INVESTMENT ABSTRACT

Fiscal Year 2012/2013

August 2013

Preface by the Hon. Minister of Finance, Planning and Economic Development

Hon. Maria Kiwanuka
Minister of Finance, Planning and Economic Development

Investment is a key driver of economic growth since it enhances productivity, job creation and income generation. Uganda therefore monitors investment flows, trends and performance of the investors in order to determine the impact on development. The information provided by this report is a tool in understanding the dynamics of both foreign and domestic investment in Uganda and measuring their impact on Uganda's economy. The report further sheds light on the regional distribution of investment which is an important aspect, for policy makers to assess and manage resource allocations to regions that have remained least attractive to investors. The report also measures investors' perceptions on barriers that are affect investment in their sectors. These constraints assist Government to formulate policies that will improve the business environment and make Uganda are better place for doing business.

As Government our efforts in the creation of a friendly business environment will continue in close collaboration with the private sector. The publication is an important step forward in understanding Investment in Uganda, the impact and prospects. I commend UIA for this effort and the contribution the report will have to Uganda's economic development.

Hon. Maria Kiwanuka

Minister of Finance, Planning and Economic Development

Preface by the Minister of State for Finance, Planning and Economic Development (Investments)

Hon. Gabriel Ajedra
Minister of State for Finance, Planning and Economic Development (Investments)

The last fiscal year, 2012/13, has seen Uganda making her mark as an attractive investment location, with a 71 percent increase in the number of licensed projects from 2011/12. Uganda is currently the most attractive FDI recipient in the EAC region and the prospects for 2013 look bright with more investments expected in the Manufacturing and; Mining and Quarrying sectors. More companies are expected to commence operations in the Kampala Industrial Business Park Namanve. These companies are expected to generate numerous direct and indirect jobs. We also envisage the oil sector to attract more large inflows of Foreign Direct Investment due to the ongoing oil activities in the downstream.

Government's support for the private sector as the engine for economic growth remains a priority. UIA operates as a one stop centre with a team of experts from 3 government agencies and departments working together to reduce bureaucracy and improve investor experience. Some of the line agencies in the one stop centre include Uganda Revenue Authority, the Immigration Department and the Uganda Registration Services Bureau.

Hon. Gabriel Ajedra

Minister of State for Finance, Planning and Economic Development (Investments)

Foreword by the Executive Director of UIA

Eng. Dr. Frank B. Sebbowa
Executive Director
Uganda Investment Authority

The Uganda Investment Authority (UIA) was created in 1991 by the Investment Code to promote, facilitate and supervise private investments in Uganda. The UIA research function is responsible for providing quality investment statistics that support evidence based planning and decision making. The abstract is the first official statistical publication intended to present information derived from the licensed projects recorded from the UIA data base.

The 2012/13 investment abstract covers licensed projects, planned investment, planned employment, investment by sector, source country, region and ownership. It also incorporates findings on actual investment and employment from the Investor Survey 2011, the Private Sector Investor Survey 2012 and the ongoing survey of 2012/13 licensed projects.

On behalf of UIA I wish to extend appreciation to the UIA research unit for this innovation and compilation of the publication. I extend my thanks to the entire UIA team which has supported this effort and our investors who provide us with the information to enable compilation of this report. Copies of this report are available at the UIA head office Plot 22 Lumumba Avenue and can also be accessed from www.ugandainvest.go.ug .

List of Acronyms

BoU	Bank of Uganda
CY	Calendar Year
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EU	European Union
DDI	Direct Domestic Investment
FDI	Foreign Direct Investment
FY	Fiscal Year
UIA	Uganda Investment Authority
UK	United Kingdom
USA	United States of America
UNCTAD	United Nations Conference on Trade and Development
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
USD	United Stated Dollars

Executive Summary

The Investment Abstract is an annual publication from UIA which provides a summary of Uganda's investment performance based on the UIA database, findings from the Investor Survey 2011 as well as the Private Sector Investor Survey 2012. The 2012/2013 Abstract summarizes Uganda's Investment performance within the country and globally. It is intended to provide data to policy makers to facilitate planning and decision making in the various investment sectors. It also serves as a guide for further analysis and policy formulation. For the FY 2012/2013, the total number of licensed projects stood at 404 with an estimated total value of planned investment amounting to $1.31 billion while the total value of planned employment was 62,301. The top 3 recipients of planned investment by sector were Manufacturing with an estimated $467 million, Finance, Insurance, Real Estate and Business Services with an estimated $356 million and Mining and Quarrying with an estimated $243 million. The top 3 destinations for job creation were Manufacturing (30,770), Agriculture Hunting, Forestry and Fisheries (8,007), and Finance, Insurance, Real Estate and Business Services (3,219). The major sources of FDI during FY 2012/2013 were China ($359 million), Canada ($144 million) and Kenya ($113 million). The Central region continues to be the most attractive recipient of investment by value, number of projects and jobs to be created with investments concentrated in the Kampala capital city.

Preliminary findings of the ongoing Investor Survey done by UIA on all licensed projects in 2012/13, show that 94 projects attracted actual investment worth $455 million compared to the planned investment of $236 million. The projects have employed 5,251 persons out of the planned 9,656 persons. The disparity in employment was because majority of the projects were still in early stages of their operations.

The abstract has 6 sections showing statistics on global and regional FDI trends, investment as a percentage of GDP, licensed projects, planned investment and employment during the FY 2012/2013. Factors that had affected project implementation and operationalisation for some projects in 2012/13 are also highlighted in section 6.

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1.0 Global and Regional Investment Trends and Prospects

1.1 Global FDI trends and prospects

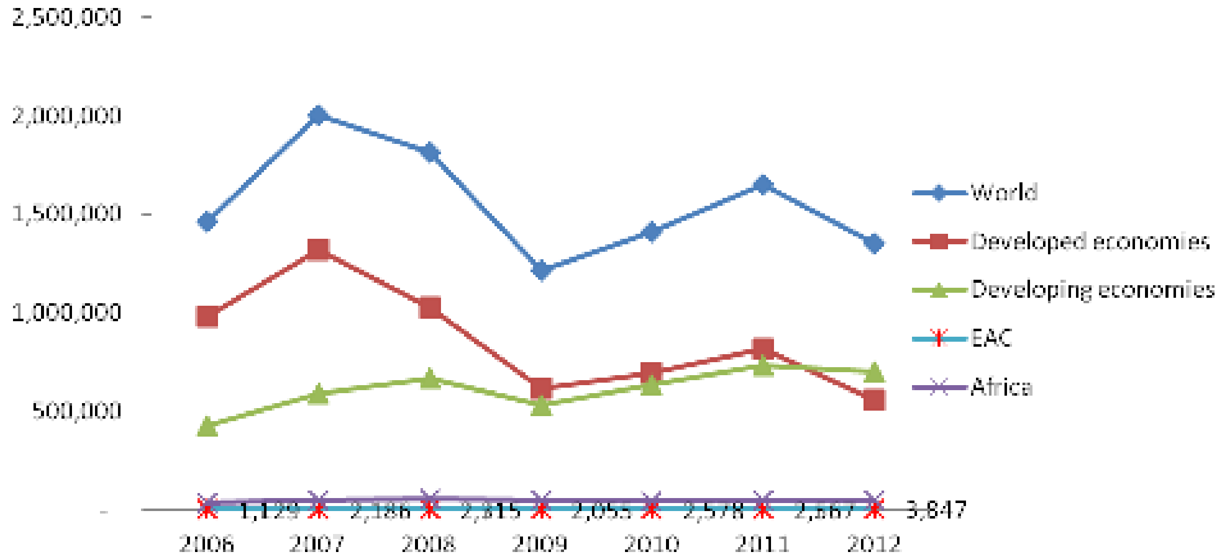
Global foreign direct investment (FDI) flows in 2012 dropped by 18 percent to $ 1.35 trillion in 2012 from $1.65 trillion in 2011 due to global economic fragility and policy uncertainty. Overall global FDI growth in 2013 however is anticipated to grow moderately to about $1.45 trillion with the growth in investor confidence *(UNCTAD World Investment Report, 2013)*. FDI flows decreased in all economic groupings with the highest drop recorded by the developed economies. For the first time, developing economies recorded the highest FDI growth compared to FDI absorbed by the developed economies. FDI flows to developing economies accounted for 52 percent of the global FDI estimated at USD 703 billion compared with the 42 percent (USD 561 billion) absorbed by developed economies. FDI flows to the transition economies accounted for 7 percent. In contrast, FDI flows to Africa rebounded growing by 5.1 per cent to USD 50 billion. FDI flows to Africa grew largely resulting from FDI in extractive industries, although investment in consumer-oriented manufacturing and service industries is also increasing. Similarly, FDI flows to the Least Developed Countries grew third year consecutive by 20 percent hitting a record high of USD 26 billion. The FDI in LDCs was mainly driven by TNCs from developing economies such as India.

Table 1.1: Global FDI Inflows by region in millions of Dollars, 2006 - 2012

	2006	2007	2008	2009	2010	2011	2012
World	1,463,351	2,002,695	1,816,398	1,216,475	1,408,537	1,651,511	1,350,926
Developed economies	981,869	1,319,893	1,026,531	613,436	696,418	820,008	560,718
Developing economies	427,163	589,430	668,439	530,289	637,063	735,212	702,826
Transition Economies	54 318	93,371	121,429	72,750	75,056	96,290	87,382
Africa	36,783	51,274	58,894	52,964	43,582	47,598	50,041
LDCs	11,739	15,029	18,834	17,586	18,751	21,443	25,703
EAC	1,129	2,186	2,315	2,055	2,578	2,567	3,847

Source: *UNCTAD, World Investment Report 2013*

Figure 1.1: Global FDI Flows by selected economic groupings in millions of dollars

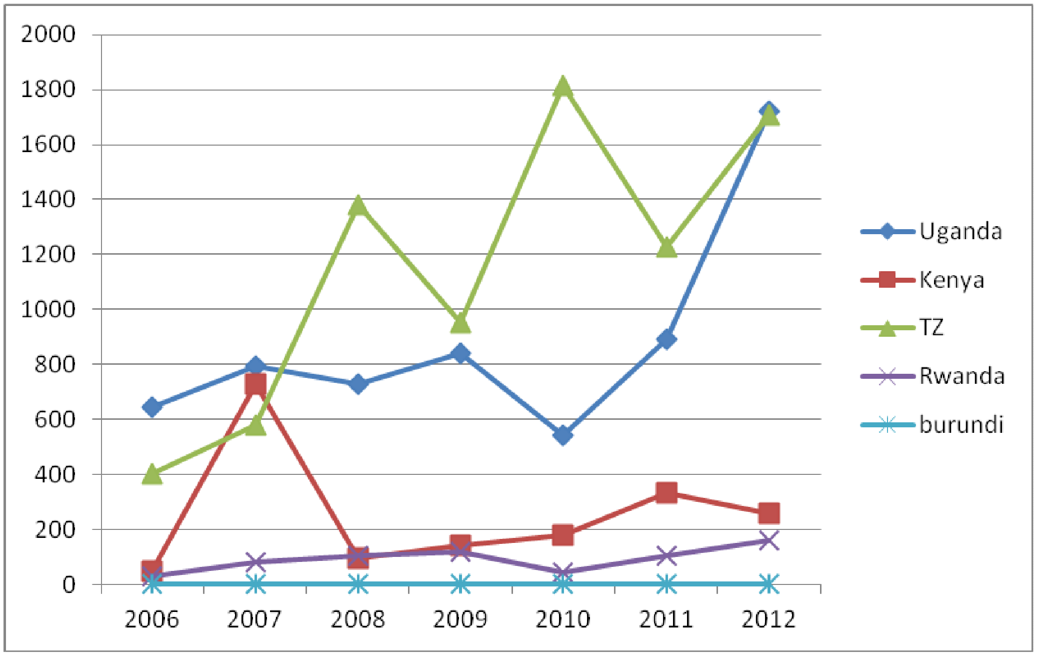


Source: *UNCTAD, World Investment Report 2013*

1.2 East African Community (EAC) FDI trends

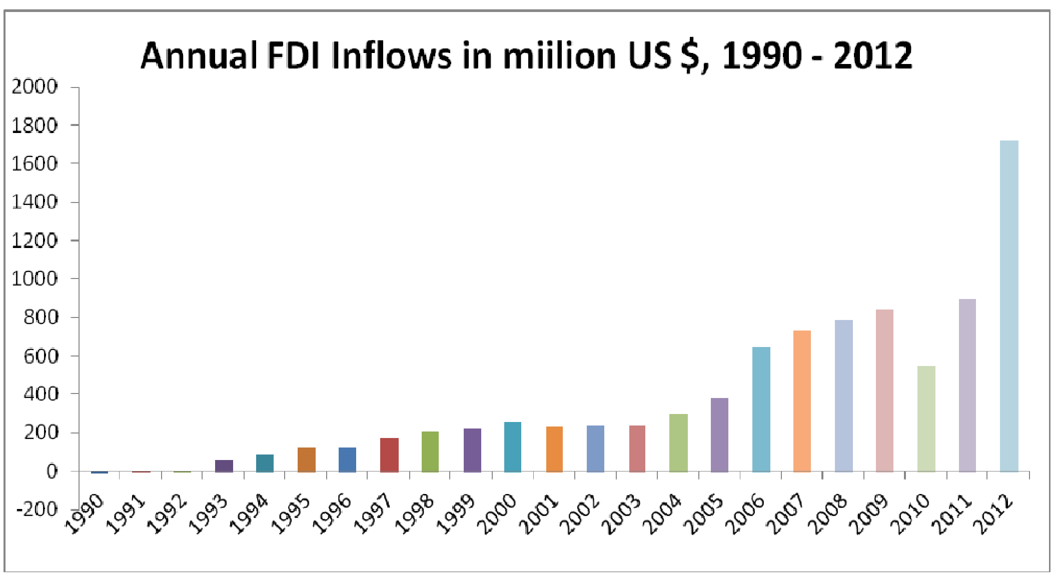
Among the EAC, flows to Uganda, Tanzania and Rwanda remained at high levels compared with Kenya and Burundi which recorded a drop. The FDI flows to the region accelerated by 50 percent in 2012 to USD 4 billion compared with 3 billion in 2011. FDI inflows to Uganda rose for the third year running by 92 percent hitting a record high of USD 1.72 billion, making Uganda the highest FDI recipient in 2012. Tanzania lost its position as frontrunner FDI recipient in 2012 accounting for 44 percent of total EAC FDI compared with Uganda's 45 percent. FDI flows to Tanzania grew by 39 percent reaching $1.71 billion compared with $1.23 billion in 2011. Kenya maintained its position as the third FDI recipient in the region but the flows dropped by 26 percent to USD $259 million. Rwanda recorded USD 160 million up from USD 106 million in 2011 while Burundi recorded USD 1 million a decline from USD 3 million in 2011. The positive performance of the EAC and Uganda in particular was partly attributed to the relatively strong economic growth of about 5.1 percent and rise in investments in the oil sector, manufacturing and services.

