



# Investing in Uganda

Presentation to

**Invited Guests at the Uganda Embassy,**  
Tokyo, Japan 27<sup>th</sup> March 2014

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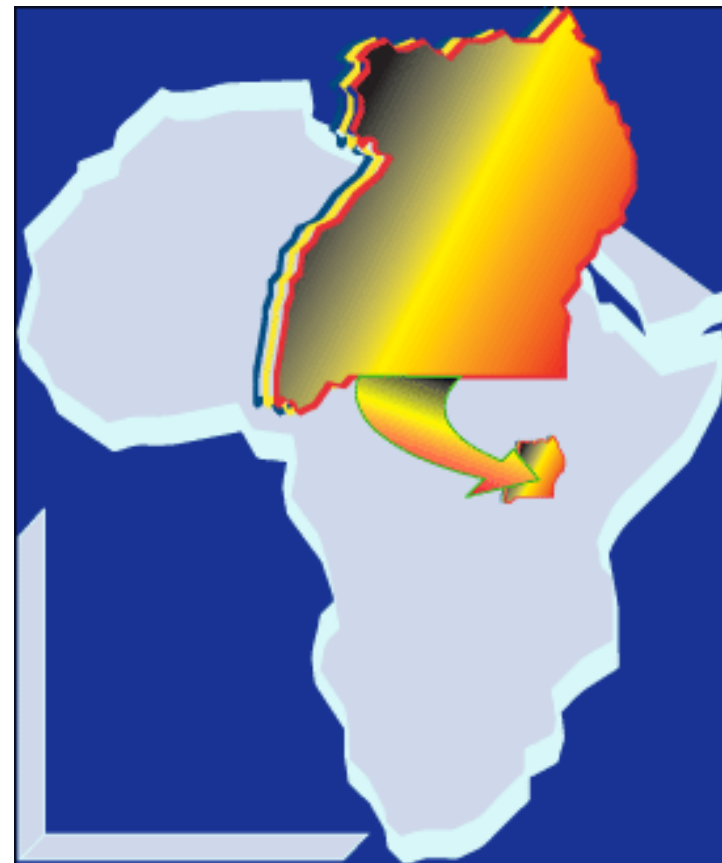
# Key Highlights About Uganda

## Geographical & Demographical

Population: 35.6 million (2012 est.)

Part of EAC Population : 138 Million  
Also part of COMESA Population : 490 Million

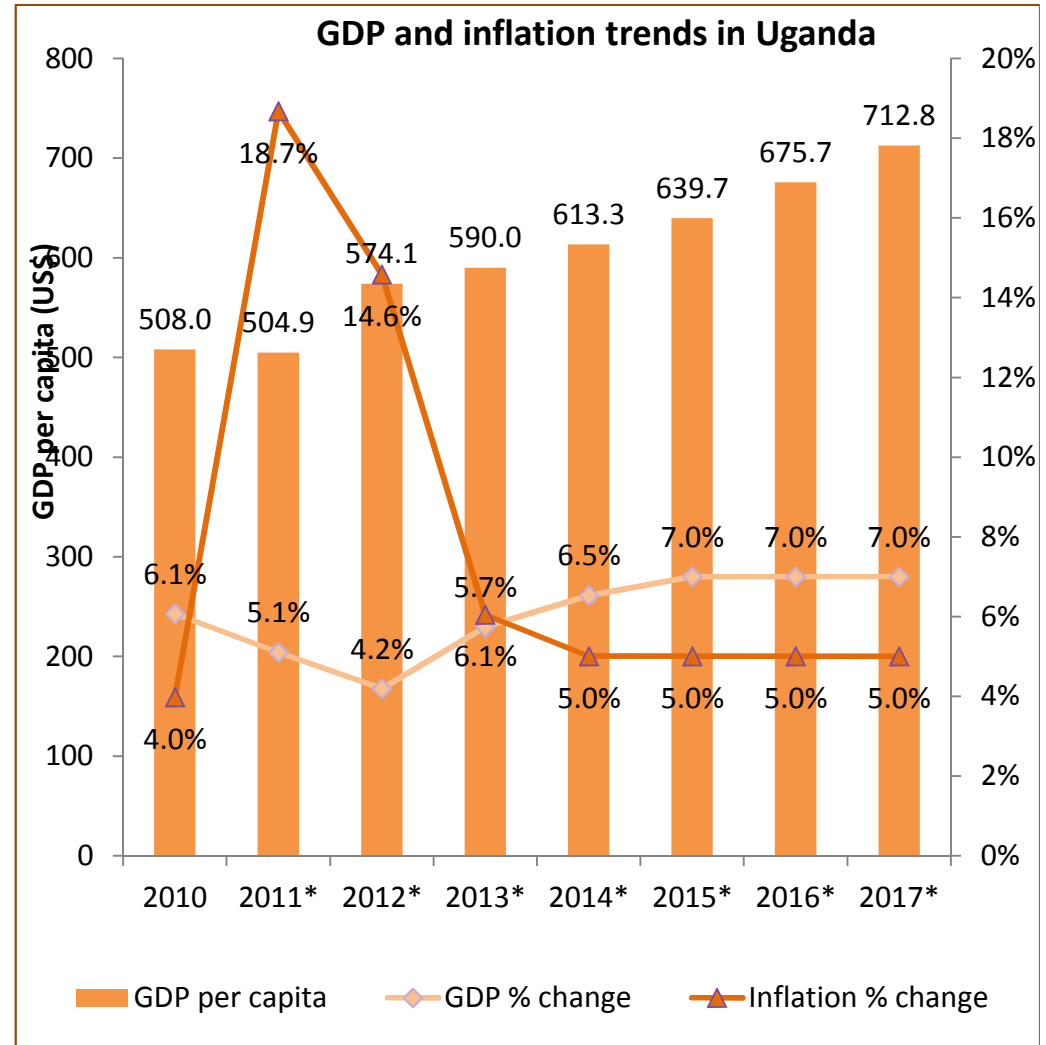
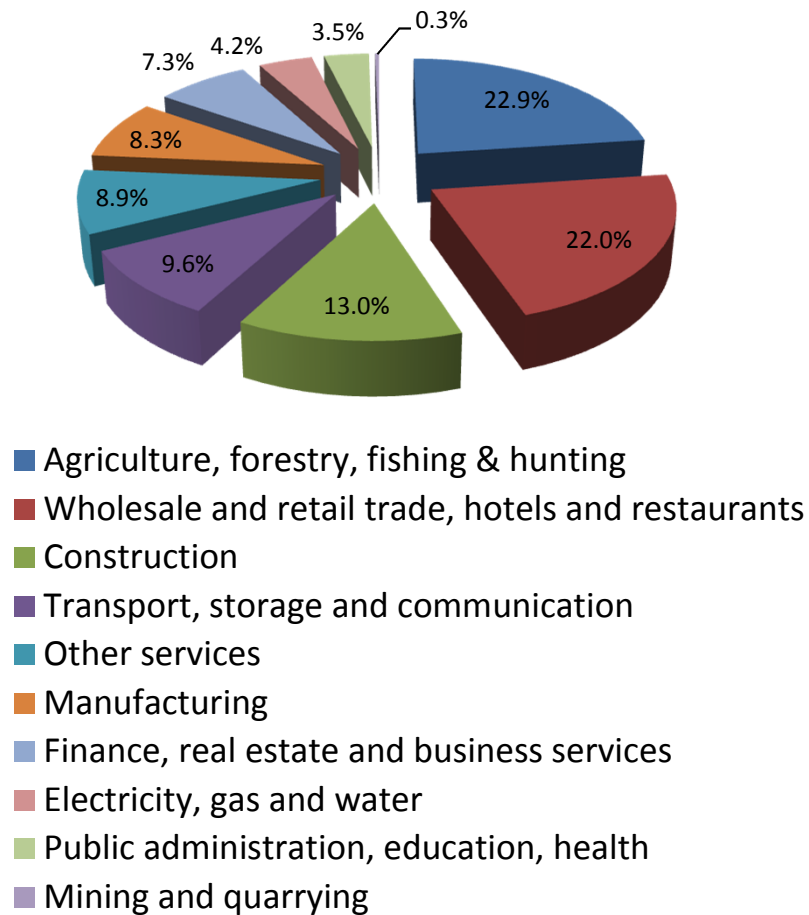
## Location at the Heart of Africa



