

Presentation on Uganda's Investment Environment

Sarah NASSIMBWA | INVESTMENT EXECUTIVE

16.03.2022



CONTENT:

1. Uganda's Location and Overview
2. Uganda's Investment Climate
3. Setting up Business in Uganda
4. Uganda Investment Authority (UIA) Services
5. Investment License
6. Incentive Regime
7. Investment Opportunities
8. Priority Sectors



Uganda's Location and overview

Uganda is land linked country located in East Africa

Uganda's Popn is of approximately 44 Million people .

Uganda shares borders with South Sudan in the north, Kenya in the east, the United Republic of Tanzania in the south, Rwanda in the southwest and the Democratic Republic of Congo in the west.

Its capital is Kampala with 134 counties which serves as administrative divisions.

English is the language of Instruction in the Education system. It has an area size of 0.241 million sq km. Uganda is the third largest economy in East Africa after Kenya and Tanzania.

[\(https://invest-in-africa.co/invest-uganda/ \)](https://invest-in-africa.co/invest-uganda/)



Uganda's Investment Climate



Uganda's Economy



Uganda's (GDP) grew by 6.5 percent in fiscal year (FY) 2018/2019.

(IMF) had projected 5.5 – 6 percent growth in FY 2019/2020. However, the combined impact of the COVID-19 pandemic and related restrictions, had pressing impact on this figure

Uganda's (FDI) surged by a whopping 80 percent of USD 1.75 billion in FY 2018/2019, driven by the construction and manufacturing agricultural, construction, infrastructure, technology, and healthcare sectors (*Uganda Bureau of statistics: statistical abstract 2019/20*)

The main sources of Uganda's FDI are Kenya, India, United Kingdom, South Africa, UAE, United States, France, Nigeria, China, and Japan.

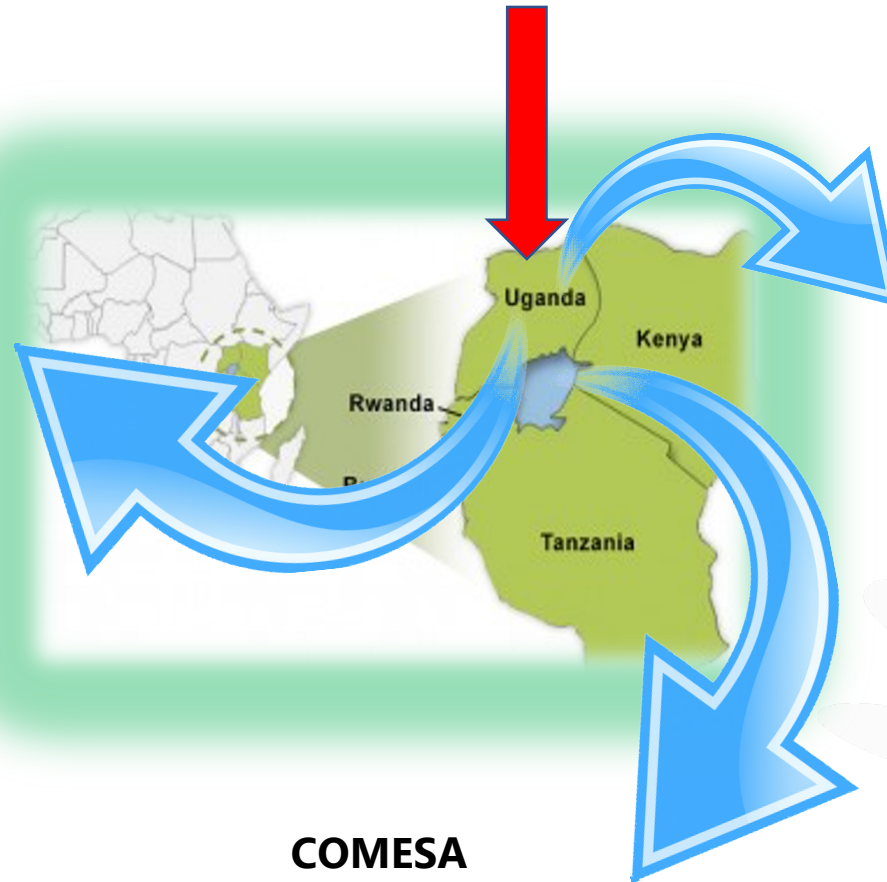
Source: *Financial Times, fDi Markets, 2018 . Stock of FDI in Uganda for the period 2014-2017*