Figure 1.2: FDI Inflows to the EACs in millions of dollars, 2006-2012



Source: *UNCTAD, World Investment Report 2013*

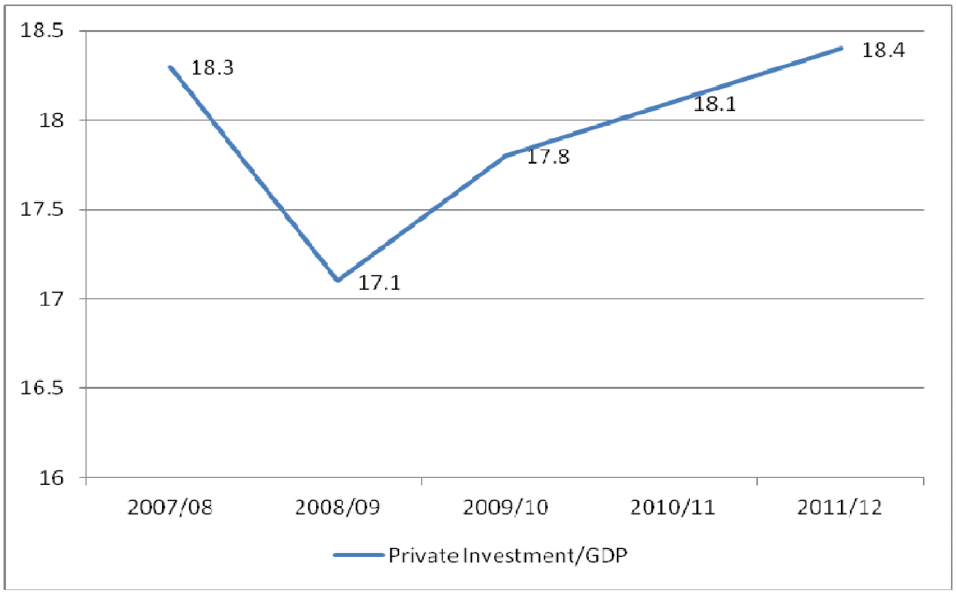
Figure 1.3: Foreign Direct Investment Inflows to Uganda, 1990 – 2012



2.0 Investment as a percentage of GDP

The Investment rate as a percentage of GDP grew in 2012/2013 reaching 25.2 percent of GDP from 24.5 percent of GDP in 2011/2012. The private sector continued to absorb the highest percentage of investment. In FY 2011/2012, private investment as a percentage of GDP stood at 18.4 percent driven by major investments in the Services and Industry.

Figure 2.1: Private Investment as a percentage of GDP, 2007/8 – 2011/12

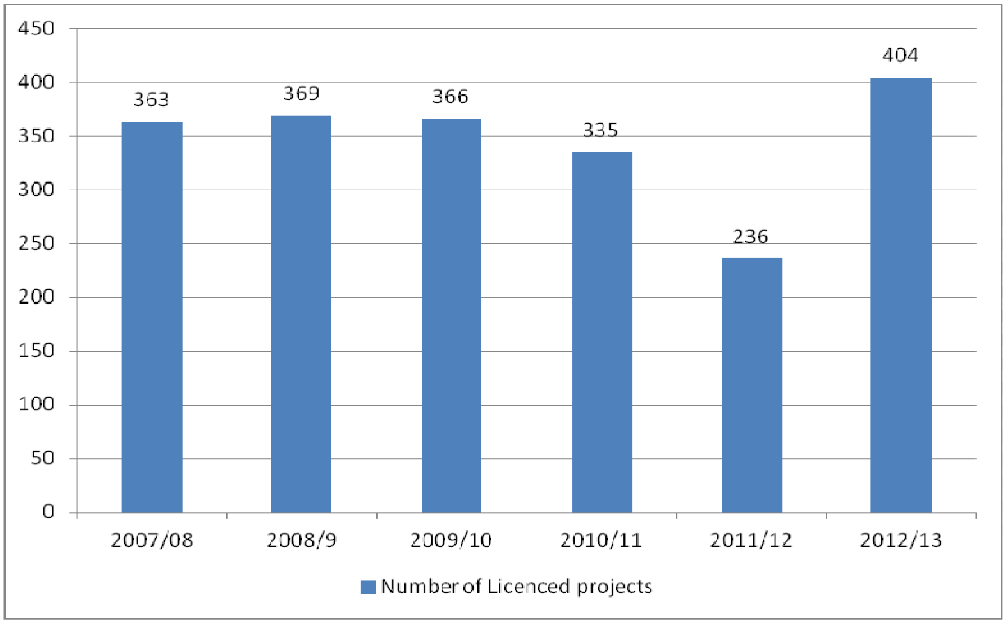


Source: UBOS, Statistical Abstract 2012

3.0 Licensed Projects

The overall investment performance of Uganda as measured by the number of licensed projects for the fiscal Year 2012/13 reflects a strong rebound in the number of licensed projects compared to 2011/2012. In 2012/2013 the total number of licensed projects grew to 404 projects, a rise by 71 percent over the previous year. The increase in the number of licensed projects between the two fiscal years resulted from UIA's collaboration efforts with partner institutions such as Immigration Department to issue work permits to investors on condition that they were in possession of investment licenses. In addition some investors that had applied for investment licenses in 2011/2012 remained pending due to the introduction of additional requirements for an investment license. These documents included copies of the tenancy agreements or land titles, bills of lading, bank statements and bank reference letters. These requirements were introduced as a measure to improve the quality of licensed investors and ensure that the investments were concentrated in value added activities.

Figure 3.1: Licensed Projects, 2007/08 - 2012/2013



Source: *UIA Database, 2013*

Out of the 404 licensed projects, 22.5 per cent of the projects were operational, 56.7 per cent were under implementation while 20.2 percent were not yet implementing (Table 3.1). The projects under implementation intend to invest $627 million and create 27,378 jobs while the operational projects will invest $171.8 million and create 12, 100 jobs. The projects that were not yet implementing plan to invest $508 million and create 22,823 jobs.

Table 3.1: Status of Licensed Projects 2012/2013

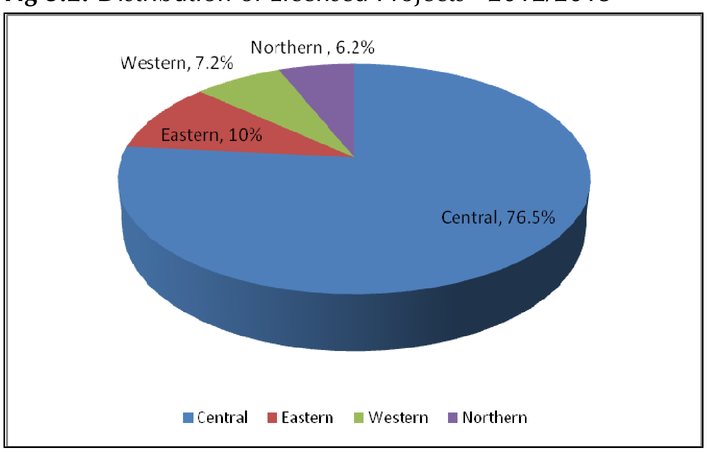
	No of projects	Planned Investment USD	Planned Employment
Not yet Implementing	84	508,061,008	22,823
Under Implementation	229	627,025,536	27,378
Operational	91	171,824,774	12,100
Total	404	1,306,911,318	62,301

Source: *UIA Database, 2013*

3.1 Regional Distribution of Licensed Projects

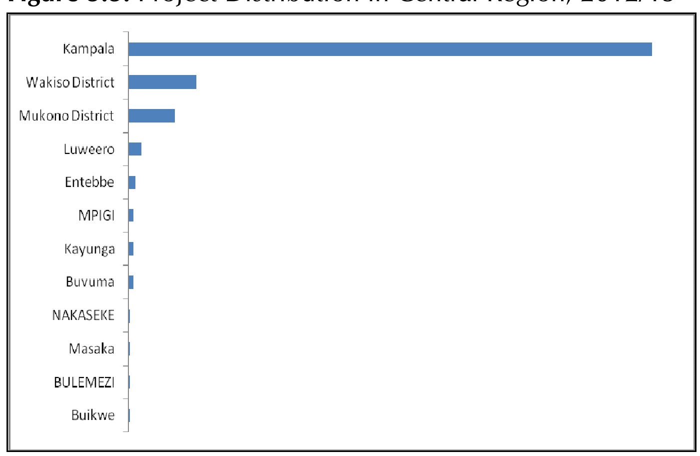
FY 2012/2013 saw a rise in the number of licensed projects in Central and Northern Uganda and a drop in the Eastern and Western regions. The Central region continued to register the largest number of licensed projects accounting for 76.5 per cent of the total licensed projects in 2012/2013, a slight decrease from 76.3 percent recorded in 2011/2012 (Figure 3.2). The figures further indicate that Kampala capital city accounted for 72 percent of the projects within the central region implying that, most licensed projects in Uganda were concentrated in the capital city (Figure 3.2). The Eastern and Western regions accounted for 10 percent and 7.2 percent while the northern region, as has been the case in the past five years accounted for the least number of projects. The disparity among regional distribution of projects is further proven by the Investor Survey 2012 which reported that most licensed projects were concentrated in the Central region (77.9 percent) followed by the Eastern (13.6 percent), Western (6 percent) and Northern region (2.5 percent). The northern region however for the first time registered an increase in licensed projects accounting for 6.2 percent of the total licensed projects in 2012/2013, an increase from 3 percent in 2011/12. The positive trend is attributed to the growing investor confidence and return of peace in the region.

Fig 3.2: Distribution of Licensed Projects 2012/2013



Source: *UIA Database, 2013*

Figure 3.3: Project Distribution in Central Region, 2012/13



Source: *UIA Database, 2013*

Table 3.2: Regional Distribution of Licensed Projects 2007/08 – 2012/2013

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Central	90.6%	85.6%	81.7%	72.6%	76.3%	76.5%
Eastern	4.7%	6.5%	9.6%	10.1%	11%	10%
Northern	1.7%	1.1%	1.9%	3.3%	3%	6.2%
Western	3.0%	5.1%	6.8%	7.7%	9.7%	7.2%

Source: *UIA Database, 2013*

3.1.1 Regional Distribution of domestic projects

The percentage regional distribution of domestic projects in the last five fiscal years illustrates a similar trend with the locally/Ugandan owned projects concentrated in the central region mainly Kampala. Other districts such as Wakiso and Mukono have also attracted some few projects. The trend is explained by presence of ready market, infrastructure facilities such as electricity, water and roads as well as administrative offices such as Immigration, URA and URSB. The lack of a UIA regional office in the Eastern, Northern and Western parts of Uganda has also impacted on the number of projects licensed over the years.

In 2012/2013, there was a general decline in the number of domestic owned licensed projects in the Central, Northern and Western regions. Although the Central region registered a decline, the region remained the largest recipient of domestic projects accounting for 67.6 percent of the total domestic projects, higher than the Eastern, Western and Northern regions which registered 18.1 percent, 9.7 percent and 2.8 percent respectively as shown in table 3.3. The Eastern region for the third year running, registered growth in the number of domestic projects while the northern registered the least projects.

Table 3.3: Regional Distribution of domestic projects by percentage, 2007/08 – 2012/13

	2007/08	2008/09	2009/10	2010/2011	2011/2012	2012/13
Central	84.9	84	72.7	76.1	67.6	66.7
Eastern	7.5	6.9	14.1	10.2	14.3	18.1
Northern	3.2	0.7	4.2	2.4	5.7	2.8
Western	4.3	8.3	9.1	11.8	12.3	9.7

Source: *UIA Database, 2013*

3.1.2 Regional Distribution of Foreign Owned Projects

Similar to domestic owned projects, foreign owned projects tend to be concentrated in the Central region although the numbers have declined over the years since 2007/08 and some have started to concentrate in other parts of the country as shown in Table 3.4 below. In 2012/2013, foreign owned projects in the Central region dropped to 80.1 percent compared with 84.1 percent in 2011/12. The Eastern and Western regions also registered a decline in the number of foreign owned projects accounting for 8.1 percent and 5.3 percent of the total foreign owned projects respectively. In contrast, the northern region registered a historic growth in the number of foreign projects accounting for 6.6 percent of the total foreign owned projects in 2012/13. The rebound in the number of projects in the region is attributed to the return of peace and increased investor confidence in the region.

