

# EMBASSY OF THE REPUBLIC OF UGANDA BRUSSELS

## ECONOMIC CLIMATE AND INVESTMENT OPPORTUNITIES IN UGANDA



**5<sup>TH</sup> ANNUAL NETWORK EVENT FOR PRIVATE COMPANIES  
ORGANISED BY AFRICA PLATFORM ON 23 MAY 2018 IN GHENT,  
BELGIUM**

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# OUTLINE OF THE PRESENTATIO

## **Topic: ECONOMIC CLIMATE AND INVESTMENTS IN UGANDA**

- ❖ Basic information about Uganda
- ❖ Investment climate factors
- ❖ Investment Licensing and ownership
- ❖ Investment opportunities in Uganda
- ❖ Incentives for investors
- ❖ Challenges
- ❖ Uganda Investment Authority services
- ❖ Setting up Business in Uganda

# Basic Information

- ❖ Population about 35million
- ❖ Population growth rate 3.3% p.a
- ❖ Rural population 86.5%, urban population 13.5%
- ❖ Temperature: 17 c(min) and 28 c (max)
- ❖ Time: +3 hours GMT
- ❖ Climate: Modified Equatorial climate
- ❖ It is a source of the River Nile
- ❖ It has the largest fresh water bodies: lake Victoria
- ❖ It along the Equator
- ❖ Official language: English and Kiswahili



# Uganda's Economy

- ❖ GDP: USD 27 billion at a growth rate projected rate of 5.4% annually
- ❖ Inflation rate: Maintained at 4.1%
- ❖ FDI Inflows: USD 1,147 million
- ❖ Area: 241,040 sq. km
- ❖ Uganda is land linked

# Uganda impressive World rankings

- Uganda is ranked 12<sup>th</sup> most attractive investment destination in Africa by the Africa Investment Index 2017
- Uganda, together with India are listed top as the fastest growing economies to 2025, at 7.7 percent annually (Economic Complexity Global Growth Projections by CID at Harvard University)
- Uganda Ranked 6th Best Investment Destination in Africa, by Ernest and Young, Attractiveness Program Report for May 2017
- Kampala: The Most Liveable City in East Africa – Mercer 2016
- Uganda ranked 3<sup>rd</sup> most welcoming country globally by Rough Guides (April 2017). Among top 10 were Ethiopia and Kenya, at 1<sup>st</sup> and 7<sup>th</sup> respectively
- 12<sup>th</sup> out of 48 in Africa in the World Bank Ease of Doing Business. Report recognizes Uganda as a top reformer in the regularly environment

# Market size and Access

## SIZE

- ❖ Population of Uganda:  
About 35 million
- ❖ East Africa Region: 160  
million
- ❖ Great lakes Region: 300  
million
- ❖ COMESA: 400 million

## ACCESS

- ❖ Duty and quota free access  
to China for 650 products
- ❖ USA-AGOA
- ❖ EU – Everything but no arms
- ❖ WTO-General Agreement  
on Trade in Services
- ❖ WTO-Trade related  
Investment Measures

# Investment climate in Uganda

- ❖ Predictable economic environment
- ❖ Fully liberalized economy
- ❖ Competitive market access
- ❖ Good Governance
- ❖ Trainable Labor force
- ❖ Excellent weather climate and conditions
- ❖ Strong natural resource base
- ❖ Friendly Population
- ❖ Government commitment to private sector
- ❖ Security of investment
- ❖ Improved infrastructure - roads, electricity etc
- ❖ Strategic location
- ❖ Access to markets – EAC, COMESA, etc



# Investment Licensing and Ownership

- 100% foreign ownership of a company
- Partnerships between domestic and foreign

## Types of Business

- Sole Proprietor
- Limited liability Company
- Cooperatives
- Associations

## Investment Thresholds

- US\$ 50,000 for domestic investors to acquire an investment license
- US\$ 100,000 for foreign investors to acquire an investment license

# Investment opportunities

- ❖ Agriculture
- ❖ Services
- ❖ Tourism
- ❖ Oil and gas
- ❖ ICT
- ❖ Mining
- ❖ Education
- ❖ Manufacturing
- ❖ Energy

# TOURISM

Uganda has seven (7) big National Parks;

- ❖ Murchison Falls, Queen Elizabeth, Kidepo Valley, Lake Mburo, Rwenzori Mountains, Bwindi Impenetrable and Mgahinga Gorilla National Parks
- ❖ Uganda has several fresh water lakes i.e Victoria, Kyoga, Albert, George and Edward lakes

- ❖ The source of the great river Nile, one of the world's longest rivers is in Uganda.

