INVESTOR'S GUIDE

DECEMBER 2019

Stanbic Bank Moving Forward™

List of Abbreviations

BoU	Bank of Uganda
BOT	Build Operate Transfer
CIB	Corporate and Investment Banking
CPI	Consumer Price Inflation
DP	Development Partner
EAC	East African Community
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GoU	Government of Uganda
IBP	Industrial Business Park
ICT	Information Communication Technology
ITA	Income Tax Act
MEMD	Ministry of Energy and Mineral Development
MFN	Most Favored Nation
NDP II	Uganda National Development Plan II
NRM	National Resistance Movement
NSD	National Suppliers Database
R&D	Research and Development
ROP	World Register of Providers
PAYE	Pay As You Earn
PDFF	Project Development Facilitation Fund
PPDA	Public Procurement and Disposal Authority
PPP	Public Private Partnerships
UGX	Uganda Shillings
UN	United Nations
WHT	Withholding Tax
WTO	World Trade Organisation
VAT	Value Added Tax

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About Stanbic Bank Uganda

About The Stanbic Bank Uganda

Our Vision

To be the leading African financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value.

Purpose Statement

Transforming lives for a better Uganda.

A brief history of the bank

The bank was founded in Uganda as the National Bank of India in 1906. After several name changes, it rebranded to Grindlays Bank. In 1991, Standard Bank Group (The Group) acquired Grindlays Bank. The new owners renamed the Ugandan subsidiary, Stanbic Bank (Uganda) Limited.

In February 2002, The Group acquired 90% of the shareholding in Uganda Commercial Bank Limited, a government-owned bank with sixty-five branches.

The Group merged their new acquisition with the existing Stanbic Bank (Uganda) Limited, to form Uganda's largest commercial bank by assets and branch network.

In November 2007, the Government of Uganda divested its ownership in Stanbic Bank (Uganda) by listing its shares on the Uganda Securities Exchange. The Group also floated 10% of its shareholding at the same time, retaining an ownership stake of 80%.

Stanbic Bank Business Structure

Stanbic Bank Uganda is a full service financial services group with a clear focus on three main business pillars - Corporate and Investment Banking (CIB), Personal and Business Banking (PBB) and Wealth Management. The Bank's products are made available to customers through a range of channels and service structures.

Stanbic Bank Uganda

Corporate and Investment Banking

- Trade Finance
- Cash Management
- Investor services
- Investment Banking
- Int. Development Group
- Global Markets
- Project Finance

Personal and Business Banking

- Personal and Business
- Savings and
- Investments
- Personal Lending
- Trade Finance
- Business Lending

Services

- Internet Banking
- Mobile Banking
- Business Online
- Point of sale
- ATM
- Debt and Credit Cards
- Pay-Plus Utilities

NUMBER OF CUSTOMERS
551,896

NUMBER OF EMPLOYEES
1,751

NUMBER OF BRANCHES
79

NUMBER OF ATMS
173

Introduction

Uganda is one of the East-African countries that attracts the most Foreign Direct Investment (FDI). FDI stocks have increased steadily since 2000, a trend that is expected to continue over the coming years.

Foreign Direct Investment	2015	2016	2017
FDI Inward Flow (million USD)	738	626	700
FDI Stock (million USD)	10,567	11,193	11,893
Number of Greenfield Investments	23	9	8
FDI Inwards (in % of GFCF)	9	8	n/a
FDI Stock (in % of GDP)	41	42	n/a

Figure 2: Uganda historical FDI

The country is strategically located at the heart of Sub-Saharan Africa bordered by South Sudan in the north, Kenya in the east, the United Republic of Tanzania in the south, Rwanda in the southwest and the Democratic Republic of Congo in the west. This position, gives the country a strategic commanding base for regional trade and investment. In recent years, reforms have transformed Uganda's economy, establishing consistent GDP growth rate, which is anticipated to average 5.4% in 2018-20.

Uganda generally provides an open climate for foreign investment. According to the Global Index for Economic Freedom, Uganda registered an overall score of 62, a 2% improvement from the previous year and thus Uganda ranks fifth of 48 Sub-Saharan countries in 2018. Uganda has revised a range of laws and regulations to create greater government accountability, develop infrastructure, and build a more vibrant public sector. Foreign investment is allowed in all sectors of the economy that are not national security related and such companies may be 100% foreign-owned unless it is a restricted investment.

