.g., SGR construction), and Bukasa Port to boost import/export efficiency and regional trade competitiveness.	1
4	Tourism development	Promote and diversify tourism products to increase tourists stay, spending and shopping in Uganda.	In FY2025/26, government allocated Shs 430B (up from Shs 275B in FY2024/25) to diversify tourism, including new hiking trails (3,521m in Rwenzori) , Karamojong Museum , and MICE facilities , aiming to extend visitor stays and boost spending beyond the 1.37M tourist arrivals in 2024 .	1
		Prioritize investment in tourism roads, internet hotspots, and aerodromes to regional and international standards, enhancing connectivity, tourism growth, and economic competitiveness.	In FY2025/26, government allocated Shs 2.2 trillion for tourism roads (vs Shs 496.8B in FY2024/25), 72% internet coverage , and Kabalega Airport upgrades to boost connectivity, tourism growth, and competitiveness, building on USD 1.52B tourism earnings (13.1% growth) .	0.6
5	Mineral Development	Invest in modern mining equipment and formalize artisanal mining to	In FY2025/26, government allocated Shs 875.8B (up from Shs 349.6B in FY2024/25) to mineral development, including 10 gold refineries, mineral tracking systems,	1

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		enhance sector efficiency and regulation.	and formalizing artisanal mining to boost efficiency, regulation, and value addition in the sector.	
		Boost jobs and export revenues by locally processing minerals before export	The President banned raw mineral exports, prompting government to establish 10 gold refineries, 4 cement plants, and 1 tin processor—boosting jobs and export revenues through local value addition.	1
6	Support the MSMEs Development	Increase UNBS funding to enhance MSME formalization and business growth support.	In FY2025/26 , Uganda increased UNBS funding to Shs 128.9B (from Shs 50.9B in FY2024/25) to strengthen MSME formalization, quality standards enforcement, and business growth support, boosting compliance and competitiveness.	1
		Standardize Business Development Services by establishing and implementing BDS standards	In partnership with PSFU, Government advanced BDS Standards development, now undergoing Regulatory Impact Assessment (RIA).	0
		Partner with MSMEs on trade missions to secure global markets for their products.	This FY, the government partnered with MSMEs on business missions to Tanzania, Kenya, Algeria, Vietnam, Malaysia, and others to foster trade and investment opportunities.	1
		Reserve government contracts for Ugandan MSMEs to boost local business growth and enhance domestic content.	In FY2025/26, government prioritized MSMEs by allocating 84% of oil sector contracts (USD 2.25B) to local firms and expanding domestic content policies, building on FY2024/25's Shs 187B UDC capitalization to strengthen MSME participation in government procurement.	1
7	Payment of Domestic arrears and reduce Domestic Borrowing	Reduce domestic borrowing to prevent private sector crowding out and rising capital costs	In FY2025/26, government reduced domestic borrowing to Shs 11.38 trillion (from Shs 16.75 trillion in FY2024/25) while increasing concessional external financing to Shs 11.33 trillion , easing pressure on private sector credit and capital costs.	1
		Prioritise clearance verified domestic arrears (Shs 8.97T) in FY 2024/25	In FY2025/26, government allocated Shs 1.4 trillion for domestic arrears clearance (up from Shs 200 billion in FY2024/25), prioritizing verified claims while enforcing strict controls to prevent new arrears accumulation under the three-year arrears elimination strategy.	1

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8	Access to Patient an affordable credit	Expand affordable MSME financing to drive post-COVID recovery	In FY2025/26, government boosted MSME financing with Shs 2.43T for wealth creation programs (vs Shs 1.45T in FY2024/25), including Shs 1.06T for PDM, Shs 100B for Emyooga, and Shs 1T for UDB to accelerate post-COVID recovery.	1
		Offer patient capital to large firms to boost production and job creation	In FY2025/26, government allocated Shs1.0 trillion to UDB (vs Shs1.45tn prior cumulative funding) for large-firm patient capital, alongside Shs175B Agri-credit and Shs187B to UDC to spur industrial output/jobs. Additional Shs231.3B (GROW) and Shs275.1B (INVITE) targeted women/ and exporting manufacturers.	1
9	Investment in Human Resources	Invest in quality education to build a skilled, productive workforce.	In FY2025/26, government increased education funding to Shs 5.04 trillion (up from Shs 4.7 trillion in FY2024/25), prioritizing 116 new seed schools, teacher upskilling, and competency-based curricula to develop a skilled workforce, with 5,192 students benefiting from loans.	1
		Invest in healthcare for a healthier, more productive workforce.	In FY2025/26, government increased healthcare investment to Shs 5.87 trillion (from Shs 4.23 trillion in FY2024/25), funding 16 oxygen plants, cancer/cardiovascular centers, and electronic health records to build a healthier, more productive workforce.	1
		Prioritize investments in water, sanitation, and health infrastructure	In FY2025/26, government increased water and sanitation investments to Shs 366.1B (from Shs 200.3B in FY2024/25), funding 42 large solar-powered water systems and expanding piped networks to 32 towns , prioritizing infrastructure for health and climate resilience.	1
10	Research and Climate Mitigation	Boost R&D in pathogen control, agro-industry, and transport value chains for growth	In FY2025/26, government allocated Shs 388.23B for R&D (up from Shs 322B in FY2024/25), funding anti-tick vaccines (20M doses/year), coffee/banana processing tech, and Kiira EV buses to boost pathogen control, agro-industry, and transport value chains.	1
		Government and private sector to partner in tree-planting initiatives to combat climate change.	In FY2025/26, government allocated Shs 366.1B (up from Shs 200.3B in FY2024/25) for climate initiatives, partnering with the private sector to expand forest cover through tree-planting and 177km of	1