Uganda	Key Facts
Area sq km	241,038
Capital	Kampala
Languages	English is the official language with Luganda as the regional language. Swahili is taking root as an East African Commercial Language .
Currency	Ugandan shilling (UGX)
Dialing Code	256
Labor force engaged in agriculture	81.2%

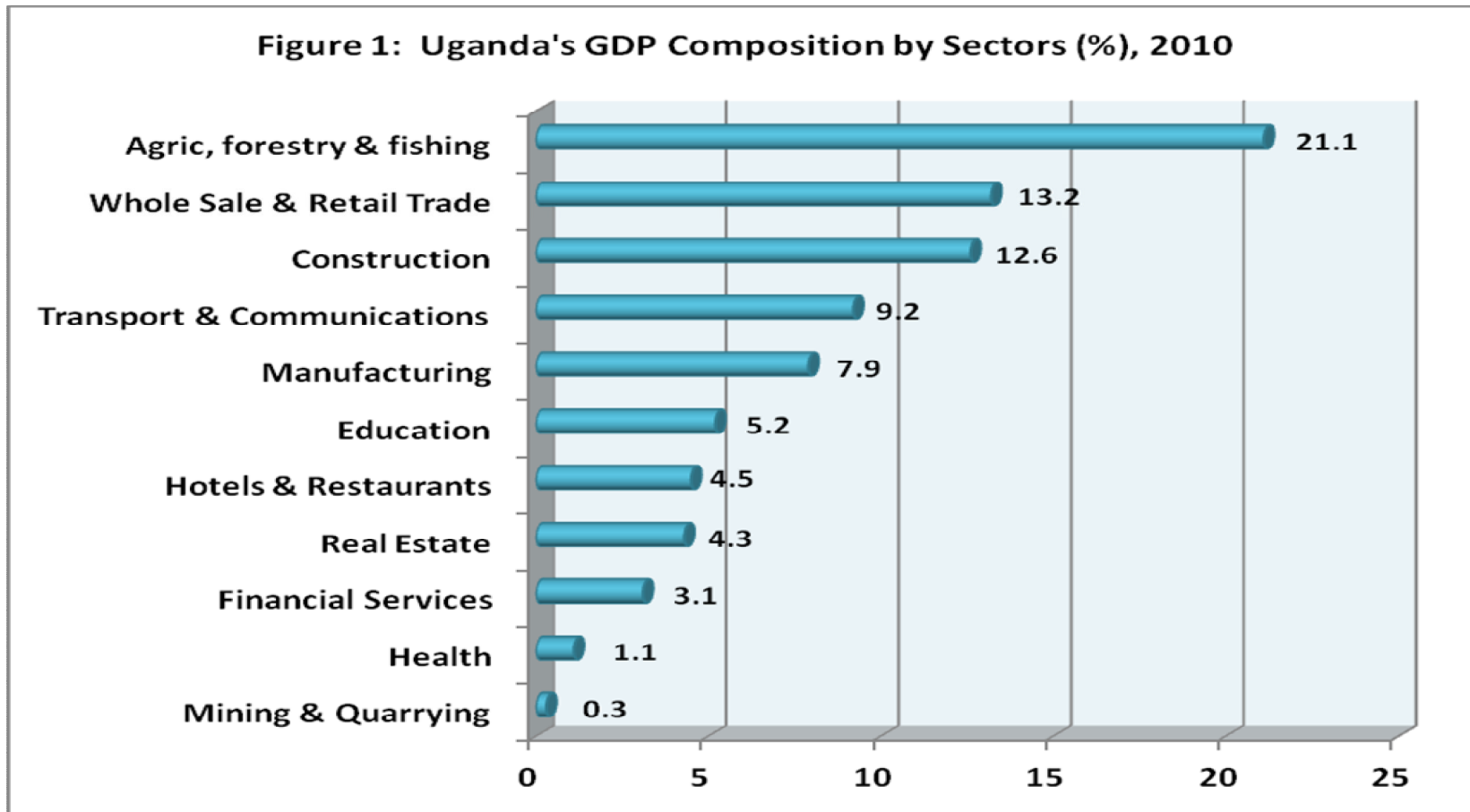
# Economical Highlights

Sector-specific GDP constitution (2010)



Sources: African Economic Outlook 2012 (Uganda), Unctad Stat, IMF

# Economical Highlights



Source: Uganda Bureau of Statistics, Statistical Abstract 2011

# Investment Climate:

## ***Political Stability (28yrs)***

- Strong & Visionary Executive
- Good & Regularly Elected Legislature
- Independent Judiciary (Commercial Court)

## ***Infrastructure***

- Entebbe Airport (plus other aerodromes)
- More than 10 private internet service providers
- Good Road Network
- Railway through to Indian Ocean Mombasa Port

## ***Economic Stability***

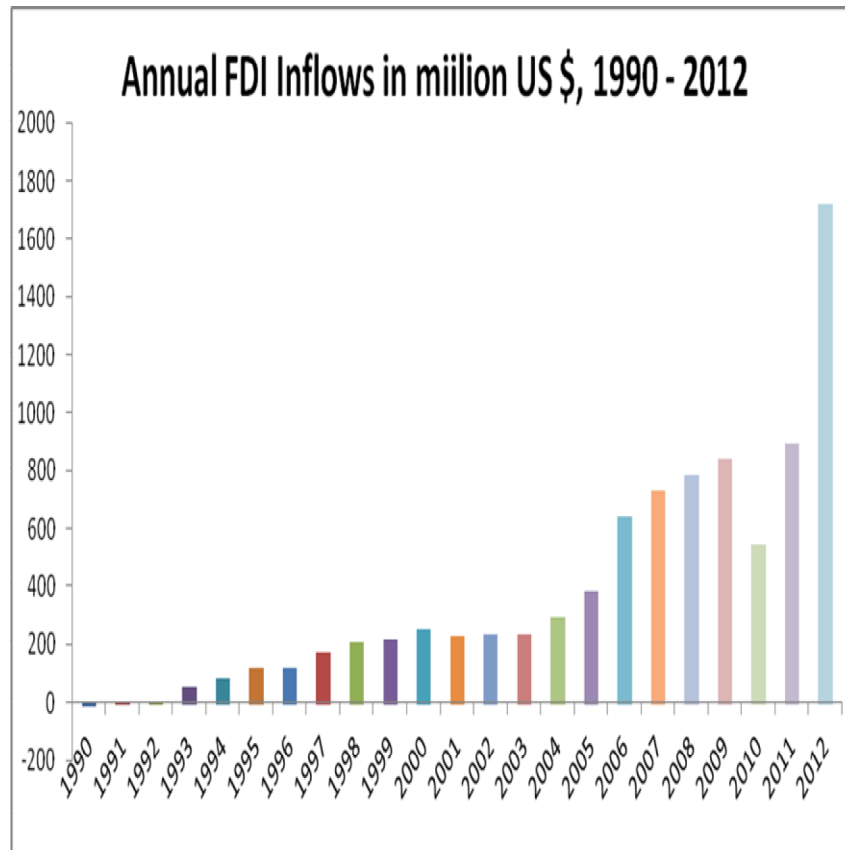
- Fully Liberalized Forex transactions
- Inflation about 6% for past 10yrs
- More than 20 Private Banks

