Figure 1: Map of Uganda showing the location of Arua District
Arua district lies in the North-Western Corner of Uganda. It is bordered by Maracha district in the North West; Yumbe in the North East; Democratic Republic of Congo in the West; Nebbi in the South; Zombo in the South East; and Amuru district in the East.

In total the district covers an area of 4,274.13 Km², of which about 87% is arable. It is located 520 km from Kampala and only 80 km from the South Sudan Border.
DEMOGRAPHY

Arua town is very busy and cosmopolitan, with major languages: English, Kiswahili, Lingala and Arabic and many local dialects widely spoken, and multiple cultures freely celebrated. This demonstrates the unique welcoming and inclusive character of the local population.

As at 2016, the district had an estimated population of 820,500, of which 36,731 (4.5 percent) were refugees. By May 2017, Arua hosted 151,039 refugees, accounting for 18 percent of the district population.

The refugees, mainly from South Sudan are of diverse ethnic backgrounds; Dinkas, Kuku, Nuer, Kakwa, Madi, and Siluk and have close ethnicity with the locals who are Kakwa, Madi, Alur and Lugbara. This partly explains the peaceful coexistence in the community.

Arua promotes the government’s exemplary refugee settlement model that allows refugees to interact freely and set up investments, which provides an opportunity to harness their potential to accelerate local economic development. Generally, the refugee and host communities enjoy a cordial relationship, which offers a favourable environment for doing business.

![Graph showing the growth in refugee population in Arua district from 2014 to 2017.](image-url)
The economy of Arua depends mainly on agriculture which employs over 80% of the households. Of those employed in agriculture, 86% are engaged in the crop sector, 0.6% in animal rearing, and 0.9% in fishing.

Both food and cash crops are grown. The major food crops include cassava, beans, groundnuts, simsim, millet and maize. Tobacco is the major cash crop and is the main source of livelihood for majority of the population in the district. There is renewed interest in the promotion of coffee production in many areas of the district now.

With the total production volume of 275,994 Metric Tons of major crops, Arua has a strong agricultural raw material supply base for value adding agro-processing industries.

Other non-agricultural activities include: general retail and wholesale sale, metal and wood fabrication, art and crafts production, fish farming and livestock farming. Tobacco is also grown extensively for income generation. Honey production and trade is a known income generating activity.

Some Refugees have come with skills and capital and have established small businesses.

Investing in these communities offers a strong business case for both the private sector and the locals.

Mr. Shapan Andeku, District Planner ARUA

Involvement of refugees in the local economy

About 47% of the refugees are actively engaged in the local economy. Majority engages in farming, retail business and casual labour. Ability and potential to generate income is critical for boosting the local economy.
Existing Infrastructure

- There are 61 bridges to enable accessibility to the rural areas.
- Major government investments are in infrastructural transformation such as the tarmacking of the Arua to Karuma Highway and the tarmacking of the Vurra-Arua-Koboko-Oraba road. The tarmac roads are in very good condition and are regularly maintained.
- The district has a total road network of 1,831km. Of these, 546Km are trunk roads, 304km are feeder roads while 981km are community access roads.

- **Arua Airstrip** serves the Northern Region. It is an important centre for passenger and cargo air traffic between Uganda, DRC and South Sudan making it second-busiest airport in Uganda, after Entebbe. Arua Airport’s services further strengthens the District’s status as a trade and investment hub: Electricity is supplied by West Nile Energy Company (WENERECO), a partnership of a private investor and the Government of Uganda which manage the West Nile Rural Electrification Project. The project generates 1.5 MW of thermo electricity serving up to 2,800 customers in Arua, Paidha, Yumbe and Nebbi Districts.
**Special Economic Zone**: Arua Special Economic Zone Limited (Arua SEZ) was recently issued a developer’s license and has launched the project to develop a $12.7 million Free Zone on a 12.274-hectare land, in Arua Municipality. Arua SEZ, is expected to be a key driver for exports and job creation in Uganda specifically targeting the export destinations in Eastern Democratic Republic of Congo, South Sudan, and Central African Republic while raw materials from these countries such as timber and minerals will be processed for the international markets. The fully serviced Zone will also offer huge warehouse space, and an Export Business Accelerator Park for local Small and Medium Enterprises to get on to the international value chains. The project will include the development of an office park for dedicated trade facilitation and market linkage services to enhance trade in the region.

**Communication**: The district enjoys good access to major mobile telephone networks including MTN, Airtel, UTL, the internet, as well as radio and television networks enabling the much-preferred instant/quick communication. There are 4 radio stations and 2 booster stations in the locality. The booster stations including the government owned UBC and BBC serve approximately 850,000 people. There are three (3) television stations in Arua. BTN television is stationed in Arua district while WBS and DSTV are relay television stations. The district has up to six internet cafés providing internet services.

