

UGANDA: AN OVERVIEW

The Republic of Uganda is a landlocked, English-speaking country, surrounded by Kenya in the east, the Democratic Republic of the Congo in the west, the Republic of South Sudan in the north, Tanzania in the south and Rwanda in the south-west.

The country is endowed with substantial natural resources, including fertile soils, regular rainfall, small deposits of copper, gold, and other minerals, and recently discovered oil.

| Basic Statistics: Uganda* | |
|------------------------------------|---|
| Capital: | Kampala |
| Land area: | 199,807.7 km ² |
| Population: | 37.78 mm (2014) |
| Labour force (over 15 years): | 15.11 mm (2014) |
| Youth literacy rate (15–24 years): | |
| <i>Male:</i> | 85.8% (2012) |
| <i>Female:</i> | 81.7% (2012) |
| GDP (nominal): | US\$ 27 bn (2014) |
| GDP growth: | 4.8% (2014) |
| FDI inflow: | US\$ 1.15 bn (2014) |
| Exports: | 18.4% of GDP (2014) |
| Imports: | 28.5% of GDP (2014) |
| Govt. expenditure: | US\$ 4.34 bn (2015 est.) |
| Govt. revenue: | US\$ 3.29 bn (2015 est.) |
| Currency: | Ugandan shillings (UGX) |
| Language: | English (official language), Swahili, Luganda (major) |

*Source: UIA, 2013; World Bank, 2015; CIA, 2016

WHY UGANDA?

| Advantage Uganda |
|---|
| Uganda has achieved growth stability, with annual an average economic growth of 5.1% in 2012/13. |
| The Ugandan government is committed to developing the country's private sector and improving its provision of social services. |
| All of the country's economic sectors are liberalized for investment, with free outflow and inflow of capital. |
| Uganda is a member of the East African Community (EAC) and the Common Market for Eastern and Southern African states (COMESA). |
| Uganda benefits from quota- and duty-free product access into the USA (under AGOA), the EU (under EBA and GSP scheme), India (under DFTP scheme) and China (under DFQF Scheme). |
| Uganda produces more than 15,000 university graduates every year, providing a strong core of educated workers to its labour force. |
| The security of investment is guaranteed by the Investment Code of 1991 and the Ugandan Constitution. Uganda is also a signatory to a number of noteworthy global investment-related organizations. |
| Advantageous investment environment. 100% foreign ownership of companies is possible. |
| Favourable taxation scheme. 10-year tax holiday for those who invest in Export Promotion Zones. |

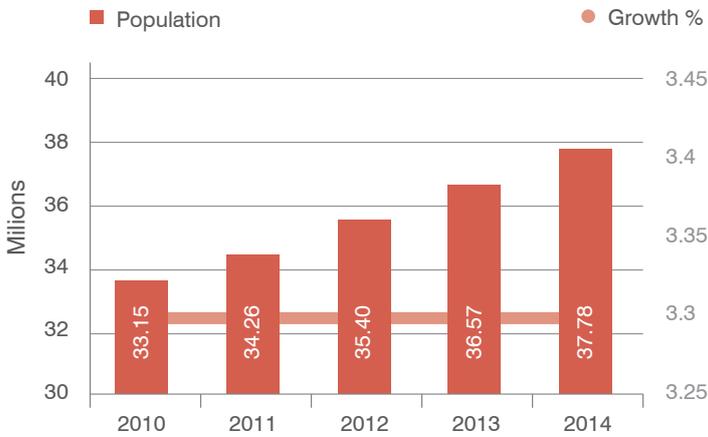
*Source: Uganda Investment Authority, 2015

A young and literate population

Uganda has one of the **highest population growth rates in the world** (3.3% per annum) and also enjoys a **solid 89.6% literacy rate** in the 18-24 age group, well above the 84% global average. This dynamism, coupled with a comparatively high level of literacy, strongly contributes to boosting the earning power of its 15. 1 million strong workforce.

Indeed, Uganda's population, is a strategic asset for investors - one that can be harnessed by leveraging the large numbers of educated people to satisfy local and international human resource demands, not only in ICT, but also in various other sectors.