- 50% of the world's Gorillas
- 11% of the world's bird species (1,072) and 50% of Africa's bird population

## **Investment in;**

- ❖ High End Accommodation Cottages
- ❖ Training infrastructure for tour guides and operators
- ❖ Operating tours and travel circuits
- ❖ Source of the Nile Tourism project

# Tourism Cont'

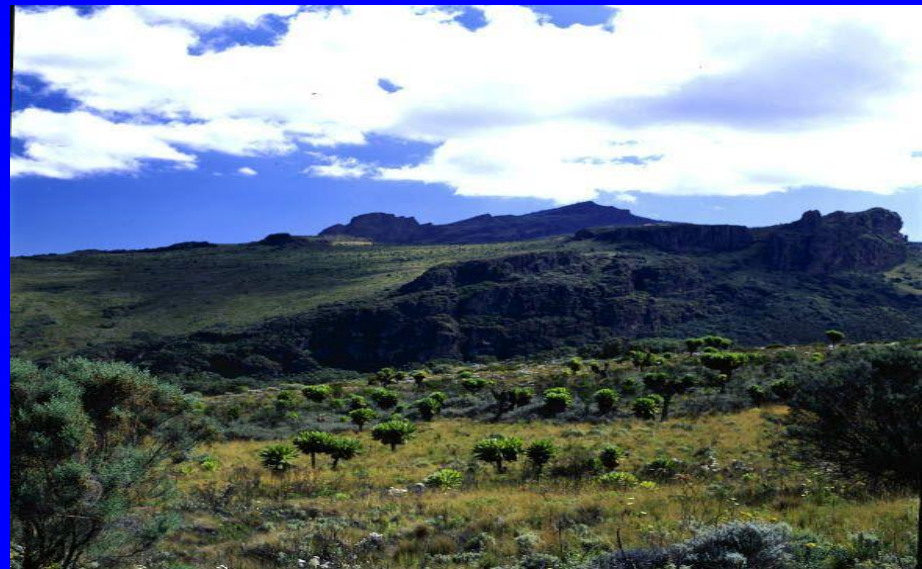


# Tourism Cont

❖ Murchison falls  
on the River Nile



❖ Mount Elgon



# Agriculture/Agro-business

- ❖ Coffee, cotton Tea, Tobacco
- ❖ Bananas
- ❖ Oil seed crops
- ❖ Soya bean
- ❖ Sunflower
- ❖ Fruits and vegetables
- ❖ Cereals
- ❖ Flowers,
- ❖ Poultry
- ❖ etc

## **Investment in;**

- ❖ Commercial farming
- ❖ Value addition
- ❖ Manufacturing of inputs like fertilizers
- ❖ Cold storage
- ❖ Farm machinery manufacturing
- ❖ Assembling
- ❖ Packaging, etc

# Oil and gas

Opportunities are available in middle and down streams in the sector

- ❖ Discovery of oil and gas in lake albert

- ❖ Fuel

# Services

## **Education:**

- ❖ Primary and Secondary schools
- ❖ Tertiary institutions and campuses
- ❖ Vocational trainings

## **ICT:**

- ❖ Soft ware development
- ❖ Web applications
- ❖ Productivity solutions
- ❖ Network integrations
- ❖ Creative Industries and Multimedia
- ❖ Computer training/assembly/repair

## **• Health:**

- ❖ Modern Health facilities
- ❖ Training medical personel
- ❖ Manufacture of medical equipment, drugs etc



