



Rwenzori Region

Human Capital Development Sector Investment Profile

2020





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Acronyms

AfDB	-	Africa Development Bank
ARVS	-	Anti-Retro-Viral Supplements
BTVET	-	Business, Technical, Vocational Education and Training
CREFAA	-	Convention on the Recognition and Enforcement of Foreign Arbitral Awards
CSO	-	Civil Society Organisation
ECD	-	Early Childhood Development
ECCE	-	Early Childhood Care and Development
EMIS	-	Education Management Information System
ESS	-	Education and Sports Sector
ESSP	-	Education and Sports Sector Plan
GATS	-	General Agreement on Trade in Services
GDP	-	Gross Domestic Product
GWP	-	Government White Paper
HC	-	Health Centre
HESFB	-	Higher Education Students Financing Board
HIV/AIDS	-	Human Immune Virus/ Acquired Immune Deficiency Syndrome
HSDP	-	Health Sector Development Plan
ICSID	-	International Centre for Settlement on Investment Disputes
ICT	-	Information Communication Technology
MOH	-	Ministry of Health
MTEF	-	Medium Term Expenditure Framework
NCDC	-	National Curriculum Development Centre
NCHE	-	National Council of Higher Education
NCS	-	National Council of Sports
NDP	-	National Development Plan
NGO	-	Non-Government Organization
NPA	-	Ntional Planning Authority
NRM	-	National Resistance Movement

PPP	-	Public Private Partnerships
PMTCT	-	Prevention of Mother-To-Child Transmission
SACCO	-	Saving and Credit Cooperative Organizations
SDG	-	Sustainable Development Goal
SDIP	-	Social Development Investment Plan
TRIMS	-	Trade-Related Investment Measures
TRIPS	-	Trade-Related Aspects of Intellectual Property Rights
UAHEB	-	Uganda Allied Health Examinations Board
UBTEB	-	Uganda Business and Technical Examination Board
UDHS	-	Uganda Demographic and Health Survey
UIA	-	Uganda Investment Authority
UNATCOM	-	Uganda National Commission for UNESCO
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
UN	-	United Nations
UNEB	-	Uganda National Examinations Board
UNMEB	-	Uganda Nurses and Midwifery Examination Board
USAID	-	United States Agency for International Development
WASH	-	Water, Sanitation and Hygiene





Executive Summary



Executive summary

Uganda's HDI value for 2018 is 0.528 — which put the country in the low human development category— positioning it at 159 out of 189 countries and territories.¹ By extension, the level of availability of skilled manpower in the Rwenzori region is low since majority of the population does not possess the skillsets needed to manage and operate complex projects. In addition, the health sector within the region has shown gaps in terms of hospitals and technical health sector expertise. The combination of health and education form an integral part of the overall assessment of the level of human capital development for the population within the region.

It is on this basis that the Uganda Investment Authority together with United Nations Resident Coordinator's Office have led the development of the human capital development (including health and education) Sector investment profile. The Investment profile will inform potential investors of the available sustainable investment opportunities in order to fully exploit the region's potential and promote socio-economic transformation. This is in support of the Country's strategy of implementing private sector-led economic interventions, address unemployment and pave way for Local Governments to generate their own revenue in order to deliver decentralized services to the people within the region.

Based on the assessment, the opportunities for investment within the region in the Human Capital Development are two:

- Establishment of a vocational training institutions across the region
- Establishment of hospitals across the region.

These opportunities draw on extensive literature review as well as qualitative interviews with key informants within the region to describe the investment opportunities in Human Capital Development within the Rwenzori region.

Detailed reviews have found that the return on investment for each of the identified opportunities is high and guarantees a positive impact on the population. Therefore, for each of the investment opportunities identified above, financial models developed as part of this profile showing the cashflows, rate of return for investments, break-even and sensitivity analysis, and the internal rate of return for an investor looking to invest in human capital development within the region. The returns derived from the finance analysis are considered acceptable to attract both local and foreign investors into the region. Moreover, additional government incentives will be important to accelerate foreign direct investments within this sector.

The profile also details some of the environmental and social considerations, policy legal and institutional framework for operating an actual market within the region.

Uganda's **HDI value** for **2018 is 0.528** — which put the country in the low human development category— **positioning it at 159** out of **189 countries** and territories. ¹By extension, the level of availability of skilled manpower in the Rwenzori region is low since majority of the population does not possess the skillsets needed to manage and operate complex projects.

¹ Briefing note for countries on the 2019 Human Development Report for UNDP

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Introduction



Introduction

2.1 Background to the assignment

The Rwenzori region is a border region with the Democratic Republic of Congo found in mid-Western Uganda and it comprises eight districts, namely, Kabarole, Kasese, Bundibugyo, Ntoroko, Kyenjojo, Kyegegwa, Bunyangabu, Kamwenge and Fort portal municipality. It has a population growth rate of 3% with approximately three million people and over 320,000 households. The Rwenzori region is endowed with diversified riches in natural resources (fertile land, minerals, forestry, wildlife, and energy) as well as being contiguous to 5 countries of the Great Lakes region (Democratic Republic of Congo, Rwanda, Burundi, Tanzania and Zambia), providing significant potential for development, regional cooperation and economic integration. This potential remains under-exploited due to several factors including, among others, poor physical and economic infrastructure, persistent insecurity exacerbated by the presence of armed groups and transnational organized crime, and insufficient levels of foreign and domestic private investment in the region.

Government of Uganda is eager to transform the region from conflict to an economic zone by fully exploiting the region's economic potential in order to improve the quality of life of its people. UN in Uganda seeks to support Government of Uganda to prepare evidence-informed promotional materials for investment in Rwenzori region. It is envisaged that this will contribute to the attraction of sustainable investments to exploit the region's potential and promote socio-economic transformation in support of the country's strategy of implementing private sector-led economic interventions, tackle unemployment and paves way for Local Governments to generate their own revenue in order to deliver decentralized services to the people.

2.2 Objectives and scope

The overall objective of the assignment is to generate evidence-informed and well-packaged investment profiles/bankable investment projects (including short videos) that will attract the interest of foreign and local private sector investors and stimulate private investment in Rwenzori region. The assignment will focus human capital development including health and education.

The specific objectives will include, inter alia, the following:

- To document the socio-economic characteristics of the region, including Government/Local Government investments such as infrastructure;
- To document investment opportunities and the level of investment that would be required for successful business at each level and return on investment, including capital investment requirements, source and supply of equipment and raw materials, demand and market analysis, break-even analysis, by sector;
- Detailed financial models outlining the cash flows, profit and loss and balance sheet for at least five years with internal rate of return, return on investment and all indicators given for each project;
- To carry out an actor mapping, including on-going and planned major investments (both public and private), bearing in mind their linkage to potential investments;
- To document the enabling environment and incentives (political, legal, institutional, Economic, social);
- To document the necessary policy, legal and institutional support services that Government will need to put in place to fully exploit the potential;
- To document major strengths, weaknesses, opportunities and threats for each of the proposed projects and risk mitigation strategies;
- To carry out a sensitivity analysis on business case scenario (worst, normal and best-case) with respect to changes in macroeconomic variables/ environment;

- To document the available financing options for the projects and the costs for such financing;
- To document the human resource options, including whether or not there is local expertise to supervise and manage the identified projects; and,
- To propose tools to be used to monitor the returns on each investment project and suggestions on the most appropriate tools with reasons fully explained.