Uganda's Population growth trend



*Source: World Bank, 2015

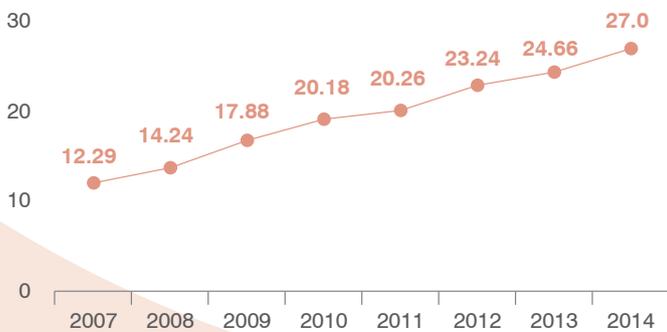
A fast-growing economy

Uganda's \$27 billion economy is expected to grow at 5.3% in the 2015/16 financial year, continuing the phenomenal growth it has enjoyed over the last decade.

In fact, **Uganda's economy is among the 20 fastest growing economies in the world**, and one of the top 9 fastest growing African economies, ranked together with large economic powerhouses like China, India and Sri Lanka, and other top 9 African economies, where it trails closely behind Ethiopia.

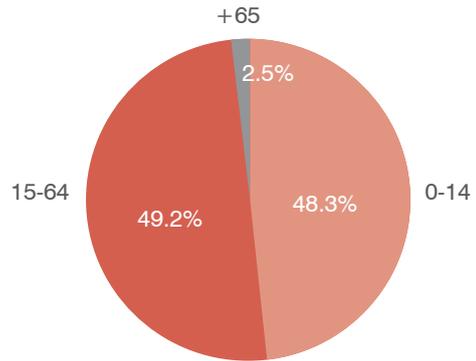
Strong performance in the industrial and services sectors have made Uganda an attractive investment destination due to the improved buying power of the population and the various investment opportunities which they bring about.

Uganda's GDP (US\$ bn)



*Source: World Bank, 2015

Population by age



*Source: World Bank, 2015

The services sector remains Uganda's fastest growing major economic sector, with **notable increases in telecommunications as well as trade-related business activities**. Uganda's banking and financial sector is backed by a liberal regulatory regime which has allowed the country's 26 commercial banks more than quadruple in size, spreading from 129 branches in 2000 to 565 in 2014 and providing **world-class banking services across the country**.

Rapidly increasing foreign direct investment

Uganda was listed as a **Top 10 Foreign Direct Investment (FDI) recipients in Africa by Ernst and Young since 2013**, indicating the attractiveness and plentiful investment opportunities in the country. Uganda's FDI exceeded US\$1.1 billion in 2014 alone, mostly in the energy (oil and gas) and agricultural sectors.

Foreign Direct Investment (US\$M)



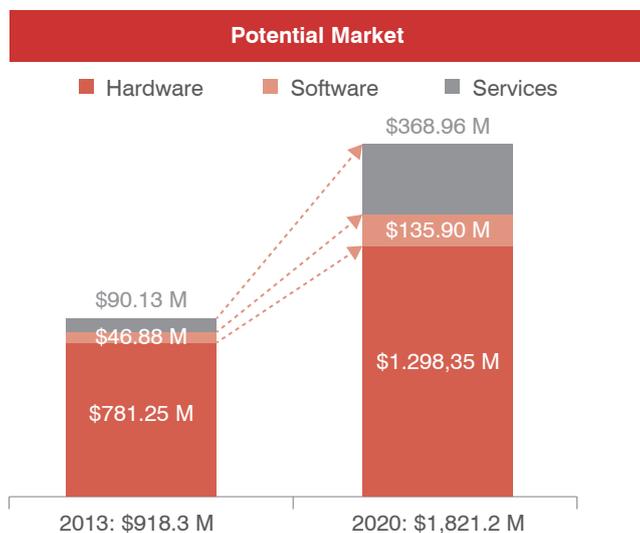
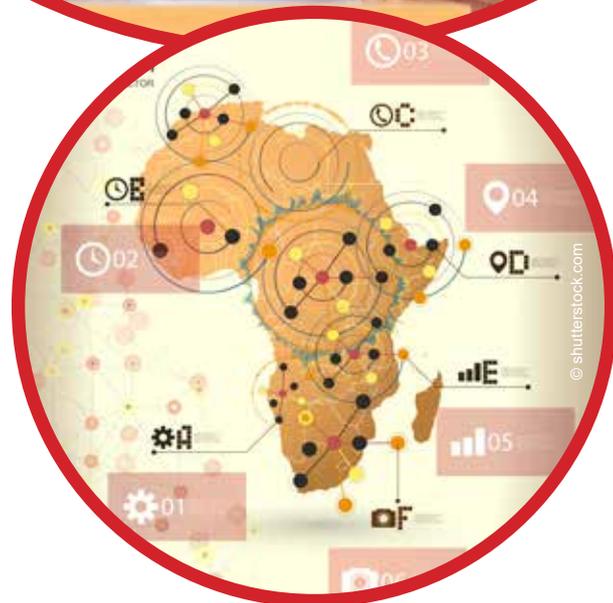
*Source: World Bank, 2015