# Energy

## **Invest in;**

- ❖ Hydro power generation eg Musizi (10MW ), Nengo Bridge (10MW) etc
- ❖ Development of solar energy
- ❖ Development of wind geothermal energy
- ❖ Rural electrification
- ❖ Manufacture of electrical and electronic equipment's
- ❖ Methane gas from animal wastes
- ❖ etc

# Mining

Uganda has over 27 types of minerals:

1. Iron ore deposits – over 200 million tonnes proven reserves
2. Over 100 tonnes of magnetite
3. Other minerals include: Dimension stones (marble & granite), Beryl, diamond, gold, tin, wolfram, clay, graphite, Uranium, Vermiculite, Nickle, among others
4. Steel processed from Iron ore – significant input to the manufacturing, construction & infrastructure development
5. Ten target areas for Uranium – used to facilitate generation of electricity from nuclear energy
6. Phosphates – for manufacture of fertilizers
7. Rare earth – input for manufacture of IT and electronic products
8. Reserves of crude oil – 2.5 billion barrels and reserves of natural gas estimated at 14 billion cubic metres

# Opportunities in Mining

1. Kamalenge Gold Mining Project (P) – US \$ 25 million
2. Roraima Gold Exploration & Mining Projects in eastern Uganda (P) – US \$ 30 million
3. Secondary industries include:
  - Plastics
  - Agro chemicals
  - Fertilizer lubricants
  - Paint
  - Bitumen
  - Thermal power generation
5. Services include: transport, hotels, construction, communication, various equipment and machinery, real estate development

# Manufacturing

**Investment opportunities exists in;**

- ❖ Beverages
- ❖ Leather
- ❖ Tobacco based processing
- ❖ Paper
- ❖ Textiles and garments
- ❖ Pharmaceuticals
- ❖ Ceramics
- ❖ Fertilizers
- ❖ Plastics
- ❖ etc

# Infrastructure

**Investment opportunities exists in;**

- ❖ Housing
- ❖ Railway, roads and bridges
- ❖ Urban transport
- ❖ Power generation
- ❖ Water and sewerage
- ❖ Irrigation schemes, etc

# Incentive regime for investors

- Industrial land for setting up infrastructure free of premium in Government's industrial parks
- 10 years tax holiday if the assembly or manufacturing company is going to export at least 80% of the products
- VAT deferment if the cost of plant and machinery is at least \$ 22,500 and above
- VAT zero rated supplies
- 100% training expenditure on training Ugandan employees is allowed as a deduction for income tax purposes
- Industrial building allowance of 5% of the cost of construction of the industrial building
- Losses can be carried forward and allowed as a deduction in the following year of income

# Challenges

- Cost of power is still a bit high but expected to come down with the completion of the Isimba and Karuma dams, as well as alternative sources of power.
- Lack of a port makes transport slow but one stop border systems have reduced time spent on the roads from Mombasa. The completion of the Railway (connecting through the EAC) will reduce time and cost transporting goods.
- Some of the laws are old. They are being amended e.g. The Cabinet of Ministers has approved the amendment of the Investment Code, which transforms Uganda Investment Authority into an effective One Stop Centre for investors.

# Uganda Investment Authority Services to Investors

- Provides Information on investment opportunities
- UIA Issues Investment Licenses
- Assists in Securing Secondary Approvals
- Assists in Finding Joint Venture Partners
- Handholds Investors through Bureaucratic Bottlenecks
- Provide Serviced Land and/or Link to Land Owners
- Guiding SME to Partner with Multi-Nationals
- Make Policy Recommendations to Government
- Provide One Stop Centre services to registering and existing investors



# Setting up a plant in Uganda

- Incorporate a company in Uganda (Uganda Registration Services Bureau -URSB)
- Acquire an investment License (-Uganda Investment Authority -UIA)
- Register for a Tax Identification Number (Uganda Revenue Authority -URA)
- Acquire any other secondary license (regulatory MDAs)
- Apply for work permits - for non Ugandans (Directorate of Citizenship and Immigration Control -DCIC)

All this can be done through the One Stop Centre for Investors at the UIA or online at [www.ebiz.go.ug](http://www.ebiz.go.ug)

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