2.3 Methodology and approach

The approach was tailored to ensure appropriate coverage of scope of work outlined in the Terms of Reference and comprised of the three phases below:

- Inception/planning phase mainly characterised by understanding the business environment, and documentary review;
- Execution and fieldwork characterised by detailed financial modelling and environmental and stakeholder analysis; and,
- Reporting involving summarisation and compilation of the report.

The approach was consultative in nature to complement the document review and data analysis. Extensive field visits were also conducted with various district leaders and investors within the Rwenzori region.

The inception phase involved working closely with the Uganda Investment Authority (UIA), agri-LED program and other pro poor projects currently being implemented in the region.

The development of the investment profile for human capital development began, including detailed finance models to support the investment profiles.

2.4 Report format

The report is structured as follows:

Section 1: Executive Summary

Section 2: Introduction and Background to the Assignment

Section 3: Social and Economic Characteristics

Section 4: Situational Analysis

Section 5: Investment Memoranda

Section 6: Stakeholder Mapping

Section 7: Policy, Legal and Institutional Framework

Section 8: Financing Options

Section 9: Personnel Planning

Section 10: Social, Economic and Environmental Sustainability

Section 11: Support Pre- and post-investment

Section 12: Risk Assessments

Section 13: Appendices

The report also includes appendices to provide more information on the content.

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Social and economic characteristics

Social and economic characteristics

3.1 Social factors

Population growth



Rwenzori is a border region with the Democratic Republic of Congo found in mid-Western Uganda. The region consists of eight districts namely Kabarole, Kasese, Bundibugyo, Ntoroko, Kyenjojo, Kyegegwa, Bunyangabu, Kamwenge and Fort Portal Municipality.

The region has a population of approximately 3 million people and the population is expected to grow at a rate of approximately 3%. The high population growth rate in the region is also potential for a large emerging consumer market and human resource that, if leveraged, can provide significant growth opportunities.² The disadvantage however with the growing population is that it could decrease land availability per capita for setting up the necessary infrastructure.

Table 2.1 Population projections for 2019 for each district within the region

Rwenzori Region	Census Population Year		Mid-Year Population Projections			
	2019	2020	2021	2022	2023	2024
Bundibugyo	256,800	263,800	270,800	278,924	287,292	295,910
Kabarole	331,100	337,800	344,500	354,835	365,480	376,444
Kasese	776,100	793,200	810,400	834,712	859,753	885,546
Kamwenge	323,600	335,200	347,400	357,822	368,557	379,613
Kyenjojo	506,500	525,400	544,800	561,144	577,978	595,318
Kyegegwa	408,700	441,000	475,600	489,868	504,564	519,701
Ntoroko	74,500	76,000	77,700	80,031	82,432	84,905
Bunyangabu	190,700	195,100	199,500	205,485	211,650	217,999
Total	2,868,000	2,967,500	3,070,700	3,162,821	3,257,706	3,355,437

Source: Uganda Bureau of Statistics 2019 Statistical Abstract

Age distribution



Approximately 51.3 % of the region's population are individuals aged between 14- 64 years.³ This requires an expansion of social services within the region and creates an opportunity to absorb the growing youth population within the labour market. Such an age demographic will easily embrace technology use in furthering the socio-economic transformation of the region.

² Uganda Bureau of Statistics 2019 Statistical Abstract page 188

³ 2016/2017 Uganda National Household Survey page 12



Ethnicity



The Rwenzori region is multi-ethnic and comprises of the Bakiga, Basongora, Bafumbira, indigenous Batooro, Batagwenda, Banyarwanda, Bakonzo, Bamba, Banyabindi.⁴

Education



The net enrollment ratio for Primary Schools in the region for the period 2018/19 was 73.4%, the net enrollment ratio for Secondary Schools was 23.8%. There are about 67.8% people aged 18 years and above who are literate within the region.⁵ The Rural Communication Development Fund (RCDF) is working to increase digital skills through the provision of financial and technical support to rural areas. The region also has two universities namely Mountains of the Moon and Uganda Pentecostal University as well as a number of learning centres for other leading universities. Education is vital for ensuring a full and productive life to all individuals and to the realization of sustainable development.

3.2 Economic factors

Land use



In Rwenzori region, there are varied forms of land use namely: cash crop farming, subsistence crop farming and cattle rearing. In regard to cash crop farming all the districts within the region grow Robusta Coffee with the exception of Ntoroko and Bundibugyo, which grow Arabica Coffee, Bundibugyo grows Cocoa, Kyenjonjo and Kabarole-Tea, Kasese grows cotton and coffee. The Basongora of Kasese and Batuku of Ntoroko and Bundibugyo are mainly cattle keepers. These are economically viable undertakings that can be developed through agro-industrialisation as well as promote trade for both local and external markets.⁶

Natural resources



Rwenzori region has a variety of natural resources such as fertile volcanic soils, ample and reliable rainfall, water bodies, rich forest cover, mineral deposits ranging from copper and cobalt in Kasese, limestone in Kamwenge and Oil deposits in the Albertine region around Lake Albert. The discovery of oil and drilling has potential to stimulate infrastructure development and increase business volume in the region. The region also has a huge tourism potential with some of the leading tourist destinations such as Queen Elizabeth, Mountain Rwenzori and various other national parks. The Rwenzori region is contiguous to five countries of the Great Lakes Region (Democratic Republic of Congo, Rwanda, Burundi, Tanzania and Zambia, providing significant potential for development, regional cooperation and intergration.⁷

Existing infrastructure

Electricity/Power generation potential



The region has great potential of developing electricity (power) given that Kasese district is the second largest supplier of hydro electric energy in Uganda after river Nile in Jinja with five hydroelectric power plants on river Mubuku, Nyamwamba, Nyamughasani and Lhubiriha with a combined production capacity of at least 30 megawatts, as well as the Mpanga Power Station, the 18 megawatts (24,000 hp) mini hydroelectric power project. The production of hydroelectricity within the region has the potential to spur sustainable economic development as well as increase supply of electricity for agro-processing, industrialization and other development programs.⁸

⁴ Environment & Development Series 15 Third World Network page 5

⁵ 2016/2017 Uganda National Household Survey pages 31- 35

⁶ Contextual Analysis of conflicts in the Rwenzori Region report page 19

⁷ Joint MFS II Evaluation; Civil Society Strengthening page 2

⁸ 2015/16-2019/2020 Kasese District Development Plan page 48

Road network



The region can be accessed through the various districts by road for instance, Kamwenge District can be accessed from Kampala via Masaka-Nyakahita-Kazo-Ibanda-Fortportal Road or via Mityana-Mubende-Kyenjonjo-Rwamanja Refugee Settlement. The region can also be accessed through use of helicopters. The railway line through Kamwenge district is no longer functional but under consideration in Uganda vision 2040. Water transport can be introduced on Lake George connecting to Rubirizi and Kasese districts.⁹

3.3 Human development sector

An educated, enlightened and healthy human resource is vital for the development of an economy. The Uganda Vision 2040 identifies human capital development as one of the fundamentals that need to be strengthened to accelerate the country's transformation and harness the demographic dividend.

A country that ignores this tenet mortgages its future and is likely to stagnate in growth. The continued investment in human capital development facilities increases production, productivity and technological growth of a nation. This necessitates investing in health care (preventive and curative, nutrition, early childhood development, sanitation and hygiene and basic education helps set the foundation for the required human capital.

The aspiration of 2030 Agenda (SDG4, 2063 (Goal 2 and EAC Vision 2050 is to have an inclusive and equitable quality education, promotion of lifelong learning opportunities and skills revolution underpinned by science, technology and innovation. In addition, SDG 3 and Goal 3 of Agenda 2063 call for ensuring healthy lives and promoting the well-being for all at all ages. (*Third National Development Plan (NDPIII) 2020/21 – 2024/25*).

