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INTERVIEW

New Board Chairman defines UIA strategic Vision

As board chairman, what is your strategic vision for UIA?

As the Board, we have reviewed the existing strategic plan (2011-2015). We are now looking at doing another strategic plan 2015-2021 which we have not yet finalized although we have had some high level discussions. Overall UIA has a mandate to promote investment in this country and as the board we need to find ways of making UIA relevant despite the challenges that have affected UIA in

the past several years.

Radical increment in the rate of job creation

Our board was inaugurated on 21st January 2015, just over two months ago. We have come up with a blue print of some of the things we can do. One key objective is the creation of employment. We are looking at a radical increment in the number of jobs that can be created over the next six years. This means we are going to do a number of things differently. However,

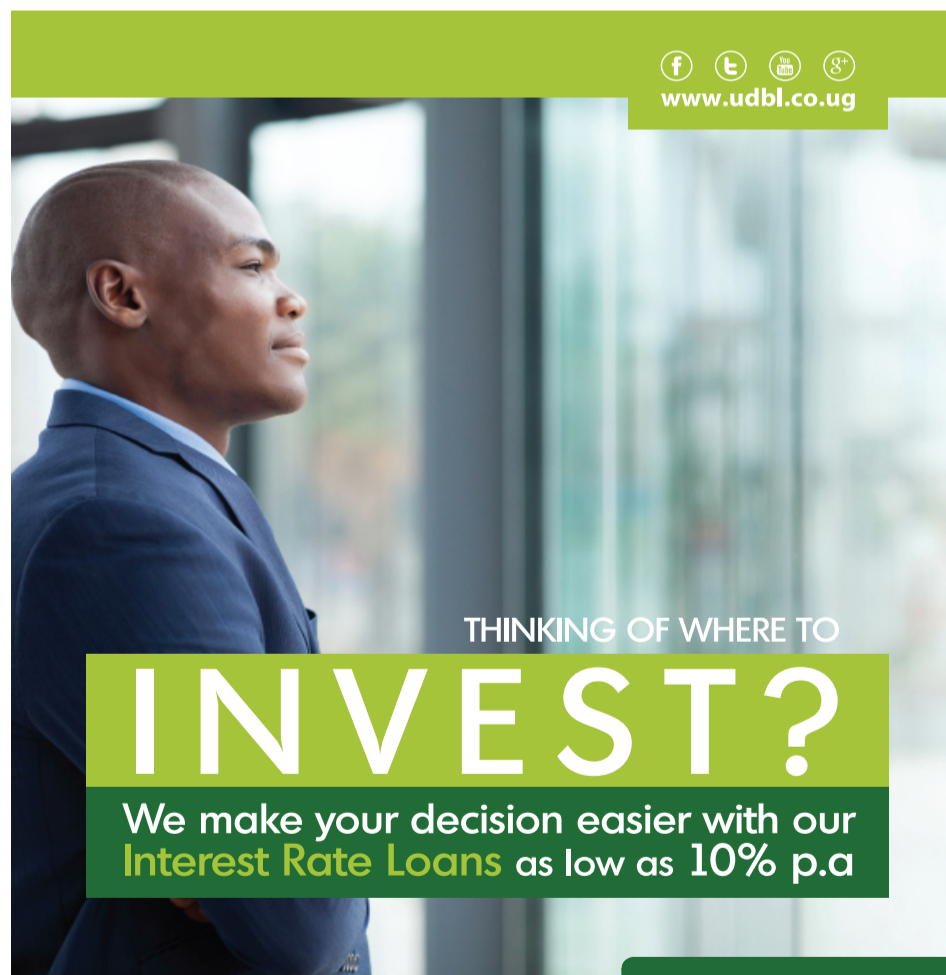
some pre-requisites have to be put in place for this to happen.