Uganda has achieved and maintained macro-economic stability and broad based economic growth.

Since 1987, the Government adopted a development strategy by relying on the market forces and efforts of private investors to modernize the economy. The Government has provided an enabling environment by laying down the necessary legal and policy framework and physical infrastructure for private investment to flourish.

The Investment Code, 1991 governs investment in Uganda and aims at providing favorable investment conditions. The Uganda Investment Authority was created in 1991 under the investment code to promote investment, to market Uganda's investment opportunities to targeted investors, to coordinate the national investment-marketing program, to monitor international investment flows and to serve as the point of contact for investors interested in Uganda.

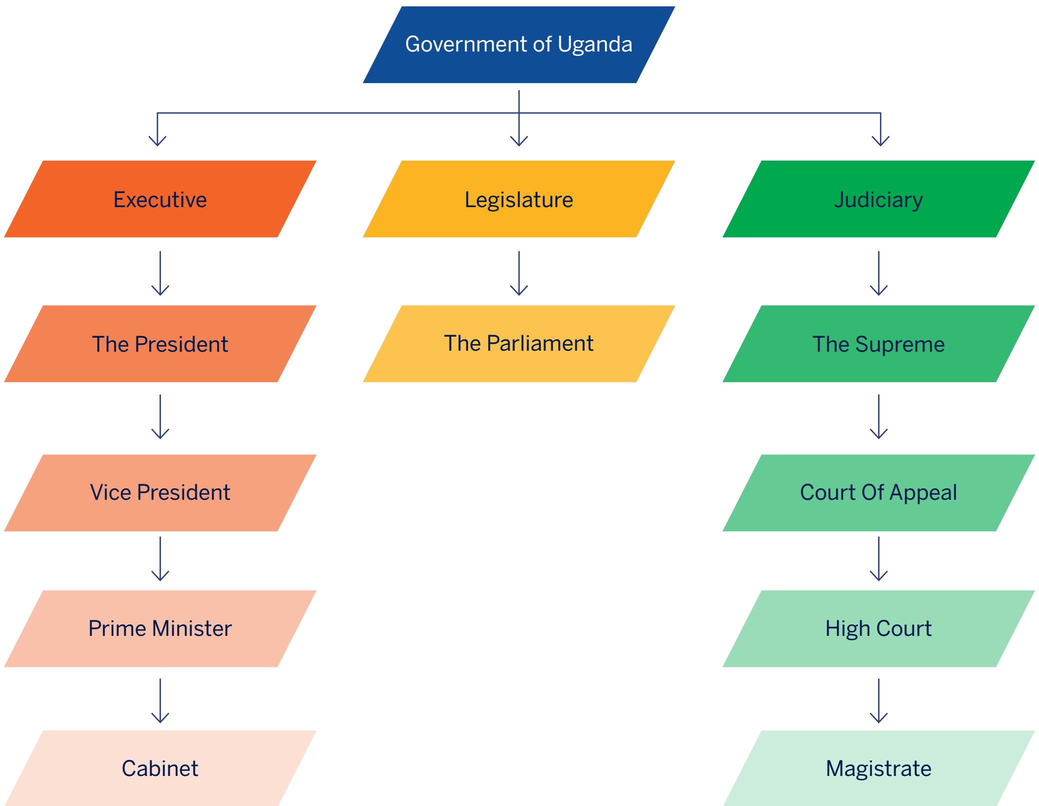
Uganda, home to about 44.3 million people with a growing middle-income class with reasonable expendable income, is part of the East African Community (EAC) that has a potential market of about 145.5 million. It is also part of Common Market of Eastern and Southern Africa (COMESA), which comprises 21 member states with 520 million people and global trade in goods worth USD 235bn.

Uganda country overview and situational outlook

Political situation and outlook 2017-21

Political Stability

Uganda's underlying political stability is expected to remain unchanged over the forecast period 2018 - 2021. However, the country is expected to experience political unrest given, the upcoming presidential elections scheduled for 2021. The government has increased investment in security services in order to ensure the maintenance of peace and political stability on a national level.



The three arms of Uganda's Government

The Executive - The power of the executive is vested in the President who acts as commander in chief of the armed forces. He is responsible for implementing laws written by parliament.