**Accommodation**: Arua town hosts a wide range of housing including permanent commercial buildings, office buildings, permanent residential houses and apartment blocks. A few hotels with ample amenities and comfortable ambience include Heritage Park Hotel, Desert Breeze hotel and Golden Court Hotel Arua. Other are Golden Courts Hotel and White Castle Hotel.
NDPII (2015/16-2019/20) Planned Infrastructure projects to boost economic activity

- ARUA will be upgraded into one of the Four Regional Cities in Uganda
- Through the planned Standard Gauge Railway Network, Arua will be directly connected to Mombasa
- A ferry to the Rhino camp to shorten the route from the Northern Uganda to Kampala.
- Arua Airfield will be upgraded to an international Airport. Plans include a modern airport terminal with capacity for 200 passengers, paving the runway and widening it to 45 metres (148 ft), and extending it to 2.5 km (8,200 ft).
- Arua will be part of the new ICT infrastructure
- Proposed development of A Special Economic Zone in Arua
- The Government is continuing work on the Nyangak Hydro Power Station to ensure sustainable power supply for domestic and industrial use in the district.

A Regional Trade and Investment Hub

- Arua District is a lucrative regional trade hub facilitating trade linkages among many districts in Northern Uganda and cross border trade with South Sudan and the Democratic Republic of Congo. It targets a market of approximately 71 million people.
- Its location in the vicinity of three countries enables a natural concentration of a large, diverse and business minded population who demand and supply a wide range of goods and services.
- Arua hosts branches of some of the reputable Banks: Bank of Africa, Barclays Bank Uganda Ltd, Centenary Bank Ltd, Diamond Trust Bank Ltd, Housing Finance Bank Ltd and Stanbic Bank Ltd, that have regional and international business connections.
- Investors have opportunities to locate in Arua and expand business activities into the neighbouring districts Koboko, 2

2 Assuming the whole of Uganda (34 million people), South Sudan (12.4 million people) and North East DRC – six provinces (24.6 million people).
Yumbe, Moyo, Adjumani, Nebbi, Maracha, Amuru, Zombo. In these districts, the investor may link to agricultural raw materials suppliers and technical services subcontractors, and at the same time supply its products to the markets.

**Abundant Natural Resources**

- Existence of natural forests which are potential for biomass energy supply for household, institutional and industrial use.
- Presences of Rural Growth Centers that still relay on diesel generators are eligible for grid extension or off grid power supply system.
- The high level of solar radiation (average radiation 5.0 -5.6/kWh/m2/) could be turned into energy for commercial/productive use e.g. milling, husking, fruit juice production, cooling of meat and hair dressing.

- Availability of wind energy (wind speed ranges between 3.2 -3.9). This is sufficient for small scale electricity generation especially for water pumping.
- Prospect of oil and gas along the Albertine Graben.

**Skilled and Productive workforce**

- Arua district is endowed with industrious, technically capable and affordable manpower.
- Reputable technical institutions offer training in catering, Business and Accounts, office administration, and nursing and annually release graduands. Women and the youth are particularly socially enabled to work hard and earn income.
- The district is 4th largest in population size after Wakiso, Kampala and Kabale, thus capable of providing a sufficient labour pool.
Tourism Potential

The Albert Nile is host to unique tourism opportunities along its 210-km course from the north end of Lake Albert through to the border with Sudan. These opportunities spot the districts of Nebbi, Nwoya, Arua, Amuru, Adjumani, and Moyo through which the river flows. Rich wildlife reserves, Water Falls, landmark historical sites, stunning landscapes and extraordinary cultural heritage are among those which could easily become international tourism attractions. Moreover, Arua District is greatly endowed with natural attractions: Ajayi Game Reserve, Imvepi – Enyau Valley Forest, Ambitambe Crater Lake and Olewa Falls. Mountain sites include Mt. Kei, Mt. Wati (home to a Lugbara ancestor), Liru Hill (ancestral home of Kakwa people).
Administrative Support

- Uganda through its political, legal and institutional structures, its strong economic and social policies as well as the efficient local government organs provides a conducive investment environment in Arua district.
- Investors are assisted by the different departments in the local government depending on the issues at hand.
- Uganda Investment Authority (UIA) is promoting the One Stop Centre concept at the district level where the Chief Commercial Officer is the facilitator of new investors, to fulfil all required steps in investment start up.
- UIA has established District Investment Committee (DICs) to spearhead investment attraction, facilitation and aftercare in different sectors.