The first is the full operationalization of the one-stop center. This is critical if we are going to enhance the efficiency of UIA. If you compare with Singapore, Malaysia and even some of our neighbors, you will find that it takes too long for a business to be registered and established. This is because of the current status of UIA, where the Executive Director is not mandated and is dependent on many other institutions for him to

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FOREWORD

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Norway to deepen business ties with Uganda

By our reporter

On 15th April May 2015, Uganda Investment Authority (UIA), signed a significant Memorandum of Understanding (MoU) with Innovation Norway, a Norwegian Government Agency. The MOU aims at enhancing the cooperation between Innovation Norway and Uganda Investment Authority to identify investment projects and business opportunities between Norway and Uganda. The MoU will serve to guide the cooperation for the mutual benefit of the two countries with emphasis on the following;

- Identifying trade and investment opportunities of mutual interests
- Organizing trade and investment delegations and fairs between the two countries in order to promote awareness in the two markets with the intent to assist in the internationalization

process of companies from the two countries;

- Advising and guiding interested investors and traders on policies, opportunities and guidelines for investment and trade;

The MOU, which was witnessed by the Norwegian Ambassador to Uganda, H.E. Thorbjorn Gaustadsaether was signed by Eng. Dr Frank Sebbowa, Executive Director UIA and Mr. Jens Claussen, Counsellor/Director, Commercial Section,



The key focus sectors including Renewable Energy, Fisheries and Aquaculture, IT, Oil and Gas, Agriculture & Agro-based industry, Building and Construction, Transport including Ports and cross border transport corridors.

Royal Norwegian Embassy/ Innovation Norway, Regional Office for East Africa.

Innovation Norway is the Norwegian government agency for Trade and Investment promotion and has established its first regional office for the East African region in Nairobi. The office serves as the commercial section of the Norwegian embassies in Uganda, Kenya and Tanzania and has a team with regional out reach. The main task of the regional office is researching the East African market for trade and investment opportunities that can benefit from cooperation with the Norwegian business community.

The key focus sectors including Renewable Energy, Fisheries and Aquaculture, IT, Oil and Gas, Agriculture & Agro-based industry, Building and Construction, Transport including Ports and cross border transport corridors.

AmCham to Contribute to Uganda's Agribusiness Development



Photo by Agaba

Last week at the Uganda Investment Authority offices, Ms Meg Jaguar (Jakana Foods), the Vice President of the American Chamber of Commerce in Uganda (AmCham), expressed her optimism about the growth and development of the agri business sector. Together with some officials from the Embassy of the United States of America,

she had accompanied a delegation of 9 business men in varied areas of agribusiness. The group that said they were on a fact finding mission into the status of agribusiness and how their companies that engaged in modern agri technology could do business in the sector, comprised member companies from the USA, Kenya, In-

dia, and South Africa.

The technology the team said they could transfer ranged from solar storage systems, grain silos, use of ICTs in agri development e.g. mobile phone applications, preservation technologies to increase Uganda's agro products' shelf life without compromising the quality and nutrition content of the products, energy efficient equipment for agribusiness, as well as commercial agriculture especially in corn (maize). According to one of the members, Uganda has the capacity to be a major producer of maize in the next twenty years, if modern technology is harnessed appropriately.

Eng Dr Frank Sebbowa informed the team that Uganda still had underutilised arable land and welcomed business efforts to explore commercial agriculture.



COMPETITIVENESS AND INVESTMENT CLIMATE STRATEGY (CICS)



REPUBLIC OF UGANDA

CONCEPT NOTE ON THE EASE OF DOING BUSINESS INITIATIVE (EDBI) IN EAST AND SOUTHERN AFRICA, MAY 11TH -13TH, 2015

I. About the Doing Business Report

The Doing Business report was launched in 2002 by the World Bank Group to analyze regulations that apply to an economy's businesses during their life cycle, including start-up and operations, trading across borders, paying taxes, and resolving insolvency. The aggregate ease of doing business rankings are based on the distance to frontier scores for 10 topics and cover 189 economies.

The Doing Business findings have stimulated policy debates worldwide and enabled a growing body of research on how firm-level regulation relates to economic outcomes across economies. The key goal of Doing Business is to provide an objective basis for understanding and improving the local regulatory environment for business around the world.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, Doing Business encourages economies to compete towards more efficient regulation and offers measurable benchmarks for reform.