Uganda's human capital is characterised by low labour productivity which is mainly attributed to:

- (i) Weak foundation for human capital;
- (ii) Lack of appropriate knowledge skills and attitudes;
- (iii) Poor population health and safety;
- (iv) Poor population management;
- (v) Limited social protection; and
- (vi) Lack of institutionalized and integrated human resource planning and development.

Uganda has a human development index (HDI) of 0.516, with this, the country is classified in the low human development category— ranking it at 162 out of 189 countries. Also, a human capital index (HCI) of 38% implies that, with the current state of education and health, a child born in Uganda is expected to achieve only 38% of their productive potential at age 18 (World Bank, 2019).

Therefore, the goal of this profile is to attract investors in the education and health sub sectors to invest in the Rwenzori region. The key objective of the investment would be to increase productivity of the population for increased competitiveness and better quality of life for all.

3.4 Investment Incentives

The Government of Uganda offers the following investment incentives

- Uganda Investment Authority (UIA) under Ministry of Finance, Planning and Economic Development put in place an Investment Code, 1991. The Code encourages private investment by streamlining procedures and guaranteeing protection of investors against appropriation.
- Foreign individuals and companies — own 100% of a business in Uganda (Mining companies inclusive).
- Taxation; import taxes such as customs duty for all mining equipment is zero rated;
- 100% repatriation of capital, capital gains, dividends and profits are allowed;



- Free land can be provided within the protected areas (Concession is subject to franchise fees);
- Foreign investor security is guaranteed under the Constitution and the Investment Code 1991;
- Uganda is a signatory to the Multilateral Investment Guarantee Agency (MIGA), the Overseas Private Investment Corporation (OPIC) of the US, and the Convention on the Recognition and Enforcement of Foreign Arbitral Award (CREFAA), the International Centre for Settlement of Investment Disputes (ICSID), the Trade Related Investment Measures (TRIMS) , the General Agreement in Trade and Services (GATS), and the Trade Related Aspects of Intellectual Property Rights (TRIPS);
- First Arrival Privileges in the form of duty exemptions for personal effects and motor vehicles to all investors and expatriates arriving in Uganda;
- Stamp duty exemption and exemption of withholding tax on interest on external loans;
- Foreigner, local and overseas investors can open foreign exchange accounts;
- Helicopter chartered flight services are allowed anywhere in Uganda, and;
- Work visas are granted to foreign technical (not available in Uganda) and managerial personnel for the purpose of transferring skills and know-how. The work visas can be issued for a period up to 5 years. The representative of the Immigration Department in the Ministry of Internal Affairs is a member of the team that issues work visas.



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Situational analysis



Situational Analysis

Uganda has the second youngest population in the world with 50.3% below 15 years out of a total of about 40 million people. The country also has a high population growth rate of 3% and a fertility rate of 5.4%. At this growth rate, the population is projected to be 48.3million by 2025 and 69.7 million by 2040. This population structure, offers the country a high opportunity for abundant labour force but also creates a challenge of a high dependency burden. By inference, this reflects the situation of the Rwenzori region Human capital.

The situational analysis is as analysed below.

4.1 SWOT Analysis

A SWOT analysis to assess the robustness of the Education and Sports Sector reveals a strong political commitment to the Sector and the liberalized education policy having ushered in many education providers in the Education and Sports sector. Notwithstanding the strengths, there are weaknesses and threats that pose challenges to the achievement of its goals. The table below provides a summary of the SWOT analysis for Education and Sports Sector. The key weaknesses provide a basis for identifying most critical interventions and opportunities for improved service delivery.

Strength	Weaknesses
<ul style="list-style-type: none"> • Political commitment to both equitable access and quality education for all Ugandans. • Enabling policy frameworks. • Increasing — though modest — budget allocations to the sector. • Government commitment to provide instructional materials. • Government commitment to improve the welfare and motivation of teachers. • Qualified human resource in the sector. • Liberalized Education and Sports sector 	<ul style="list-style-type: none"> • Some policies and legal frameworks are outdated e.g. the National Curriculum Development Centre (NCDC) Act, Uganda National Examinations Board (UNEBC) Act and National Council of Sports (NCS) Act. • Successes within the Sector are not well-communicated to the public. • Internal indiscipline to focus on priority interventions that are of high-impact and can be implemented with reasonable ease. • Curriculum and assessment systems are not matched with the development aspirations of the economy. • Poor inspection and supervision of schools – both public and private institutions. • Teacher preparation and readiness lags behind the pace of change in the industry. • Underutilization of ICTs in delivery of education services and products. • Technology biased EMIS, low priority to people and practice procedures, inadequate resource allocation.
Opportunities	Threats
<ul style="list-style-type: none"> • Good performance in revenue collection by the URA. • Good societal will towards transformation of the Education and Sports sector. • Robust media and ICT sector to disseminate information. • Goodwill from friends and partners of Uganda; and the sector in particular. 	<ul style="list-style-type: none"> • Negative perception towards vocational skills-training; and over-glorification of university education. • Attitude of looking to government to provide everything; i.e. low levels of community participation. • Unquantified burden of learners with special learning needs; and their requirements.

<ul style="list-style-type: none"> • Availability of Planning & Budgeting frameworks e.g. the Manifesto, National Development Plan (NDP), Sustainable Development Goal (SDG), and support systems such as the National Planning Authority (NPA). • Wider labour market opportunities arising from the East African Community. • Regional geo-political stability and harmonious relationship. • Donor support (United Nations Education, Scientific and Cultural Organisation UNESCO & United States Agency for International Development (USAID) in strengthening Education Management Information System (EMIS). • Communities willing to offer land for setting up of Education and Sports institutions. 	<ul style="list-style-type: none"> • Limited capacity of local governments to recruit, hire, retain, and manage teaching staff and institutions. • Infiltration of undesirable instructional materials into schools/teaching institutions. • Poverty and socio-cultural barriers such as early marriage and hindrance of education of the girl-child. • A substantial part of education service delivery is in the hands of the non-government sector. • Closed technology is a challenge in terms of maintenance, sustainability, low skills transfer. • Rampant grabbing of land for Education and Sports institutions in the country.
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Source; Education and sports sector strategic plan 2017/18 - 2019/20

4.2 The challenges in human development

Challenges to the education sector

- Low access to Early Childhood Care and Education (ECCE) at 15.6% in 2015/16 and poor quality of ECCE services;
- Poor quality and efficiency of primary education as evidenced by low literacy rates (49.9% at P.3, and 53.1% at P.6);
- Low numeracy rates (55.2% at P.3, and 50.9% at P.6) and
- Low survival rates in primary at 38% in 2018 due to high drop-out. However, there is no major difference in literacy and numeracy between boys and girls in primary education. These challenges are exacerbated by among others: weak school management; limited teacher capacity; absence of school feeding; limited parental/community participation; low financing and poor assessment methods;
- The funding gap.

The educational sector— particularly the Business, Technical, Vocational Education and Training sub-sector — has always had a funding gap as shown below.

	2017/18	2018/19	2019/20	Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Estimated Costs	500.27	511	449	1460.71
MTEF Allocation	279.98	279	309	867.58
Funding Gap	220.29	232.6	140.24	593.13

4.2.1 Uganda's healthcare challenges

The biggest challenge for Uganda is inadequate resources. Uganda has five medical colleges and 29 nursing schools training people in Western medicine. Even so, there remains a shortage in healthcare workers, with only one doctor for every 8,300 Ugandans.