## **OTHER REASONS FOR INVESTING IN UGANDA:**

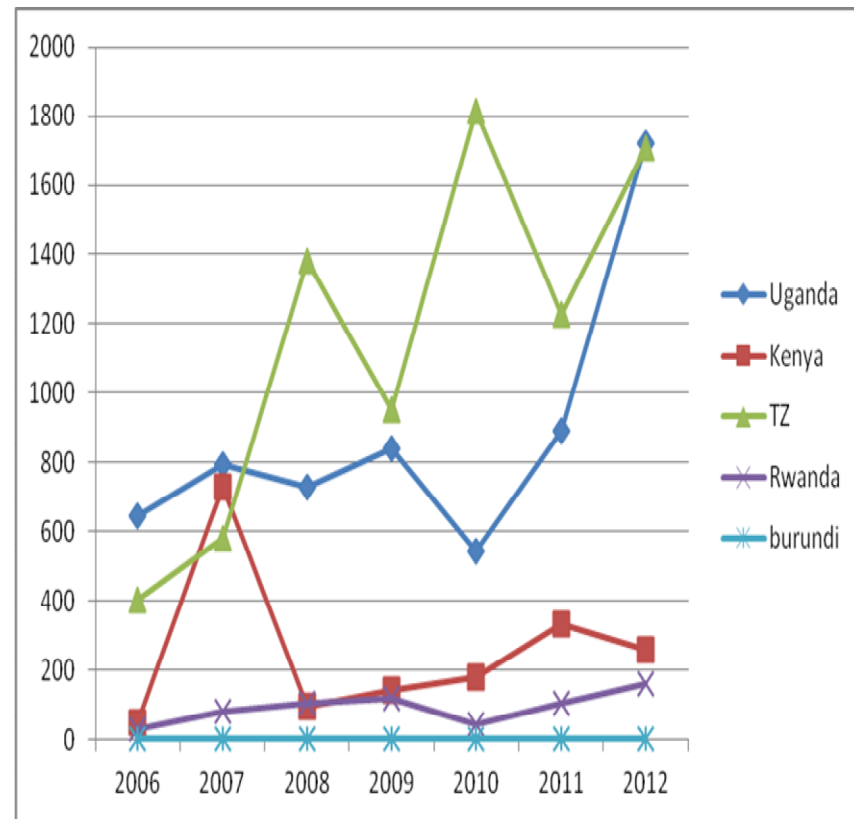
- Strong economic growth averaging 7.7% per annum since 2000
- Macroeconomic stability
- Market access through various international trade agreements
- Abundant natural resources
- Trainable labor force: 15,000 university graduates every year
- Amiable Climate
- Central Location for Regional Market (140 million People in EAC)
- Resource Rich (Agriculture, Minerals, Tourism, Flora and Fauna)
- Welcoming population (54 Different Ugandan cultures)
- Good Governance (Multi-party democracy: election every 5yrs since 1986)