II. EDBI Conference background

During the launch of the 2010 Doing Business Report in Kigali, Rwanda, in early September 2009, several countries in the Africa region requested the World Bank (WB) to facilitate a 'learn and share' event on Doing Business reforms. Mauritius, the top-ranked DB country in the Africa region for three years running, offered to host the event and to share its experience. Following the successful pilot of this peer-to-peer learning model held in Mauritius in 2010,

Rwanda, the country which improved the most in the ease of doing business in 2009/2010, hosted a second peer-to-peer workshop for Governments in Eastern and Southern Africa in March 2011. The third meeting was held in March 2012 in Gaborone, Botswana, the 2013 meeting was in Sandton, South Africa and the 2014 meeting took place in Maputo, Mozambique. At the 'Ease of Doing Business Initiative 2014' which was hosted in Maputo, Uganda was selected to host the EDBI after beating six other countries that expressed interest in hosting the EDBI 2015. The 'Ease of Doing Business Initiative 2015' has been scheduled for May 11th -13th, 2015.

III. EDBI Objectives

The objectives of the EDBI are to:

- Facilitate sharing of knowledge and experience on investment climate reforms in Eastern and Southern Africa; and

- Improve the investment climate and increase the region's share of investment flows and export markets, in line with the stated regional economic integration objectives of the involved Regional Economic Communities and Member States.

- Facilitate the showcasing of best practice under one roof, encouraging political buy-in, following through of committed reform agenda.

IV. Discussion themes

The theme will revolve around the areas of focus for Uganda's reform strategy this year 2014/15. The indicators prioritized for improvement are;

- Starting a Business
- Obtaining a Construction Permit
- Registering Property, and
- Trading Across Borders

A component of the Conference will highlight the opportunities and challenges in the Ease of Doing Business in Fragile and Conflict Affected States (FCS). This component will be lead by the Republic of South Sudan.

V. Partnerships

The Government of Uganda is organizing the EDBI in close partnership with the Republic of South Sudan which will coordinate the component on Fragile and Conflict Affected States.

The Doing Business Taskforce and Government agencies that are responsible for indicators measured by the Doing Business Report.

The Conference is supported by development partners; especially the World Bank Group and members of the Private Sector Donor Group.

VI. Participants

The EDBI 2015 will bring together an estimated 250 - 300 participants including Government and policymakers from participating countries, MPs, development partners and private sector representatives.

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Juma Kisaame, Chairman Board of Directors - UIA

Photo by Agaba

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be able to do his work. So there is a lot of frustration in the process.

An effective One Stop Center has several components to it. One, the current law needs to be amended to give the UIA more powers to do more than its able to do right now. For instance, the UIA board is too large. It needs to be reduced from the present 13 members. Two, the Executive Director needs powers to handle some functions like issuance of temporary work permits for investors to go through the motions of registering businesses. Other issues like the business parks and the SME unit are not covered by the current Investment Code. Amendments of the law to improve corporate governance and to also be able to help UIA perform some functions to improve turnaround time are necessary.

Secondly, we need an on-line web portal, a system that integrates key departments of Government. For instance if an investor is issued an investment license, Uganda Revenue Authority should be able to pick those details from the portal for purposes of processing a TIN number. The same can be replicated in KCCA, Immigration etc. This initiative is being worked upon and funds have been allocated for it in this current budget. NITA Uganda is spearheading this initiative and we expect to have the system up and running in the next six (6) months.

Thirdly, the Team Uganda institutions (Government institutions relevant to investment) need to be physically housed in one location. Right now we only have NEMA, URSB, URA and the Immigration Department housed at UIA offices. We are looking at a customized building and efforts are underway to put up this building in Kololo. The building which will be purpose built by UIA and URSB will also house the Capital Markets

Authority. The ground floor of this building will accommodate all institutions that interface with investors.

The fourth component is to have relevant updated information on the aforementioned powerful web portal. Through this tool an investor should be able to access relevant information on any sector they plan to invest in even before they make the journey to Uganda or UIA offices. We are hoping that the Investment Code will be amended in the next six months and this will greatly streamline our operations and empower the Executive Director to perform his role.

