

PSFU CHAIRMAN BOARD OF DIRECTORS SPEECH AT THE NATIONAL POST BUDGET DIALOGUE AT EMIN PASHA HOTEL, KAMPALA.

Our Guest of Honor, esteemed guests, and fellow stakeholders,

I bring you greetings from the Board of Directors for the Private Sector Foundation Uganda (PSFU), representing the collective voice of Uganda's vibrant private sector of over 330 business associations and corporate companies. Our mission at PSFU is to promote and advocate for a conducive business environment that fosters sustainable economic growth, job creation, and prosperity for all Ugandans.

We thank the government of Uganda for providing a conducive business environment to do business and through dialogue with private Sector attain the **82% score** in policy Advocacy through the Financial Year

We thank the government of Uganda through the Ministry of Finance, Planning, and Economic Development that has devised a strategy to grow our economy tenfold, from USD 50 billion last year to USD 500 billion by 2040. This ambitious goal is anchored on four key sectors: Agro-Industrialisation, Tourism Development, Mineral Development, and Science, Technology, and Innovation (STI), including ICT - ATMS.

1. Agro-Industrialisation

We commend the government for increasing the budget for Agro-Industrialisation by 3.6% from UGX 1.8133 trillion to UGX 1.8783 trillion, a rise of UGX 64.97 billion. However, this increment, while appreciated, PSFU proposes in the medium

term, strategic investment in research and genetic development, pest and disease control, support for the National Agricultural Research Organization (NARO), and de-risking agriculture through increased production and productivity.

PSFU proposes investment in agricultural mechanization, irrigation systems, and seed multiplication. This will enable quality continuous and consistent quality production in sufficient quantities to meet market demands.

PSFU appreciates government efforts to address both non-Tariff Barriers (NTBs) and Technical Barriers to Trade (TBT) that have always come from the neighbouring countries.

Dear guest of honour, we take this time to remind you of our colleagues in the tea subsector who are going through challenges of low market prices and as a result, they cannot meet their loan obligations and therefore require support from government for financial institutions to restructure their loans and ensure continuous production and protecting livelihoods.

2. Tourism Development

We are pleased with the budget increase for tourism from UGX 248.7 billion to UGX 289.60 billion. This funding will support the Uganda Wildlife Authority, improve infrastructure, enhance security, and provide internet access in tourist areas. An additional UGX 55 billion is allocated to embassies abroad to promote Uganda as a top tourist destination.

To maximize potential in this sector, we urge the government to ensure transparency, establish performance metrics, and implement anti-corruption measures and invest in more tourism roads. Strategic investment and collaboration, particularly involving local communities, are crucial. We must also focus on sustainable tourism practices, including eco-lodges, wildlife conservation, and improved transportation links to national parks.

3. Mineral Development, Including Oil & Gas

The oil and gas sector were allocated of Ushs 920.86 billion for the next financial year, focusing on the East African Crude Oil Pipeline (EACOP), promoting clean cooking with LPG, and establishing a Petroleum Geoscience Laboratory. However, the budget for Mineral Development decreased by 13.8% to Ushs 41.55 billion.

The PSFU calls for strategic use of these funds, prioritizing key projects and exploring public-private partnerships to leverage resources and expertise. Transparency and accountability are essential, alongside community engagement to address environmental and social concerns. Investing in training programs will equip Ugandans with the skills needed to participate in this sector, reducing reliance on foreign expertise.

4. Science, Technology, and Innovation (STI), Including ICT

The government's commitment to STI is commendable, with significant allocations for projects like Kiira Motors, the Presidential Initiative on Banana Industrial Development (PIBID), vaccine development, and the aerospace program. To support this, we propose developing a National Startup Policy, creating funding mechanisms like venture capital funds, and offering tax incentives to encourage private investment.

Strengthening dialogue between the government and private sector is crucial to align goals and expectations. Assisting companies in accessing local and international markets will further drive growth in this sector.

5. Concerns and Recommendations

The total resource envelope for FY 2024/25 is UGX 72.136 trillion, with significant reliance on domestic borrowing and refinancing maturing debt. This could crowd out private sector borrowing, raising interest rates and limiting access to affordable credit. Additionally, the substantial tax revenue target may burden businesses, impacting their profitability and competitiveness.

To address these concerns, we advocate for job creation as a key tax incentive and measures to formalize the informal sector, widening the tax base.

In conclusion, while the budget reflects a positive trajectory for Uganda's economic growth, strategic implementation, collaboration, and transparency are essential. Together, we can achieve the ambitious target of a USD 500 billion economy by 2040.

Thank you.

For God and My Country

Humphrey Nzeyi

Chairman Board of Directors

Private Sector Foundation Uganda.



Business growth is our business