# Uganda: Fore Runner in the EAC for FDI

## FDI Inflows USD, 1990-2012

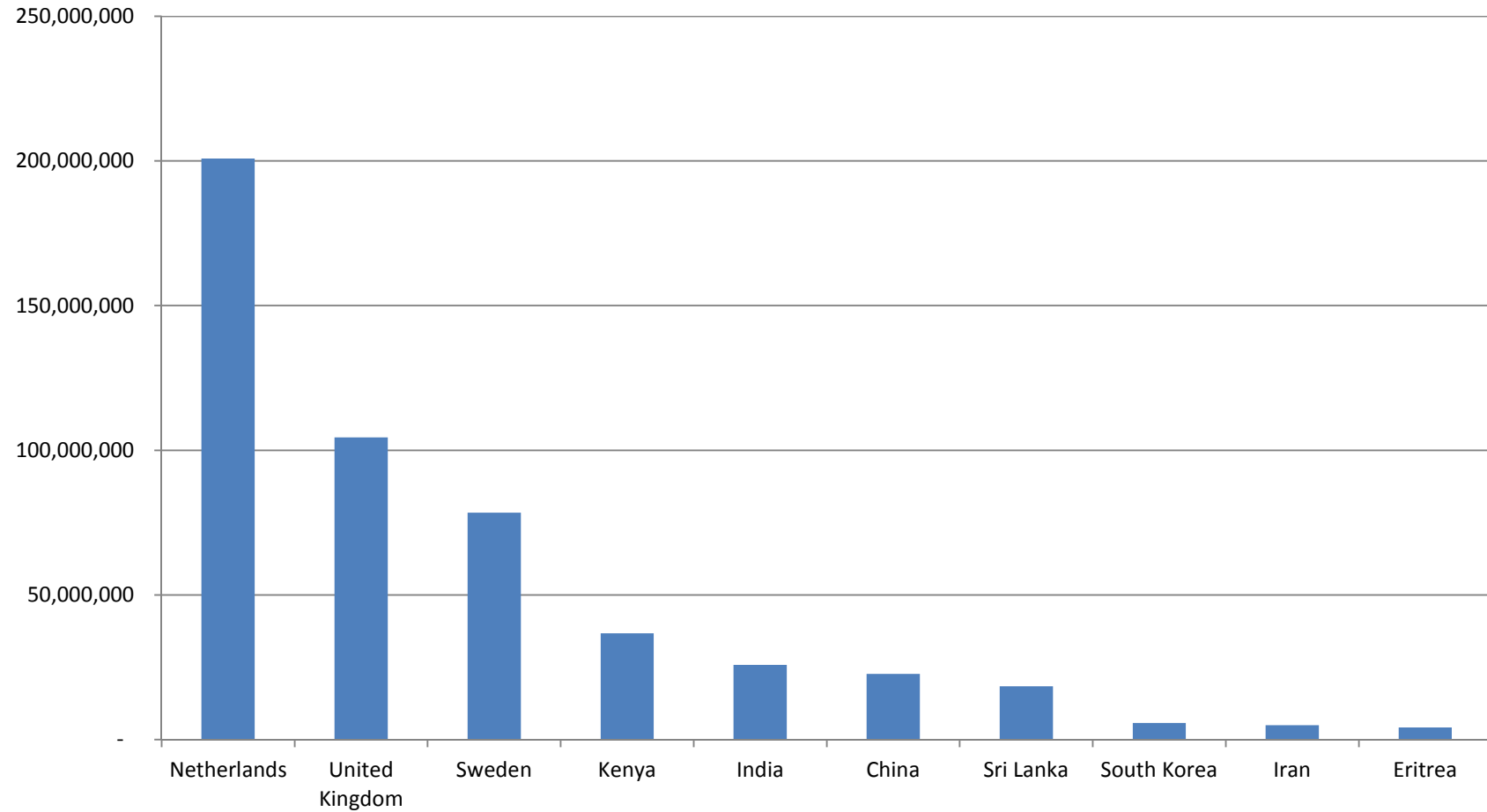


## FDI Inflows to the EAC (USA \$ Million 2006-2012)



# You will be Among Other Investors

## *Top Ten FDI Sources FY 2011/2012*





# Government Initiatives

## Uganda Investment Authority (UIA)

- Provides first hand information on investment opportunities
- Issue Investment Licenses
- Assist in securing other licenses and secondary approvals for investors
- Help investors to implement their project ideas through assistance in locating relevant project support services
- Provide assistance in the acquisition of industrial land
- Help obtain work permits and special passes for investors and their expatriate staff
- Assist investors in seeking joint venture partners and funding

## Investment Capital Allowances

- 50-75% initial allowance on plant and machinery
- 25% on start up cost spread over 4 years
- 100% on scientific research, training and mineral exploration expenditures
- 20% initial allowance on hotel, hospitals and Industrial buildings
- Depreciation rates of assets ranging between 20-40%
- 5% depreciation rate for Hotels, Industrial Buildings and Hospitals

# Government Initiatives

## Investment Guarantees

The Investment Code guarantees :

- Non-nationalization, or non-confiscation of his investment
- Such acquisition is only allowed by law and in consideration of a just compensation
- The compensation so determined is fully transferrable outside Uganda and not subject to any exchange controls

## Favorable Tax Environment

Investment Law covers

- VAT refund on building materials for industrial/commercial buildings for investors who register as investment traders
- Duty and Tax free import of Plant & Machinery