Operationalization of the Kampala Industrial Business Park, Namanve and others

The second objective under our strategic plan is the completion of Kampala Industrial Business Park (KIBP) at Namanve. We at UIA believe that the primary way we are going to transform this economy is through industrialization. So its important that we operationalise all the industrial parks across the country. Our priority right now is the Namanve park and we are now trying to get all the necessary infrastructure completed. At the moment we have only one tarmac road there, we need power, drainage, waste treatment and water. Right now the Government of India through the EXIM Bank of India has agreed to finance this project. With this funding we can fast track the operationalization of the Namanve park and then move on to the other industrial parks in the country. This will enable us to provide serviced plots for investors in the parks.

Selected interventions to support SMEs

The third objective is to look at some selected interventions for SMEs. We want to address some of the challenges faced by SMEs. We are looking at three inter-

ventions, one is to provide serviced work places for the small industrialists. Worldwide, SMEs are the biggest source of jobs but they are susceptible to market pressures and most do not survive the first five years of their existence. We need to find a way of nurturing these SMEs. Presently we are working with CURAD at the Uganda incubation center in Namanve to help them in some specific areas. We are also working with USSIA (Uganda Small Scale Industries Association) to be able to provide work spaces in each and every industrial park in Uganda. We want to create 2000 work places in Namanve. We want to start by supporting metal fabrication, carpentry, wood work, arts and crafts. This will help in decongesting the city and assist Government in planning and clustering of businesses. This is an intervention we are going to be working on with our partners to ensure that these kind of work spaces are available in all the industrial parks in the country.

The second intervention is through mentoring. We shall provide a platform for mentoring of SME businesses. We shall have a pool of retired civil servants, technocrats, professionals, accomplished businessmen registered in our data base and then we shall also have SMEs which need support and link them up. Our intention is to have free support and mentoring for SMEs from these senior people. We shall call this the wisdom club and we shall be launching it shortly.

The other intervention is concerning financing. When you consider the Namanve park, many businesses got land but have failed to access funding. The banks have been trying but they face challenges. Most of the businesses are start-ups, others do not have adequate collateral and several other challenges. UIA will be considering alterna-

Continues on Page 4**The East African Development Bank**

1967 - 2014

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EADB offers a wide range of financial products and services*

The East African Development Bank (EADB), winner of the 2013 Best Performing Development Finance Institution and the 2014 African Bankers Awards, is the development financial institution for the East African Community. Over the last 47 years, the Bank has participated in unlocking the economic potential of the East African Region through investments, partnerships and collaborations for sustainable social economic development.

The Bank offers a wide array of financial products and services tailor made for its diverse range of clients. The products, some of which are outlined below, are flexible, competitive and affordable. These financial products have been popular with private enterprises in Member States.

Long term Loans

Long term loans have maturities of 5 to 12 years and form the bulk of our portfolio. They are offered in either foreign and/or local currency.

Medium Term Loans

Medium term loans are repayable over a period of 2 to 4 years and are also offered in either foreign and /or local currency.

Short Term / Working Capital Loans

These are repayable over a period of 1 to 2 years and are offered for procurement of raw materials, spare parts and auxiliary equipment.

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The Bank finances import and export transactions that are of a self-liquidating nature where title and ownership of goods remains with the Bank until the

facilities are repaid, usually over a period of up to 12 months.

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To support the development of viable private sector enterprises, the Bank provides funding in the form of risk capital to selected enterprises for an agreed period after which the Bank divests.

Types of Equity Investments;

- a) Start-up Capital
- b) Early stage Capital
- c) Expansion Capital

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The Bank offers asset lease finance for acquisition of equipment, machinery, vehicles and aircraft

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The Bank finances commercial and large scale real estate through short term construction finance, and long term finance for property development.

Agency for Donor Funds

The Bank provides agency services whereby it collaborates with external donors to manage on their behalf funds channelled to projects in the Member States.

Loan Guarantees

The Bank may provide guarantees in whole or in part in respect of loans made by other financial institutions for investments in the Member States.

The Bank's financing is available in both local and foreign currencies.

EADB is currently rated "Ba1" by Moody's, with stable outlook. This rating reflects the institutions' stable financial profile.

* Terms and conditions apply.



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Continues from Page 3

tive sources of funding. We shall be working with development banks like UDB and EADB.

