

WHY UGANDA



Uganda - The most cost-effective and profitability location for electronics assembly in East Africa

Uganda provides an unrivalled and largely untapped opportunity for electronics assembly operations. Uganda combines first-rate labour availability, the most competitive labour and overall operating costs in the EAC, an attractive and stable investment and working environment, an attractive incentives package and major market access.

Electronics Assembly Why Uganda

- ✓ Lowest labour and operating costs in EAC.
- ✓ Highly trainable workforce, excellent recruitment potential and labour participation.
- ✓ Good availability of management & technical employees in Uganda and EAC.
- ✓ Generous incentives on tax, import tariffs and training costs.
- ✓ Large and growing market opportunity.
- ✓ Core member of free trade areas - EAC (175 million) and COMESA (529 million).
- ✓ Stable and investor-friendly political and economic environment.
- ✓ Great location for key employees - excellent working and living environment.
- ✓ Excellent potential for early-mover advantage.

Labour Market Drivers

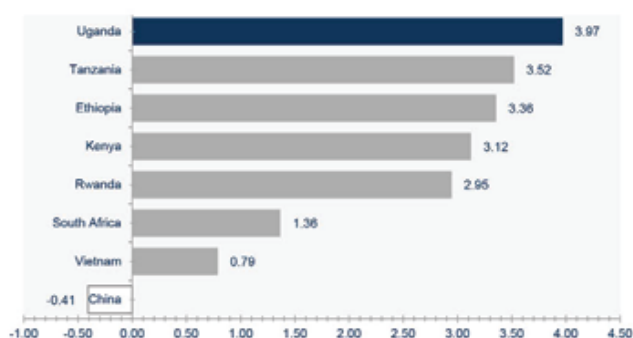
Workforce Recruitment, Training and Participation

- Uganda is very highly rated for recruitment potential (availability of people seeking employment), workforce trainability (skills application and on-the-job learning) and labour participation, including engagement of women and young people in the labour market.
- All of these factors are reflected in the WEF Human Capital Index ranking of Uganda 3rd globally in Workforce Deployment (2017).

Country	Score (out of 100)	Global Ranking (out of 130 countries)
Uganda	84.3	3
Vietnam	81.1	6
China	74.1	19
Kenya	73.2	25
Tanzania	73.1	26
Ethiopia	59.7	99
South Africa	56.4	109

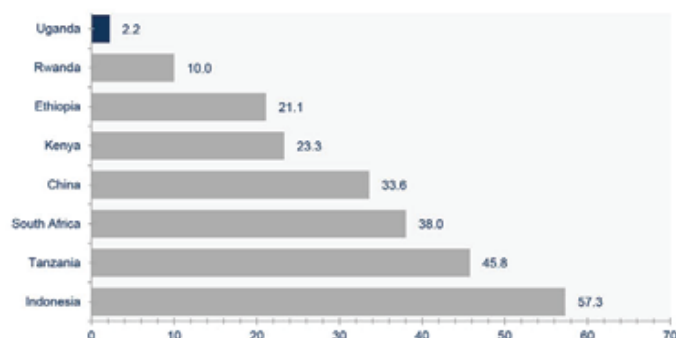
(Source: World Economic Forum)

Labour force increase
(average annual growth, 2018-2022)



(Source: fDi Benchmark from Financial Times Limited based on ILOSTAT Database)

Rigidity of employment index
(2017)



(Source: fDi Benchmark from Financial Times Limited based on the World Bank model)

Management & Technical Employees

There is good availability of skilled managerial labour, including engineering, finance, HR, with no work permit restrictions for staff from EAC, allowing companies to draw on a very large labour pool. (Source: The East African)