With 70% of doctors practicing in urban areas, where only 20% of the population lives, the coverage in rural areas is much worse: one doctor for every 22,000 people. Programs are in place to train community health workers —



forming Village Health Teams that operate at the local level — but coverage has been too limited to solve the problems. The Uganda Ministry of Health conducts annual surveys that assess health system performance, and these have shown significant shortcomings in availability and quality of service. Customers complain about poor sanitation, lack of drugs and equipment, long wait times, rude service, and inadequate referrals. This uneven service discourages patients from seeking out professional care, especially in rural areas with longer travel times.

Other challenges include:

- Child mortality and under-nutrition (as reflected by high child stunting rate of 28.9%) are high;
- Limited access to safe drinking water (51%);
- Latrine coverage (19%);
- Access to hand-washing facilities (34%) are low/
- Malaria prevalence is high at 19% and poor housing conditions prevail;
- High burden of communicable diseases (60%) mainly attributed to HIV/AIDS, malaria and TB;
- Rising mortality due to Non-Communicable Diseases (NCDs) including; injuries (13%), cardiovascular illness (9%), cancers (5%), chronic respiratory conditions (2%), diabetes (1%), and others (10%), explaining 40% of the disease burden;
- In addition, the health worker-to-population ratio of 0.4 per 1,000 remains below WHO recommended threshold of 2.5 medical staff per 1,000 persons. Furthermore, a wide gap remains (68%) in the super-specialized areas like mental health (100%), dermatology (100%), cardiology (69%), oncology (77%), and neurology (71%).

4.3 Responses to the challenges

4.3.1 Interventions – education

In response to the above sector SWOT analysis and in accordance with the 2016-2021 NRM Manifesto, Presidential directives, NDP III and international commitments the **Education and sports sector strategic plan 2017/18 - 2019/20 was developed.**

The priority Interventions for ESSP 2017-2020 that the Ministry of Education and Sports plans to implement are under three strategic policy objectives.

1. Achieve equitable access to education and training. Under this objective, the Government intends to achieve 21 goals but for purposes of this profile, we highlight the following:

- Continue with construction of a government Primary School per Parish;
- Construct a government Secondary School Per sub-county;
- BTVET Institution per constituency: continue with the programme of establishing technical and vocational institutes in a phased manner starting with districts without a Public Technical Institute;
- Operationalize Soroti University;
- Establish Constituent College of Gulu University in Karamoja;
- Construction and rehabilitation of more classrooms in existing schools so as to meet the target of 50:1 Pupil Classroom Ratio;
- Rehabilitate, expand and equip lecture rooms at Public Universities and other tertiary institutions to cater for the increasing numbers of students.

2. Enhancing quality and relevant education and training;

3. Efficient & effective delivery of education & sports.

4.3.2 Interventions – health care

- Prevent and control Non-Communicable Diseases and communicable diseases with focus on high burden diseases (Malaria, HIV/AIDS, TB) and epidemic-prone diseases;
- Increase access to safe water, sanitation and hygiene (WASH);
- Expand community-level health services for disease prevention;
- Increase access to family planning services;
- Improve the functionality (staffing and equipment) of health facilities at all levels;
- Strengthen the emergency and referral system MoH, Referral Hospitals;
- Expand geographical access to health care services to Counties and sub-counties without HC IVs & IIIs;
- Increase access to affordable medicine and health supplies through increase of the local capacity to produce medicines and health supplies;
- Implement the national health insurance scheme;
- Promote health research, innovation and technology uptake.

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Investment memoranda



Investment memoranda

The broad investment opportunities within the human capital development sector will largely be two:

- Establishment of vocational training institutions across the region, especially for the youth, and;
- Establishment of hospitals across the region.

5.1 Establishment of vocational training institutions

The education sector poses the following opportunities for investment in the Rwenzori region:

- Provision of technical and vocational education – demand for technical skills training in industry-related skills due to the country's industrial growth. Specifically, there is an acute demand for skills training in industry related skills i.e. welding and metal fabrication, carpentry and joinery, printing, motor vehicle mechanics, basic maintenance of industrial plant and machinery, electrical installation works, plumbing, masonry and concrete works;
- The newly-developed oil and gas sector presents opportunities for technical and vocational training that has been non-existent in the country;
- Provision of in-service specialized training programmes to redress the imbalance of availability of unskilled or semi-skilled labour versus managerial and technical experts.

- Provision of agricultural skills and development education — opportunities exist for specialized skills training at various levels of the industry chain in fields of crop and animal husbandry, land management, horticulture, artificial insemination, fish farming, silkworm rearing and agricultural mechanization;
- Provisions of managerial skills development education — potential areas to be targeted include project planning and management, human resource management, small business management, finance and accounting, hotel management etc.;
- Tertiary level of education — there are enormous opportunities for investment at the tertiary education level especially in establishing quality universities in view of the fact that there are so many students who qualify to join university education but are unable to attend due to the limited space available with the current establishments;
- Research and provision of innovative ways of education;
- E-learning;
- Professional development for teachers;
- Provision of soft skills for professionals and the creation of networking forums;
- Social enterprise;
- Setting up international schools;
- Setting up private universities and branch universities;
- Technical and vocational training;
- Technology based education;
- Distance education.

Cost of investment in a vocational institute

The table below shows the projected cost of establishing a vocational institute.

	Units	Unit Cost	Total UGX
A. Wage Bill Salary per month			
Teaching Staff			
1. Principal	1	3,000,000	3,000,000
2. Deputy Principal	1	2,500,000	2,500,000
3. Principal Instructors	7	2,500,000	17,500,000
4. Senior Instructors	7	2,000,000	14,000,000
5. Instructors	7	1,500,000	10,500,000
6. Assistant Instructors	7	1,300,000	9,100,000
Sub-total			56,600,000
Non-teaching staff			
1. Senior Accounts Assistant (Bursar)	1	500,000	500,000
2. Pool Stenographer	1	500,000	500,000
3. Askaris	2	200,000	400,000
4. Farm Manager	1	800,000	800,000
5. Warden	1	400,000	400,000
6. Estates Officer	1	400,000	400,000
7. Office Attendants	1	300,000	300,000
8. Catering officer/cooks	2	400,000	800,000
9. Waiter/Waitress	1	200,000	200,000
10. Stores Assistants	1	350,000	350,000
11. Library Assistants	1	350,000	350,000
12. Driver	1	300,000	300,000
13. Workshop Assistant	5	350,000	1,750,000
Sub-total			7,050,000
B. Infrastructural needs			
1. Administration Block	1	171,802,500	171,802,500
2. 2-classroom blocks, furnished	2	149,156,813	298,313,626
3. Building Construction Workshop	1	168,261,950	168,261,950
4. Wood Technology Workshop	1	172,233,153	172,233,153
5. Electrical Installation Systems Workshop	1	200,000,000	200,000,000
6. Welding, Fabrication & Plumbing Workshop	1	200,000,000	200,000,000
7. Automotive Workshop	1	185,233,153	185,233,153



	Units	Unit Cost	Total UGX
8. Dormitory Blocks, furnished	2	200,000,000	400,000,000
9. Library block (120 persons capacity)	1	75,000,000	75,000,000
10. Dining Hall	1	200,000,000	200,000,000
11. 2-Unit Staff House	4	150,590,500	602,362,000
12. 2-Stance Latrines with Open Showers	4	15,515,500	62,062,000
13. Firewood Kitchen	1	80,000,000	80,000,000
14. 10,000-litre PVC Water-harvesting Tank	2	9,315,789	18,631,578
Sub-total			2,833,899,960
C.Training Equipment			
1. Welding and fabrication lump sum	1	80,000,000	80,000,000
2. Plumbing lump sum	1	80,000,000	80,000,000
3. Woodwork technology lump sum	1	80,000,000	80,000,000
4. Building construction lump sum	1	80,000,000	80,000,000
5. Tailoring and cutting garments lump sum	1	80,000,000	80,000,000
7. Electrical installation systems and maintenance	1	80,000,000	80,000,000
8. Automotive mechanics lump sum	1	80,000,000	80,000,000
9. Library (books and computers) lump sum	1	80,000,000	80,000,000
10. CNC machinery	1	400,000,000	400,000,000
11. Agricultural engineering and training	1	200,000,000	200,000,000
Sub-total – Equipment			1,240,000,000
D. Instructional Materials	120	700,000	49,680,000
E. Examinations	120	800,000	93,698,640
Total Cost			4,280,928,600

Feasibility analysis

If the facility has a capacity of 1,200 students, the performance of the institute will be as shown below.

