

## Private Sector Foundation Uganda (PSFU)

### Policy Advocacy and Business Development Department

Report from 1<sup>st</sup> January to 30<sup>th</sup> March 2023

Presented to



The Policy Advocacy Committee

*Business growth is our business*

25<sup>th</sup> May, 2023

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## 1.0. Key Policy Advocacy Updates

### 1.1. 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 May 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.

## 2.0. Updates from the Sectors

### 2.1. Trade and commerce sector

#### 2.1.1. 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.

#### 2.1.2. The National Dialogue on illicit trade in Uganda.

PSFU in collaboration and partnership with British American Tobacco Uganda (BATU), Uganda Breweries Limited (UBL), Movit Uganda, Uganda Alcohol Industry Association (UAIA), Unilever

Uganda, and Crop Life held a National Public- Private Sector dialogue on illicit trade in Uganda at Kampala Serena Hotel. The Dialogue was attended by over 100 people physically and many others virtually as the event was streamed live on YouTube. The Chief guest at the dialogue was Hon. David Bahati, the state minister for Trade, Industry and Cooperatives.

Both public and private sector players committed to fight illicit trade through formulation of Public-Private sector Anti-illicit Trade Framework (ATF) that will enforce trade license revocation for dealers identified with illicit trade goods; enhance supply chain monitoring through development of modern technology solutions; foster public-private sector partnerships on a continual basis to fight illicit trade; identify and enhance cooperation with regional and international anti-illicit trade research and enforcement agencies; introduce effective measures and deterrent penalties under existing laws; consider enactment of anti-illicit trade law.

## **2.2. Human Resource (Education, Health, and Skills).**

On 18<sup>th</sup> 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 private sector position paper on school fees was written, verified by members, and will 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.

## **2.3 Agriculture, Agribusiness, Forestry and Fisheries Sector**

The Sector of Agriculture, Agribusiness and Forestry held a meeting to discuss the private sector perspective on how to increase Agricultural production for food security and exports in Uganda. The sector members recommended that to increase food production for export and food security, both private and public sector should consider: deliberate efforts to develop the priority value chains and the actors need to be very organized; make use of the agricultural commodity platforms and get the benefits provided by the platform; provision of Business Development Services (BDS) to the farmers, consider sustainable production and environmental conservation measures along the value chains; government regulation through accreditation of professional trainers and extension workers across the country involved in

both public and private sector extension services provision to have quality control of the message assed to the farmers like it is done medical field.

## **2.4. Tourism and Hospitality sector**

### **2.4.1. 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.

### **2.4.2. Developed a position on the Tourism Policy.**

On 15th February 2023, the Tourism sector players held an engagement with world Bank at Kampala Serena hotel to discuss the sectors 'views on the Tourism policy and sector management and alignment with global good practice. Through the engagement members made proposals like; implementation of the BUBU Policy; development of a marketing strategy that encompasses the tourism industry subsectors; need to license tour guides; regulation and licensing and grading community tourism; development of tax incentives for the MICE (Meetings, Incentives, Conferences, and Exhibitions) industry to attract investment as an enabling mice environment; harmonize taxes and licenses into a single levy; need to develop a product development policy that favors local investment; ease access to credit by developing a tourism credit system; need to develop a competition policy in the travel industry; streamline the role of the private sector and government; enhance research and data collection to support informed advocacy and decision making among others.

## 2.5 Transport and Logistics Sector

Under the leadership of the new Sector Chairman Mr. Kenneth Ayebare, the sector held their first meeting on 22<sup>nd</sup> March 2023. The members agreed to reorganize the sector and deal with immediate challenges affecting the sector and some of the highlight challenges were; High taxes on the trucks that have forced many Ugandans who buy trucks to register them in the neighbouring countries like Tanzania and Kenya since their tax regime is much better and as a result, of all the trucks in East Africa, only 3% belong to Uganda; high rate of accidents which had increased by 17% according to the traffic offences report for 2022 by the Uganda Police Force. The members tried to raise some of the cause for the high level of accidents and they include corruption in the access of driving permits, non-compliant vehicles due to politics, and lack of road signs and demarcations. The sector therefore plans to have countrywide road safety campaigns to reduce the rate accidents in the country.