Table 3.4: Regional Distribution of Foreign owned Projects licensed by percentage

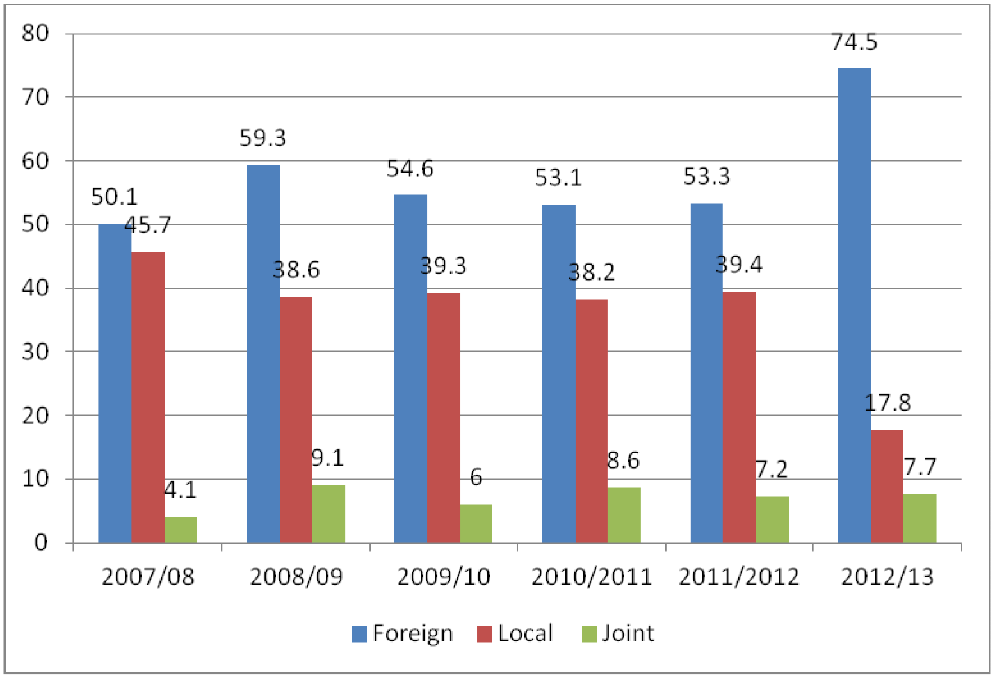
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Central	92.6	87.8	86.6	82.4	84.1	80.1
Eastern	2.7	5.7	8.1	9.0	8.4	8.1
Northern	2.1	1.4	0.5	3.2	0	6.6
Western	2.3	5.5	5.1	5.3	7.6	5.3

Source: *UIA Database, 2013*

3.2 Project Distribution by Ownership

FY 2012/13 registered an increase in the number of foreign owned and jointly owned companies with a drastic reduction in the number of locally owned projects. Foreign owned projects continue to dominate in numbers accounting for 74.5 percent of the total projects licensed in 2012/2013 up 40 percent from 2011/12. The foreign owned enterprises dominate because local companies are not obliged to obtain an Investment license before commencement of business. Other benefits such as the ease in acquisition of work permits from the UIA one stop centre have also attracted many foreign applicants for Investment licenses. The domestic owned projects accounted for only 17.8 percent a drastic decline compared with 39.4 percent in 2011/12. The decline in the number of licensed domestic projects calls for more promotional efforts to urge domestic investors to acquire investment licenses since the value of domestic investment has since 2010/2011 outstripped that of foreign Investments. Efforts by UIA are underway to license more domestic investors and the trend is expected to improve in the next FY. In contrast joint ventures accounted for 7.7 percent of the projects in 2012/2013 up from 7.2 percent in 2011/2012. Majority of the joint ventures (52 percent) were dominated by foreign companies but local companies also recorded some significant numbers accounting for 48 percent of the joint ventures. Similarly, findings from the Investor Survey 2012, also indicated that 53.5 percent of licensed projects were foreign owned compared with 42.2 domestic projects and 4.3 percent joint ventures.

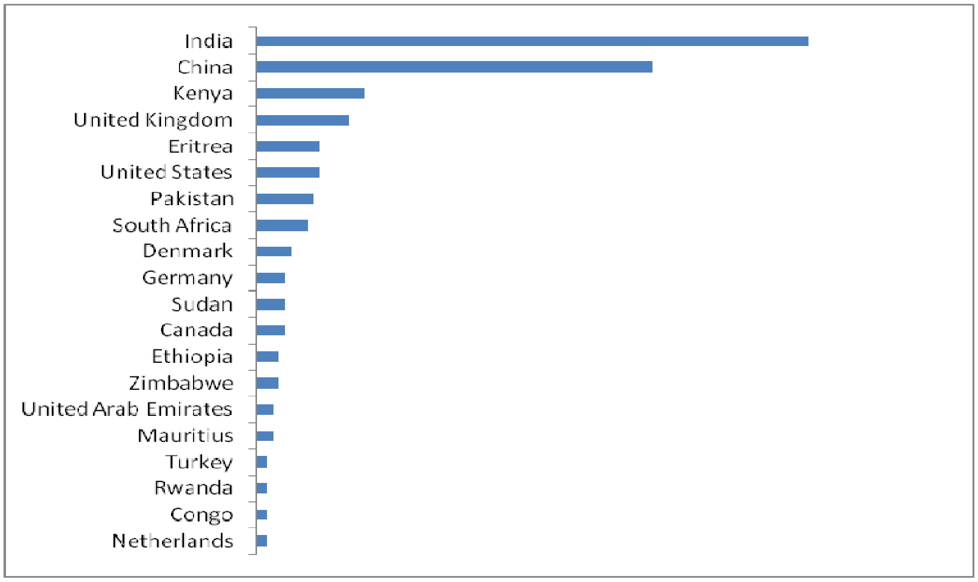
Figure 3.4: Project Ownership FY 2009/10 - 2011/2012



Source: *UIA Database, 2013*

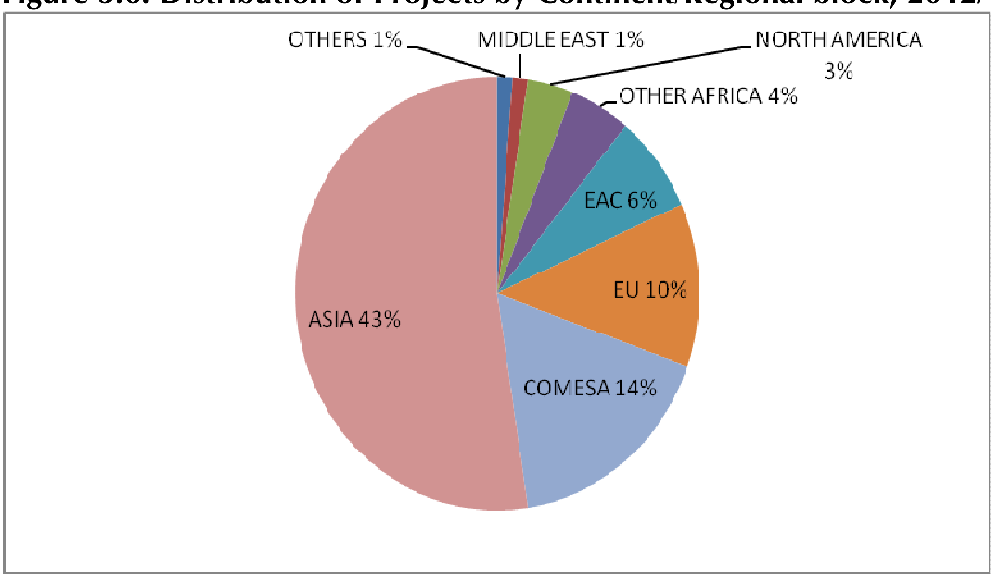
A further analysis of the foreign licensed projects in 2012/13 indicates India dominated the number of foreign projects accounting for 32 percent of the total licensed projects (Figure 3.5). China accounted for 22.8 percent of the total foreign projects. Kenya came third at 6.3 percent while United Kingdom (UK) came fourth at 5.3 percent. These findings are further confirmed in the Investor Survey 2012 which indicated some of the reasons for India and United Kingdom's ongoing interest in Uganda which pointed to colonial and historical reasons for United Kingdom and India, while Kenya is one of Uganda's leading trading partner. China is a new entrant pointing to the change in global investment patterns from the traditional global sources of FDI. This finding points to the need to refocus Uganda's investment targeting initiatives to countries that have continuously shown interest in Africa in general and LDCs in particular. Figure 3.6 below indicates that majority of the UIA licensed projects in 2012/13 originated from Asia accounting for 43 percent of the total licensed projects followed by COMESA and EU regional blocks accounting for 14 percent and 10 percent of the total licensed projects respectively. Most projects from the EU were from the UK. The EAC regional accounted for 6 percent with majority projects sourced from Kenya.

Figure 3.5: Top 20 Foreign Sources by Number of Projects, 2012/13



Source: *UIA database, 2013*

Figure 3.6: Distribution of Projects by Continent/Regional block, 2012/13



Source: *UIA database, 2013*

3.3 Sectoral Distribution of licensed Projects

Coca Cola Plant in Namanve

During 2012/13, the number of licensed projects rose across the sectors as shown in Table 3.5 below. The top three destinations by number of projects were Manufacturing, Finance, Insurance, Real Estate and Business Services and; Agriculture, Hunting, Forestry and Fisheries. The Manufacturing sector dominated the number of projects accounting for 194 projects, up 25.7 percent from 2011/12. Finance, Insurance, Real Estate and Business Services accounted for 16.1 percent of the total licensed projects while Agriculture sector accounting for 10.1 percent The Construction and Community and Social Services ranked fourth at 5.4 percent of the total number of licensed projects. Wholesale, Retail, Catering and Accommodation service accounted for 5.2 percent while Mining and Quarrying accounted for 5 percent of the projects. The least number of projects by sector were registered in Electricity, Gas and Water and Transport, Storage and Communication accounting for 2.7 percent of the total projects in 2012/13.

Table 3.5: Number of licensed Projects by Sector, 2007/08-2012/13

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Agric, Hunt, Forest and Fish	21	42	51	47	28	41
Community & Social Services	5	13	10	3	8	22
Construction	25	14	24	27	10	22
Electricity, Gas & Water	17	5	4	4	9	11
Fin, Ins, Real Estate and Business Services	51	79	66	93	54	65
Manufacturing	162	135	133	115	90	194
Mining & Quarrying	15	18	10	13	12	20
Transport, Storage and Communication	27	34	34	12	7	11
Wholesale, Retail, Catering and	40	29	34	21	18	21

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Accommodation						

Source: *UIA Database, 2013*

4.0 Investment Trends

4.1 Actual Investment

Roofings Steel Rolling Mill in Namanve

Although UIA is encumbered by logistical problems in ascertaining the value of actual investments and employment generated by the licenced projects, afew surveys have been done to identify actual investments made to date. These Investors surveys are undertaken annually to determine value of investments committed and employment created. The eleventh series of the annual Private Sector Investor Survey 2012 of 464 foreign companies done by UIA, BOU and UBOS indicated that the enterprises had invested approximately $6.1 billion up from $2.93 billion invested in 2010. The Investor Survey 2012 done by UBOS, UIA and MFPED of 888 licenced projects with planned investment of $3,258 million yielded $2,861 million in actual investment made giving 87 percent realisation rate. The findings in the survey implied that every project licenced by UIA invested at least 88 percent of what was planned at the time of license.

4.1.1 UIA Investor Survey of Licenced Projects 2012/13

The UIA is undertaking a survey to establish the status of licenced projects in 2012/13. Preliminary data findings from returns of 94 companies with planned investment of $203 million indicate an estimated $455 million in actual investment representing a conversion rate of about 224 percent. The findings imply that every project licenced by UIA in 2012/13 will invest more than two times of the planned value at the time of license. The high conversion rate in 2012/13 was driven by the fact that 57 percent of the licenced companies were under implementation while 23 percent were already operational. Simarly the Investor Survey 2012, proved that majority (61 percent) of the licenced projects start business operations within one year. This implies that majority of the licenced projects that were not yet implementing their projects are expected to do so within one year of licensing. The projected actual investments for licenced projects in 2012/13 therefore are estimated at $3.1 billion with the largest investment concentrated in the Manufacturing sector.

4.1.2 Sectoral Distribution of Actual Investment

Preliminary findings so far, indicate that the major recipient of actual investment was Wholesale, Retail and Accommodation Services attracting $201 million as shown in table 4.1 below. The positive performance was mainly driven by a large investment in Hotel and Hospitality Services. The Manufacturing sector ranked second attracting $89.4 million in actual investment projects while Community and Social Services attracted $41.1 million. Actual Investment in Agriculture was $20.2 million.

In terms of average actual investment per project, Wholesale, Retail and Accommodation Services yielded the highest value of $28.7 million. Mining and Quarrying which had 8 projects followed with an estimated $8 million. This was followed by the Community and Social services sector which posted an average actual investment per project of $4.6 million.