	Year 1	Year 2	Year 3	Year 4
Net profit ratio	-2%	14%	20%	19%
Free cash flows to firm	1,007,509	1,600,109	1,849,080	1,913,033
Free cash flows to equity	1,161,609	1,754,209	2,378,965	2,455,602
Project IRR	26%			
Equity IRR	29%			
Payback period (years)	4			
EBITDA Margin	58%	67%	69%	69%

5.2 Establishment of hospitals in the region

The hospitals will be replicated in various parts of the region and will be financed by both donor and private resources, with about 75% being donor contribution, 25% User fee contribution, 25% private contribution.

Capital investment

The table below shows the expected capital expenditure.

	Ushs	USD
Construction – hospital	618,840,300	168,888
Equipment – medical	474,250,000	130,000
Equipment – ambulance	300,000,000	82,096
Total	1,393,090,300	370,984

Recurrent expenditure

The table below shows the expected recurrent expenditure for the first year.

	Ushs	USD
Salaries and wages	98,136,000	26,667
Drugs	113,211,000	30,764
Overheads	124,536,000	33,841
Total	335,883,000	91,273



Financial Performance

The table below shows the expected financial performance.

Figures in Ushs'000	Year 1	Year 2	Year 3	Year 4	Year 5
Inpatients	35,508	38,346	41,415	44,727	48,306
Outpatients	482,301	520,884	562,557	607,560	656,166
Operations	10,110	10,917	11,793	12,735	13,755
Deliveries	38,136	41,187	44,484	48,042	51,885
	566,055	611,334	660,249	713,064	770,112
Medical salaries	98,136	105,987	114,468	123,624	133,515
Drugs and supplies for wards	113,211	122,268	132,048	142,614	154,023
Welfare of patients & staff	5,661	6,114	6,603	7,131	7,701
Direct costs	217,008	234,369	253,119	273,369	295,239
Overheads					
Fuel for vehicles	11,322	12,228	13,206	14,262	15,402
Other vehicle & accommodation acosts	16,983	18,339	19,806	21,393	23,103
Admin	33,963	36,681	39,615	42,783	46,206
Staff training	5,661	6,114	6,603	7,131	7,701
Maintenance	16,983	18,339	19,806	21,393	23,103
Staff welfare	16,983	18,339	19,806	21,393	23,103
Utility costs	22,641	24,453	26,409	28,524	30,804
Total overheads	124,536	134,493	145,251	156,879	169,422
Total surplus	224,511	242,472	261,879	282,816	305,451

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Stakeholder mapping

Stakeholder mapping

6.1 Health sector stakeholders

Constituency	Stakeholders	Roles and responsibilities in Health Sector
State actors	Ministry of Health	<ul style="list-style-type: none"> • Overall stewardship of the sector, and provision of policy and strategic guidance • Development of operational tools and processes for implementation of HSDP
	Uganda AIDS Commission	<ul style="list-style-type: none"> • Stewardship of the HIV/AIDS prevention and Control agenda
	National Drug Authority	<ul style="list-style-type: none"> • Oversight, regulation and management of health products
	National Medical Stores	<ul style="list-style-type: none"> • Management of procurement and warehousing of all health products
	Uganda Blood Transfusion Services	<ul style="list-style-type: none"> • Coordination of provision of blood and blood products
	Uganda National Health Research Organization	<ul style="list-style-type: none"> • Coordinating health research activities in Uganda
	Natural Chemotherapeutics Research Institute	<ul style="list-style-type: none"> • Conduct research in natural products and traditional medicine in management and treatment of Human diseases
	Uganda Virus Research Institute	<ul style="list-style-type: none"> • Coordination of evidence generation and knowledge management relating to viral conditions
	National and RRHs hospitals	<ul style="list-style-type: none"> • Provision of tertiary and secondary referral health services, pre-service and in-service training, and medical research
	District Health Offices	<ul style="list-style-type: none"> • Coordination, planning, supervision and monitoring the implementation of the health agenda
	Health Facilities	<ul style="list-style-type: none"> • Frontline provision of agreed health services • Reporting on service delivery
	Ministry of Finance, Planning and Economic Development	<ul style="list-style-type: none"> • Create enabling environment for the implementation of the NDP III towards achievement of health goals under vision 2040 • Provision of adequate financial resources for implementation of the HSDP • Provide data that is required to inform health planning (e.g. UDHS, vital statistics) • Promote sustainable population growth



Constituency	Stakeholders	Roles and responsibilities in Health Sector
	Ministry of Public Service	<ul style="list-style-type: none"> • Maintenance of payroll of health workers • Restructure the HRH in line with changing tasks and new technologies • Performance-based contracting of HRH • Inspection of health service delivery
	Ministry of Local Government	<ul style="list-style-type: none"> • Enforcement of the Public Health Act • Recruitment of health workers for general hospitals and lower level health units • Supervision and monitoring of health service delivery • Support health infrastructure development • Passing of bylaws
	Ministry of Education and Sports	<ul style="list-style-type: none"> • Support education of men and women in order to enable them to increase control over the determinants of health and thereby improve their health. • Promote sport and physical exercise • Implementation of the School Health Program • Ensure quality training of health workers.
	Ministry of Water and Environment	<ul style="list-style-type: none"> • Development of safe water sources (drilling bore holes, provision of piped water, protection of springs, rain water harvesting) • Provision of sanitation services in rural growth centres & urban areas and communal toilets. • Control and enforce sustainable use of the environment (EIA, avoid pollution, ensure sustainability use of wetlands)
	Ministry of Agriculture, Animal Industries and Fisheries	<ul style="list-style-type: none"> • Ensure food (both plant and animal sources of food) security for the whole population • Control of zoonotic diseases Ministry of Internal Affairs • Have fair justice systems, particularly in managing access to food, water & sanitation, housing, work opportunities, and other determinants of wellbeing • Ensure wellbeing of refugee populations • Ensure all visitors comply with regulation with respect to required vaccinations and sharing of critical information concerning their health status under special circumstances e.g. bird flu
	Ministry of Defence	<ul style="list-style-type: none"> • Ensure security (a major determinant of access to health)