- Duty exemptions on some personal effects

## Dispute Settlement

The law stipulates a clear mechanism of dispute settlement between business parties and between the government and a private investor. In case the dispute is not solved through the national courts, the law also allows settlement via international arbitration or multilateral agreements or any other international machinery agreed to by the parties.

# Government Initiatives

## Repatriation of Capital

An investor in Uganda is entitled to repatriate funds for the following purposes:

- Repayment of foreign loans or interest on those loans
- Payment of dividends of shareholders who are not citizens of Uganda or to citizens of Uganda resident abroad
- Payment of royalties or fees in respect of an agreement for the transfer of foreign technology or expertise
- Payments of emoluments and other benefits to foreign personnel employed in Uganda in connection with the business enterprise

## Presidential Investors Round Table -

Policy Recommendations to Government

## Diaspora Investment Promotion

**Diaspora which is now emerging as the leading contributor to the Economic development in African Economies**

- 2010 Total Value Transferred USD 768m .▪ Cash accounted for 89% of the total
- 11% is in kind (clothing & footwear, food items & general eqpt)
- Personal transfers account for about 5% of GDP

## Industrial Parks

A Tool for Economic Growth



## Taxation

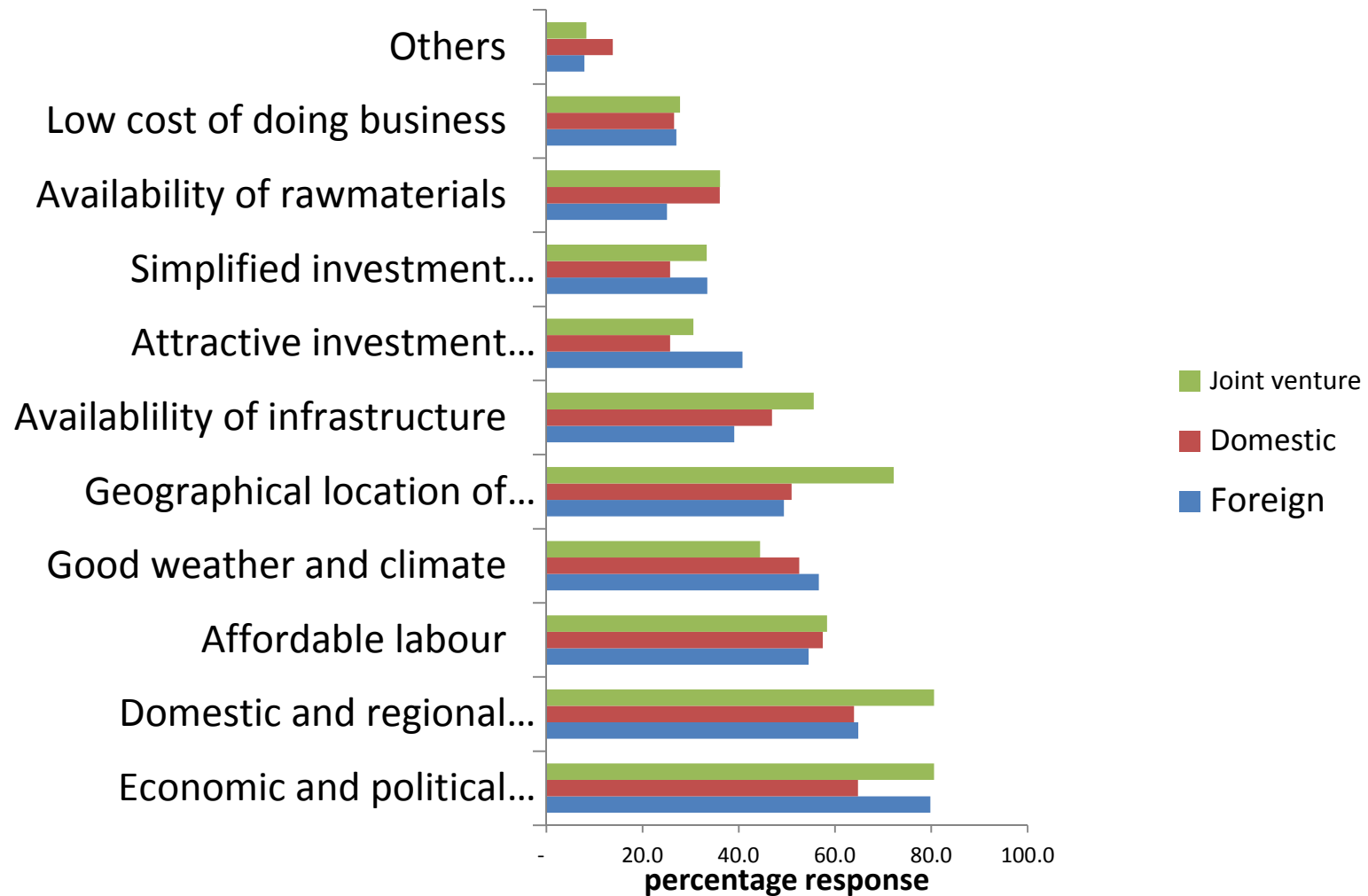
The tax system has undergone several reforms in the last few years in terms of tax administration and policy. Better government initiatives and policies have resulted in broadening of tax base, with tax revenue contributing about 14% of the GDP.