Early-Mover Advantage

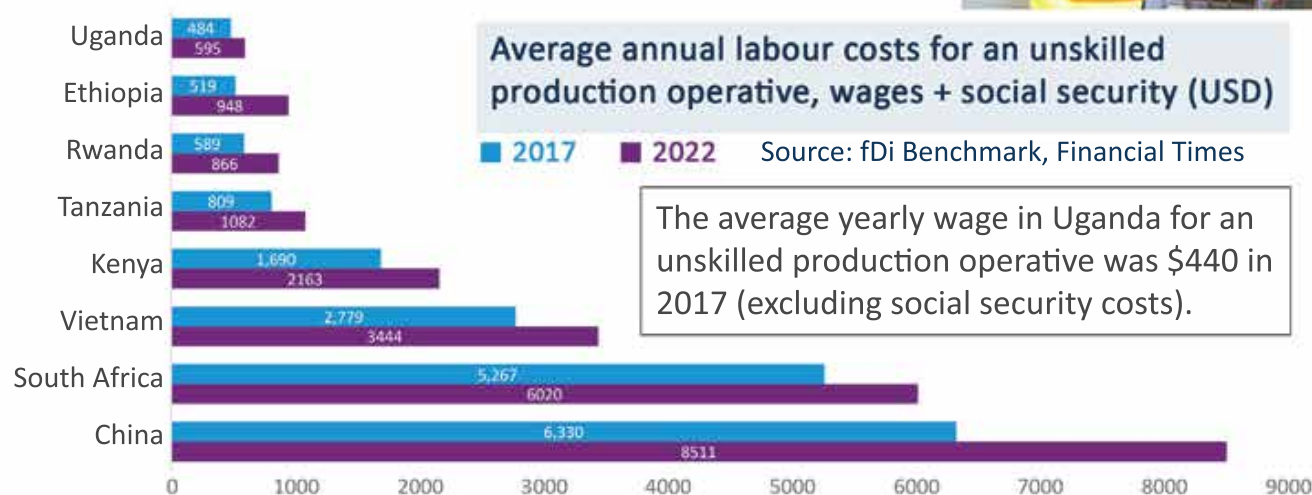


- Uganda offers excellent opportunities to access a still largely untapped workforce for electronics assembly operations with little competition for labour and low risk of labour market over-heating - only 7% of Uganda's workforce was in manufacturing in 2018. (Source: World Bank)
- Uganda has the highest adult literacy in the EAC and the literacy rate for young people entering the workforce (people aged 15-24) was almost 90% in 2015 (Source: Knoema).

Cost and Investment Drivers

Labour Costs

Uganda has the lowest labour costs for unskilled and skilled production operatives in the region; for a typical 200-person electronics assembly plant labour costs in Uganda in 2017 were 70% lower than in Kenya.



Electricity Costs

Uganda's electricity costs are competitive at 80% of Kenya's costs (Source: fDi Benchmark from the Financial Times Limited). The average cost per kwh for a large industrial user in 2019 is USD 0.085. (Source: UMEME)



Property Costs

Property costs in Uganda are competitive with industrial shed monthly rents in the range of \$4 - \$6 per sq. m. (Source: Knight Frank, Local Property Agents)

Tariff Advantage

EAC tariffs make local assembly more cost effective, with the tariffs on importing components (10%) much lower than the tariff on importing finished products (25%). (Source: EACCMA)



Incentives

Manufacturing Under Bond - use imported raw materials to manufacture for export in secured places without payment of taxes. Companies that export 80% or more of their products outside the EAC will receive a 10-year corporation tax holiday on exports of capital goods and consumer products. Access to a tax allowance of 100% on training costs. (Source: Uganda Revenue Authority, 2018)

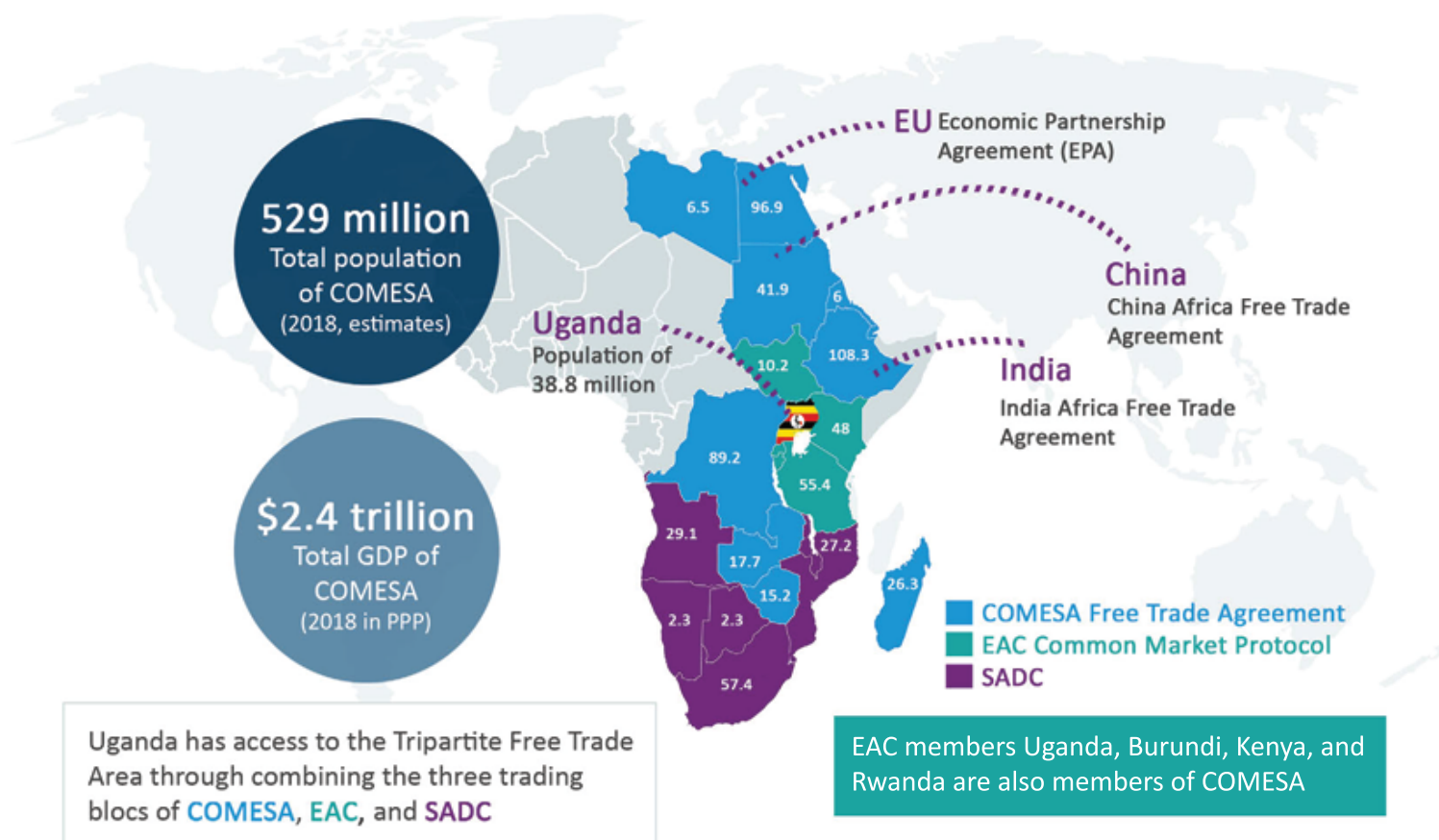
Uganda - Gateway to Africa's Largest Consumer Market

