



Private Sector Foundation Uganda (PSFU)

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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KEY POLICY ADVOCACY UPDATES

1.0 Budget Cycle 2023/24

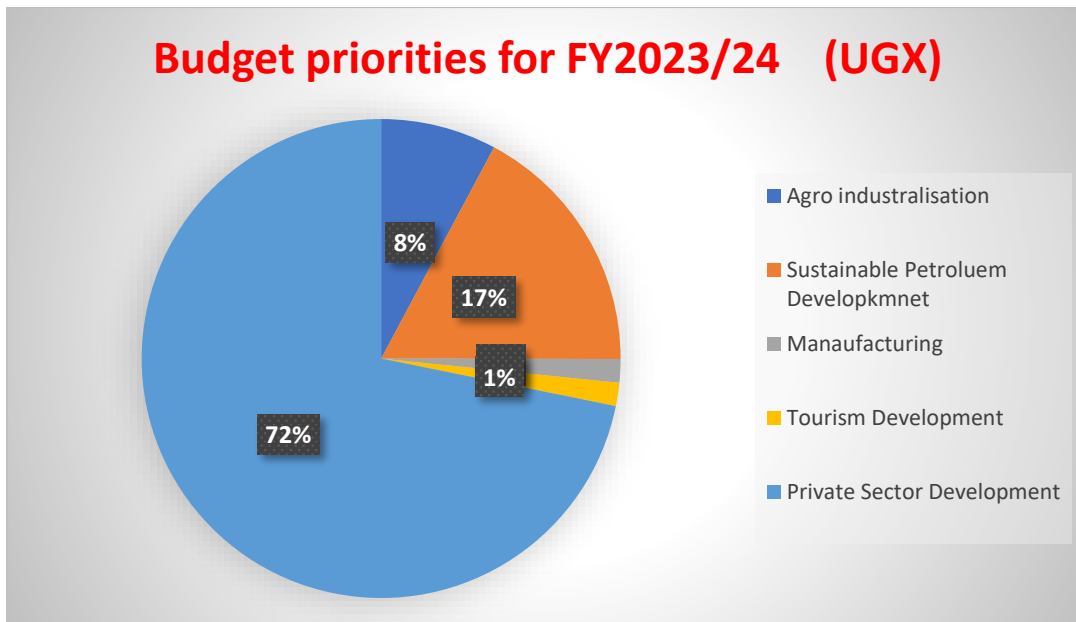
The development of the FY 23/24 national budget is on and presently the National Budget Framework paper has been developed and approved by Parliament. PSFU contributed to this process through a comprehensive private sector position papers collated from members across the various sectors. Follow up media engagements with NBS were held to influence the process. Our submissions emphasized, macro-Economic stability, stimulation of effective demand, improvement of skills and attitudes for labour productivity, the legal regulatory regime, Tax regime, infrastructure especially water for production, access to affordable finance, and implementation of the greed policies.

Out of the discussions, over 50% of the Private Sector proposals were considered in the NBFP¹. Key emerging findings from our comprehensive analysis of the budget reveals that;

- i. **Budget financing: 60%** of the Budget to be domestically raised compared to 55% in the current FY². This implies that the economy will have to generate more revenue through either growth/ expansion or close of tax leakages- compliance. This implies that the relationship with the URA is expected to worsen as heightened targets will be set for the URA to meet.
- ii. **Budget allocation: Private Sector Development, Sustainable Petroleum Development, and agro-industrialisation** take a big share worth **2,046.9 billion** as distributed below.

¹ The budget for next FY is Shs 49.98 trillion

² For example, much as URA target for FY2022/23 is Shs 25 trillion, URA is expected to collect **Shs 29 trillion** through taxation in the next FY 2023/24.



Source: NBFP FY2023/24

The Policy Advocacy Committee and members are requested to.

- i. Recommend to the Board to consider and appropriate funds- to conduct tax education clinics for MsMEs.
- ii. Prioritize the follow up of the enactment of the of the National Local Content Bill into law to support the private sector raise capacity to benefit from the 352.4 billion allocated to the sustainable petroleum development.
- iii. Strategic engagements be made with Uganda Investment Authority (UIA) to refocus its efforts in development and support of Uganda’s Private sector.

2.0 FY 23/24 Private Sector Tax Proposals.

On 11th January 2023, PSFU submitted Private Sector consolidated tax Proposals for consideration during the Budget process for FY 2023/24. Uganda Breweries Limited (UBL), Uganda Manufacturers Association (UMA), Airtel Uganda, and British American Tobacco among others were involved in the development of the paper which was later presented to the MoFPED on the 3rd February 2023. Out of the engagements the following issues were agreed upon.

- i. **Reduction in the income tax rate** from 30% to 25% was agreed upon pending a deeper analysis on its implications towards the industry (s).

