

# Investing in the Pearl of Africa

## INTERVIEW WITH ENG. DR. FRANK SEBBOWA

EXECUTIVE DIRECTOR, UGANDA INVESTMENT AUTHORITY



**FRANK SEBBOWA** is the Executive Director and Head of Uganda Investment Authority. He graduated in Mechanical Engineering and obtained his PhD from the University of Leeds in 1982. He obtained his MBA in 2006. He was a Senior lecturer at universities in Nigeria, Kenya and Uganda for several years before becoming the CEO of a private manufacturing company: Uganda Clays Ltd, where he served for nine years, before returning to public service. Between 2001 and 2011 Dr Sebbowa was the CEO of Uganda's electricity regulator (Electricity Regulatory Authority) and has served and continues to serve on several corporate Boards.

Source: UIA Data  
Base on Planned  
Investments

The Government of Uganda has completely divested itself from business in order to develop a private sector driven economy. It is to this end that Uganda Investment Authority (UIA) was instituted in 1991 to promote and facilitate private investment, as well as provide after care services to ensure sustained growth in investments.

UIA has been transformed into a One Stop Centre (OSC) for business registration, investment licensing and facilitation, which is improving the business operating conditions in the country. Incorporating a business, the issuance of an investment license, tax registration and advice, immigration services, agricultural and industrial land requirements, as well as environmental compliances, can be done through the OSC at the UIA. This has cut down tremendously on the bureaucracy and time spent by the investor to set up their business in the country. 'It is still work in progress as we need to urgently digitize all processes into a virtual OSC that will shorten the time even more.' says Eng. Dr. Frank Sebbowa. Currently, the Investment License can be accessed on-line and if all the required documents are attached to the license application form and if there is no need for specific sector regulatory approvals and environment concerns, one can be able to be issued with an investment license in 24 hours. UIA does not charge for any services offered.

Setting up business in Uganda has been ranked relatively easy by most existing investors who have

been assisted by the OSC at the UIA. The remaining challenges include inadequate and expensive power, as well as the inadequate transport infrastructure, which increases the cost of doing business. These are currently the high priority focus of government intervention. Several hydro power projects are being developed to provide cheaper power e.g. Karuma 600 MW and Isimba 200MW, among others. Transnational road and rail networks through EAC cooperation as well as national road and rail networks are being constructed and in some case improved. Doing business in Uganda is certainly set to get easier and to spur the country's and the region's growth and development, considering that Uganda is considered to be the 'Gateway to East and Central Africa'.

The Government of Uganda encourages investment by, among other substantial benefits, permitting the importation of most capital equipment free of VAT and import duty. The economy has been fully liberalised to allow private business to flourish. There are no barriers to the nature of business activity or to ownership of private enterprises. 100% foreign ownership of projects is allowed. It is mandatory for foreign investments to be licensed by the UIA. The threshold for eligibility for an investment license is US\$100,000, while for domestic investment it is US\$50,000. Security of investment in Uganda is guaranteed under the Constitution of Uganda and the various international agreements to which Uganda

Top 10 FDI Sources by Value in US\$ (2010-2013)

	2010/2011		2011/2012		2012/2013	
	Country	Investment	Country	Investment	Country	Investment
1	India	149,394,923	Netherlands	200,886,162	China	359,152,197
2	Kenya	76,506,737	United Kingdom	104,394,191	Canada	143,588,000
3	Netherlands	69,808,590	Sweden	78,400,539	Kenya	113,007,806
4	Norway	67,931,140	Kenya	36,743,653	India	91,692,309
5	China	56,293,500	India	25,861,789	United Kingdom	75,696,811
6	Iran	22,724,376	China	22,686,821	Italy	30,235,063
7	Turkey	14,515,100	Sri Lanka	18,460,000	South Africa	19,567,800
8	Mauritius	14,318,000	South Korea	5,731,000	Cayman Islands	18,122,000
9	United Kingdom	14,254,194	Iran	5,000,000	USA	12,720,000
10	South Africa	13,238,465	Eritrea	4,210,250	Sudan	11,331,500

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signatory. Popularly known as the Pearl of Africa because of its fantastic natural scenery, variety of wildlife and rich mosaic of tribes and cultures, Uganda is developing from a firmly agricultural based economy towards diversification into manufacturing, services and other sectors. Priority sectors for investment include: agro-processing, mineral beneficiation, tourism, ICT and manufacturing.

Firstly there are value addition opportunities in cotton ginning, tea processing, coffee hauling and processing, foods and beverages processing, processing of fruit, wheat products and the fast growing diary sub sector, leather tanning, as well as aqua culture and fish processing. There are also Investment opportunities in enabling services like: cold storage facilities, packaging, cooling, and drying, and certification of international standards. There are over 27 potentially viable minerals that have been mapped and explored. However, detailed exploration and feasibility has not been carried out therefore most of them are still at preliminary stages of development. Investment is needed in exploration activities, where government is in dialogue with the private sector to provide an enabling investment environment. The six key minerals available for mining and processing include: Iron ore, Phosphates, Limestone, Uranium, and Rare earth minerals. Geothermal potential is a renewable source of energy also available for investment.

The investment opportunities specific to tourism include: accommodation along the tourist circuits to cater for the broad spectrum from back packers to 5

star hotels and safari lodges; tour operations; adventure activity infrastructure to cater for bird watching (Uganda is home to over 1000 bird species i.e. 67% and 11% of Africa’s and the world’s bird population, respectively) as well as sport fishing on the Lakes Victoria, Albert, Edward & George and white water rafting on the famous Nile river which originates in Uganda; and internal air transport services to the national parks and other domestic touristic hubs. Several new products for potential investment that have not yet been developed include: agro-tourism, eco-tourism, community experiences, village walks and homestead cooking tours, heritage, culture and handcrafts demonstrations.

There is also an unexploited opportunity to invest in the supporting infrastructure for the increasing medical tourists to the hot springs baths, which are said to have high mineral content, containing everything from simple calcium to lithium, and even radium.

Uganda is one of the most liberal markets in Africa and the first country on the continent where the number of mobile subscribers has overtaken fixed line users; the ICT sector in Uganda is poised to become to become one of the most vibrant and dynamic within the region. A number of investment opportunities are available in this strategically located country as far as time zones are concerned for the establishment of call centre services and business support as well as the following: IT Parks, IT Education and Training, Business Process Outsourcing, E-Commerce & M-Commerce Solutions, Software Development and Training

Opportunities, Data integration, warehousing and management, multimedia development, Rural communications, Professional solutions for manufacturing Industry, and Hardware Assemble, among others.

The strategic land linked position within the regional unified market of the East African Community gives Uganda a commanding position as a hub for regional trade and distribution into East and Central Africa. UIA warmly welcomes investors from the United Kingdom to invest in Uganda where excellent returns on investment have been realized by many other Multinationals and Small and Medium Enterprises in various sectors. FDI accounts for about 50% of the investments in Uganda and as of 2013 FDI stands at US\$1.8 billion pointing to the emerging attractiveness of Uganda to several international investors. **F**

Source: UIA Data Base

**Top 20 FDI Sources by Value in US\$ (July 2012 to July 2013 Financial Year)**