Market Opportunity

Uganda is a member of major markets – the East African Community (EAC) with 175 million people and COMESA with a population of 529 million and a GDP in 2018 of \$2.4 trillion (in PPP) (Source: IMF, 2018) COMESA imports \$15 billion of electronics products annually, offering major opportunities for localised production and import substitution. (Source: ITC)

A Strategic Location

Centrally situated within East Africa, Uganda offers excellent access to markets in the EAC plus Ethiopia, covering one of the fastest growing regions of the world with a combined middle-class population of about 30 million people, of which 20% are based in Uganda and 58% in Kenya (Source: African Development Bank). In addition, Uganda's location is unique among its East African peers for its shared borders and established trade links with South Sudan and the DRC; dynamic frontier markets which are already significant buyers of Ugandan construction materials, agricultural produce and electronics.



Source: Population data shown on the map for each country are 2018 estimates from the IMF

Political and Economic Stability and Security

- Uganda has proven itself to be a highly stable country over the past 20 years: “Under President Museveni, Uganda has experienced relative political stability, democratic progress, and economic growth.” (Source: US Department of Commerce, 2017)
- Uganda has one of the lowest crime rates and the most stable inflation rate in the EAC, averaging 4.89% from 2013-2017 (Source: World Bank)

Investor-Friendly

- Uganda is the most open economy to FDI in the EAC. There are no restrictions on foreign exchange ownership of investment or capital movements.

FDI Track Record

- Uganda has attracted net FDI inflows of nearly \$1 billion a year on average (Source: World Bank).



Strong and Growing Economy

- Uganda has achieved GDP growth rate of 6.3% for the last 30 years and the IMF forecasts GDP to continue to grow at over 6% per annum from 2019-2023 (Source: IMF, December 2018).
- Other countries in EAC are also growing rapidly and much faster than the GDP growth of Sub-Saharan Africa (3.1% in 2018) and the world (3.6% in 2018).

Uganda - An Excellent Working and Living Environment



Relocation of Key Employees

- Uganda is rated by Rough Guide surveys as the 3rd “Most Welcoming Country in the World” and 4th “Best Country in the World to Visit.” (Source: Rough Guides Survey, 2017)
- Uganda has excellent housing and international schools and the lowest cost of living in the region (Source: fDi Benchmark from the Financial Times Limited), being cheaper than all but 14 countries worldwide. (Source: Numbeo, 2018)

Cases studies of electronics assembly operations in Uganda

Hisense

Chinese firm, Hisense, assembled its first TV in Uganda in 2012 and is building a new 2,000 employee plant in Uganda, to assemble TVs, DVD players, radios, speakers, LEDs, home theatres, and home appliances.

[Further Information](#)



US firm CTI Africa is investing \$10 million to start assembling smart phones in Uganda with deliveries in 2019. [Further Information](#)



Saachi Technologies' is expanding its assembly plant in Uganda for domestic electric appliances with up to 100 new jobs.

[Further Information](#)

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