The Legislature - the parliament derives its mandate and functions from the 1995 Constitution, the Laws of Uganda and its own Rules of Procedure. It passes laws and scrutinizes policy.

The Judiciary - headed by the Lord Chief Justice, the judiciary is formed by the various judicature, which are

5.4%

ANTICIPATED GROWTH RATE IN 2018 - 20

International Relations

Uganda's relations with member states of the East African Community (EAC) will remain positive, with the Ugandan government expected to remain a proponent of deeper integration. Bilateral ties with Tanzania are forecast to strengthen alongside attempts to expand cross border infrastructure.

Kenya will remain Uganda's most significant trading partner, but plans to expand cross-border infrastructure with Tanzania, (sometimes at the expense of Kenya), reflect deepening ties with its southern neighbor as well. Given the negative impact of regional instability on the Ugandan economy, the President will attempt to play an active democratic role in South Sudan. Uganda will also maintain its military presence in Somalia, particularly as this attracts significant funding from donors. Managing the large refugee population (estimated at over 1.4 million in March 2018, equivalent to roughly 2.5% of the country's total population) will attract further funding from donors and, given the political influence that it secures among regional and European partners, the government's openness to refugees is likely to continue. Bilateral ties with Asian countries (particularly China and India) will strengthen, underpinned by the growing number of Asian companies operating in Uganda.

6.5 **BILLION BARRELS**

ESTIMATED OIL RESERVES

Investment Climate in Uganda

Uganda operates in a free market environment after the privatization program that began in in 1993 and given its youthful English-speaking population, open markets, abundant resources and expanding economy offers a variety of investment opportunities.Opportunities exist in the areas of telecommunications and media, infrastructure, construction, energy, financial services, among others. Uganda's natural resource prospects include significant oil reserves estimated at 6.5 billion barrels, with only forty percent of the country's oil rich areas exploited. The country has a population growth rate of 3.3% expected to raise the country's population to 46 million in 2019 and 54 million by 2025, thus creating greater potential markets for products.

Uganda policies and laws are generally favorable towards foreign investors, allowing for 100% foreign owned businesses that are allowed to collaborate with nationals without any restrictions. The government also provides incentives for industrial development. Investment incentives are available to four priority sectors; Information and Communication Technology (ICT), tourism, value-added agriculture and value added investments in mineral extraction. Outside of sensitive industries, private and or foreign investments in Uganda's privatization program are unrestricted. This has attracted investments in agribusiness, hotel, and banking industries (most of Uganda's largest banks are foreign owned).

Uganda is a member of the World Trade Organization (WTO), is therefore bound by all WTO multilateral agreements.

Thus, Uganda grants Most Favored Nation (MFN) treatment to all its trading partners. Under the Uganda Investment Code Act of 1991, there is no mandatory performance requirements for licensing.

However, regulatory authorities encourage foreign investors to upgrade local technology, promote socioeconomic development and promote local job growth. In addition, foreign owned enterprises are required to commit to an investing minimum of USD 100,000 to their projects over the course of three years. Additionally, Uganda is a signatory to the World Bank's Multilateral Investment Guarantee Agency and a member of the International Center for Settlement of Investment Disputes.

Uganda is also a member of the East African Community (EAC). The five member countries have pledged to integrate financial systems and regulations, harmonize the exchange rate policies and establish common inflation and debt-to-GDP ceilings.

Investment incentives

Uganda's fiscal incentive package for both domestic and foreign investors provides generous capital recovery terms for medium and long-term investors. The Uganda Investments Act of 1991 stipulates that;

50% of capital allowances for plants and machinery are deductible from a company's income on a one-time basis in Kampala while seventy-five percent of capital allowances are deductible in the rest of the country, and

100% of training costs are deductible on a one-time basis.

A range of annual VAT exemptions, deductions and deferrals also exist.

Investors often end up paying no tax at all in the first year of their investment, and usually paying less than the thirty percent corporate tax rate in the subsequent years of their investment. In addition, the government provides a ten-year tax holiday for investors engaged in export-oriented production.

Capital markets are open to foreign investors and there are no restrictions for foreign investors to open a bank account in Uganda. The Government enforces a 15% Withholding Tax (WHT) on interest and dividends. Credit is allocated on market terms and is commercially available. Foreign-owned companies are allowed to trade on the stock exchange, subject to some share issuance requirements, and the Kampala exchange contains cross-listings of seven Kenyan companies: Equity Bank Kenya Airways, East African Breweries, Jubilee Holdings, Kenya Commercial Bank, Nation Media Group, and Centum Investment. Established in 1996, the Capital Markets Authority is responsible for licensing brokers, dealers and overseeing the Uganda Securities Exchange, which is currently trading the stock of 18 companies.