Constituency	Stakeholders	Roles and responsibilities in Health Sector
	Ministry of Gender, Labour and Social Development	<ul style="list-style-type: none"> • Ensure youth and gender is mainstreamed in all sector policies • Advocacy and prevention of gender-based violence • Develop social policies for protection of vulnerable groups • Ensure development and enforcement of proper regulation of cultural institutions. • Promote progressive workplace and safety policies to safeguard the health of workers
	Ministry of Works and Transport	<ul style="list-style-type: none"> • Construction and maintenance of roads for accessing health facilities and referral of patients e.g. express lanes for ambulances. • Ensure availability of infrastructure to incentivize and support physical activity (cyclists, pedestrians) • Enforcing standards for all buildings
	Ministry of Lands, Housing and Urban Development	<ul style="list-style-type: none"> • Promote urban and housing designs and infrastructure planning that take into account health and wellbeing of the population • Strengthen access to land, and other culturally important resources, in particular for women
	Ministry of Information Communication and Technology	<ul style="list-style-type: none"> • Facilitate data and voice communication within health sector and with other sectors
	Ministry of Energy	<ul style="list-style-type: none"> • Ensure that all health facilities have access to affordable energy • Promote use of alternative sources of energy e.g. solar • Educating health institutions on energy saving
	Ministry of Trade and Industry	<ul style="list-style-type: none"> • Ensure work and stable employment and entrepreneur opportunities for all people across different socio economic groups • Ensure importation of goods that meet the quality standards
	Development Partners	<ul style="list-style-type: none"> • Provision of demand-driven technical assistance and inputs into implementation of the different HSDP priorities • Complement financing of the HSDP priorities with earmarked or un earmarked funds • Actively participate in joint sector monitoring and review
	Philanthropic Agencies	<ul style="list-style-type: none"> • Philanthropic agencies: complement the financing of the HSDP priorities with earmarked funds
Non-state Actors	Private for Profit	<ul style="list-style-type: none"> • Provide complementary health services, in areas with populations having higher capacity to pay • Reporting on service delivery
	NGOs / PNFPs	<ul style="list-style-type: none"> • Provide complementary health services, in underserved areas with large indigent populations in line with the sector standards and guidelines • Reporting on service delivery

Constituency	Stakeholders	Roles and responsibilities in Health Sector
	CSOs	<ul style="list-style-type: none"> • Advocacy • Support implementation of non-facility-based health service priorities in line with the sector standards and guidelines • Provide a link between health services and households in articulating health issues of importance • Participate in joint sector monitoring • Reporting on service delivery
	Traditional and Complementary Medicine Practitioners	<ul style="list-style-type: none"> • Provide tested locally produced health services and products • Carry out research on local medicines
	Village Health Teams	<ul style="list-style-type: none"> • Mobilize and link community with the formal health service • Provide community based services approved by MoH • Reporting on community health data
Clients	Households / Individuals	<ul style="list-style-type: none"> • Take care of their health, and practice appropriate health seeking behaviours



6.2 Health policy documents

Some of the key strategic and policy documents include:

- United Nations Development Assistance Framework for Uganda;
- The Employment Act 2006, Act No. 6 of 2006, Gazzett No. 36 Volume XCVIX dated 8 June 2006;
- Uganda Vision 2040;
- National Strategic Programme Plan of Interventions for Orphans and other Vulnerable Children (NSPPI-2);
- The Social Development Sector Strategic Investment Plan (SDIP-2);
- Agricultural Sector Development Strategy and Investment Plan (DSIP);
- The Third National Development Plan (NDP) III;
- The Operational Framework for Nutrition in the National Child Survival Strategy;
- National Child Survival Strategy;
- Health Sector Strategic & Investment Plan;
- The Education Act;
- Food and Nutrition Security Bill;
- Mandatory Regulation for Food Fortification;
- Maternity Protection Law;
- National Integrated Prevention of Mother to Child Transmission of HIV (PMTCT) Policy Guidelines;
- Nutrition in the Context of HIV and Tuberculosis Infection. Strategic Plan 2009-2014;
- 5-Year Nutrition Action Plan Maternal Infant and Young Child Nutrition (MIYCN);
- National Anemia Policy;

- Policy Guidelines on Infant and Young Child Feeding;
- Uganda Food and Nutrition Strategy and Investment Plan;
- The foods and drugs (marketing of infant and young child foods) Regulation 1997, and;
- Uganda National Plan of Action for Nutrition.

6.3 Education sector stakeholders

The key stakeholders in the education sector include:

- Ministry of Education and Sports;
- Uganda Investment Authority;
- Uganda Training Colleges (UTCs).

6.4 Education policy documents

The Rwenzori region education and health sector investment profile should be closely-aligned with the national priorities and the country's strategic direction. The profile has been designed to ensure alignment with the following key strategic and policy documents:

- Vision 2040;
- United Nations Sustainable Development Goals;
- National Development Plan III (2015/16 – 2019/20);
- Education and sports sector strategic plan 2017/18 - 2019/20;
- the Government White Paper (GWP) on Education (1992);
- District Local Government Development Plans 2015/16 – 2019/20.

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Policy, legal and institutional framework



Policy, legal and institutional framework

The legal and institutional framework consists of the following.

7.1 Policy framework

The ESSP (2017-2020) policy framework which hinges on the following:

1. NRM Manifesto (2016- 2021);
2. The Third National Development Plan (NDPIII);
3. The Government White Paper (GWP) on Education (1992);
4. The international education commitments enshrined in the UN-SDGs — specifically, SDG4.

The policy basis for the ESSP 2017- 2020, is intended to achieve the following:

- Put into effect key provisions of the Constitution of the Republic of Uganda within the mandate of the Education and Sports Sector and recommendations of the Government White Paper (GWP-1992);
- Implement all the Manifesto commitments of the Ruling Party in Government (NRM), Presidential Pledges and Directives on education and sports in respect to enrichment and improvement of quality education provision.;
- Align with the NDPIII and the Medium Term Expenditure Framework (MTEF) in planning, implementation and management of Education and Sports services delivery;
- Make progress towards international commitments pertaining to the SDGs applicable to the sector.

7.2 Legal framework

The Education and Sports sector's overall Legal Framework is derived from the Constitution of the Republic of Uganda (1995). This is reinforced, among others, by the following:

- The Local Government Act 1997 as amended;
- The Education (Pre-Primary, Primary and Post-Primary) Act, 2008;
- The Industrial Training Act Cap 130.
- The Business, Technical, Vocational Education and Training Act, 2001;
- The Universities and other Tertiary Institutions Act, 2001;
- The Uganda National Examinations Board (UNEB) Act, 1983;
- The National Curriculum Development Centre (NCDC) Act, 2000;
- The Education Service Act, 2002;
- The Nakivubo War Memorial Stadium Trust Act 1953;
- The Uganda Nurses and Midwives Act, 1996;
- The Uganda Business and Technical Examinations Board (UBTEB) Regulations 2009 (13) Uganda Allied Health Examinations Board(UAHEB) Regulations 2009;
- Uganda National Commission for United Nations Educational, Scientific, Cultural Organization (UNATCOM-UNESCO) Act, 2014;
- The Higher Education Students' Financing Board (HESFB) Act (2014);
- Uganda Nurses and Midwifery Examination Board (UNMEB) Regulations 2009.

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Financing options



Financing options

There are various financing options for both local and foreign investors for the human capital development sector in Uganda. These include debt, equity or mezzanine (a combination of both debt and equity), grants. The following sub-sections analyse each of the options in the context of the Ugandan human capital development sector.

8.1 Debt

In order to ensure that the Education and Sports sector Strategic Plan is realized, there is a need to explore new modes of financing the identified government and private sector projects. Previous education and health projects have been spearheaded by the private and public sector. Given the large number of programs identified in the ESS Strategic plan and associated development projects, this would require innovative mechanisms to fund these projects by both the public and private sector. This is against the backdrop of the undeveloped financial markets, which could provide

new financial instruments as avenues to finance the sector. The challenge is to choose the appropriate financial instruments to support by maximizing the use of instruments that would deliver the greatest amount of private funding for the smallest amount of public funds, thereby achieving greatest leverage.