The taxes are collected by self-assessment and by with-holding tax on payments to residents and non-residents. The government is committed towards fair and equitable tax administration.

Type of tax	Rate	Comments
Income Tax Rate	30%	The corporate tax varies for mining companies from 25% and 45%
Capital Gains Tax Rate	30%	Capital gains are taxable that are derived from the disposal of assets held by the company
Dividends and interest	15%	Tax is exempted in the case, a resident recipient company controls 25% or more of the voting power of the resident payer company
Personal tax	0%-30%	Income in excess of UGX 4.92 million is taxed at 30%. For oil and gas sector, resident contractors and sub-contractors are taxed at 30%
Value-added tax	18%	Supply of goods used in agriculture, health and education is exempted from value-added tax
Social Security Contributions	5%	The contribution goes to National social security fund
Royalties	15%	The royalties may be reduced under a tax treaty
Capital duty	0.5%	Charged for increase in nominal capital and for incorporation of the company

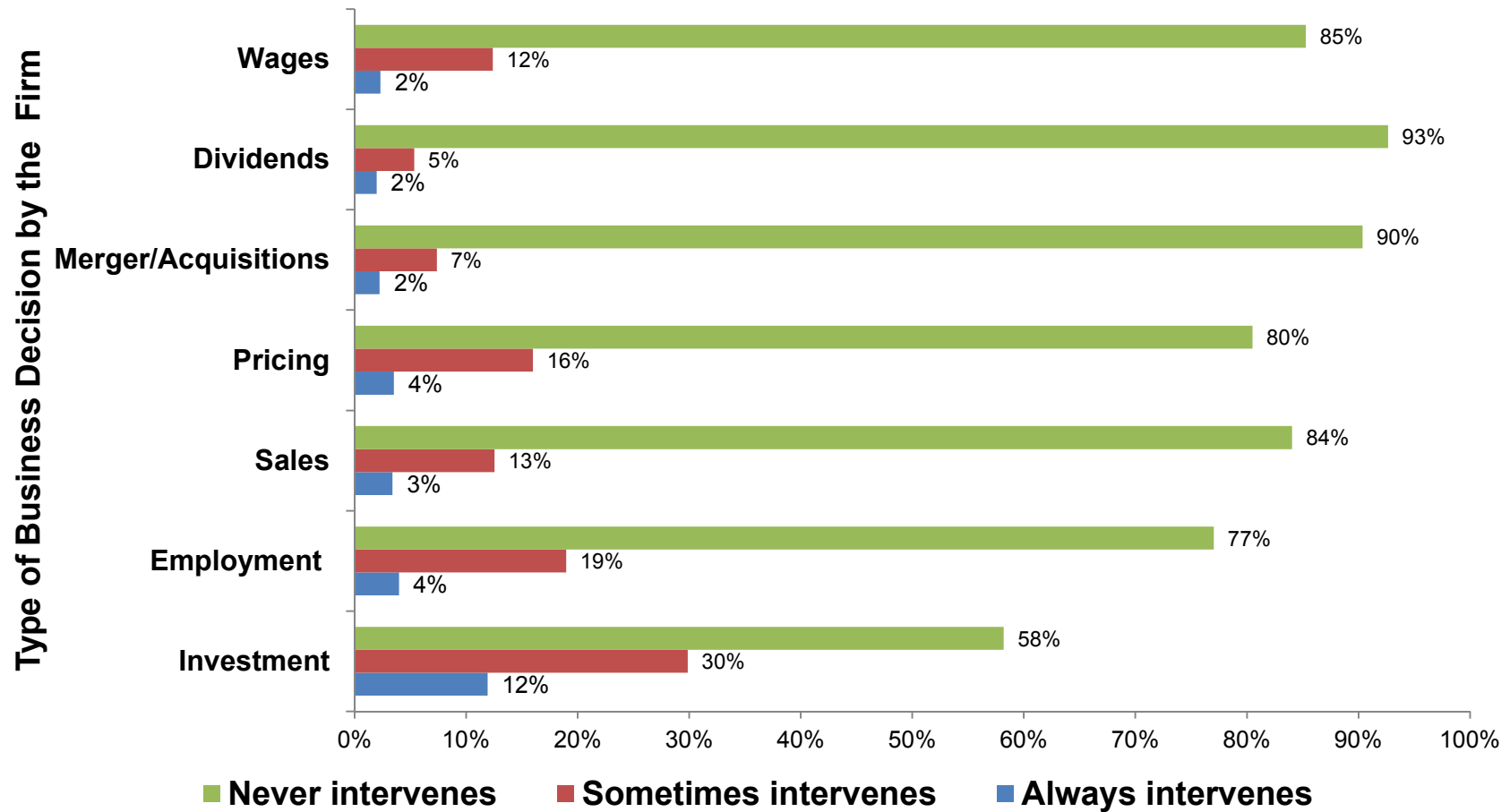
# Reasons for investing in Uganda

## by Type of ownership

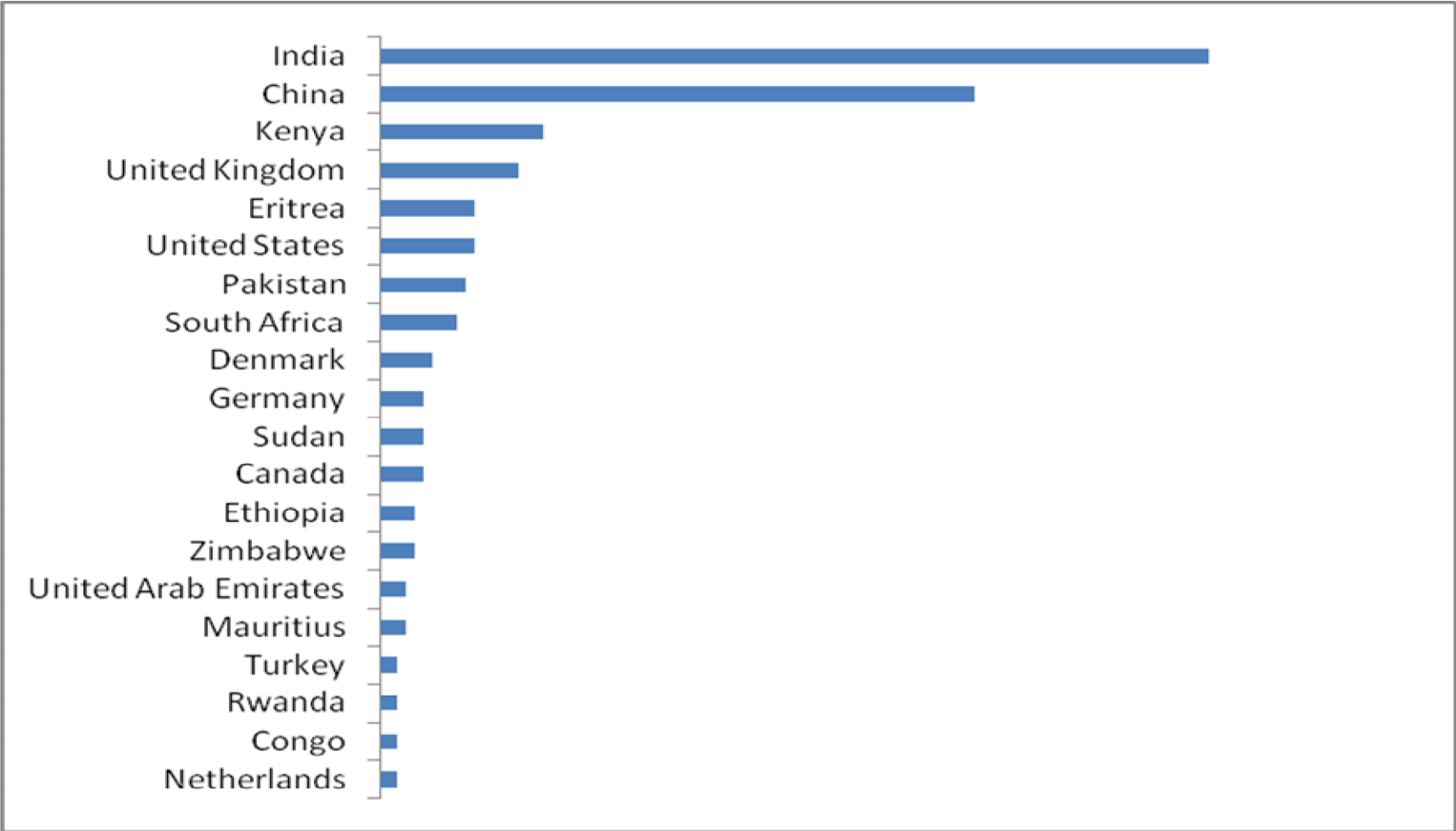


# Reasons for investing in Uganda

Level of Government Intervention in Influencing Firms' Business Decisions



# Top 20 Sources by Number of Projects, 2012/13





## Top 10 Sources of Planned FDI by Value 2009/10 to 2011/13

	2009/2010		2010/2011		2011/2012		2012/2013	
	Country	Investment	Country	Investment		Investment	Country	Investment
1	China	288,222,949	India	149,394,923	Netherlands	200,886,162	China	359,152,197
2	Kenya	231,219,751	Kenya	76,506,737	United Kingdom	104,394,191	Canada	143,588,000
3	India	196,702,034	Netherlands	69,808,590	Sweden	78,400,539	Kenya	113,007,806
4	U.K	95,060,500	Norway	67,931,140	Kenya	36,743,653	India	91,692,309