The Parliament in 2014 passed the "Free Trade Zones" Act, which authorizes development, marketing, maintenance and supervision of free trade zones in Uganda. Under the act, foreign companies have the same opportunities as local companies. The government has provided for a comprehensive package of incentives for holders of free zone Developer, Operator or Manager Licenses. Incentives to free zone investors are depicted in the table below.

Fiscal incentives	Non-fiscal incentives
• Exemption from taxes and duties on all export processing zone imported inputs that are for the exclusive use in development and production output of the business	• Economies of Scale for the businesses resulting from well-planned Zoning and Clustering of the business activities in free zones
• Unrestricted remittance of profit after tax	• Warehousing of domestic goods provided that the free zone warehouses are underutilized.
• 10-year tax holiday on exportation of finished consumer and capital goods	• Onsite Customs inspection of buildings, premises, vehicles, vessels and aircraft entering and leaving the zone.
• Exemption from tax on income from agro-processing	• Free land for development dependent on availability.
• Exemption from capital gains tax on plant and machinery used in the free zone for 5 years and 1 day upon disposal	• Timely turnaround period during business registration
• Exemption from all taxes, levies and rates on exports from the free zone	• Enhanced technology uptake
• Exemption from all taxes, levies and rates on exports from the free zone	• Timely turnaround for work permit processing
• Exemption on personal income of a person offering Technical Assistance under a Technical Assistance Agreement	• Timely processing of Secondary Licenses for applicants

8.6bn

Total expected spend of the national budget for FY2018/19

5.8%

Forecasts indicate a wider fiscal debt in FY2018/19, rising from 5.3%

6.2%

Fiscal debt is expected to peak in FY2019/20.

Fiscal Policy

The government will attempt to pursue an expansionary fiscal policy in the near term with the objective to meet its infrastructural and economic development agenda as per the Uganda Second National Development Plan. The FY2018/19 national budget outlines a total expected spend of USD 8.6bn, 40% of which is dedicated to capital expenditure.

In line with the government's spending profile, forecasts indicate a wider fiscal debt in FY2018/19 at 5.8% of GDP, rising from 5.3% in the previous year FY2017/18. Fiscal debt is expected to peak in FY2019/20 at 6.2% of GDP reflecting higher government expenditure.

Monetary Policy

Headline inflation rate is forecast to accelerate going forward. Core inflation is expected to increase in 2018 - 2020. The Bank of Uganda has relatively well-established inflation-targeting mechanisms, which help to stabilize price expectations.

The central bank has a medium-term target of 5% for core inflation, excluding the more volatile food and energy process.

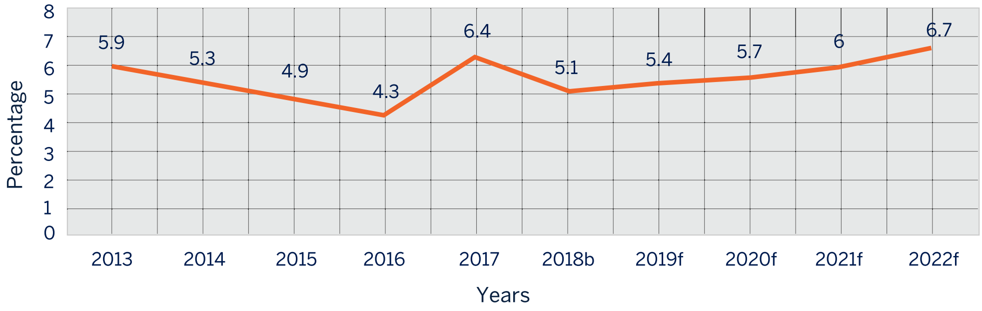
Uganda macroeconomic situation and outlook 2018-21

The national real GDP grew to 6.4% in 2017 primarily on the back of a string recovery in the agricultural sector following unfavorable weather conditions in the second calendar half of 2016 and first quarter of 2017.

