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## **Press Release**

**Wednesday 23<sup>rd</sup> March 2016**

### **Status of Investment FY 2014/15**

Throughout the last financial year 2014/15, Uganda Investment Authority (UIA) carried out the assessment of licensed projects on a quarterly basis in order to get information on their performance in terms of investments and job creation and to find out issues which require urgent intervention. We compared performance during this period with the preceding three financial years from 2011/12 to 2013/14. The Annual Investment Abstract 2014/15 which we are disseminating today, through you, our colleagues in the press, gives an overview of the status of investment in Uganda, as well as investment trends globally and regionally. Analysis has been made on actual investment values and employment in comparison with the planned figures. It should however be noted that the window given for implementation of the projects was very small (3 month to a year), considering that it takes one to two years to fully establish a project.

#### **Number of Projects**

Over the last financial year 2014/15, UIA licensed a total of 372 projects compared to 461 licensed in 2013/14. This was a 19 percent decline in number of licensed projects. One of the probable causes for the decline in number of projects could have been the signing of the Uganda Anti-Homosexuality Act in February 2014 which impacted on Uganda's attractiveness as a viable investment location for a short time, especially to some European and American investors (Please recall that this Act was restrained by Court). The other plausible cause was the reduced appetite to investing abroad due to the impact of a robust US currency in most of the other countries external to the USA. There was a recovery in the trend of licensed projects where-by the number of licensed projects between July and December 2015 increased to 190, compared with the 172 projects which were licensed during a similar period (July and December 2014) in financial year 2013/14. This indicates investor confidence in the country despite negative publicity and the global economic

trends. The Central region attracted the biggest number of projects (232) and they accounted for 71 percent of all the projects in 2014/15.

The Manufacturing sector registered the highest number of licensed projects (141) and they accounted for 43 percent of all the licensed projects in 2014/15. The Agriculture sector was in the second position with 57 projects (17 percent of licensed projects) in 2014/15

The Agriculture Sector registered steady increases in the number of projects as indicated in the trends below:

<b>Financial Year</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
<b>No. of Projects</b>	36	43	43	57

There is a growing interest in the agro processing sub sector from both local and foreign investors. This is in consonance with Government's emphasis on value adding to our agricultural produce

### **Number of Projects from FDI**

India registered the largest number FDI licensed projects, totaling to 65 and this accounted for 26 percent of all the FDI projects in 2014/15, which were 372 in number. India has been front runner as regards the number of foreign projects in Uganda since 2011. China was the second highest source of foreign projects in all the last four financial years.

<b>FY</b>	<b>Projects from India</b>	<b>Projects from China</b>
2011/12	44	21
2012/13	96	68
2013/14	122	53
2014/15	65	55

### **Value of Planned Investment vs Actual Investment Values**

The value of planned investment in 2014/15 was US\$ 1.4 billion. This was a decline from the planned investment value of US \$ 2.05 billion in FY 2013/2014. One of the causes for this decline was the entry in 2013/14 of a huge mineral beneficiation project, which will

be integrated with the production of sulphuric acid and energy worth US \$ 620 million. The Financial Year 2014/2015 did not register any single project of that magnitude.

According to a mini survey carried out by UIA following up the licensed companies during the financial year 2014/15, actual investment realized amounted to US \$ 456,109,937 representing a realization rate of 36 percent, as compared to the actual investment of US\$ 187,391,312 in 2013/14 which represented 9 percent realization rate. The value of actual investment increased by 171 percent (from US\$ 187,394,312 in 2013/14 to US\$ 456,109,937 in 2014/15). This is a good indicator of investor confidence and an improving investment environment. Investors are increasingly able to actualize the first phases of their projects in the first year of licensing.

In 2014/2015 China contributed the largest amount of FDI planned Investment (US \$ 528.9 million) and this accounted for 56 percent of all the FDI planned investment in financial year 2014/15 (US\$ 1.4 billion). The country is a front runner in source of FDI to the country when it comes to the value of investment.

<b>FY</b>	<b>Planned Value of FDI from China (US \$)</b>	<b>Planned Value of FDI from India (US \$)</b>
2011/12	29,453,821	66,875,859
2012/13	133,602,197	92,773,630
2013/14	403,671,771	110,269,005
2014/15	528,869,988	58,224,017
<b>TOTAL</b>	<b>1,095,597,777</b>	<b>328,142,511</b>

The Construction Sector registered the largest amount of planned investment value (US\$ 466.8 million) and this represented 33 percent of all the planned investments in 2014/15. However, during the previous period (2013/14) the Mining and Quarrying sector registered the largest amount of planned investments, totaling to US \$ 748 million. This performance was attributed to a huge project, worth US\$ 253.7 million originating from China and another project worth US\$ 151 million from Uganda.

### **Employment**

Financial year 2014/15 witnessed a 26 percent decline in number of planned jobs from 60,294 in 2013/14 to 44,763 in 2014/15. The decline in planned jobs is an indicator of

increased technological inflows as investments become less labour intensive. The biggest number of planned jobs (24,918) was from Uganda and this accounted for 55 percent of all the planned jobs in 2014/15. This was followed by China which registered 8,200 planned jobs, accounting for 18% of all the planned jobs in 2014/15. Actual realized jobs registered a 44 percent increase from 8,851 in 2013/14 to 12,717 in 2014/15.

Apart from attracting foreign and domestic investment in order to create the much needed jobs in Uganda, UIA's focus is to work through our SME Division with other relevant Ministries, Departments and Agencies (MDAs) to enhance the ability of Ugandans to create their own jobs.

### **Current Investment Environment**

Though there was a decline in investments during the last financial year which preceded the recently concluded elections, the performance in realization of actual investment was better than the previous financial year.

The slowdown is beginning to pick up as evidenced from the trends in licensing which show that the number of projects which were licensed quarterly during the period preceding the elections in February this year, are steadily increasing:

<b>FY Quarter</b>	<b>Number of Projects</b>
Qr 3 2014/15 (January to March)	73
Qr 4 2014/15 (April to June)	82
Qr 1 2015/16 (July to September)	86
Qr 2 2015/16 (October to December)	104

Investor interest is growing, which is good for the economy. The current investments in infrastructural developments within the country and regionally, will no doubt attract much more investment in the medium to long term because the returns on investment in Uganda will be higher as cost of transport and production decreases with the completion of the infrastructure projects.

Thank you

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