## 3.0. Partnerships and Public Private Dialogues

### 3.1. National Coffee Dialogue by the Office of the President

From 9<sup>th</sup> to 11<sup>th</sup> 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.

### **3.2. MOFPED and Horticulture sector stakeholder meeting.**

On 23<sup>rd</sup> March 2023, PSFU participated in the stakeholders meeting organized by Ministry of Finance Planning Economic Development (MOFPED) to discuss the key issues affecting the horticulture sector as well as develop interventions to support the increase of horticultural exports from the value of **US\$100 million to US\$1 billion** according to the NDP III target by the 2025. The meeting recommended PSFU to develop a private sector strategy with clear indications of the roles to be played by the government and those for the private sector players to build a sectoral advocacy platform for the lobbying and advancement of the sector.

### **3.3. National Intellectual Property rights Workshop in Kampala Serena Hotel.**

PSFU participated in a workshop hosted by Uganda Services Registration Bureau (URSB) at Kampala Serena Hotel from 23<sup>rd</sup> to 24<sup>th</sup> February 2023 on National Intellectual Property rights. The workshop aimed at creating awareness to the public on the availability of the intellectual property rights and using intellectual property to enhance competitions of SMEs. During the workshop, participants learnt of the different IP rights that exist to protect different expressions of general ideas (concepts) and sometimes, one product (service) may be protected using a combination of rights. The SMEs got exposed to the common Intellectual Property rights including patents and utility models, trademarks, copyright, industrial designs, geographical indications, and trade secrets.

### **3.4. Labour Market Information and Statistics Data production technical working group.**

From 22<sup>nd</sup> to 23<sup>rd</sup> March 2023, PSFU was invited for a meeting by Ministry of Gender, Labour, and Social Development (MGLSD) for discussion and validation of a Labour Market Information System (LMIS) that has been developed together with the International Labour Organization. The LMIS is a requirement under the National Employment Policy for Uganda 2011. The system is purposed to provide a single comprehensive reference set of labour market indicators and definitions in Uganda for reporting and presenting of the market information and meta data, covering both economic and social-demographic statistics. The system will facilitate harmonization, comparability and use of standard statistical concepts and definitions in the LMIS.

### **3.5. Launch of the Parliamentary Forum for creative industry.**

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- 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.

### **3.6. 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.

### **3.7. Hygiene, Behavioral Change Coalition (HBCC) Project report validation meeting.**

On 15th February 2023, PSFU participated in the validation exercise of the closure of the Hygiene Behavioral Change Coalition (HBCC) project that was organized by AMREF. This project was aimed at Raising awareness of preventive and control measures against Covid-19. The project aimed at creating awareness among 6.5 million people in Uganda focusing on residents in Kampala and Wakiso districts. The project aimed at mitigating the long-term effects of Covid-19 on Uganda's public health; benefits of vaccination; personal hygiene and WASH programs. The awareness creation was done through different media platforms and as the project was



nearing closure, AMREF Health Africa Uganda sought for recommendations on how to improve the implementation of the next phase focusing on a robust involvement of the private sector to prevent such pandemics.

### **3.8. PACIED Committee of Export and Industrial Development.**

PSFU working with the Presidential Advisory Committee of Export and Industrial Development (PACEID) organised a Trade Representative Forum (TRF) that brought together different trade representatives to improve the approach of selling Ugandan products and services in various markets like DRC, UK, USA-Chicago, USA-Aurora, and Balkan. This forum was organised with intentions to expose the trade representatives to the key players in the export sector in Uganda and further deepen their understanding in Uganda's Agriculture, Trade, Tourism, and Industry. The forum discussions were anchored on market research, understanding the market requirements of the target markets and market intelligence.