Attractive Incentive Regimes

- Proposed Special Economic Zone in Arua to reduce the cost of doing business
- Investors assisted to access suitable land for industrial and agricultural development.

Attractive Incentive Regimes

- Uganda’s incentive package for both domestic and foreign investors provides generous terms, particularly for medium- and long-term investors whose projects entail significant plant and machinery costs. Below is a snapshot of selected incentives. The incentive structure is currently under revision. For details, refer to [www.ugandainvest.go.ug/downloads/](http://www.ugandainvest.go.ug/downloads/)

**Category 1 - Initial Allowances:** Initial capital expenditures which are deductible once from the Company's Income:

» 75% of cost of plant and machinery for an investment located outside Kampala, Entebbe, Jinja area;

» 100% of scientific research expenditure;

» 100% of training expenditure;

» 100% of mineral exploration expenditure;

» 25% of start-up costs are deductible over four years.
Category 2 - Annual Depreciation Allowances: The following allowances, under declining balance method, are provided for assets as specified in 4 classes below:

» Class I: 45% on Computers & Data handling equipment;
» Class 2: 35% on Automobiles, Construction and Earth moving equipment;
» Class 3: 30% on Buses, Goods Vehicles, Tractors, Trailers, Plant & Machinery for farming, manufacturing and mining;
» Class 4: 20% on railroad cars, Locomotives, Vessels, Office furniture, fixtures etc.

Category 3 - Other Annual Depreciation Allowances include:

» 5% on Industrial Buildings, Hotels & Hospitals;
» 20% on Farming - General farm works;
» 20% on Horticultural Plant and Construction of Green-houses using straight line depreciation

In addition to the above incentives, there is a zero rate of import duty on plant and machinery as well as a uniform corporate tax rate of 30%.

The depreciation allowances, plus the deductible initial capital allowances are provided without discretion to eligible investors in order reduce their taxable income during the crucial early years of a project. The investor therefore keeps a high proportion of its cash flow and income for further investment.
Uganda BAATI

A leading manufacturer and supplier of roofing sheets in the East African region using an ultra-modern continuous galvanizing line. It has branches in Arua and Tororo, showrooms in Mbarara and Gulu and sells roofing products in galvanized, aluminum-zinc coated and pre-painted material ranges.

Meridian Tobacco Company

Meridian Tobacco Company (MTC) took over the operations of B.A.T. Uganda when the latter closed its operations in 2013. Since then it has set up a factory in Arua which scheduled to be opened in 2017.

Bee Natural Honey Ltd

The largest honey and apiary Production Company with state of the art factory and a wide supply base in Arua and neighbouring districts. The company started business operation in 2007. Its main apiary supply base involves 1,200 beekeepers who are clustered into 15 groups spread in the districts of Arua, Nebbi, Yumbe, Moyo, Koboko and Adjumani. The company produces honey, bars and propolis and is engaged in queen breeding and colony multiplication.

The advantages of locating in Arua are: easy supply of raw materials from a wide supply base that reaches DRC. Ready market in Kampala, Rwanda and Kenya.

The refugees who have taken up apiary as a business are able to supply Bee Natural. The company has trained the refugees in Quality Honey handling and other aspects of the value chain.

MS. Pricilla Kahunde, Production and Quality Control Supervisor Bee Natural Uganda Ltd.
Agribusiness services provision

- high demand for food particularly the highly consumed staple foods arising from the fact that DRC and South Sudan import huge amounts of food commodities from Uganda and Arua provides the transit route for transporting these commodities.

- There are vast fertile arable lands but only less than 50% is under production. Contractual arrangements with communities can provide land for investments in agriculture

Value Addition agribusiness services:

- Postharvest handling services including setting up large-scale agricultural commodities storage facilities and distribution management; quality control mechanisms and equipment, packaging centres and logistics to distribute commodity items.

Input supply

- Provision of inputs; advisory services; financing agricultural production; promotion and training in new methods of farming and business operations.

Upgrading of the cottage fish processing industry

- Establishment of fish hatchery in the district to produce quality fish fry for Catfish, Tilapia and Mirror carp. This is justified by lack of quality fries for farmers produced within the region. The farmers procure fish fries mainly from Kampala, Wakiso and Mpigi Districts which is not cost effective. The hatchery would serve the West Nile Sub Regions and Neighboring Counties.
» Establishment of fish feed manufacturing factory for quality feeds with standard formulation.

» Market available in DRC, South Sudan and the rest of the country.

Tourism

The tourism investment opportunities include:

» Provision of Tourism Promotion Services dedicated to marketing tourist attractions in the Northern region and building the Northern Uganda’s image.

» Other appropriate investments are in construction of high end Hotels, Guest houses and residential houses.

KEY CONTACTS

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Albert Nile