Forecasts suggest growth to moderate to 5.1% in 2018 before expanding again. The economic growth in FY2018/19 will be driven by strong industrial growth as construction activity picks up and by exportation prospects in agriculture, fishing and mining.

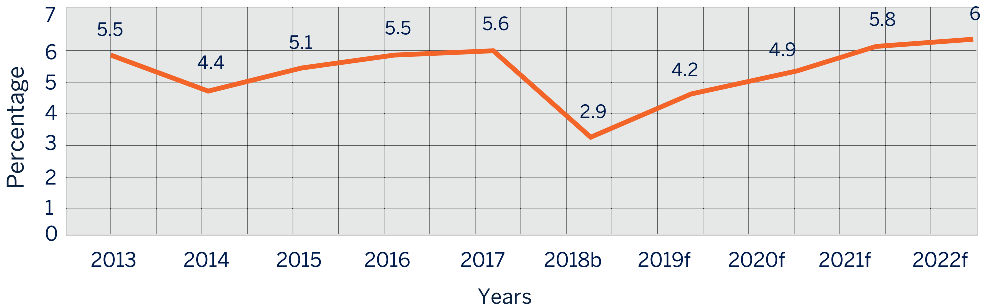
Agriculture is expected to pick-up given government investment in sector-specific projects as the sector is prioritized as per the Second National Development Plan (NDP II). The sector will also see improvements driven by support of Development Partners seeking to improve the quality of inputs and processing capabilities of the sector. Industry will benefit from expansion in gold mining and brisk growth in construction activity, spurred by public investment in infrastructure.

Economic growth is expected to pick up to 6% in 2021 and 6.7% in 2022, driven partly by oil production as France's Total advances its upstream oil project. Forecasts remain below the government projections, as it is not expected that oil production will meet its peak productive capacity of 200,000 - 230,000 barrels/ day by 2021. Generally, the growth potential for the petrochemicals industry will not be fully realized until 2022 because of delays brought about by the regulatory and operational complexities of oil-related projects.



Source: World Bank 2018

After slowing in 2016, amid election uncertainty, unfavorable weather conditions and high commercial lending rates, real GDP growth is forecast to pick up to an annual average of 5.1% in 2017/21. This is fairly brisk in comparison with the rest of Sub-Saharan Africa, but slower than the average growth rate achieved in Uganda over the preceding decade.

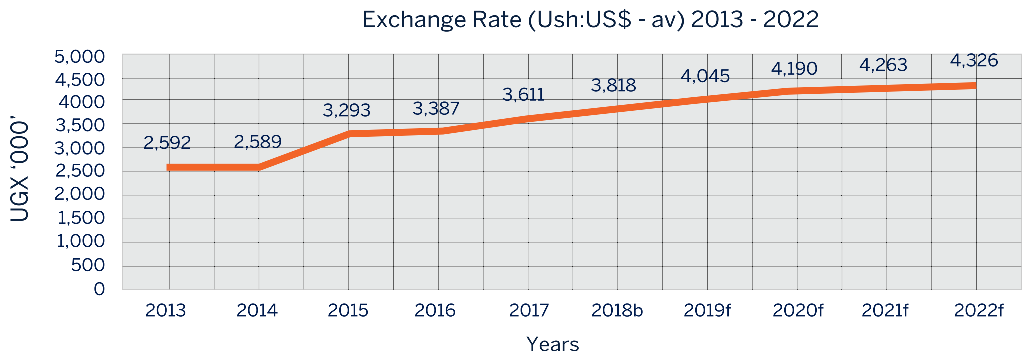


Source: The Bank of Uganda, 2018

Annual inflation is expected to average 2.9% in 2018 after year-on-year inflation averaged just 2.1% in the first half of the year owing primarily to near zero.