Table: 4.1: Sectoral Distribution of Actual Investment, 2012/13

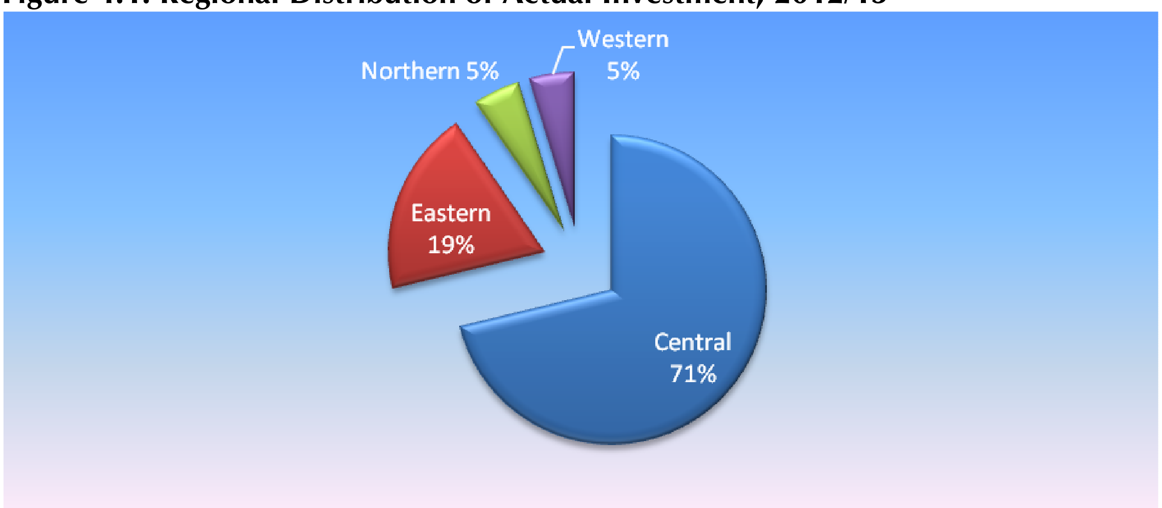
Sector	Number of Projects	Planned Investment US$	Actual Investment US$	Average Actual Investment per projects US$
Agriculture, Hunting, Forestry and Fish	12	13,151,930	20,166,768	1,680, 564
Community and Social Services	09	53,768,063	41,064,931	4,562,770
Construction	02	820,000	3,290,000	1,645,000
Electricity, Gas and Water	04	8,872,500	15,239,963	3,809,990
Finance, Insurance, Real Estate and Business Services	14	7,877,185	15,304,157	1,093,154
Manufacturing	35	80,471,870	89,443,050	2,555,515
Mining and Quarrying	8	29,452,300	64,287,581	8,035,947
Transport, Storage and Communication	3	5,614,000	5,325,000	1,775,000
Wholesale, Retail and Accommodation Services	7	2,624,400	200,740,502	28,677,215
Total	**94**	**202,652,248**	**454,861,952**	**52,154,591**

Source: *UIA survey 2012/13*

4.1.3 Regional Distribution of Actual Investment

Findings on regional distribution show that actual investments were concentrated in the Central region mainly Kampala attracting $324 million (71 percent) of the total actual investment as shown in Figure 4.1. The Eastern region followed with $87.9 million (19 percent) in actual investment while the Northern region ranked third attracting $22.2 million (table 2.3). The Western region attracted the least with an estimated actual value of $ 21.2 million. Investments in general were concentrated in the central regions because of the disparity in the availability of infrastructure facilities and access to market opportunities. The trend however is changing with other regions especially the Northern and Western regions starting to attract major investments especially in the Mining and Quarrying sector.

Figure 4.1: Regional Distribution of Actual Investment, 2012/13



Source: *UIA survey 2012/13*

4.1.4 Sources of Actual Investment

According to findings of the survey the largest actual investment was registered from Russia recording US$ 200 million accounting for 44 percent of the actual investment recorded. Uganda ranked second yielding $60 million in actual investment accounting for 13.2 percent of the total actual investment compared to planned investments of $59.3 million. Uganda also registered the highest number of projects which were twenty seven (27). Fourteen (14) projects from India attracted actual investments worth $56.1 million while actual investments from Kenya stood at $43 million. China attracted $12.8 million in actual investments but the value of actual investments is expected to grow since the country registered the highest number of planned investment in 2012/13. Actual Investments from India are also expected to grow since the country is one of the top 3 sources of investments in

Uganda. Cayman Islands - a new entrant attracted $26.1 million in actual investment. From the other African Countries South Africa attracted $10.3 million while Ghana yielded $10 million. United Kingdom which is a historic investor in Uganda attracted an estimated $9.1 million as shown in Table 4.3 below.

4.3: Planned Investment against Actual Investment USD by Country, 2012/13

Country	Number of Projects	Planned Investment US$	Actual Investment US$
Australia	1	800,000	758,581
Canada	2	2,068,000	4,996,869
Cayman Islands	1	18,122,000	26,100,000
China	3	11,510,000	12,815,830
D.R. Congo	2	2,044,000	2,500,000
Denmark	2	1,314,300	1,970,000
Eritrea	2	1,379,000	1,755,251
Ethiopia	1	107,500	107,500
France	2	465,000	110,000
Germany	2	1,075,000	410,000
Ghana	1	1,452,000	10,000,000
Hong Kong	1	140,000	300,000
India	14	54,429,660	55,957,891
Indonesia	1	492,000	Project abandoned
Ireland	1	708,000	1,000,000
Kenya	5	16,832,383	43,034,050
Mauritius	1	583,510	3,500,000
Nigeria	1	151,000	66,000
Pakistan	2	686,440	2,090,000
Russia	1	735,000	200,000,000
Rwanda	1	1,400,000	579,150
South Africa	5	8,064,000	10,301,473
Spain	1	245,000	19,305
Sudan	1	2,070,000	1,950,000
Taiwan	1	832,000	1,200,000
Uganda	27	59,358,134	60,053,355
United Arab Emirates	2	743,475	450,000

United Kingdom	6	10,677,846	8,996,697
United States	3	3,713,000	3,640,000
Zimbabwe	1	454,000	200,000

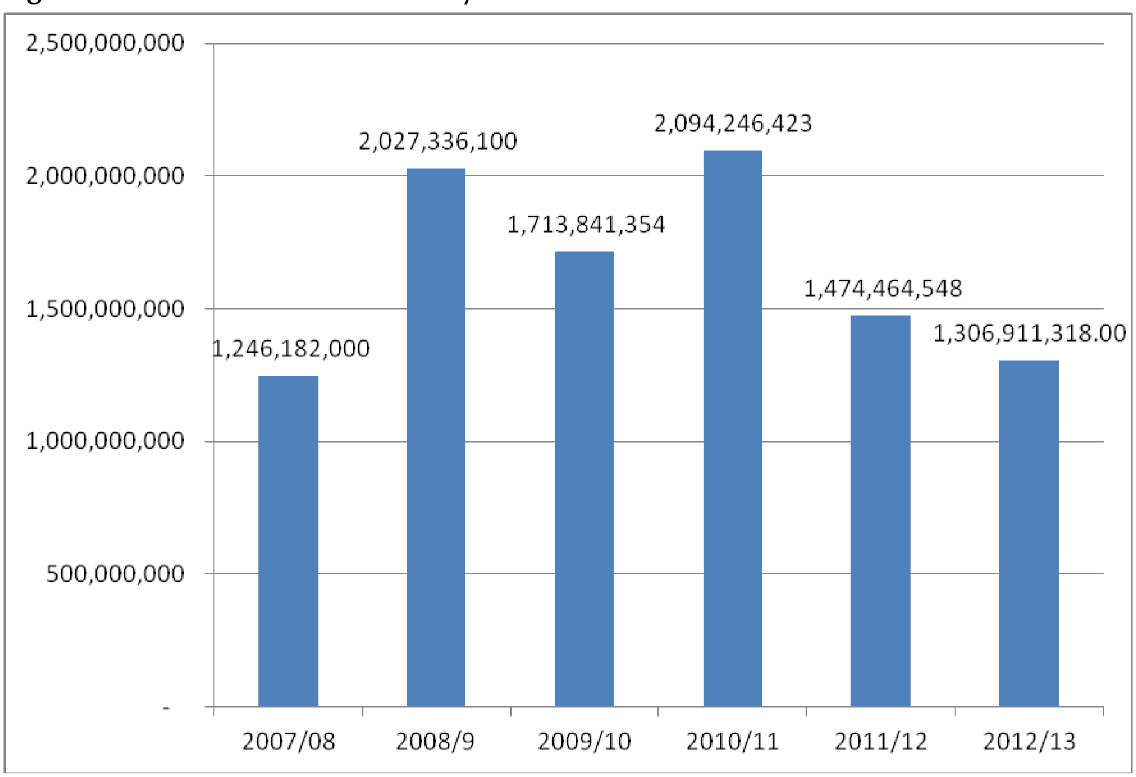
Source: *UIA survey 2012/13*

4.2 Planned Investment

East African packaging

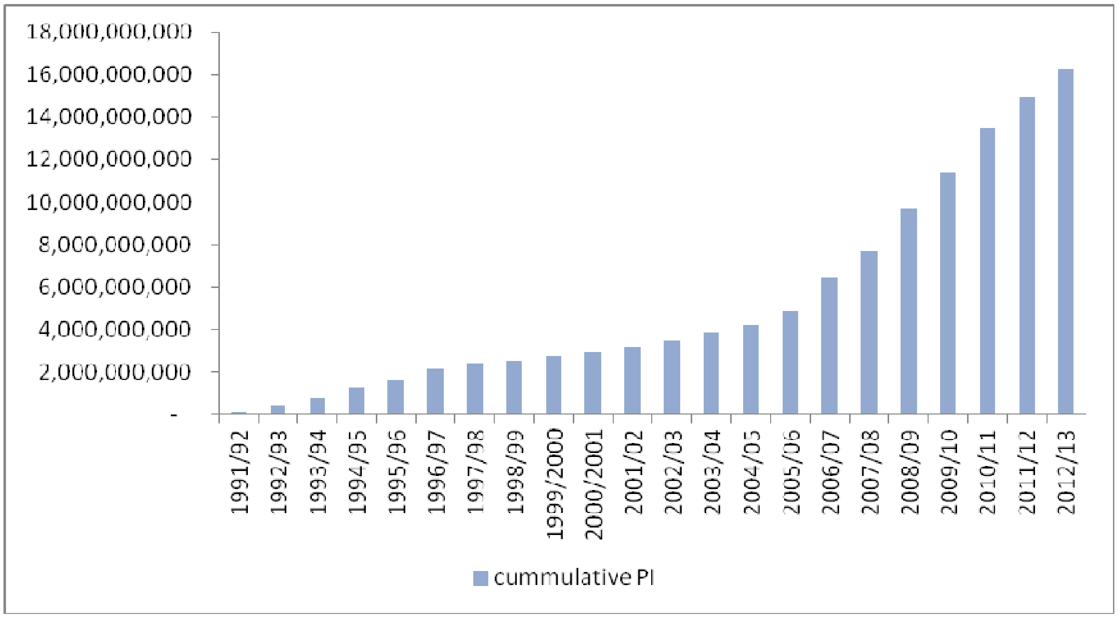
Planned Investments in 2012/13 fell for the second year running by 11.4 percent to USD 1.31 billion, mainly due to a decline in investments in traditional sectors such as Agriculture and Transport, Storage and Communication. This decline was in contrast to Uganda's economic growth and inflation rate which rebound in 2012/13. The cumulative investment however grew by 8.7 percent reaching $16.3 billion as shown in Figure 4.2.

Figure 4:1: Planned Investment by Value 2007/08 – 2012/2013



Source: *UIA Database, 2013*

Figure 4:2: Cumulative Planned Investment by Value 1991/92 – 2012/2013



Source: *UIA Database, 2013*

4.2.1 Sectoral Distribution of Planned Investment

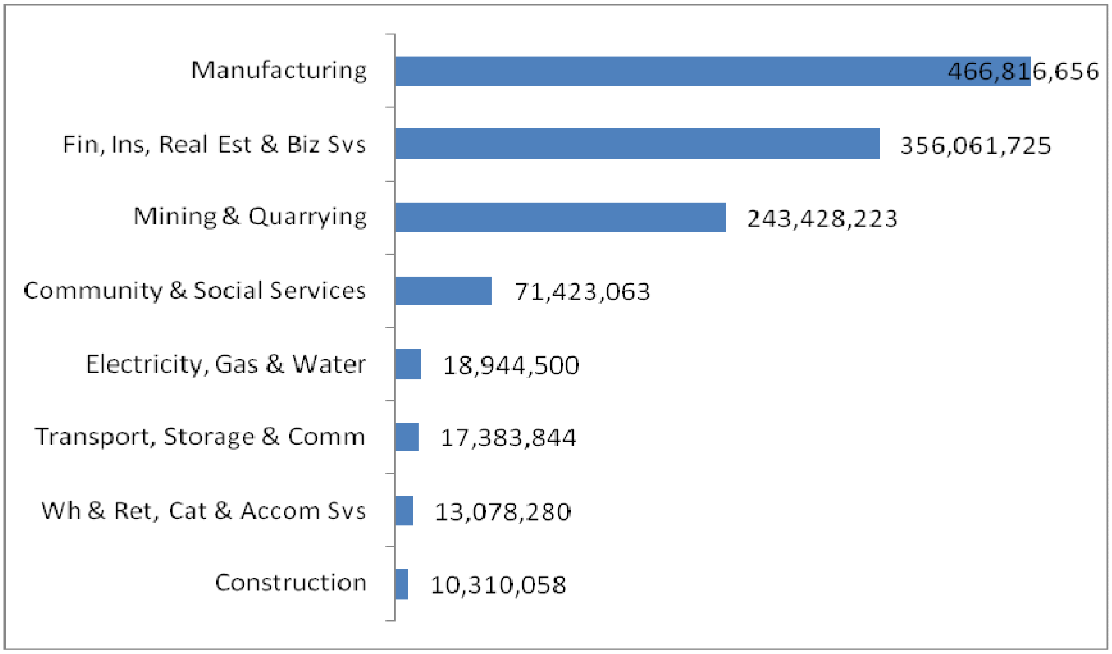
Bakhresa Grainmilling Company

In 2012/2013, planned investment declined in five key sectors recording growth in only 4 sectors (Manufacturing, Finance, Insurance, Real Estate and Business Services, Mining and Quarrying and Community and Personal Services. Planned Investment in the Manufacturing sector rebounded in 2012/13 to reach $466.8 million after falling sharply in 2011/12 the increase however was 35 percent below the peak value recorded in 2009/10. The positive performance was driven by improved power supply and reduction in power outages that characterized FY

2011/12. The sector's positive performance is further explained by large investments which were registered in the Cotton and textile industry, Metal and metal products industry as well as the Cement and lime industry. Similarly Investments in Finance, Insurance, Real Estate and Business Services reversed the negative trend recorded in 2011/12, reaching $356 million accounting for 27 percent of the total planned investment. Among the driving forces behind its growth were large investments registered in the Real Estate industry.