- ii. **Reduction of the 12% excise duty** regime on internet to a level which supports digitalization and e-commerce was also welcomed and tasked PSFU to conduct a quick study to inform decision making. The study has been commissioned and is expected to provide findings in by end of March 2023.
- iii. **Adjustment of the PAYEE structure** to increase disposable income for most of the salary earners in the bid to boost the purchasing power within the private sector was also welcomed and follow up engagements are ongoing.

The Policy Advocacy Committee and members are requested to.

- i. **PAC members are requested to note the progress made.**
- ii. **Take note of the launched study on internet and where possible support in the mobilization of members through the respective sectors to support the research.**
- iii. **Consider introductory engagement with the PSST or Commissioner Tax policy and CG URA to discuss how best to revitalize the economy generate more tax revenue and create jobs.**

3.0 Updates from Sectors:

3.1 The National Competition bill 2022.

This is one of the key laws required to ensure trade order but also support the financial sector through addressing oligopolistic tendencies in the market. Through the Trade and Commerce sector, the PSFU developed a position paper on the implications of the bill on investments and business. This was later presented to the Parliament Committee on Trade, Tourism, and Industry for consideration. More sensitizations and constant engagement with the committee and the key sector players needs to be considered to impact of the enactment of this critical bill. **The Policy advocacy committee is requested to recommend to the trade and commerce sector to set up a program to continuously follow up on this bill but also continue engaging various members of the business community. This will require close collaboration with the Parliamentary committee members.**

3.2. Private sector position on the school fees policy.

On 18th January 2023, PSFU hosted the Education and Sports Sector members for a consultative meeting on the issues affecting the education and sports sector, especially on school fees policy that had been proposed by the Ministry of Education. A position paper was

written, verified by members and yet to be submitted to the Ministry of Education and Sports for consideration. The same paper will in part inform our advocacy strategy during this and the next financial years as part of our Platform for Action. A detailed paper is also to be published on the PSFU website.

3.3 Constitution of sectors:

Reconstitution of the sectors has started with the logistics sector taking lead with the guidance of the sector terms of reference. The plan to orient all the other 10 sectors is underway and is expected to constitute various sub-committees on policy advocacy and business development. **Members of the Policy advocacy committee are requested to recommend to all sector chairs to.**

- i. **Ensure that sector meetings are frequently held as per the agreed upon frequencies and schedule of work.**
- ii. **Request the membership committee to draw an annual schedule of sector meeting with PSFU members for better planning and implementation.**

4.0 Private Public Dialogues

4.1 National Coffee Dialogue by the Office of the President:

From 9th to 11th January 2023, PSFU represented the members from the coffee sub sector at the national coffee dialogue. The Rt. Hon. Lumumba- the Minister in charge of General Duties was the guest of honor. The following resolutions were agreed upon.

- i. The Government investment and trade should focus on African Regional trade modalities to support marketing value added coffee. This should be through investment collaborations, negotiations as a block inter-regional trade, etc.
- ii. The sector enormously supports the establishment of a soluble coffee plants in Uganda through the Uganda Coffee Vinci Company however, clear recommendations go towards review clauses considered to be contrary to the current liberalized economy policies and distort existing trade arrangements.
- iii. Promote domestic consumption of coffee through increased capitalization and investment in initiatives geared towards introducing coffee drinking; start at home, colleges, institutions, and government entities.
- iv. Consider removing UCDA off the list of agencies to be rationalized because of its relevance in stimulating coffee exports and production. Measure to improve its

efficiency provided include expansion of its mandate to include address internal inefficiencies in the VC, promoting generic marketing and branding of Ugandan coffee marketing and branding of Ugandan coffee, other related beverages such as cocoa.

Members of the Policy advocacy committee are requested to note the progress made and provide any guidance as deemed necessary.

4.2 Regional Public Private Sector engagement on the East African Community (EAC) Sanitary and Phytosanitary (SPS) protocol.

Through the East African Business Council (EABC) advocacy avenue, PSFU engaged with regional standard bodies on matters related to EAC Sanitary and Phytosanitary (SPS) protocol with emphasis on Measures and Constraints which impend the progress of the industry. Inadequate financial resources and physical infrastructure, inspections, enforcement capabilities, awareness levels, informal trade across the borders, high compliance cost, and in some cases poor inter-institutional coordination were identified as key challenges affecting its implementation. Through out the dialogue the following were agreed.

- i. Partner States to enhance the capacity of both human and physical infrastructure especially at the borders.
- ii. Partner States to fast-track the adoption and ratification of the SPS Bill to establish mechanisms for the harmonisation of SPS measures in the region.
- iii. Public and Private sector stakeholders to strengthen cooperation, investment, and sensitisation and take a joint approach towards the establishment and implementation of SPS systems as recommended by the WTO SPS Agreement and other relevant International Standard Setting Organisations (ISSOs). For example, the establishment of self-compliant mechanisms, training, and certification of value chain stakeholders on fumigation.
- iv. Partner States should enhance mechanisms for collaboration and mutual recognition of conformity assessments of regulatory authorities across the border as aspired under the Single Customs Territory (SCT).
- v. Partner States to expedite resolution of SPS-related trade constraints including duplication and overlapping regulatory functions, poor notification by assessment

services (e.g., inspection, testing, and certification), risk assessment, early warnings, and rapid response activities.