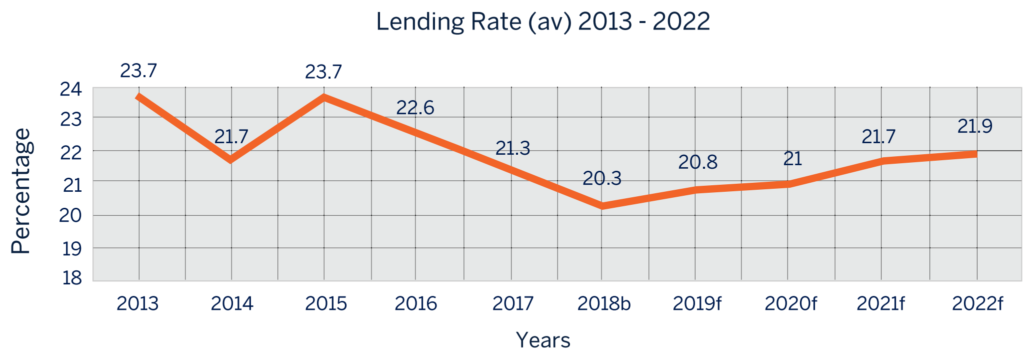
Annual inflation is expected to decelerate in 2018 and accelerate throughout 2019 - 2022. Annual inflation is expected to average 2.9% in 2018 after year-on-year inflation averaged just 2.1% in the first half of the year owing primarily to near zero food-price inflation. This will reflect a slow pick-up in inflationary pressures on the back of rising import prices, i.e. fuel.

Consumer prices are forecast to experience upward pressures from higher taxes, continued currency weakness and higher import prices in 2019/20. The election-related volatility and robust demand for stronger economic growth will further lift prices during 2021/22 when inflation will average 5.9%.



Source: Economist Intelligence Unit, 2018

The Uganda shilling is expected to weaken against the US dollar throughout the period 2018 - 2021. The shilling remained stable in January - May 2018, and depreciated rapidly by 6.5% year on year in June. This is a reflection of positive sentiment towards the US dollar and high foreign currency demand for imports. Ongoing monetary tightening by the Federal Reserve (Fed, the US central bank) supporting the US dollar in 2018-19, together with pressure on the shilling from the widening trade deficit, forecasts indicate the shilling to weaken more rapidly than before, by an annual average of 5.5%, during the forecast period. The pace of depreciation is expected to slow to 1.6% in 2021/22 with improvements in the country's current account.



Source: The Bank of Uganda, 2016

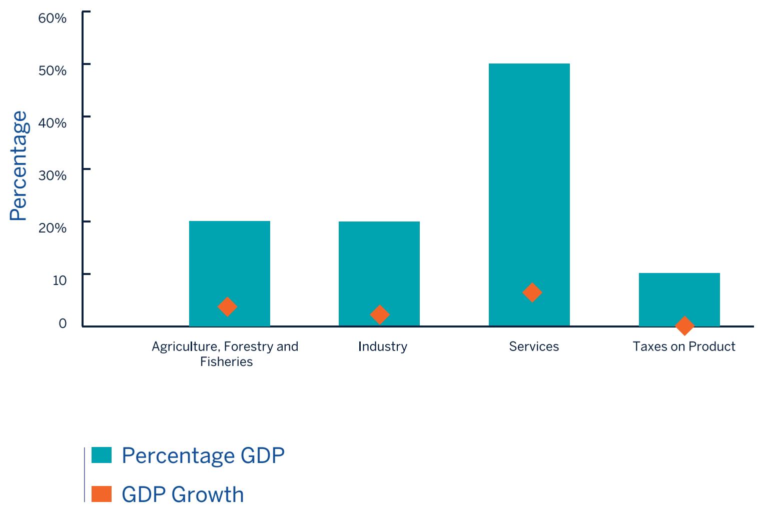
Borrowing by both individuals and businesses is expected to increase backed by the fall in commercial banks' lending rates to 20.3% in 2018.

Borrowing by both individuals and businesses is expected to increase backed by the fall in commercial banks' lending rates to 20.3% in 2018. However, in light of increased election-related uncertainty and an increase in non-performing loans in the personal and household lending segment, the commercial banks interest rates on credit are expected to increase gradually for the forecast period reaching 21.9% in 2022. Commercial bank lending rates are expected to increase despite downward BoU Central Bank Rate movements.

Industry Sectors

According to the Uganda Bureau of Statistics Statistical Quarterly Gross Domestic Product at 2009/10 prices, GDP grew year on year by 6% as at Q2 FY2017/18 from previous year. The growth by sector was recorded at 7.3% in agriculture, forestry and fisheries, 3% in industry, and services registering a year on year growth rate of 8.7%.