The Mining and Quarrying sector accounted for 18.6 percent of the total planned investment reaching $243 million in 2012/13 up from $130.6 million registered in the previous financial year. Planned investment in the community and social services sector grew strongly for the third year running reaching $71.4 million in 2012/13. The rapid growth was driven by large investments in the Education sector. Planned investment in the Electricity, Gas and Water sector fell sharply by 96 percent to $18.9 million. The decline was explained by the fall in the number of licensed projects in the sector. Similarly Planned Investments to the Transport, Storage and Communication sector fell significantly by 94 percent from $297 million in 2011/12 to $17.4 million. Wholesale, Retail, Catering and Accommodation Services also recorded a reduction in planned investments by 25 percent from $17.4 million to $13.1 million in 2012/13. The sector has continuously recorded a downward trend in planned investments for the last five years due to the decline in projects licensed in the wholesale industry. The Construction sector attracted the least value of planned investment registering $10.3 million and accounting for only 0.8 percent of the total planned investment in 2012/13. Figure 4.3 illustrates the sectoral distribution of planned investment in 2012/13.

Figure 4.3: Planned Investment into Uganda by Sector, 2012/2013



Source: *UIA Database, 2013*

Table 4.4: Planned Investment by Sector 2007/08 to 2012/2013

	2007/08	2008/09	2009/2010	2010/2011	2011/2012	2012/13
Agric, Hunt, Forest & Fish	77,707,000	185,060,000	318,082,247	279,444,796	135,136,380	109,464,969
Community and Social Services	6,381,000	38,494,000	76,103,000	2,079,605	13,257,753	71,423,063
Construction	1,570,000	123,972,200	187,412,500	93,449,339	39,079,382	10,310,058
Electricity, Gas & Water	171,580,000	96,095,000	1,776,313	445,951,140	564,396,700	18,944,500
Fin, Ins, Real Estate and Business Services	198,543,000	488,814,000	183,789,193	406,647,659	165,137,207	356,061,725
Manufacturing	559,174,2	379,385,0	714,779,0	714,365,77	112,550,70	

	00	00	29	5	6	466,816,656
Mining & Quarrying	32,523,000	97,515,000	20,793,505	99,752,409	130,583,682	243,428,223
Transport, Storage and Communication	83,925,300	533,589,900	147,907,923	22,417,784	296,880,553	17,383,844
Wholesale and Retail, Catering and Accommodation	88,962,500	84,411,000	63,197,644	30,137,916	17,442,185	13,078,280

Source: *UIA Database, 2013*

4.2.2 Regional Distribution of Planned Investment

In 2012/2013 planned investment grew in the central and northern regions but declined in the Eastern and Western regions. The Central region remained the largest recipient of planned investment accounting for 59 percent of the total planned investment in 2012/2013 a marginal increase by 8.3 percent from 2011/2012. A further analysis of investment distribution by district illustrates Kampala Capital City as the largest recipient of investment accounting for 39 percent of the total planned investment in2012/13 (figure 4.4). Other top recipients from the central region were Entebbe District ranking third with 7.9 percent, Mukono district ranking fourth with 5.1 percent and Wakiso ranking sixth accounting for 4.7 percent. Similarly the Northern region saw a dramatic increase in planned investment values which grew by over 200 percent from $23.3 million in 2011/12 to $91.5 million in 2012/13. The sharp rise registered in the northern region was driven by investments in Manufacturing and Mining and Quarrying sectors. The largest investment in the region was located in Amuru District accounting for 3.1 percent of the total planned investment. In contrast, the region was the least recipient of planned investment accounting for 7 percent of the total planned investment compared with the Eastern and Western regions which accounted for 25 percent and 9.2 percent respectively. Planned Investment for the Eastern region declined by almost 50 percent from the historic $599 million in

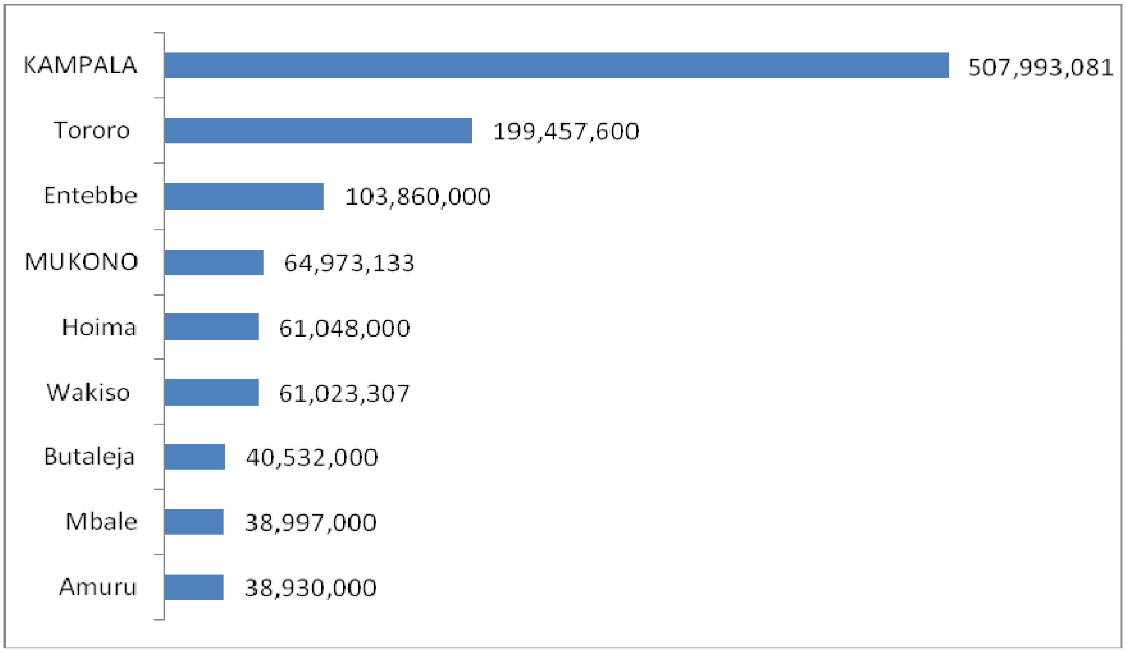
2011/12 to $327 million in 2012/13. Planned investment to the western region also shrank by 15 percent from $142 million in the previous FY to $ 120.7 million in 2012/13. However the Eastern region for the second year running, maintained its position as the second largest recipient of planned investment in Uganda. For the Eastern region Tororo received the highest value of Investment and was second after Kampala attracting $199.5 million (15.3 percent) of the total planned investment. Butaleja and Mbale also attracted fairly significant investment values of $40.5 million and $39.1 million respectively. The Western region had Hoima as the main recipient of investment ranking fifth out of the 10 top recipients of investment by district attracting $61 million and accounting for 4.7 percent of the total planned investment in 2012/13.

Table 4.5: Planned Investment by Region, (2007/08 – 2012/2013)

	2007/08	2008/09	2009/2010	2010/2011	2011/2012	2012/13
Central	1,063,786,000	1,888,712,100	1,233,863,602	781,640,657	710,319,286	768,920,191
Eastern	58,646,000	64,514,000	191,737,825	176,190,394	598,703,287	327,438,285
Northern	114,222,000	6,969,000	9,655,600.00	10,719,000	23,284,000	89,841,263
Western	9,528,000	52,903,000	278,584,327	1,080,896,272	142,157,975	120,711,579

Source: *UIA Database, 2013*

Figure 4.4: Top 10 Recipients of Planned Investment by District 2012/13



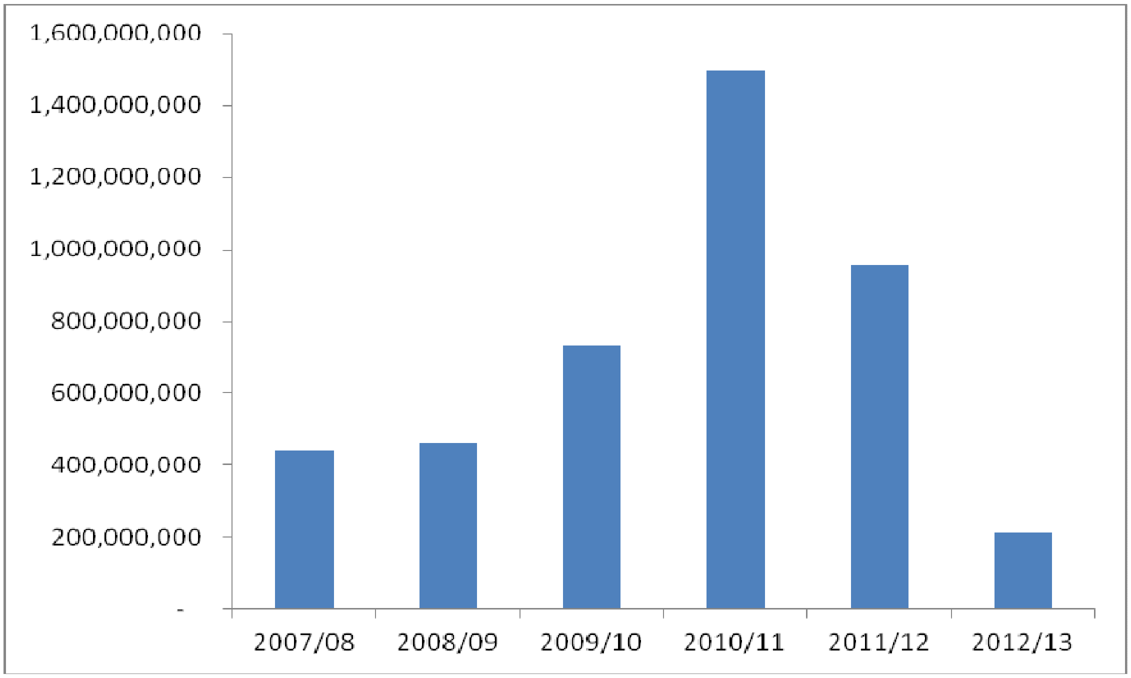
Source: *UIA Database, 2013*

4.2.3 Investment Value by Ownership

4.2.3.1 Direct Domestic Investment (DDI)

In 2012/13, planned direct domestic investment values shrank dramatically by 78 percent recording $212 million in 2012/13 further down from $955.1 million recorded in 2011/2012. The decline in planned DDI was attributed to the sharp decline in the number of locally owned licensed projects. In addition UIA is not mandated to license local companies but efforts are underway to licence more domestic investors by sensitizing the public and local population about the benefits of acquiring an Investment License. Through the ongoing promotion and facilitation efforts of the Small and Medium Sized Enterprise Division, more local investors are expected to register their businesses and acquire investment licenses in the next financial year.

Figure 4.5: DDI Inflows, 2007/08 – 2012/13

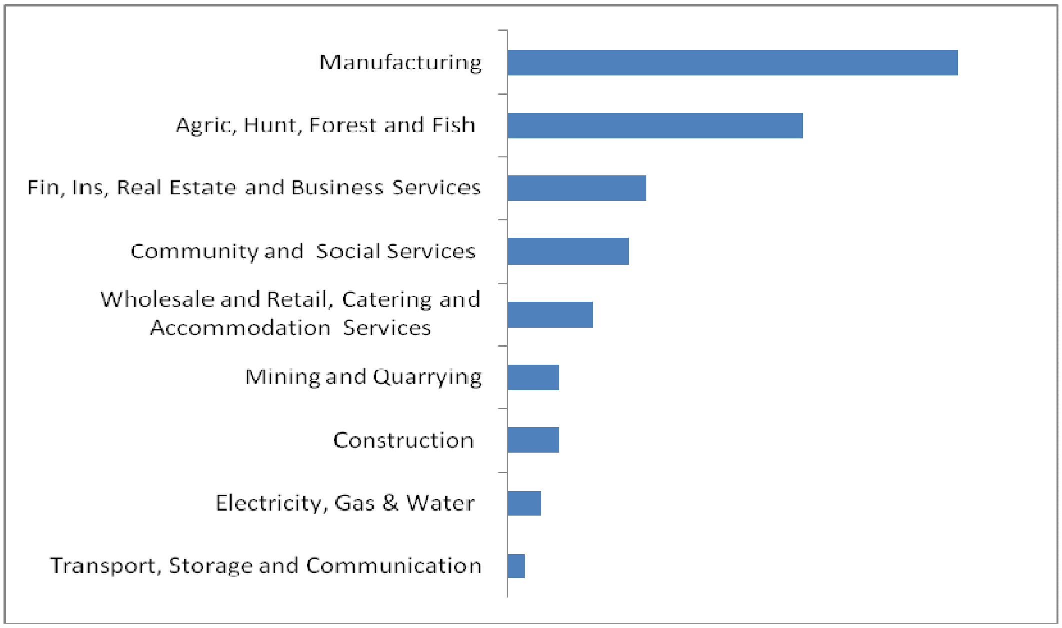


Source: *UIA Database, 2013*

4.2.3.1.1 Sectoral Distribution of DDI by value

The FY 2012/13 saw a general decline in the sectoral distribution of planned DDI across 7 out of 9 sectors but there were some bright spots registered in two sectors. The decline in DDI that has characterized majority sectors in the last three FYs was driven by the fall in number of licensed domestic projects. DDI to the Manufacturing sector rebounded reaching $112.4 million and accounting for more than half of the total planned DDI in 2012/13. The growth however remained lower than the historic peak registered in 2010/11. The Manufacturing sector also registered the largest number of domestic projects although the levels have declined since 2009/10. The most promising sector for DDI was Community and Social Services which recorded the highest DDI growth of over 300 percent in 2012/13. The sector accounted for 18 percent of the total planned DDI. The Agricultural sector had the second largest number of domestic projects but investment values were only $13 million, a decline by 85 percent from the previous FY. Electricity, Gas and Water sector accounted for 1.7 percent of the total DDI in 2012/2013. The sector performance declined sharply in reverse to the 54 percent growth recorded in 2011/12. Finance, Insurance, Real estate and Business services declined by 71 percent accounting for 14.3 percent with investment in the sector dominated by the Real Estate industry. Planned DDI to the Construction sector has continued to drop rapidly for the last three consecutive years since the financial depression. In 2012/2013 investment declined by 97 percent lower than the 47 percent decline in 2011/2012. Planned DDI in 2013/14 however is expected to reverse positively with the lowering of the lending rates and improvement of the transport and energy infrastructure stock which will crowd in domestic private investment. Table 4.3 below illustrates the sectoral distribution of domestic owned projects which indicate that most projects licensed tend to concentrate in the Manufacturing and Agricultural sector. A trend similar to foreign owned projects.