Members of the Policy advocacy committee are requested to note the progress made and provide any guidance as deemed necessary.

4.3 Harmonization of standards for Cereals and Pulses

The PSFU participated in the Regional Standards Harmonization Meeting for the EASC/TC 014 on Cereals and Pulses Technical Committee. A private sector position paper developed by UNBS through consultations with private sector was resented and it captured the following recommendations.

- i. Redefinition of **“bread”** to read as ‘product obtained by baking fermented dough made from wheat flour in singly or in combination with non-gluten flour (s). This definition considers for the innovation in the sector to ensure wheat import replacement in the region. Which increase the market potential for the business community especially young people involved in bread making.
- ii. Introduction of **“Fruit and or Vegetable bread”** to cater for innovations in the bakery sector. The adopted definition for this bread is **“Fruit and or vegetable bread shall be made from dough which contains not less than 6% of added fruit and or vegetable calculated on the weight of the flour used.”**
- iii. Introduce a clause on cassava bread to support innovations being made by the Ugandan bread making companies like Hot Loaf, Mama Care Foundation, and Farm Uganda among others.

The committee is requested to recommend to the membership committee to organize the bakery industry in Uganda to ensure business linkages and promote trade.

5.0 Partnerships & Engagements:

5.1 Launch of the Parliamentary Forum for creative industry.

PSFU through the LFS project co- sponsored the launch of the Parliamentary Forum for creative industry. This was done on the 1st February 2023, with an objective of sharing experiences, status, challenges and opportunities in the culture and industries in Uganda and what needs to be done to exploit its full potential.

The Hon. Racheal Magoola, Member of Parliament is the chairperson for this forum and was therefore launched to support the organization of the industry. **The committee members are requested to recommend to the creatives sector to.**

- a) **Integrate the forum into the various discussions in the industry especially which require legislation.**
- b) **Prioritize the issues affecting the industry in the next quarter engagements with Government.**

5.2 Participation in the Harvest money expo 2023 from 10th to 12th February.

PSFU participated in Harvest Money Expo in this year's event under the theme "*farming as business- post harvest handling and value addition*". The PSFU value proposition to the business communities, lead firms and MSMEs were created. Beneficiaries of the various projects including LFS, IMEU, SG+ among others show cased their products which enhanced their visibility and the PSFU image in the sector. The opportunity for the PSFU working with other partners to replicate a similar event especially up country was identified. This would support in unlocking access to markets for farmers, uptake of technology and other services but also generate funds for the PSFU. **The committee is requested to recommend to the agriculture and forestry sector to consider organizing rural based agriculture exhibition to support access to markets.**

6. 0 Activities in progress

The department is in this second Quarter further implementing the following activities.

6.1 Study on the Impacts of DTS on the Manufacturing Sector.

PSFU working in partnership with members in the manufacturing sector is the process of procuring a consultant to conduct a study on the impact of DTS on the manufacturing industry in Uganda.

6.2 Campaign on Illicit Trade.

Private Sector Foundation Uganda Policy department in collaboration with our members in manufacturing and agriculture sectors like British American Tobacco Uganda (BATU), Uganda Breweries Limited (UBL), CropLife Uganda, Movit Uganda, and Unilever Uganda are spearheading a campaign against illicit trade in Uganda starting with a public private policy

dialogue on **16th March 2023 at Kampala Serena Hotel** which will be an event in preparation for the country wide campaign against illicit trade in Uganda.

6.3. Dissemination of the Platform for Action 2022

After significant consultations across the PSFU 12 sector was done, the Platform for 2022 has been developed, and 5000 copies have been printed for dissemination to the Public and Private sector players.

This document is expected to inform the development of the FY 23/24 national budget framework paper and decision making in the Ministries, Department and Agencies (MDA). The tentative date for dissemination is 14th March 2023 and details are yet to be communicated.

6.4 Identification and compilation of business environment issues affecting business.

Policy department together with the Lead Firm Structure Project (LFS) are planning to embark on the Identification and compilation of business environment issues affecting young people, YAW partners, LFs, MSMEs and private sector at LG, National levels, EAC, COMESA, AfCTA & International level. The Activity is planned to run from **20th March to 6th April 2023**.

7.0. Conclusion

Chairman and Members, we once again thank you for supporting our efforts in all the engagements we have had amidst your busy schedules. We continue to engage members and the private sector both on contemporary and strategic issues that affect their business growth and competitiveness. We further pray that the department is further staffed for effective service delivery to our members. This will facilitate quick and timely responses to several private sector issues as and when they come up.

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