There are various forms of financing instruments, which can be applied to support the sector. These instruments are broadly grouped into the following categories:

- (i) instruments used to overcome financing barriers;
- (ii) instruments used to address specific risks;
- (iii) instruments that simultaneously address financial markets that lack sophistication to offer risk management.

Consideration of the financing options would require that the ESS sector makes a deliberate effort to have bankable projects for both the private and public uptake. The combination of financing options described below can be applied for Government, Private sector or Public Private Partnership arrangements.

Bank	Ownership	Total Assets in Billions	Market Share	Number of Branches
Stanbic Bank	Foreign	2,105 Millions	20.56	78
Standard Chartered Bank	Foreign	840 Millions	12.12	9
Centenary Bank	Local	950 Millions	10.37	63
DFCU	Foreign	939 Millions	7.72	62
Others	Several	2,066 Millions	49.23	334

8.2 Public private partnerships

A number of projects can be financed under PPP arrangements, albeit on a small scale, and capacity for negotiation and structuring of PPP agreements has been developed. Over the NDP III, PPPs will contribute significantly to the financing of prioritized interventions, especially in the infrastructure, health and education sectors where cost recovery is potentially high through self-financing of the projects. Increased capacity to negotiate, design and manage PPP projects continues to be a priority of this plan.

8.3 Domestic private investments

Domestic private investment supported by private savings, cooperatives, SACCOs, and retirement funds are key sources of funds. Government should attract the private sector to invest into strategic sectors of the economy. This will be done through reducing overhead costs incurred before an investment decision is made e.g. by government conducting feasibility studies of projects in which the private sector is interested, giving tax incentives to entrepreneurs in strategic sectors, promoting cooperatives and SACCOs or divesting ownership in publicly-owned companies to the private sector to free up resources to fund other public investments.

8.4 Concessional loans

Concessional loans from multilateral creditors is an important source of financing for such projects. Non-concessional and semi-concessional external borrowing will also be required, because concessional borrowing is not always available for all projects. Government will continue to ensure that for projects where concessional loans cannot be secured, semi-concessional loans are prioritised over non-concessional borrowing.

8.5 NGOs/CSOs and philanthropy

NGOs/CSOs and philanthropy finance a large number of projects, some of which are of a development nature. Specifically, NGOs receive and spend up to 1.4 % of GDP annually. Therefore, government will amend the law under which NGOs/CSOs are registered to streamline the operations of these NGOs/CSOs to ensure that they only implement priorities articulated in this plan. In addition, participation of NGOs/CSOs at national, sector and local government levels in annual planning will be strengthened to achieve this objective.

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Personnel planning

Personnel planning

9.1 Skills level

The skills level in Rwenzori region is analysed in the context of Uganda's Human Development Index. Uganda's HDI value for 2018 is 0.528 — which put the country in the low human development category— positioning it at 159 out of 189 countries and territories.¹⁰ By extension, the level of availability of skilled manpower in the Rwenzori region is low since majority of the population does not possess the skillsets needed to manage and operate complex projects.

Management roles requiring specialised skills could be obtained from elsewhere and deployed in the region.

The current human resources in the region need to be retooled, trained with new and advanced skills and capitalized to be able to explore, evaluate and develop the resources of the region and to license, monitor and enforce compliance effectively.

The current size of manpower is unable to cope with the rapidly-expanding demand within the health sector as well as the education sector.

¹⁰ Briefing note for countries on the 2019 Human Development Report for UNDP

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Social, economic and
environmental
sustainability

Social, economic and environmental sustainability

Sustainable Development Goals and 2030 Agenda

In 2015, the United Nations (UN) approved the 2030 Agenda for Sustainable Development, which set in motion the Sustainable Development Goals (SDGs). The 17 goals are designed to take a holistic approach to address the social, economic and environmental aspects of sustainable development. Investment in Uganda's Human Capital Development sector (including health and education) is one of the gateways through which the SDGs will be attained. Establishment of a Chain of Schools and Hospitals helps to achieve the SDGs and increase the quality of life of the population within the region.

Achieving the social goal of reduced social inequality — especially gender inequality — is dependent on improving access to economic resources such as land, natural resources, financial services and technology for women and marginalised groups. Investors should focus on emancipating these groups to improve access to markets, reduce regional inequalities, and also achieve sustained incomes. Environmental goals including climate action, sustainable production and consumption as well as management and preservation of natural resources and biodiversity are integral to investment in the Human Capital Development sector (including health and education sector).



Investment in Uganda's Human Capital Development sector **(including health and education)** is one of the gateways through which the SDGs will be attained. Establishment of a Chain of schools and hospitals helps to achieve the SDGs to increase the quality of life of the population within the region.

10.1 Social sustainability



The Human Capital Development Sector (including health and education) Investment profile has generated various investment opportunities. These proposed projects focus on the concept of social accountability with emphasis on promoting the betterment of the lives of people within the Rwenzori region. This has broadly focused on issues like environmental law, human rights, and public involvement and participation in all projects that are proposed. Putting an emphasis on social sustainability in implementing the proposed projects should strengthen other spheres of sustainability. The following text discusses the concept of social accountability as it relates to the respective opportunities that have been identified.

The proposed projects involving construction of education institutions and health systems looks to improve the lives of the people in affected areas within the region.

The government recognises the role of Civil Society Organisations (CSOs) in advocacy, mobilisation and dialogue with the communities and expect them to help “get the voices of the communities in the project affected areas into the designing, monitoring and implementation of the projects.” Most importantly, these organisations are expected to contribute to ensuring that project operations are carried out in accordance with good governance principles of transparency and accountability.



10.2 Economic sustainability



Economic Sustainability is a critical pillar in developing the Human Capital Development Sector Investment Profiles. The proposed projects were made with the understanding that they are the most equitable and fiscally-sound projects considering all other aspects of sustainability, especially betterment of society with long-term benefits within the Rwenzori region. We proposed a blend of good business practices with social and environmental aspects of sustainability to ensure positive results through large-scale employment, education and betterment of communities.

The inherent complexity of the project also requires that its development be accompanied by efficient planning and management processes that are based on the fundamental principles of sustainability. Discrepancies between national government structures and local government perspectives often tend to create a space for the dominance of local, private interests rather than on strategies that lead to socially-fair development, which takes into account the needs of local residents. To address the challenge, effective management, frequent institutional, economic and social changes were added, which make cooperation and governance difficult, in an environment of shifting governance modes.

Economic Sustainability of the proposed projects shall involve maintaining profitability while ensuring maximum impact for the communities through access to jobs, education and health services. The size of the catchment area for the services proposed in the project proposal can extend up to eastern DRC thereby increasing economic sustainability of the projections.

10.3 Environmental sustainability



The implementation of the ESSP 2017-2020 is not expected to make a negative contribution to the environment and to the community. All the planned activities including those that impact directly on the national environment such as provision of construction materials (bricks, roofing timber, etc.) shall be implemented in accordance with the existing National Environmental Legislation and Social Safe Guards to minimize negative effects they cause on the bio-physical and human environment.

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Support pre-/post-investment



Support pre-/post-investment

11.1 Pre-investment

The support needed pre- and post-investment for the human capital development sector include the following:

Community sensitisation

The community will need to be sensitised about the projects objectives, impact on the community lives to improve on the success of the projects.

Advocacy and lobbying

Advocacy and Lobbying support is important to ensure human capital related policies and procedures that promote economic development and empowerment within the Rwenzori region. This will ensure an increase in investor confidence, ease importation and handle tax related issues for the investor.