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			electric fencing in national parks to combat climate change.	
		Boost funding for research to produce high-value seeds locally, vaccines, cutting Uganda's reliance on imports.	In FY2025/26, government increased agricultural research funding to Shs 181B for NARO (from Shs 106B in FY2024/25) to develop high-yield drought-resistant seeds, anti-tick vaccines (20M doses/year) , and aflatoxin-free grain tech , reducing import dependence.	1
11	Value addition	Invest in agro processing to boost value addition and farmer incomes	In FY2025/26, government allocated Shs 1.86T for agro processing (up from Shs 1.45T in FY2024/25), funding 11 new processing plants (e.g., Ntungamo coffee factory) for coffee, maize, and dairy to boost value addition and farmer incomes through the PDM and UDB initiatives.	1
		Legislate mandatory value addition for key exports—coffee, cotton, sunflower, hides—to boost local industry and retain higher revenues.	Uganda banned raw exports of coffee, cotton, dairy, maize bran, sunflower, and hides via the 2025 Hides & Skins and Trade Bills to drive value addition and revenue retention.	0
12	Private Sector issues through the FY	Harmonisation of tax assessments between URA and Private Sector Players e.g. TUNADO, Bella Wine, etc.	All the private sector companies that approached PSFU with tax issues during the FY were given consideration by government.	1
		Review the implementation of Stamp Duty Act to have threshold under contracts can be registered by the URSB.	A threshold for contracts has been considered in the Next Financial year.	1
		Allow free movement of people across Africa to increase tourism inflow in Uganda.	Govt streamlining Africa-wide mobility to boost AfCFTA trade integration.	0
		Ban sunflower grain exports to Kenya/Tanzania to sustain local factories at risk of closure.	Government banned wheat bran, cotton, and maize bran exports but left sunflower unclear.	0
		Government to fast-track Copyright Act reforms to safeguard intellectual property and stimulate creative industries.	Government allocated Shs 66 billion to enact the policy, demonstrating binding commitment.	1

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		To avoid continuous frustrations with Kenya, engage other countries for milk exports.	Uganda exported first powdered milk consignment to Algeria this FY under new trade deal.	1
13	Reduce the cost power.	Reduce the cost of power per unit to facilitate industrialisation agenda an increase capacity utilisation of manufacturing firms and better the standard of living of Ugandans,	Umeme's buyout led to reduced power tariffs, including a 2.5% decrease for domestic consumers (Shs 775.7 to 756.2/kWh for first 15 units), 5.3% for commercial (Shs 577.1 to 546.4/kWh), 15.7% for medium industrial (Shs 421.2 to 355.1/kWh), 14.8% for large industrial (Shs 282.9 to 300.4/kWh), and 32.2% for extra-large industrial consumers (Shs 300.2 to 203.6/kWh).	1
14	Regional Issues	Upgrade the major roads to and from border posts to ensure easy to promote regional trade	Government prioritized repairs for key trade routes, including Mutukula-Masaka and Lira-Kamdini roads, to boost regional commerce.	1
		Ensure Peace and security both in Uganda and region to facilitate regional trade	Government deployed security forces to Eastern DRC, South Sudan, and Somalia to safeguard regional stability and trade routes.	1
		Increase the space at the Malaba to avoid congestion.	The government procured 40 acres of land at Malaba border posts to create more space for the trucks to park.	1
15	Continental issues	Lobby for the hosting of mega African Events to promote the MICE.	The government hosted the African Union CAADP summits among other major Africa events.	1
		Influence the African States to adopt the Uganda's Food Systems Agenda.	The Comprehensive Africa Agriculture Development Programme (CAADP) - endorsed Kampala Declaration adopted Uganda's food systems model for 10-year implementation.	1
Total				42.6

Annual Percentage performance = $(42.6/50) * 100 = 85\%$