Uganda's Regional Markets

Uganda's population is approximately 44million people

Tripartite FTA EAC,
COMESA, SADC
Source: COMESA RIA



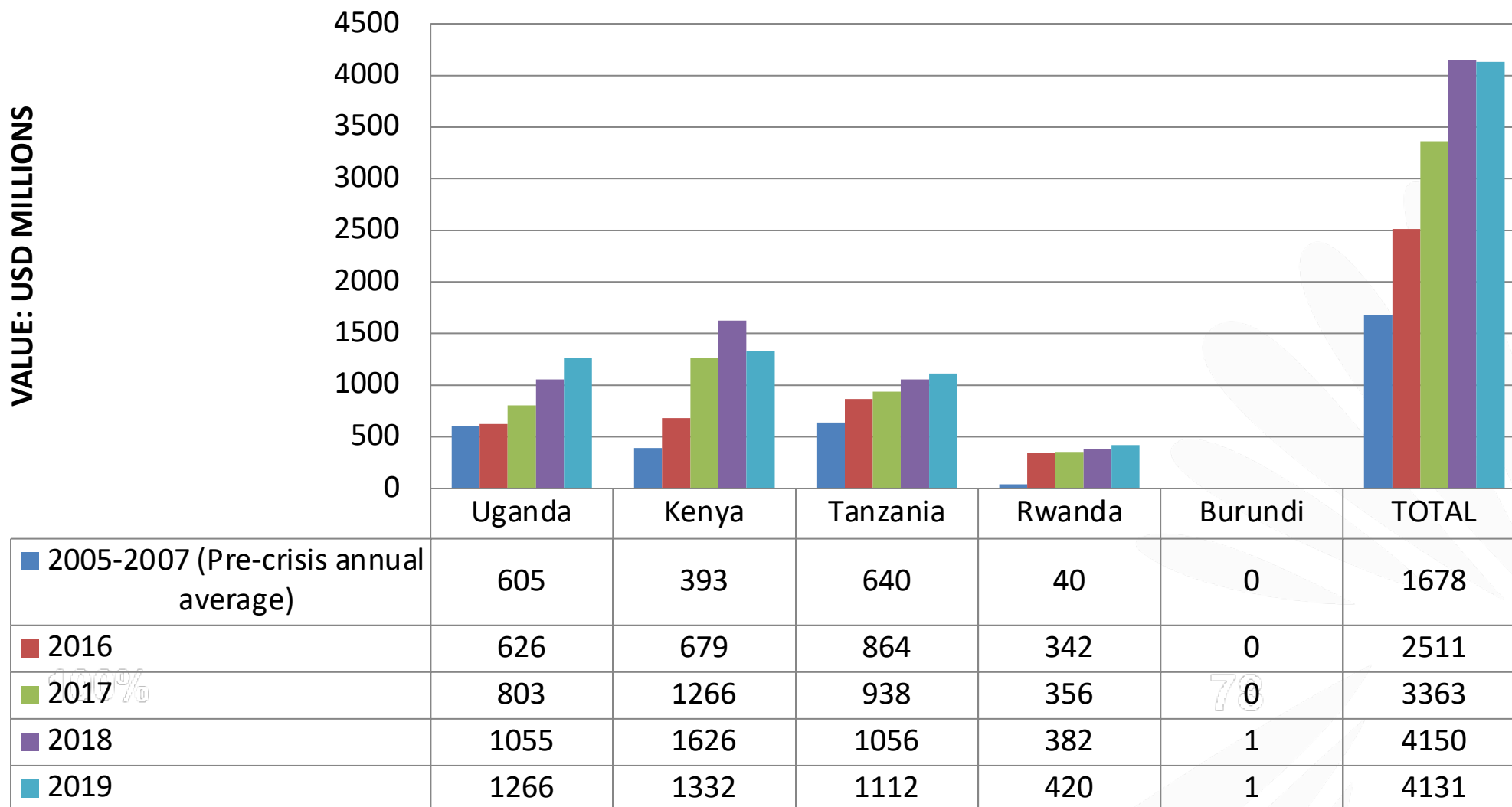
EAC
6 Countries
177 Million
People
*EAC 2019
Statistics*