Taxation

One of the critical aspects of investment in the Rwenzori region are aspects of taxation of imports, exports, and licencing. There are tax waivers for investors within the region that can be utilised for investment in the region.

11.2 Post-investment

In addition to the pre-investment factors where support will be needed, the establishment of a mechanism to track performance through a Monitoring and Evaluation System is crucial. This will help monitor returns in a timely manner.

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Risk assessment

Risk Assessment

The table below summarised the risk identification, quantification and management strategies for the human capital development sector.

Types of risk	Risk consideration	Possible scenario	Likelihood (High, Med, Low)	Impact level (fatal, manageable)	Mitigating action taken by the firm NOW	Recommended actions	Priority (High, Med, Low)
Competitive environment for health workers	Competition	Health workers not willing to work in the region	Medium	Manageable	Investment in HRH	Scale up the motivation and retention strategy	
Infrastructural challenges	High Development costs	Slow exploitation of the minerals	Medium	Manageable		Government invests in infrastructure developed by networking mineral rich areas onto grids.	
Land tenure system	Acquiring of ownership to the mineral prospective lands.	High compensation packages	High	Manageable		The government should develop an effective communication strategy and guidelines regarding land acquisition for investment activities	Med
Financial and reputational losses to government due to legal matters	Legal and Implementation	Overlapping mandates Inadequate consultations Limited due diligence Conflicting legal and regulatory frameworks	Med	Manageable	Enhance diligence and duty of care	Strengthen regulatory legal and framework.	High



Types of risk	Risk consideration	Possible scenario	Likelihood (High, Med, Low)	Impact level (fatal, manageable)	Mitigating action taken by the firm NOW	Recommended actions	Priority (High, Med, Low)
Corruption / siphoning of available funds	Inadequate data management	Data disorder and impact on quality and availability			Establishing Incentives for HRH · Strengthening Citizen Voice and participation in external oversight · Increasing Accountability of Public sector, HDPs, CSOs to Government and Citizens.	The health sector proposed to address these challenges and mitigate the effects of poor governance and to increase accountability and reduce corruption in the sector by application of the existing laws.	
Market and Price Risk	Price fluctuations	Loss of revenue	Med	Manageable	Sale only final products	Value addition Raise awareness of on price risk exposure	High
Limited human resource development	Shortage of skilled personnel	Poor service delivery	High	Fatal	Training and retaining high skilled labour	Competitive remuneration Importation of key staff from abroad.	High
Decrease in donor support due to political needs	Implementation risk	Failure to construct health and educational facilities.	High	Fatal	The sector should develop a comprehensive financing strategy that should identify all potential sources of funding and act as a tool for resource mobilization	Lobby for increased donor and government financing of the health and educational facilities.	High



Types of risk	Risk consideration	Possible scenario	Likelihood (High, Med, Low)	Impact level (fatal, manageable)	Mitigating action taken by the firm NOW	Recommended actions	Priority (High, Med, Low)
Emerging / re-emerging health threats and disasters			High	High	Strengthen real-time surveillance and reporting; strengthen laboratory network and systems country-wide.		



Appendices

Projected financial statements – vocational Institution

Income statement

The table below is the projected income statement.

Figures in Ushs '000	Year 1		Year 2		Year 3		Year 4	
	Semester 1	Semester 2	Semester 1	Semester 2	Semester 1	Semester 2	Semester 1	Semester 2
Tuition fees	600,410	784,460	919,700	1,094,940	1,132,013	1,135,820	1,171,703	1,174,320
General fees	270,050	233,270	266,930	232,970	291,110	239,645	304,330	248,645
Total income	870,460	1,017,730	1,186,630	1,327,910	1,423,123	1,375,465	1,476,033	1,422,965
Operating expenses								
Salaries and wages	240,000	244,800	249,696	254,690	259,784	264,979	270,279	275,685
Administration	92,334	94,180	96,064	97,985	99,945	101,944	103,983	106,062
Academic expenses	49,705	50,699	51,713	52,747	53,802	54,878	55,976	57,095
Utility bills	6,194	6,318	6,444	6,573	6,705	6,839	6,975	7,115
Repairs and maintenance	3,350	3,417	3,485	3,555	3,626	3,699	3,773	3,848
Total operating expenses	391,583	399,414	407,402	415,550	423,861	432,339	440,985	449,805
EBITDA	478,878	618,316	779,228	912,360	999,261	943,126	1,035,047	973,160
Depreciation	301,898	307,936	314,095	320,377	326,785	333,320	339,987	346,786
Loan Interest	253,595	253,595	253,595	253,595	253,595	241,527	228,736	215,177
Income before tax	(76,616)	56,785	211,538	338,388	418,882	368,279	466,324	411,196
Corporation tax	-	17,035	63,461	101,516	125,665	110,484	139,897	123,359
Profit after tax	(76,616)	39,749	148,076	236,871	293,217	257,795	326,427	287,837
Dividends to shareholders	-	-	-	23,687	29,322	25,780	32,643	28,784
Retained profits	(76,616)	39,749	148,076	213,184	263,895	232,016	293,784	259,054

Projected cash flow



The table below shows the projected cash flows

Ushs '000	Year 1		Year 2		Year 3		Year 4	
	Semester 1	Semester 2						
Receipts								
Revenue	870,460	1,017,730	1,186,630	1,327,910	1,423,123	1,375,465	1,476,033	1,422,965
Loan	4,226,578	-	-	-	-	-	-	-
Own contribution	1,811,391	-	-	-	-	-	-	-
Total income	6,908,429	1,017,730	1,186,630	1,327,910	1,423,123	1,375,465	1,476,033	1,422,965
Payments								
Operating costs								
Salaries and wages	240,000	244,800	249,696	254,690	259,784	264,979	270,279	275,685
Administration	92,334	94,180	96,064	97,985	99,945	101,944	103,983	106,062
Academic expenses	49,705	50,699	51,713	52,747	53,802	54,878	55,976	57,095
Utility bills	6,194	6,318	6,444	6,573	6,705	6,839	6,975	7,115
Repairs and maintenance	3,350	3,417	3,485	3,555	3,626	3,699	3,773	3,848
Other payments	391,583	399,414	407,402	415,550	423,861	432,339	440,985	449,805
Capital expenditure	6,037,969	99,384	-	-	-	-	-	-
Interest on loan	253,595	253,595	253,595	253,595	253,595	241,527	228,736	215,177
Loan repayment	-	-	-	-	201,121	213,189	225,980	239,539
Taxation	-	17,035	63,461	101,516	125,665	110,484	139,897	123,359
Dividends	-	-	-	23,687	29,322	25,780	32,643	28,784
Total other payments	6,291,563	370,014	317,056	378,798	609,702	590,979	627,256	606,859
Net cash	225,283	248,302	462,172	533,561	389,559	352,147	407,791	366,301
Cash balance at beginning period	-	225,283	473,585	935,757	1,469,318	1,858,877	2,211,024	2,618,815
Cash balance at end of period	225,283	473,585	935,757	1,469,318	1,858,877	2,211,024	2,618,815	2,985,116



Get in touch



Uganda Investment Authority

The Investment Center
Twed Plaza, Plot 22B, Lumumba Avenue, Nakasero, Kampala
Main Reception: +256 414 301 000, +256 417 788 300, +256 206 300968
Email: info@ugandainvest.go.ug
Website: www.ugandainvest.go.ug



United Nations Uganda Office

UN Resident Coordinator's Office,
Plot 11 Yusuf Lule Road, Nakasero - Kampala, Uganda
Phone: +256 041 7112100
Website: www.uganda.un.org