Figure 4.6: Sectoral Distribution of domestic projects by number 2012/13



Source: UIA Database, 2013

Vero Foods

Son Fish farm

Table 4.6: Sectoral distribution of DDI (% number of projects, value)

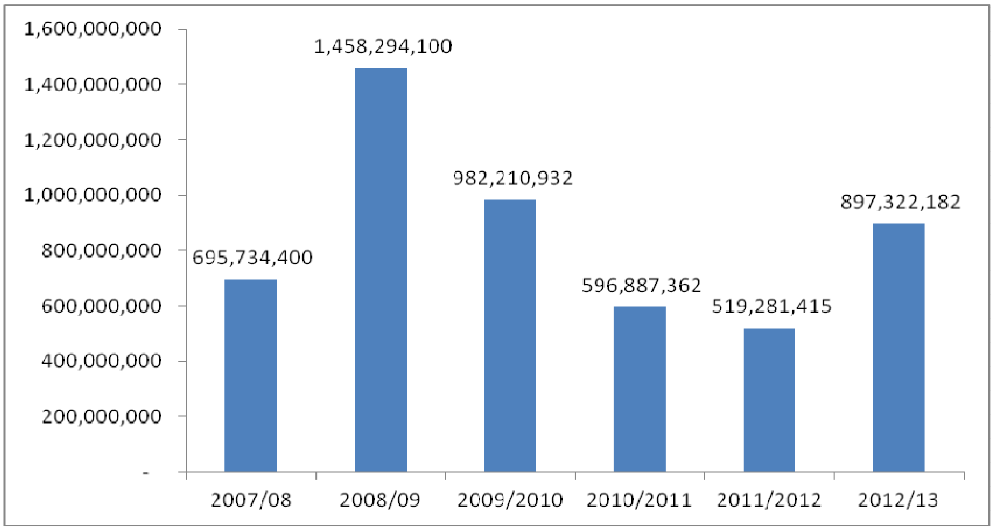
2009 2011			2010/2011		2011/2012		2012/13	
	No. of Projects	Investment ($)	No. of Projects	Investment ($)	No. of Projects	Investment ($)	Number of projects	Investment ($)
Agric, Hunt, Forest and Fish	29	203,382,997	29	167,259,832	17	88,249,380	17	13,020,369
Community and Social Services	5	39,735,000	1	348,000	4	8,599,753	7	37,906,603
Construction	10	135,842,000	9	62,659,239	6	33,481,972	3	955,558
Electricity, Gas & Water	1	116,000	1	365,000,000	3	561,267,000	2	3,680,500
Fin, Ins, Real Estate and Business Services	28	64,497,042	35	251,332,918	20	104,761,020	8	30,388,000
Manufacturing	45	135,695,135	41	620,846,285	39	63,538,326	26	112,429,547
Mining and Quarrying	6	13,712,405	8	6,641,819	7	79,327,000	3	7,255,923
Transport, Storage and Communication	13	84,198,381	4	6,034,327	1	3,630,000	1	3,008,844
Wholesale and Retail, Catering and Accommodation Services	22	54,451,462	11	18,371,641	8	12,328,682	5	3,743,000

Source: UIA Database, 2013

4.2.3.2 Foreign Direct Investment Inflows *(Planned)*

Total Planned FDI reversed by 73 percent to $ 897.3 million in 2012/13 from $519.3 registered in 2011/2012. The increase was led by China which registered large investments in the Mining and Quarrying as well as the Manufacturing sector. Planned FDI inflows are expected to grow further in 2013/14 with the registration of green field investments in the Oil and Gas, Mining and Quarrying and; Manufacturing.

Figure 4.7: Planned FDI Inflows, 2007/08 - 2012/13

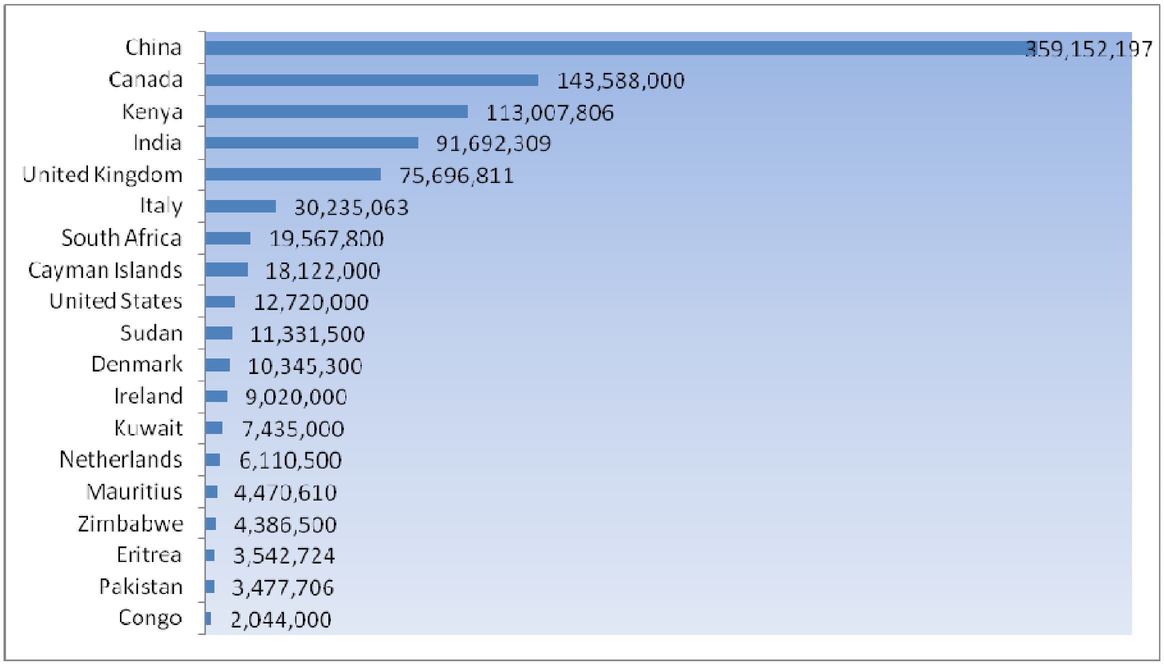


Source: *UIA Database, 2013*

4.2.3.2.1 Top Sources of Foreign Direct Investment (FDI) by value

China, India and Kenya continue to be the leading sources of FDI in Uganda with Canada coming second for the first time ever in 2012/13. China came first at $359 million), followed by Canada with $144 million) and Kenya with $113 million. Planned FDI from China grew to a level higher than the trough of 2009/10. The positive performance was driven by large investments registered in Mining and Quarrying. In particular, China alone accounted for two fifth of the total planned FDI in 2012/13. Canada accounted for 16 percent, while Kenya accounted for 13 percent. India which ranked fourth accounted for 10 percent. In the previous year the top three frontrunners were Netherlands, United Kingdom and Sweden, which invested 201 million, 104.3 million and 78.4 million respectively. Kenya remains among the top 5 FDI sources although it lost the second position it had held in the fiscal years 2009/10 and 2010/11. Although India moved up one step to the 4th position, the country lost its position as the largest source of planned FDI from Asia in 2012/13. These rankings are further confirmed by the World Investment Report 2013 which reported China and India among the leading FDI sources in Africa.

Figure 4.8: Top 20 Planned FDI Sources by value in USD, FY 2012/2013



Source: *UIA Database, 2013*

Table 4.7: Top ten sources of Planned FDI by Value 2009/2010 to 2011/2013

	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	75,696,811.0
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

Source: *UIA Database, 2013*

4.2.3.2.2 Sectoral Distribution of Planned FDI flows by Value

Planned FDI flows in 2012/2013 grew across sectors but fell drastically in Transport, Storage and Communication Sector. The top three recipients of planned FDI by value were Manufacturing, Mining and Quarrying and Finance, Insurance, Real Estate and Business Services. Planned FDI in the Manufacturing sector recovered reaching $302 million, accounting for 34 percent of the total planned FDI. Mining and Quarrying recorded $235 million accounting for 26 percent of the total planned FDI while Finance, Insurance, Real Estate and Business Services attracted $203 million accounting for 23 percent of total planned FDI. The Agricultural sector rebounded growing by 99 percent in 2012/13 to $93.2 million. Planned FDI in community and social services grew robustly to reach $24.3 million. Planned FDI in the construction recovered to reach $9.3 million but levels remained lower than their peak value in 2009/10. Electricity, Gas and Water planned FDI grew positively reaching $15.1 million up from $3.1 million in 2011/12. The Whole and Retail, Catering and Accommodation Services also recorded growth reaching $7.1 million in 2012/13. Planned FDI investment levels in the sector however, have remained low in comparison to other sectors recording the least value in 2012/13. In terms of growth, the promising sectors for FDI were Manufacturing and Community and Social Services which recorded the highest growth levels in 2012/13.

Table 4.5: Sectoral distribution of Planned FDI by Value

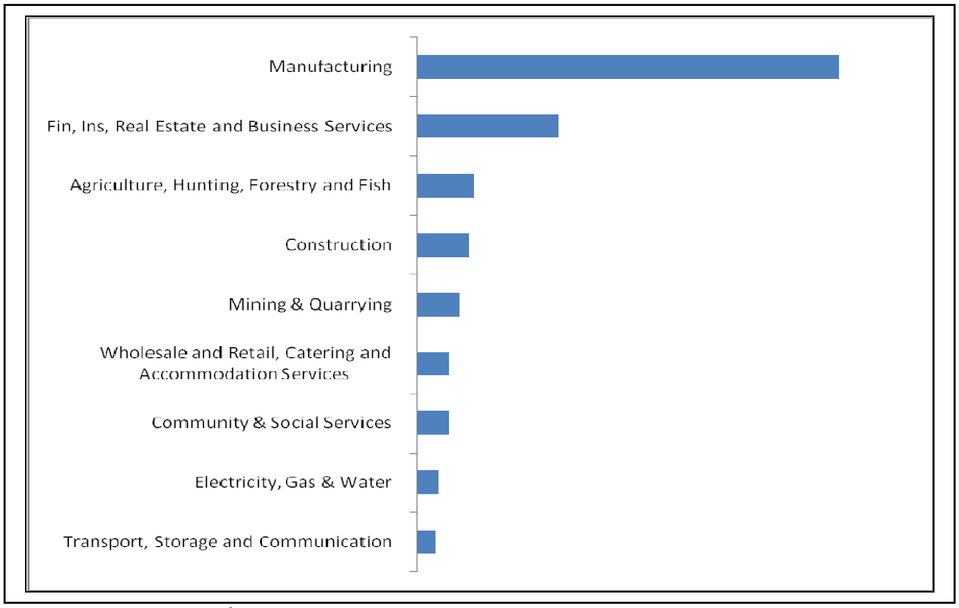
	2009/2010	2010/2011	2011/2012	2012/13
Agric, Hunt, Forest & Fish	114,699,250	112,184,964	46,887,000	93,223,600
Community & Social Services	36,368,000	1,731,605	4,658,000	24,319,460
Construction	51,570,500	30,790,100	5,597,410	9,354,500
Electricity, Gas & Water	1,660,313	80,951,140	3,129,700	15,124,000
Fin, Ins, Real Est & Biz Svs	119,292,151	155,314,741	60,376,187	203,097,776
Manufacturing	581,229,894	93,519,490	49,012,380	301,923,046
Mining & Quarrying	7,081,100	93,110,590	51,256,682	234,572,300
Transport, Storage & Comm	61,563,542	16,383,457	293,250,553	8,602,000
Wh & Ret, Cat & Accom Svs	8,746,182	11,766,275	5,113,503	7,105,500

Source: *UIA Database, 2013*

4.2.3.2.3 Sectoral Distribution of Foreign owned Projects

With respect to the sectoral distribution of foreign licensed projects, the Manufacturing sector maintained its position as number one, registering more than 200 percent growth and accounting for more than half of the total number of foreign projects licenced in 2012/13. Finance, Insurance, Real Estate and Business Services and Agriculture ranked second and third. Table 4.5 illustrates the sectoral distribution of FDI for the three fiscal years which confirms that most foreign owned projects tend to concentrate in the Manufacturing, Finance, Insurance, Real Estate and Business Services and; Agriculture.

Figure 4.9: FDI per sector by number of Projects, 2009/10 – 2012/13



Source: *UIA Database*

Table 4.8: FDI per sector by number of Projects, 2009/10 – 2012/13

	2009/2010	2010/2011	2011/2012	2012/13
Agriculture, Hunting, Forestry and Fish	22	18	11	21
Community & Social Services	5	2	4	12
Construction	14	18	4	19
Electricity, Gas & Water	3	3	6	8
Fin, Ins, Real Estate and Business Services	38	58	34	52
Manufacturing	90	74	51	154
Mining & Quarrying	4	5	5	16
Transport, Storage and Communication	20	8	6	7
Wholesale and Retail, Catering and Accommodation Services	12	10	10	12

Source: UIA Database, 2013

5.0 Employment Trends

5.1 Actual Employment

The Investor survey 2012 of 888 licenced projects with planned employment of 123,144 jobs, reported that the companies had created 73,782 jobs. This represented an employment conversion rate of 60 percent. This means that every company licenced by UIA employed at least 60 percent of what was planned at licencing time. The annual Private Sector Investor Survey 2012 of 464 companies indicated that by end of 2011 the companies had employed 56,923 people. Domestics employees constituted the majority accounting for 93.7 percent of the total employees while the foreign employees only constituted 6.3 percent as shown in Table 5.1 below.