COMESA
21 African
Countries
600 Million People
Source: COMESA RIA

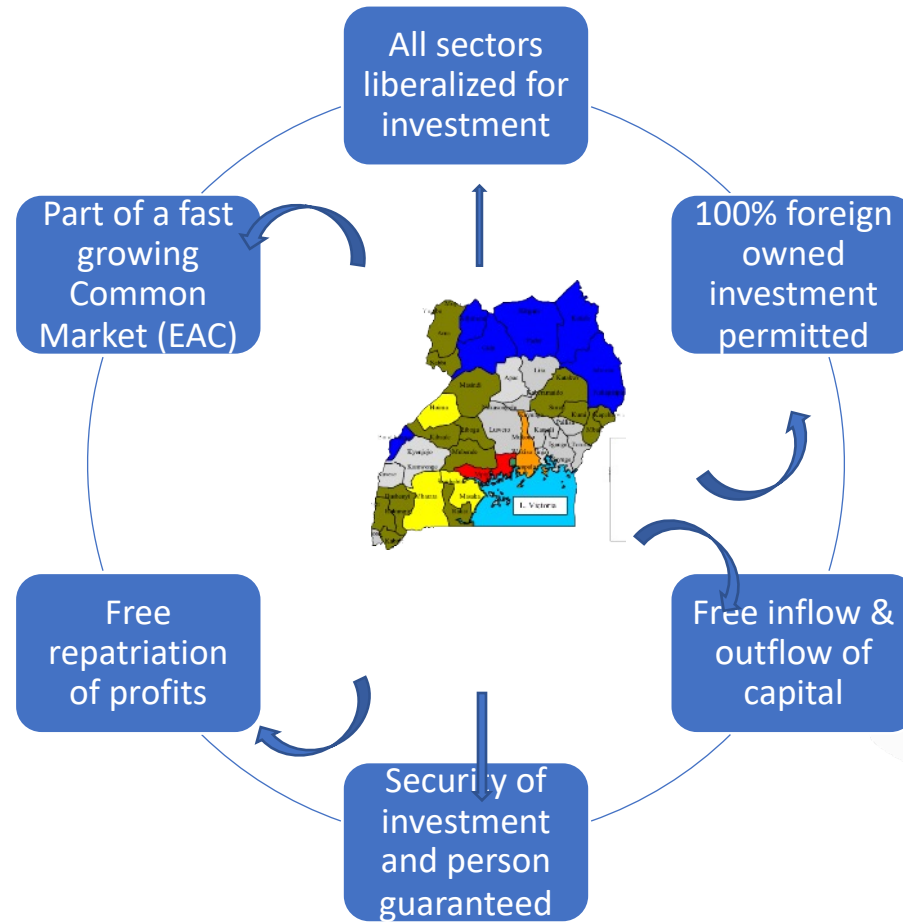


Uganda: 2nd Forerunner in FDI in the EAC

OVERVIEW OF FDI INFLOWS TO THE EAC (USD MILLIONS)



Uganda's Open Economy



Setting Up Business in Uganda



THE REPUBLIC OF UGANDA

Setting up Business in Uganda



COMPANY INCORPORATION

Company incorporation is the first step at setting up a business/Investment in Uganda and takes approximately 4hrs to have a certificate of incorporation issued by Uganda **Registartion Services Bureau (URSB)**

STEP 1



ACQUIRE TAX IDENTIFICATION NUMBER (TIN)

Upon company incorporation, the company is then required to apply for a tax identification Number for tax payment purposed and this issued by the Uganda Revenue Authority and takes about 4 hrs to get this done.

STEP 2



INVESTMENT LICENSE

It is mandatory to acquire an Investment License issued by Uganda Investment Authority prior to setting up in Uganda and this take about 2 days. Investment license is issue by Uganda Investment Authority and takes about 4 working days.

STEP 3



PROJECT SITE SELECTION

Once the company has been incorporated and issued with the Investment license, identification of land for project implement is key at this point.

STEP 4



Setting up Business in Uganda (Cont'd)



ENVIRONMENTAL COMPLIANCE

It is a requirement for some projects to undertake an Environmental Impact Assessment of the project to the Environment. The study is approved and handled by the National Environmental Management Authority.

STEP 5



REGULATORY LICENCES

Some sectors may require regulatory approval e.g. Health, Pharmaceuticals, Education, Energy generation, etc. All related and regulatory licenses are handled under the one stop centre which houses all government departments and agencies involved in the licensing and operationalization of all businesses in Uganda.

STEP 6



PROJECT IMPLEMENTATION

Uganda Investment Authority hand holds the investor throughout the project life cycle, intervening with issues ranging from access to utilities, and tax incentives to policy advocacy for a more enabling environment across all sectors of investment

STEP 7



AFTERCARE SERVICES

Uganda Investment Authority offers after care services where they follow up and monitor all forms of running investments/projects to ensure compliance.