GDP Contribution 2018



The Growth By Sector

AGRICULTURE
7.3%

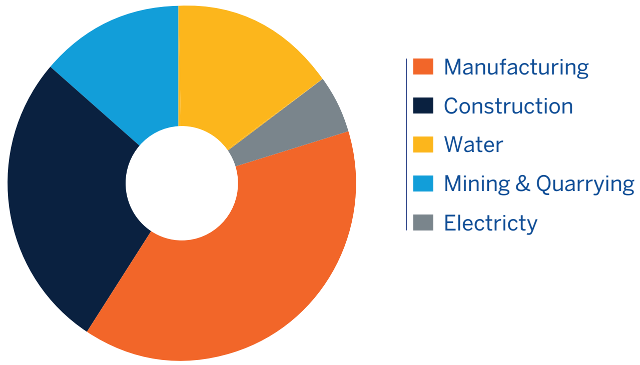
FORESTRY & FISHERIES
3%

SERVICES
8.7%

Industry

Industry in Uganda is driven predominantly by Manufacturing and construction. This is because of increased government spending on capital projects and the promotion of value addition locally with the objective of developing the country's production and exportation capacity. Industry registered a 2% year on year growth rate at the end of 2017 and a quarterly growth rate of 2.1% at the end of Q3 2018.

Industry Composition 2018



Source: Uganda Bureau of Statistics, 2018

2%

Growth rate at the end of 2017 and a quarterly growth rate of 2.1% At the end of q3 2018.

Sub-sector	Annual Growth %
Mining & quarrying	3.6%
Manufacturing	-1.3%
Electricity	9.3%
Water	6.5%
Construction	3.2%

Oil and Gas

Ahead of the sustainable production of petroleum-based resources, Uganda's oil and gas sector has evolved to the development phase from the exploration and appraisal phase. The key International Operating Companies (IOCs) in Uganda, are China National Offshore Oil Corporation Uganda Limited (CNOOC (U) Ltd), Total E&P Uganda B.V and Tullow Uganda Operations Pty Limited, who are in the process of developing Blocks 1, 2 and 3A within the Albertine Graben.

The Government of Uganda has back-in rights of up to 15% in all upstream developments. The Uganda National Oil Company (UNOC) will eventually take up this equity.

Uganda launched a licensing round in 2015 marking the end of an eight-year moratorium on acreage awards . The round offered six blocks carved out from relinquished areas of Blocks 1,2,3,4 and 5. In October 2017, two exploration licenses were awarded to Armour Energy and Oranto Petroleum.

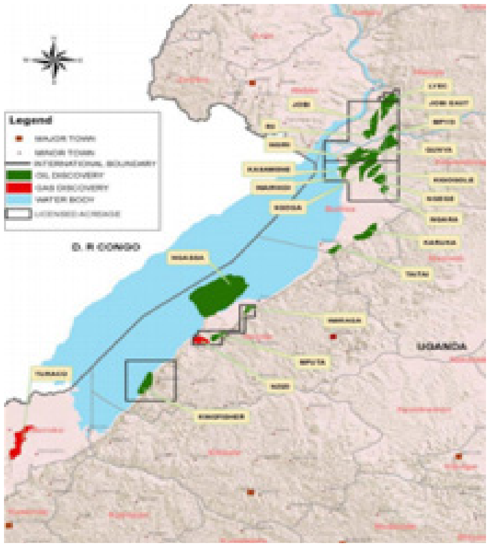
The fact that Uganda is a landlocked country means oil from the country will be channeled to international markets via an oil pipeline. A 1445km long 24-inch heated East Africa Crude Oil Pipeline (EACOP) is being developed to transport crude oil from Hoima, in Uganda to the port of Tanga in Tanzania.

The privileges to; explore, develop, and produce oil are granted through Production Sharing Agreements (PSA's) after which the relevant licensing has been completed for the contractor and issued in accordance with the terms provided in the PSA. It is possible for foreign legal entities to hold interests in PSAs and carry out other types of business activities in Uganda via branches.