Table 5.1: Distribution of Employees by nationality

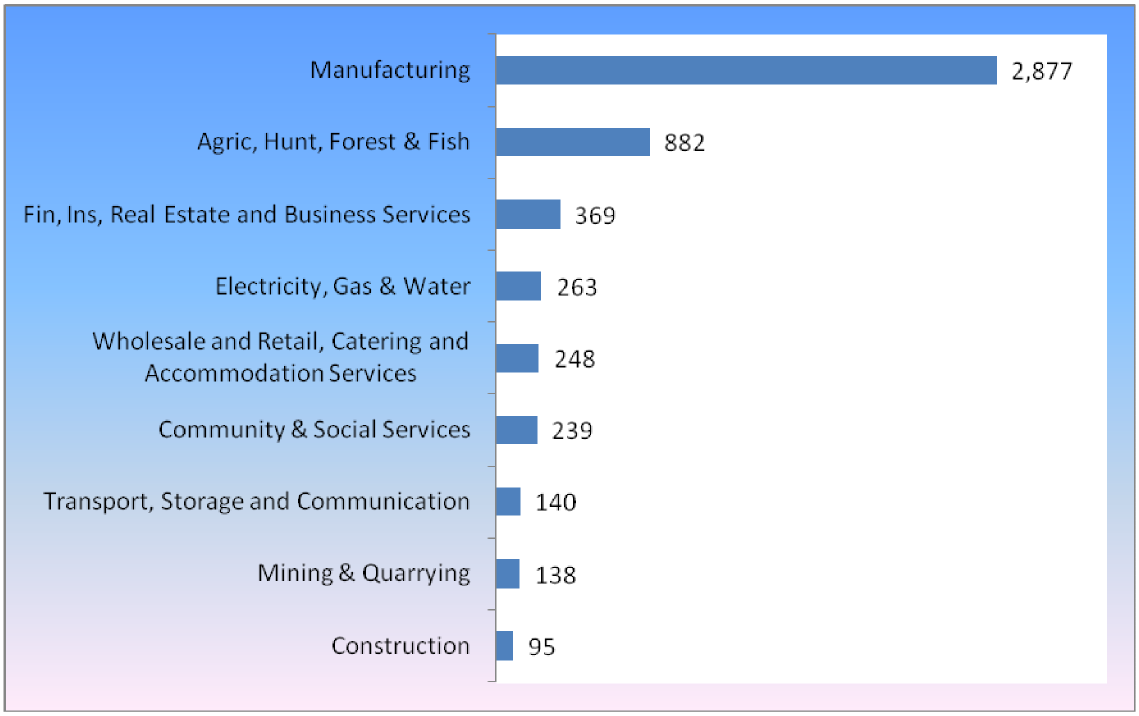
Nationality	2011	
	No. of Employees	**Percentage of total**
Foreign	3,581	6.3
Long term	*3,304*	*5.8*
Short term	*277*	*0.5*
Domestic *(part-time & full-time)*	53,342	93.7
Total No. of Employees	**56,923**	100.0

Source: *Bank of Uganda, 2012*

The results of the UIA survey 2012/13 indicate that the licenced projects have employed 5,251 persons out of the planned 9,656 persons representing an employment realization rate of 54.4 percent. This means that on average, every licensed project generated at least 54.4 percent of the total planned jobs at the time of licensing.

In terms of sectoral distribution of actual jobs, the Manufacturing sector remained the top job creator yielding 2,877 jobs out of the sector planned 2,964 jobs accounting for 56.4 percent of the total jobs created as shown in Figure 5.2. Agriculture emerged second creating 882 jobs out of the planned 4,268 jobs. The sector accounted for 16.8 percent of the total jobs created. The two sectors are priority sectors for investment promotion particularly the Manufacturing sector which is ranked as the top most job creator in the last 5 years.

Figure 5.2: Sectoral Distribution of Actual Employment



Source: *Survey*

Table 5.2: Number of Projects, Planned Employment and Actual Employment

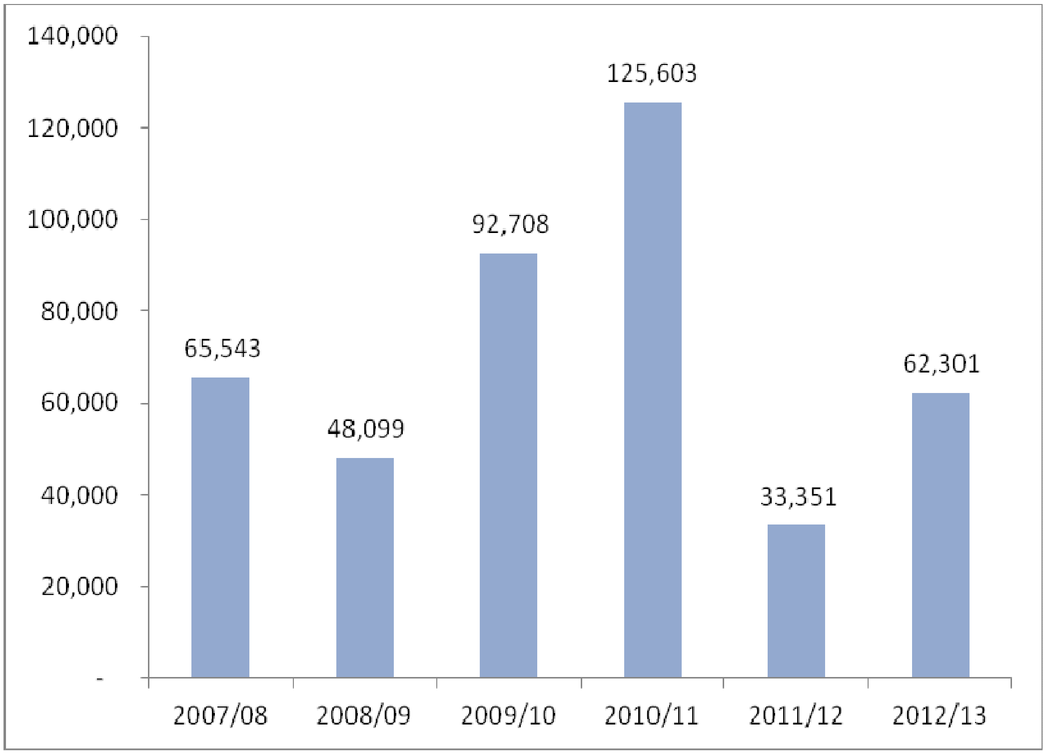
Sector	Number of Projects	Planned Employment	Actual Employment
Agriculture, Hunting, Forestry and Fish	12	4,268	882
Community and Social Services	9	623	239
Construction	2	76	95
Electricity, Gas and Water	4	242	263
Fin, Ins, Real Estate and Business Services	14	322	369
Manufacturing	35	2,964	2,877
Mining and Quarrying	8	484	138
Transport, Storage and Communication	3	419	140
Wholesale and Retail, Catering and Accommodation Services	7	258	248
Total	**94**	**9,656**	**5,251**

Source: *Survey*

5.2 Planned Employment

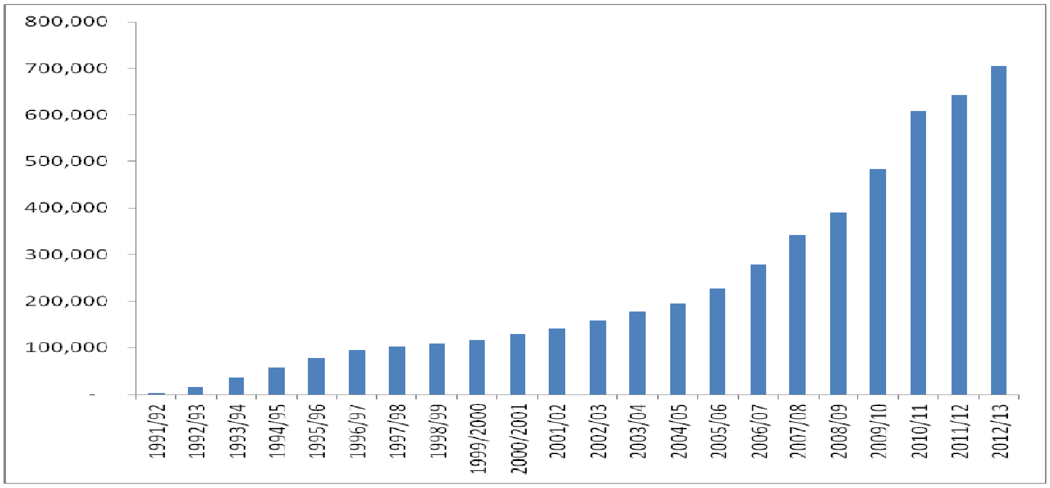
Planned employment rebounded by 86.8 percent in 2012/13 reaching 62,301 jobs but 50 percent below the historic peak registered in 2010/11. The cumulative planned employment grew by 9.7 percent reaching 705,281 as shown in Figure 5.2.

Figure 5.1: Planned Employment Trends (2007/08 – 2012/13)



Source: *UIA Database, 2013*

Figure 5.2: Cumulative Planned Employment Trends (1991/92 – 2012/13)



Source: *UIA Database, 2013*

5.2.1 Employment Distribution by Region

In 2012/2013 planned employment flows grew across the regions but declined in the Central region. The Central region accounted for the largest number of planned jobs (37.6 percent) out of the total planned jobs in 2012/13. The region however has registered a downward trend in the planned employment for the last 3 FYs. The In contrast, the Northern region has registered steady growth in planned employment since 2009/10 reaching their peak of 17,044 and accounting for 27.4 percent of total planned employment in 2012/13. The region also recorded the highest planned employment growth rate moving up two ranks from being the least recipient of planned jobs in 2012/13. The Eastern region accounted for 20.4 percent of the total planned employment while the western region accounted for 14.7 percent of the total planned employment.

Table 5.3: Employment Distribution by Region 2007/08 – 2012/2013

	2007/08	2008/09	2009/2010	2010/2011	2011/2012	2012/13
Central	51,069	42,592	51,099	31,300	26,570	23,418
Eastern	5,606	2,936	23,728	7,875	3,247	12,684
Northern	8,177	237	346	736	1,836	17,044
Western	691	1,809	17,535	83,366	1,698	9,155

Source: UIA Database

5.2.2 Employment Generated by Sector

The year 2012/2013 saw a general increase in the number of jobs created by majority sectors with a decline in 4 sectors. The largest growth was recorded in the Manufacturing sector which accounted for nearly half of the planned jobs in 2012/13. The Agricultural sector ranked second accounting for 12.9 percent of the jobs to be generated. Finance, Insurance, Real Estate and Business Services ranked third accounting for 5.2 percent of the total planned jobs but lower than the 30.4 percent in 2011/12 reflecting a slowed growth in the jobs to be created in the sector. Mining and Quarrying sector accounted for 4.5 percent of the jobs. The Construction sector registered growth in the number of planned jobs although the growth was relatively low at 8.7 percent accounting for 1.5 percent of the total planned jobs. In contrast to the growth, some sectors registered a decline in planned employment during FY 2012/13. The decline was highest in Transport Storage and Communication services which fell by 87 percent to 431 planned jobs in 2012/13. Planned jobs in the Electricity, Gas and Water sector declined by 78.4 percent reaching 321 jobs in 2012/13. The Finance, Insurance, Real Estate and Business Services sector registered more jobs than 6 other sectors but the growth declined by 68.3 percent. Wholesale and Retail, Catering and Accommodation declined by 40 percent. The general trend in planned jobs indicates that Manufacturing, Agriculture and Finance, Insurance, Real Estate and Business Services are amongst the biggest job creators in Uganda and therefore should areas of focus for investor targeting.

Table 5.3: Employment Distribution by Sector 2007/08 – 2012/2013

	2007/08	2008/09	2009/10	2010/2011	2011/2012	2012/13
Agric, Hunt, Forest & Fish	3,081	7,765	33,662	14,725	6,901	8,007
Community & Social Services	238	1,221	1,122	101	616	1,380
Construction	130	2,859	3,872	6,468	865	940
Electricity, Gas & Water	4,219	2,774	15,285	75,547	1,489	321
Fin, Ins, Real Estate and Business Services	5,262	10,886	7,696	10,863	10,140	3,219
Manufacturing	27,815	17,140	24,530	14,149	8,128	30,770
Mining & Quarrying	1,419	1,917	855	930	1,269	2,780

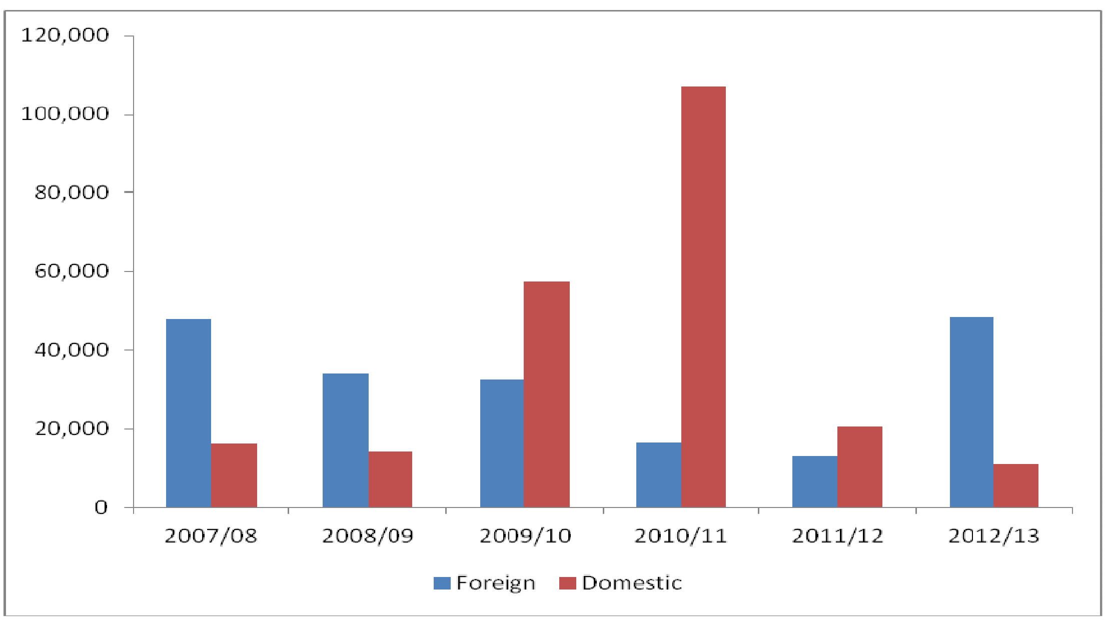
Transport, Storage and Communication	17,806	1,959	3,059	1,668	3,286	431
Wholesale and Retail, Catering and Accommodation	2,880	1,578	2,627	1,152	657	395

Source: *UIA Database, 2013*

5.2.3 Employment Distribution by Project Ownership

The year 2012/13 saw a reverse in the planned jobs among foreign projects whose performance outstripped domestic projects. Employment distribution among foreign projects grew more than three times to reach 48,243 jobs in 2012/13 up from 12,817 jobs registered in 2011/12. Local companies lost their position as top job creator 2012/13 accounting for 18 percent of the planned jobs. The positive performance by foreign companies is parallel to the number and value of foreign investment which outstripped the domestic projects during the financial year under review.