5	UAE	35,000,000	China	56,293,500	India	25,861,789	United Kingdom	75,696,811
6	Russia	20,848,000	Iran	22,724,376	China	22,686,821	Italy	30,235,063
7	Canada	18,630,500	Turkey	14,515,100	Sri Lanka	18,460,000	South Africa	19,567,800
8	Nigeria	16,194,895	Mauritius	14,318,000	South Korea	5,731,000	Cayman Islands	18,122,000
9	Togo	12,351,000	United Kingdom	14,254,194	Iran	5,000,000	United States	12,720,000
10	Virgin Islands	8,589,000	South Africa	13,238,465	Eritrea	4,210,250	Sudan	11,331,500

# Uganda's Priority Investment Sectors

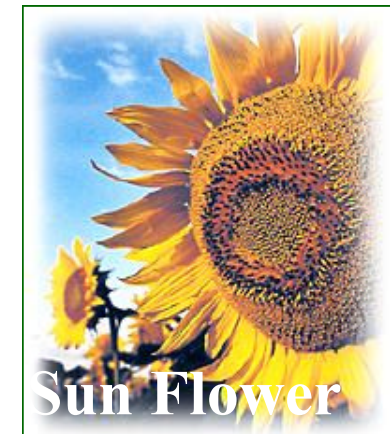
- **Agro-Business (Value-Adding)**
- **Tourism**
- **Information Communication Technology**
- **Mining and Mineral Beneficiation**
- **And Others**

# Agriculture



Crops

Large Farming  
&  
Processing  
(Value-Adding)



Sun Flower

## Agriculture Continued -

### Manufacture of Agricultural requirements:

Tractors, Pesticides, Herbicides, Fertilizers, Silos and packaging materials etc.

### Forestry:

Commercial farming, processing of forestry products etc.

### Livestock:

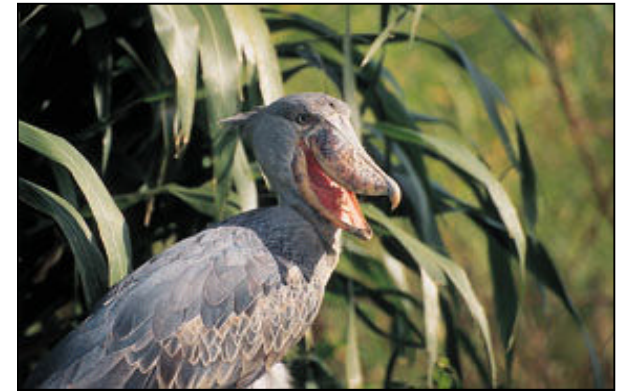
Commercial farming, beef processing, milk processing, leather tanning, manufacture of animal feeds.

### Fisheries:

Commercial farming (Cage and pond) fish processing, sport fishing, fish feeds, cold storage facilities etc.

# Tourism

- **Accommodation & conferences**
- **Training for tour operators**
- **Water sports and related activities**
- **Specialized transport for tourists**
- **Joint ventures with existing players**
- **Tourists**







***White-Water Rafting on the Nile River***

# Information & Communication Technology



- Provision of ICT-Enabled Services e.g. Data Processing, Outsourced Business Processing
- Software Development and Software Exports
- Setting up Information hubs and Web sites to facilitate e-mails
- Setting up Film Production Centers e.g. Graphic Animation