STEP 8



Setting up business in Uganda



- It takes less than a day to incorporate a company in Uganda
- 100% foreign ownership is allowed and Joint ventures with domestic companies are encouraged
- It is mandatory for foreign investments to acquire an investment license
- Traders do not need an investment license. They require an import licenses, standards approvals and a trading license

Requirements:

- Business Incorporation and Registration
- Tax Registration
- Licensing
- Work Permits for Foreign Personnel
- Environmental Impact Assessments in some projects
- Trade Permits
- Investment Licenses



THE REPUBLIC OF UGANDA

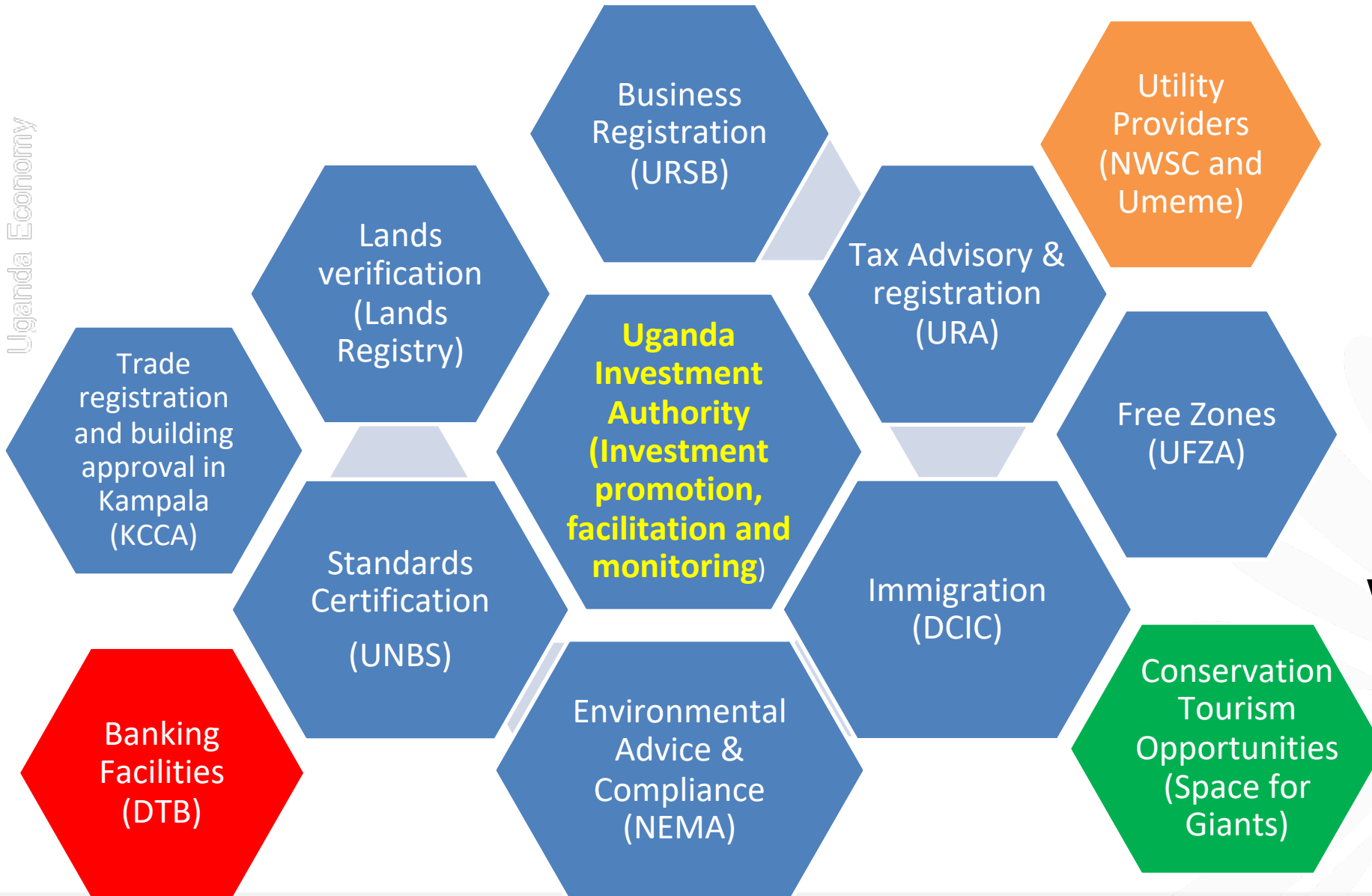
Uganda Investment Authority (UIA) Services