The meeting further agreed on the following key action point;

- i. Hold quarterly press conferences to communicate issues of exports, that's the targets and markets.
- ii. The need for financial discipline is paramount through benchmarking from other economies.
- iii. To prioritize sectors as trade, science and technology, the standards gauge railway to be progressively worked on and be used by the private sector.
- iv. The need to be focused on specific markets.

### **3.9. Participated in ToT in partnership with EABC – Nairobi Kenya and trained Ugandan**

Companies were trained on AfCFTA protocols and how to apply Rules of Origin. Furthermore, PSFU in collaboration with the EABC held a meeting with the Manufacturing sector in Uganda and trained them on Rules of Origin.

## **4.0. Regional Engagements**

### **4.1. African Fine Coffee Conference and Exhibition**

From 15<sup>th</sup> to 17<sup>th</sup> February 2023, PSFU joined the eleven (11) major coffee producing countries in the 19<sup>th</sup> African Fine Coffees Association (AFCA) Conference that took place in Kigali. "The

theme of the conference was shared value for sustainability in the African Coffee Industry”. The conference attracted over 900 delegates from 40 countries.

The conference discussions were anchored on ensuring coffee sustainability through interventions like gender equality and inclusion in the coffee value chain, consider the concept of regenerative agriculture in the value chain with research to demonstrate economic, environmental and social benefits to all stakeholders, enhancement of information sharing, need to monetize the effects of regenerative agriculture and all the pros and cons well outlined, a justified business case for regenerative agriculture comprehended and shared among the stakeholders in the coffee value chain.

None the less, through the conference discussions, some challenges were highlighted including climate change: coffee is more vulnerable to climate change as compared to other crops, lack of capital for climate change adaptation, inadequate research being done on the inputs, and other agrochemicals to promote production, labor shortage as coffee is a less mechanized crop and global price fluctuations and hence unreliable incomes.

#### **4.2. PSFU learning mission and engagement with COMESA and COMESA Business Council Secretariate in Zambia Lusaka.**

From 26<sup>th</sup> March to 1<sup>st</sup> April 2023, a team of PSFU staff from the departments of Membership, Policy Advocacy and Business Development, and LFS project held a learning mission and engagement visit to Lusaka Zambia at the COMESA business council secretariate and key agencies under COMESA to build networks required for engagement and dialogue. The team held meetings with COMESA Business Council, COMESA Secretariat, Zambia Chamber of Commerce (ZACCI), Zambia Association of Manufacturers (ZAM), Private Sector Association in Zambia, Football Association of Zambia, and National Pension Scheme Authority Stars FC (NAPSA Stars) and discussed potential areas of partnership/ collaborations. The engagement highlighted key areas of collaboration including involvement and sponsorship of PSFU in the upcoming trade fair and exhibition in Lusaka; integration of the PSFU into the 7 existing advocacy technical working groups to share the issues affecting business community; participation of the COMESA secretariat in the PSFU private sector week; training of the Ugandan business community in COMESA trade policy measures/ procedures; and advocacy for the bilateral partnership between Uganda and Zambia to address the existing barriers in dairy products industry, edible products among others.

#### **4.5. South Africa- Uganda Business and Investment Summit 2023**

The Private Sector Foundation Uganda in partnership with the presidential advisory committee on exports & industry (PACEID) and the Ugandan High Commission to South Africa organized the South Africa – Uganda Business and Investment Summit from 27<sup>th</sup> to 28<sup>th</sup> February 2023 in Johannesburg, Midrand- South Africa with the objective of providing a platform to the Private sector/Business Sector, government, and business regulatory agencies to freely exchange views, ideas, and information on how to facilitate doing business, identify existing and emerging business and investment opportunities for Uganda.

