

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.

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 digitise 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

The UIA mandate and functions

- Promoting Uganda as an attractive investment destination
- Licensing investments
- Supporting investors (local and foreign) overcome bureaucratic challenges
- Providing serviced land for industry/business and or linking investors to landlords
- Developing local SMEs and providing a linkage between them and large/multinational companies
- Providing advice to government on improving the investment landscape and general advocacy on doing better business

Investor services provided

- *Uganda Registration Services Bureau (URSB)* – Registration of the name of any new business
- *Uganda Revenue Authority (URA)* – Obtaining a tax identification number (TIN) and advice on Uganda’s tax regime (including tax waivers available to investors)
- *National Environment Management Authority (NEMA)* – Provision of advice on requirements of Ugandan law on environment issues and standards
- *Directorate of Land Registration* – For advice on land registration and land-related issues
- *National Immigration Control Board* – For those requiring work permits and other entry permits
- *Uganda Investment Authority (UIA)* – For Investment Licensing and services highlighted in the earlier paragraph above

for domestic investment it is US\$50,000. Security of investment in Uganda is guaranteed under the country's Constitution and the various international agreements to which Uganda is 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, food and beverage processing, processing of fruit, wheat products and the fast-growing dairy sub-sector, leather tanning, as well as aqua-culture and fish processing. There are also investment opportunities in enabling services, such as: 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 the 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 that is 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 1,000 bird species i.e. 67 per cent and 11 per cent 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 tourism 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 number of 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 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 assembly, among others.

In inviting investors to Uganda, the UIA exploits fully Uganda's position of relative advantage, landlinked to markets on all its borders, with reasonable access to the Indian Ocean by road and rail. The Ugandan all-year Spring-like weather and its pleasant but mainly young and educated population, provide the extra icing on the cake for any investor ready to take on Africa as an investment destination. And many investors are already coming to Uganda, as proven by the Foreign Direct Investment (FDI) to Uganda growing from below \$US 0.9 to 1.7 billion between 2008 and 2013. The message is clear, Africa's star is rising as a serious investment destination and Uganda is at the center of all this. Come invest in Uganda – The Pearl of Africa.

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Source: UIA Database

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