UIA is also working closely with other stakeholders to deepen the financial markets by encouraging businesses to explore alternative sources of financing like venture capitalists, equity firms and joint ventures with foreign investors. UIA in conjunction with NSSF,CMA, USE and PSF will host an international funder's conference in Kampala before the end of June 2015 to link them to prospective Ugandan SMEs seeking funding to grow and scale up their businesses.

We also have the apprentice program. In this we are looking at getting the established businesses to take on employees or owners of small businesses to come and learn some skills.

We also want to mobilize domestic investors from the pool of traders and real estate developers to substitute their import business with investment in local industry which employs a lot more people. We are already meeting them through their groups.

Improving corporate governance

We also want to work smarter because we have budgetary constraints. We are going to be working closely with Ugandan embassies abroad to be our key marketing agents in their locales.

We are also looking at enhancing our corporate governance. We want to ensure UIA has high levels of corporate governance as an institution. We want to build a highly professional team at UIA that will be able to deliver quality services. We also want to be able to profile investment opportunities into bankable projects in each region of the country. We hope to work with National Planning Authority on this.

As an experienced banker, probably you can tell us where the banking sector has failed and/or succeeded in driving sme investment in uganda.

Over the past several years banks have made some significant strides in terms of increase in the quantum of financing from commercial banks. There has been quite a bit of financing for personal loans, real estate, manufacturing and agriculture more recently. Despite this, banks are still meeting challenges in financing SMEs, for instance most

of the SMEs are start ups, have no proven credit history, no adequate collateral etc. So banks have been cautious. However, there are some selected interventions, for instance in agriculture we have the Agricultural credit facility where businesses in agriculture can access funding through the Bank of Uganda at a low interest.

Over all, banks have preferred to fund businesses in real estate, commerce and trade because these have much shorter cycles, returns are high and so is the demand. Whereas more can be done by the banks, the SMEs too need to improve on their corporate governance like keeping proper books of account etc. So this is really a two way thing. SMEs must improve on their capacity to manage their businesses but also the banks can stretch their financing in terms of products tailored to SMEs. So there is more room to improve, but quite a bit is already being done to finance SMEs.

Uganda has a comparative advantage in agriculture and tourism, however, there have been concerns from various quarters that these sectors are not getting the prominence they deserve in our economy. What is your plan for prioritising these sectors for investment?

Probably I will comment more on agriculture in which my bank is more involved. Agriculture employs most of our people but the vast majority is in subsistence agriculture. We need to move from subsistence to commercial agriculture. To commercialise agriculture we need to do several things, one of them is to change the technology. We need to mechanize agriculture. Two, we need to work on storage in order to minimize post-harvest losses, three we need to invest in research in order to get better outputs, we need

to embrace better farming methods like irrigation and several others. As UIA we may not be able to do all the above mentioned but we can work with Government and its agencies like NARO, NDA which will help us overcome these bottlenecks. After these bottlenecks are addressed UIA can then come in to promote the potential especially in commercial agriculture. We can profile investments based on comparative advantages of each region. You need to note that comparative advantage is useless if it cannot be converted into competitive advantage. A

region may have better climate and soils than another but still remain unable to compete. UIA can facilitate this process through value addition, profiling the investment opportunities and bring them to the attention of potential investors.

UIA is the leader of a group of government institutions relevant to investment dubbed 'team uganda'. These include; URSB, URA, UMEME,CMA, NITA-U etc. How do you plan to enhance collaboration among the team uganda partners in order to streamline investment.

This can be handled in three ways. One, the amendment of the Investment Code to allow UIA more powers to perform some of these functions related to investment. Two, is to have an integrated e-government meaning that if we can get all government departments to be online and integrated that will greatly enhance processing time. Right now with the manual interface that we have, we want to work through the Prime Minister's office, because it's the head of all Government departments, to have service level agreements (SLAs) with government

departments. This will be a commitment by each department to perform certain functions within a specified time. UIA will put in place a tracking mechanism online. UIA will then be able to flag and report any failings.

At the end of your term, what do you want UIA to look like?

We want to significantly increase on the rate of job creation every year. We want to create one million jobs. We want to carry out major import substitution and also increase foreign exchange revenue.

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To find out more about dfcu Term Finance, visit your nearest dfcu branch or call us toll free on 0800 222 000.



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