Figure 5.2: Employment Distribution by Foreign and Local Projects, 2007/8 – 2012/13



Source: *UIA Database, 2013*

6.0 Barriers to Business Implementation in 2012/13

A survey was administered to 404 companies that had acquired investment licenses in 2012/13. Twenty percent of the companies reported that there were no significant factors that had affected implementation of their projects. However the majority highlighted the following issues that had affected project implementation and therefore delayed full operationalisation of their projects.

i. Bureaucracy and lack of quick support from line Ministries, Departments and Government agencies in charge of issuing approval licenses and permits with respect to taxation, immigration, transportation, education services, environment impact assessments and land acquisition. The challenges were in respect to delays in issuing land leases, transport licenses, tax identification numbers and tax exemptions for plant and machinery and; issuing work permits for foreign expatriates.
ii. High costs on installation of electricity. High power tariff rates, frequent load shedding and unreliable power supply.
iii. High taxes on importation of equipment and some plant and machinery.
iv. High cost of credit which affected business expansion and general financing of company operations.
v. Bureaucracy and Corruption.
vi. Poor transport infrastructure in the form of road and rail transport network;
vii. Inefficient manpower and high levels of unskilled labour. This barrier had affected businesses that were involved in Mining and Quarrying as well as Oil exploration activities.
viii. Inefficient banking systems and utility services especially for the companies located in upcountry areas.
ix. Lack of exploration suppliers in the oil sector.
x. Insecurity for investments along the Southern Sudan and Uganda border.
xi. Insufficient industrial and agricultural land for business expansion and construction.
xii. High labour costs incurred in training local workforce.
xiii. Delays in clearance of goods as a result of transportation of merchandise from Mombasa Port to Kampala.
xiv. Insufficient water for irrigation in the agricultural sector.

Appendices

Appendix I

Licensed Projects CYs 1991 – 2012

Calendar Year	No. of Projects
1991	6
1992	108
1993	185
1994	232
1995	279
1996	226
1997	182
1998	102
1999	66
2000	89
2001	117
2002	152
2003	160
2004	188
2005	293
2006	428
2007	357
2008	349
2009	365
2010	360
2011	332
2012	340

Licensed Projects FY 1991/92 – 2012/2013

Fiscal Year	No of Projects
1991/92	34
1992/93	156
1993/94	171
1994/95	322
1995/96	242
1996/97	229
1997/98	124
1998/99	67
1999/2000	82
2000/2001	113
2001/02	121
2002/03	149
2003/04	178
2004/05	228
2005/06	352
2006/07	428
2007/08	363
2008/09	369
2009/10	366
2010/11	335
2011/12	236
2012/13	404

Cumulative Investment in million US Dollars, Calendar Years , 1991 – 2012

	Planned Investment	Cumulative Planned Investment
1991	9,232,000	9,232,000
1992	114,388,600	123,620,600
1993	369,419,000	493,039,600
1994	328,378,684	821,418,284
1995	440,341,492	1,261,759,776
1996	462,817,925	1,724,577,701
1997	386,089,921	2,110,667,622
1998	223,154,575	2,333,822,197
1999	142,549,520	2,476,371,717
2000	171,084,615	2,647,456,332
2001	200,810,452	2,848,266,784
2002	345,785,746	3,194,052,530
2003	237,128,600	3,431,181,130
2004	281,152,142	3,712,333,272
2005	457,307,344	4,169,640,616
2006	929,472,062	5,099,112,678
2007	1,463,813,300	6,562,925,978
2008	1,974,755,100	8,537,681,078
2009	1,616,498,743	10,154,179,821
2010	1,765,409,258	11,919,589,079
2011	1,406,861,632	13,326,450,711
2012	1,740,167,545	13,328,190,878

Appendix III

Cumulative Investment in million US Dollars, in Fiscal Years 1991/1992 – 2012/2013

	Planned Investment	Cumulative Planned Investment
1991/92	119,738,600	119,738,600
1992/93	303,062,552	422,801,152
1993/94	323,230,540	746,031,692
1994/95	499,080,118	1,245,111,810
1995/96	425,319,443	1,670,431,253
1996/97	464,999,780	2,135,431,033
1997/98	260,946,710	2,396,377,743
1998/99	145,221,000	2,541,598,743
1999/2000	191,042,135	2,732,640,878
2000/2001	163,808,452	2,896,449,330
2001/02	289,697,200	3,186,146,530
2002/03	297,163,546	3,483,310,076
2003/04	366,788,500	3,850,098,576
2004/05	338,268,642	4,188,367,218
2005/06	662,504,812	4,850,872,030
2006/07	1,574,316,294	6,425,188,324
2007/08	1,246,182,000	7,671,370,324
2008/09	2,027,336,100	9,698,706,424
2009/10	1,713,841,354	11,412,547,778
2010/11	2,094,246,423	13,506,794,201
2011/12	1,474,464,548	14,981,258,749
2012/13	1,306,911,318	16,288,170,067

Appendix IV

Project Ownership by Percentage of Numbers and Investment Value

Project Ownership by Percentage of Numbers, 2007/08 – 2012/2013

	2007/08	2008/09	2009/10	2010/2011	2011/2012	2012/13
Foreign	50.1	59.3	54.6	53.1	53.3	74.5
Local	45.7	38.6	39.3	38.2	39.4	17.8
Joint	4.1	9.1	6.0	8.6	7.2	7.7

Projects Ownership by Percentage of Planned Investment Value, 2007/08 – 2012/2013

	2007/08	2008/09	2009/10	2010/2011	2011/2012	2012/13
Foreign	43.8	71	56.2	25.5	34.9	68.7
Local	47.3	27.5	40.4	69.9	61.1	16.3
Joint venture	8.9	1.4	3.4	4.6	4.1	15.1

Appendix V

Projects by source country, Planned Investment Value and Employment, 2012/13

Country	Licensed Projects	Investment $ (Planned)	Employment (Planned)
China	69	359,152,197	10,417
Uganda	87	355,780,273	12215
Canada	5	143,588,000	517
Kenya	19	113,007,806	17585
India	96	91,692,309	7245
United Kingdom	16	75,696,811	1,440
Italy	1	30,235,063	800
South Africa	9	19,567,800	306
Cayman Islands	1	18,122,000	151
United States	11	12,720,000	5835
Sudan	5	11,331,500	346
Denmark	6	10,345,300	754
Ireland	1	9,020,000	14
Kuwait	1	7,435,000	76
Netherlands	2	6,110,500	628
Mauritius	3	4,470,610	150
Zimbabwe	4	4,386,500	299
Eritrea	11	3,542,724	373
Pakistan	10	3,477,706	511
Congo	2	2,044,000	133
Israel	1	1,981,000	640
Germany	5	1,905,000	178
Korea South	1	1,820,000	313
Rwanda	2	1,750,000	58
Turkey	2	1,750,000	150
United Arab Emirates	3	1,689,825	119
Serbia	1	1,500,000	58
Ghana	1	1,452,000	58
Ethiopia	4	1,228,000	104
Taiwan	1	832,000	34
Australia	1	800,000	57
Spain	2	765,000	54
Russia	1	735,000	59
Iceland	1	708,000	46

Country	Licensed Projects	Investment $ (Planned)	Employment (Planned)
Seychelles	1	669,000	73
Lebanon	1	641,000	42
Nigeria	2	601000	98
Czech Republic	1	529,894	58
Tanzania	2	511,500	36
Indonesia	1	492,000	26
Burundi	1	490,000	33
Jordan	1	476,000	30
France	2	465,000	52
Liberia	1	385,000	7
Egypt	1	343,000	21
Thailand	1	170,000	19
Hong Kong	1	140,000	31
Somalia	1	132,000	11
Japan	1	122,000	23
Sweden	1	102,000	18

Appendix VI

Cumulative Planned Employment, 1991- 2012

	Planned Employment	Cumulative employment
1991	473	473
1992	6,134	6,607
1993	24,530	31,137
1994	17,058	48,195
1995	19,827	68,022
1996	17,771	85,793
1997	13,569	99,362
1998	7,177	106,539
1999	5,008	111,547
2000	9,279	120,826
2001	17,198	138,024
2002	12,467	150,491
2003	18,713	169,204
2004	14,455	183,659
2005	26,259	209,918
2006	47,808	257,726
2007	57,789	315,515
2008	49,241	364,756
2009	72,154	436,910
2010	161,149	598,059
2011	68,902	666,961
2012	60,619	727,580

Appendix VII

Cumulative Planned Employment, 1991/92 – 2012/2013

	Planned Employment	Cumulative Planned Employment
1991/92	2,285	2,285
1992/93	12,320	14,605
1993/94	21,159	35,764
1994/95	22,146	57,910
1995/96	18,917	76,827
1996/97	18,047	94,874
1997/98	7,970	102,844
1998/99	5,032	107,876
1999/2000	8,314	116,190
2000/2001	13,446	129,636
2001/02	12,969	142,605
2002/03	14,899	157,504
2003/04	19,255	176,759
2004/05	18,197	194,956
2005/06	31,537	226,493
2006/07	51,183	277,676
2007/08	65,543	343,219
2008/09	48,099	391,318
2009/10	92,708	484,026
2010/11	125,603	609,629
2011/12	33,351	642,980
2012/13	62,301	705,281

Appendix VIII

Planned Investment (USD) and Employment by Regional and District, 2012/13

Region	Project District	Planned Investment	Planned Employment
Central	Kampala	507,993,081	16,253
Eastern	Tororo	199,457,600	1970
Central	Entebbe	103,860,000	140
Central	Mukono	64,973,133	2416
Western	Hoima	61,048,000	1847
Central	Wakiso	61,023,307	2413
Eastern	Butaleja	40,532,000	3113
Eastern	Mbale	38,997,000	1054
North	Amuru	38,930,000	15,033
Eastern	Jinja	31,420,685	2,333
North	Adjumani	30,235,063	800
Central	Buikwe	18,343,000	260
Western	Kabale	10,423,000	3,232
Western	Mubende	10,200,000	128
North	Arua	9,226,000	93
Western	kisoro	9,023,846	316
Western	Masindi	7,759,000	2,323
Eastern	Pallisa	7,435,000	76
Western	Kiryandongo	7,254,000	581
Western	Bundibugyo	5,963,930	166
Eastern	Busia	4,140,000	766
Central	Luweero	4,092,670	810
Western	Mbarara	3,904,846	314
Mpigi	Mpigi	3,780,000	313
North	Gulu	3,775,700	233
Western	Ibanda	2,700,000	147
Central	Kayunga	2,665,000	88
Eastern	Iganga	2,656,000	213
North	Lira	2,524,500	300
Western	Bushenyi	1,910,000	59
North	Karamoja	1,600,000	139
Western	Kasese	1,565,400	87
North	Nakapiripirit	1,555,000	134
Northern	Nwoya	1,095,000	2,535
North	Amudat	975,000	100
Central	Buvuma	934,000	104
Central	Bulemezi	915,000	652
North	Kitgum & Lamwo	800,000	57

Region	Project District	Planned Investment	Planned Employment
Western	Ntoroko	550,000	90
Central	Masaka	536,000	40
Eastern	Namutumba	500,000	199
Eastern	Mayuge	275,000	212
Eastern	Soroti	250,000	23
Western	Rubirizi	221,980	35
North	Lamwo	220,000	47
Central	Nakaseke	175,000	32
Northern	Kaabong	160,000	26
Eastern	Bulambuli	150,000	61
Western	Kabarole	140,000	95

Source: *UIA Database 2013*

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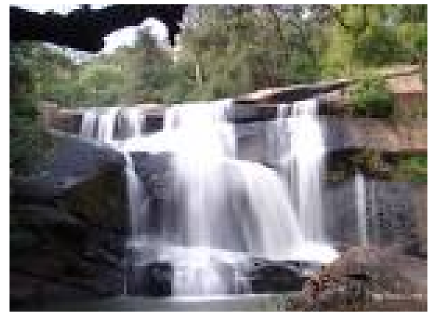
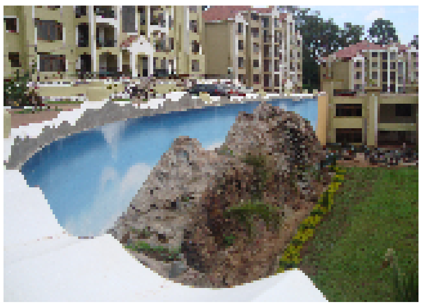







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