The summit was attended by business representatives from South Africa and Uganda, government dignitaries, Ministry officials, Development Partners, and trade attaches from both countries. A total of 350 business executives from Uganda and South Africa participated in the summit. These were drawn from the sectors of; Agribusiness and Agro-processing, Manufacturing, Banking and Financial Services, Oil and Gas, Education and professional services, Trade and Commerce, Transport and Logistics and ICT. The participating enterprises from Uganda included Uganda Manufacturers Association, CIPLA Uganda, Mesha Steels Ltd, Crown Beverage Ltd, Movit Products, Inspire Africa Limited, Uganda Fish Processors and Exporters Association, Stanbic Bank Uganda, MTN Uganda, Uganda Meat Producers Cooperative Union Limited, Association of Uganda Tour Operators etc.

Key outcomes of the summit included Presentation of a position paper on Visa removal for Ordinary Passport holders by the Chairman, Mr. Humphrey Nzeyi to which the two presidents agreed to look into the matter and proposed a phased approach starting January 2024, increased flights to South Africa by Uganda airlines negotiations to five (5) times, signed an MOU with the business unity of south Africa for increased cooperation, signing of a mutual recognition agreement between South African Revenue Services and Uganda Revenue Authority, identified niche areas like agriculture, manufacturing, tourism especially hospitality and accommodation etc.

#### **4.6. Rwanda - Uganda Business Forum**

From 21<sup>st</sup> to 24<sup>th</sup> March 2023, the Uganda-Rwanda Business Forum that was held on the sidelines of the Uganda-Rwanda 11<sup>th</sup> session of the Joint Permanent Commission (JPC) in Kigali as a way of promoting bilateral trade between the two countries. The Business forum which

took place on 24<sup>th</sup> March 2023 and was presided by the Minister Hon. Gen. Odongo Jeje Minister of Foreign Affairs, Prof. Manasseh Nshuti, Minister of State for East African Community Affairs, Rwanda.

During the business forum trade challenges or issues raised were lack of trade information to facilitate cross-border trade along common borders; road user fees for cargo trucks, buses, and tourist vehicles; re-verification of Rwanda goods in transit through Uganda among others.

The JPC agreed that to the strengthen bilateral relations and trade between the two countries, there is need for timely sharing of information; harmonization of the road user fees within the EAC framework; joint harmonization of e-seals across the EAC; Rwanda to fast track the procurement of e-seals that are readable by the EAC systems; joint development and sharing of innovation technologies that can spur the growth of Micro Small and Medium Enterprises (MSMEs).

## **5.0. Activities in Progress**

### **5.1. Data collection exercise to identify and compile business environment issues affecting the private sector in Uganda at the regional level.**

PSFU with support from YAW- LFS project, data collection exercise is being carried out in the regions of Kabarole, Kanungu, Mbarara, Mutukula, Lira, Arua, Jinja, Malaba, Busia among others to identify the existing business environment concerns affecting MSMEs, lead firms and Yaw partners across all the sector under the PSFU to generate evidence-based advocacy information.

### **5.2. National Budget FY 203/24 Month activities.**

PSFU conjunction with the Ministry of Finance Planning and Economic Development (MOFPED) with other partners like URA, CSBAG, SEATINI, and other Civil society organisations among others will implement the national budget month activities aimed at enhancing awareness and publicity for the national budget, for increased public ownership of the budget citizens 'participation in government programs and intensified accountability for public resources.

### **5.3. A study on the Impact of DTS on the Manufacturing Sector in Uganda.**

PSFU has contracted the PWC to conduct a study on the impact of the Digital Tax Stamp on the Manufacturing sector in Uganda. The study is planned to be completed within two month and the findings of the study will be used by the PSFU for advocacy and engagement with government.

### **5.4. Development of a Cabinet Memo on the illicit trade in Uganda**

The PSFU has contracted Utility Strategy Limited to develop a cabinet memo for presentation to Cabinet by the state minister for trade Hon. David Bahati. The cabinet Memo is anticipated to be completed by June 2023. The Cabinet Memo is being developed in collaboration with the Ministry of Trade, Industry and Cooperatives (MTIC).

### **6.0 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 response to several private sector issues as and when they come up.