UIA One Stop Centre Investor Services



Uganda Economy



www.ebiz.go.ug



UIA Services



1. Provide Information on investment opportunities
2. Issues Investment Licenses
3. Assist in Securing Secondary Approvals
4. Assist in Finding Joint Venture Partners
5. Handhold Investors through inter agency requirements
6. Assist in the provision of industrial or agricultural land (both Government and Private)
7. Guide SME to Partner with Multi-Nationals
8. Enhance and develop SMEs through market development, linkages skilling and
9. Entrepreneurship training
10. Advise Government on Investment Enabling Policy
11. Provide One Stop Centre services to registering and existing investors



Investment license



Importance of the Investment license

- Assistance in acquiring secondary licenses or approvals except in the following sectors, where the regulator issues the primary license (mandatory) i.e. Energy generation, Mining, Air Transport, etc
- Assistance in recommendations for various services e.g. loans from commercial banks, project development assistance from Development Partners etc.
- Assistance in recommendations and the follow up on the acquisition of work permits



Importance of Investment license cont'd



- Assistance in access to land for investment. Investors can be allocated land in the operational and planned Industrial and Business Parks.
- Possibility of Joint Venture Partnerships through the Match making of the licensed domestic investors with foreign investors.
- Participation in outward missions and organized international fora, at which licensed investors (domestic and foreign) get exposure, markets
- Provision of aftercare services in relation to specific challenges such as tax disagreements, closures for various reasons, and support in negotiations with other parties e.g. Government Departments.



Basic requirements for application of investment license (It's free of charge)



1. Legal status (Copy of Certificate of Incorporation & Articles and Memorandum of Association from URSB)
2. Company Tax Identification Number (TIN) Certificate from URA
3. A brief Business Proposal on the project (Not less than 5 pages, clearly indicating the Company Overview, Executive Summary, Product / Service Description, Market Analysis, Human Resource Plan and financial plan) Submitted Documents should be in English. (Translation should be done by Maker ere University School of Languages, Literature & Communication)
4. Evidence of availability of financing for the project, (which could be a Bank statement for the company / Directors OR any other evidence of financing.

For Domestic Investors – Minimum threshold is USD 50,000 For Foreign Investors – Minimum threshold is USD 250,000

1. Proof of location for the Project (*Attach a copy of the land title or a tenancy agreement to confirm location of the project*).
2. Electronic copy of Passport / National ID for Shareholder



Incentive Regime



Qualification for incentives

- meets the minimum investment capital: US\$ 250,000 (FDI) and US\$ 50,000 (DDI)
- engages in any of the 26 priority areas specified in the investment code <https://www.ugandainvest.go.ug/resources/>
- exports a minimum of eighty percent of the goods produced
- provides for substitution of thirty percent of the value of imported products
- seventy percent of the raw materials used are sourced locally
- directly employs a minimum of sixty percent of citizens; or
- introduces advanced technology or upgrading of indigenous technology

General Investment Incentive Regime

Gov't has provided various fiscal incentives through the respective tax laws which makes it non-discriminatory and accessible to both domestic and foreign investments.

There are also sector specific especially in agriculture, transport, education, manufacturing and energy sectors in order to encourage investment in those sectors and generate employment for nationals

Criteria for special incentives outlined in the Investment Code 2019



Key Incentives include:

Agricultural Sector

- 10 years Tax Holiday for Agro processors operating in industrial park, free zone (export oriented)
- 0% import duty on importation of Plant and Machinery for use in Agro Processing.

Manufacturing Sector

- 10 years income tax holiday for exporters of finished consumer and capital goods (80% of production) outside domestic market. VAT is exempt on raw materials
- VAT deferment on plant and machinery at importation
- 0% import duty on plant and machinery utilized for setting up industry

Tourism Sector

- Tourism specific vehicles are exempt from import taxes
- Hotel equipment , fixtures and furniture are exempt from taxes at importation
- Vat is exempt on Accommodation in tourist hotels and lodges located up-country

Human Capital Development

100% tax allowable on training costs

Industrial Park Development

10 Year Tax holiday on income derived for letting out facilities of Industrial Park





Investment Regime

The incentive regime is structurally included in the country's tax laws which makes it non-discriminatory and accessible to both domestic and foreign investments:

- 10 year income tax holiday for companies/ industries exporting 80 % of their products
- 10 year income tax holiday for developers of Industrial Parks (IPs) and free zones (FZs) - at least \$ 50 million for foreigners and \$ 10m for domestic investors.
- 10 year income tax holiday for operators of IPs and FZs - at least \$ 10 million (foreign) and \$30,000 (EAC members)
- 10 year income tax holiday for businesses outside the IPS and FZs for investments at least \$ 10 million (foreign) and \$ 30,000 (domestic)



Investment Regime



- 10 year tax holiday for investor who uses at least 70% of locally sourced raw materials, and employs at least 70% EAC citizens who must take up at least 70% of the wage bill.
- 100% deduction of training expenditure for Employers who train permanent residents or provide tertiary education not exceeding in the aggregate 5 years
- VAT exemptions on the health sector
- Tax exemption on importation of Plant and machinery , inputs that cant be locally sourced for agro processing, mining & mineral beneficiation, leather industry
- Carry forward losses and various allowable deductions e.g. construction and set up set backs.



THE REPUBLIC OF UGANDA

Investment opportunities



Investment Opportunities at a Glance



Agro-processing &
Agribusiness



Tourism
infrastructure &
Accommodation



Minerals Value
Addition



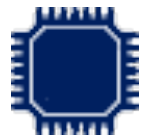
Infrastructure
development & Housing



Renewable
Energy



ICT



Electronics



Pharmaceuticals



Health



THE REPUBLIC OF UGANDA

Links to other Investment Opportunities



- Visit Uganda Investment Authority Website for Compendium of 79 Bankable Projects and Regional Investment Opportunities:

<https://www.ugandainvest.go.ug/resources/>



Priority Sectors



Agriculture / Agro-processing

Value Addition in:

- Coffee
- Cotton
- Cocoa
- Maize
- Bananas
- Grains
- Vegetables
- Milk
- Meat

Post Harvesting / Manufacturing / Trade

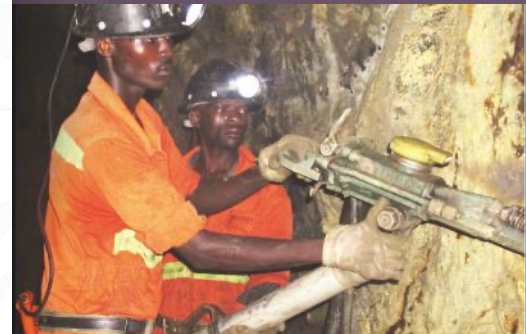
- Processing plants
- Abattoir
- Storage facilities (Silos, Cold Storage)
- Transport and logistics
- Farm Inputs
- Plant and machinery
- Assembling of equipment
- Agricultural laboratories
- Veterinary drugs



Mining / Mineral Processing

Key Mining Opportunities:

- Establishment of a Salt Processing Factory
- Limestone Mining in North Western Uganda
- Redevelopment of Copper and Cobalt Mines in Kilembe (Deposits predominantly occur in Kilembe and marginal occurrences in Mbarara and Karamoja)
- 10 identified Uranium Sites (Arua and Packwach in the North and East, respectively) as well as the West in Hoima, Kabarole and Mbarara)
- Iron and Steel Processing (The largest deposit of iron ore in Muko in Kabale and Kisoro districts (SW Uganda) with total resources of over 50 million tons



Infrastructure and Services

Infrastructure development is a priority for Government of Uganda under the Vision 2040 and NDP III

Several opportunities exist in:

- Transport infrastructure (Roads, Railway, Water)
- Bridges e.g. Budiiba bridge in Ntoroko district; to facilitate cross border trade
- ICT Parks (Incubation centres, BPO, Innovation centres)
- Upcountry airports (Upgrading of Kasese Airport)
- Industrial Parks
- Free / Special Economic Zones



Human Capital Development

Key opportunities:

- Establishment of vocational training institutions
- Establishment of hospitals across the country and EAC region
- Incubation Centres



COVID -19 Information in Uganda

- Any Traveler to Uganda Must have a negative PCR Certificate valid for 72 hours. No need for test on arrival required.
- The economy is fully open both (day and night economy) Schools are all operational.
- Total number of vaccines administered: 16,672,943

Further information on COVID -19 Uganda: Ministry of health website:

<https://www.health.go.ug/covid/>

Wear your mask in all public places.



Some of the Japanese Origin Companies in Uganda



EPSON



Domo arigato
gozaimasu:



info@ugandainvest.go.ug



+256 301000 / 301100



<https://www.ebiz.go.ug/ebiz-services/>