- Local Assembly of ICT Equipment
- ICT Tele-centers and Internet Café`s
- ICT Training Facilities (Institutions)



***Uganda: CONNECTED BY SATILITE & FIBRE OPTIC MARINE CABLE***



# Mining (value-adding)



**Uganda offers a variety of opportunities:**

Dimension stone products (Marble and Granite)

Phosphates

Gold

Iron ore

Container glass from silica sands vermiculite



Oil and Gas (Exploration, Crude & Refined Pipelines)

Petroleum (Petrochemical related Industry)



## Others: - Services

- **Education** (Vocational Inst, P/technical, Linkage with tertiary Inst.)
- **Health** (Specialised diagnostic facilities, Pharmaceuticals, *Generic/herbal* **Tele-medicine**, **Medical Equipment**)
- **Financial Services** (Specialised Financial products, Re-insurance)



**Open-heart surgery**

## Other Investment Opportunities : - Energy

Uganda offers a variety of opportunities i.e.

- ✓ Hydro
- ✓ Wind
- ✓ Solar
- ✓ Bio mass
- ✓ Manufacture of electrical and electronic equipment.

***NOTE: Uganda appreciates JICA for support in Power Systems***

## INVESTMENT INCENTIVES

- ✓ Duty and Tax free import of plant & machinery
- ✓ Capital Allowances on P & M 50% - 75%
- ✓ Start up cost spread over 4 years 25% p.a.
- ✓ Scientific research expenditure 100%
- ✓ Training expenditure 100%
- ✓ Mineral exploration expenditure 100%
- ✓ Initial allowance on industrial buildings 20%
- ✓ Depreciation rate for industrial buildings 5%
- ✓ Depreciation rates of assets range 20% - 40%

***(Subject to amendment by Uganda Revenue Authority)***

# Why Invest in Uganda

- **Predictable Investment Environment**
- **Fully Liberalized Economy**
- **Central to Large Market Access**
- **Trainable Young Labour Force**
- **Friendly People**
- **Weather (welcoming warmth all year)**



## Uganda Investment Authority

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*Thank You*