A rapidly-expanding ICT sector

ICT is one of Uganda's fastest growing sectors with a CAGR of 25%. With telecommunications as its largest sub-sector, ICT employs approximately 1.5 million people and contributes 7% of Uganda's GDP, as well as 12.5% to the country's services exports (2014). **The country's IT market size is \$918 million (2013), and is expected to grow to \$1.8 billion by 2020** through a continued rise demand from across the local, regional and international markets.

Together with the country's liberal business environment, the sector's growth and competitiveness has already attracted global players such as Microsoft, Cisco, Samsung, TechnoBrain, Dhanush, and Spanco, all of which have set up operations in Uganda and operate alongside local enterprises such as Datafundi, Crystal Clear and Yo Uganda. This is helped by the fact that the government has setup so-called "Free Zones" around the country to benefits priority economic sectors, of which ICT is a part. These **Free Zones allow investors to not only maintain 100% ownership of companies, but also to benefit from a range of preferential fiscal measures**, such as a **10 year tax holiday** as well as a **corporate tax rate of 30%**, which is amongst the lowest in Africa.



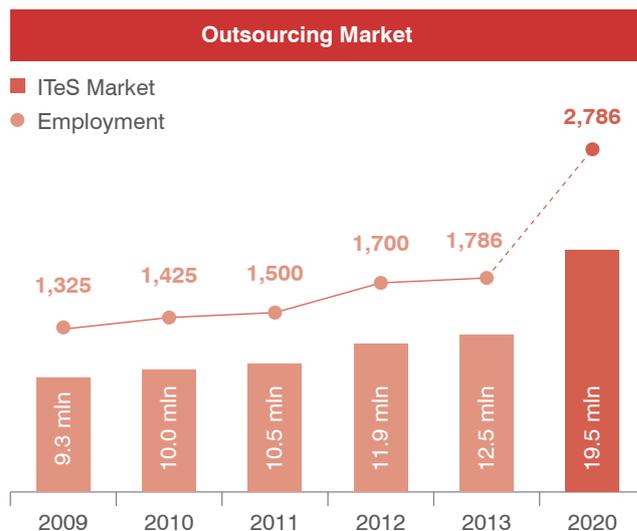
*Source: Trending Economics



INVESTMENT OPPORTUNITIES

Both as a sector and as an enabler for other sectors, the growing use of ICTs in Uganda has created widespread demand for IT products and services, making for profitable investment opportunities. In fact, **Uganda's IT-enabled services market is expected to grow by 70% between 2013 and 2020**, supported by the country's favourable time zones and large pool of skilled, inexpensive labour. The following sectors represent some of Uganda's most important investment opportunities:

- **Telecommunications:** As the adoption of ICTs in various facets of life and business continues to flourish in Uganda, local demand for quality ICT infrastructure and services is also rising, creating many profitable investment opportunities to service the local population.
- **Software development:** Every year, Ugandan government ministries, departments and agencies award several multi-million dollar software development contracts to foreign companies in order to develop Uganda's domestic software infrastructure. This has resulted in a variety of strategic investment opportunities to capture some of this profitable market.
- **ICT hardware manufacturing and assembly:** The lack of local companies active in ICT hardware manufacturing and assembly means that both Uganda's 38 million strong population and the 150 million strong East African common market are important consumers of imported ICT hardware. This established local and regional demand, for which there is no major local competition, presents several lucrative investment opportunities.



*Source: UNCTAD



KEY CONTACTS

Upon arriving in Uganda, investors are encouraged begin by visiting the Uganda Investment Authority, where they will find the most recent information and advice best suited for foreign investors.

Uganda Investment Authority

Phone: +256 414 301 000
Web: ugandainvest.go.ug

Ministry of Information and Communications Technology

Phone: +256 414 236 262
Fax: +256 414 231 314
Web: www.ict.go.ug

National Information Technology Authority - Uganda (NITAU)

Phone: +256 417 801 038
Fax: +256 417 801 050
Web: www.nita.go.ug

Uganda Communications Commission

Phone: + 256 414 339 000/ 312 339 000
Fax: + 256 414 348 832
Web: ucc@ucc.co.ug

Uganda Free Zones Authority

Phone: +256 417 722 600
E-mail: helpdesk@freezones.go.ug