Discovery Area	Size	Operator	Discoveries
Lyec	27 sq. km	Total E&P Uganda B.V	Lyec
Paara	598 sq. km	Total E&P Uganda B.V	Ngiri, Jobi, Rii, Jobi-East, Mpyo, Gunya
Buliisa	427 sq. km	Tullow	Ngege, Kasamene, Kigogole, Wairindi, Ngara, Nsoga
Kaiso-Tonya	122 sq. km	Tullow	Mputa, Nzizi, Waraga
Kingfisher Development Area	344 sq. km	CNOOC Uganda Limited	N/A

Source: Wood Mackenzie, 2018

Below are the investment opportunities as demonstrated by Tullow Oil



Source: Tullow Oil PLC, 2018
https://www.tullowoil.com/suppliers/ sustainable-supply-chain

National Content

There is increasing demand for Government of Uganda to establish mechanisms to enable Ugandan citizens to tap into opportunities to supply goods and services, labor as well as manage projects within the country. In the oil and gas sector, national content means

- The level of use of Ugandan local expertise, goods and services, Ugandan companies, Ugandan citizens, registered entities, businesses and financing in Petroleum activities.
- The substantial combined value added or created in the Ugandan economy through the utilization of Ugandan human and material resources of the provision of goods and services to the Petroleum industry in Uganda.

The Ugandan Petroleum laws and regulations require licensees together with their contractors and subcontractors to give priority to goods, services produced and available in Uganda, and to services provided by Ugandan citizens and Ugandan companies. Where the required goods and services are not available in Uganda, the local content requires that any company that enter into a joint venture with an approved Ugandan company, which would have a participating interest of at least 48% in the joint venture, supply such goods and services.

According to the Regulations, a Ugandan Company means a company incorporated under the Uganda Companies Act, 2012

(even though fully owned by foreigners) and which company provides value addition to Uganda, uses local raw materials available in Uganda, employs at least 70% Ugandans, and is approved by the Petroleum Authority of Uganda.

PAU is required is have a National Supplier Database (NSD) of approved suppliers and companies that are not listed in the NSD are prohibited from providing goods or services for petroleum activities. Therefore, any business that intends to supply any goods or services to the oil companies - the licensees, their contractors and sub-contractors must be shortlisted by the PAU.

Note that the supply of the below goods and services is reserved for Ugandan companies, citizens and registered entities.

- Transportation,
- Security
- Foods and beverages
- Hotel accommodation and catering
- Human resource management
- Office supplies
- Fuel supply
- Land surveying
- Clearing and forwarding
- Crane Hire
- Locally available construction materials
- Civil works
- Supply of locally available drilling and production materials
- Environment studies and impact assessment
- Communications and information technology services
- Waste management, where possible.

Strategies for promoting national (local) content in the oil and gas subsector of Uganda are listed below;

No.	Objectives	Strategies	Actions
1	Objective 1: Build capabilities of Ugandan human resources to effectively participate in the oil and gas subsector	• Quality vocational training with focus on oil and gas related training in Uganda at international quality standards • Ensure licensees contribute to training programmes and efforts • Maintain register of nationals with relevant training and qualifications • Ensure adequate funding mechanisms for Ugandan human resources development in oil and gas.	• Encourage licensees to support key training institutions in the sector • Establish and maintain register of available human resource capabilities and technical skills • Develop robust apprenticeship programs for oils and gas industry • Ensure training provided by qualified trainers through facilitated private and public institutions.
2	Objective 2: Promote employment of Ugandans in the oil and gas industry	• Give Ugandans first consideration for employment on a licensed project • Licensees will develop and obtain government approval for employment and succession plans • Licensees will comply with regulatory requirement with respect to work permits and applications for expatriates. • Licensees will submit regular reports on employment and training activities. • Ensure equity in training in the subsector.	• Licensees will give priority to Ugandans in recruitment and training • Licensees will publically advertise for all positions and submit recruitment reports • The MEMD will make recommendations before issuance of work permits • Regular review of employment and staff training reports, licenses. • Ensure affirmative action that promotes inclusion of women and persons with disabilities.
3	Objective 3: Develop the competitiveness of Ugandan enterprises as suppliers and joint venture partners.	• Encourage formalization of Ugandan businesses through registration and licensing. • Encourage compliance with statutory obligations • Business development programs for Ugandans • Facilitate the creation of joint industry collaboration forums to support business linkages. • Improve access to financing for Ugandan businesses. • Facilitate clustering of petroleum related businesses to enhance technology transfer, R&D	• Business support center for Ugandan businesses established. • Develop business sensitization and education programs in procurement, management, etc. • Regularly update the NSD • Hold regular supplier forums to promote coordination • Operationalize a fund to support national suppliers

No.	Objectives	Strategies	Actions
4	Objective 4: Increase the use of locally produces goods and services in the subsector	• Licensees will establish procurement procedures that benefit Ugandan enterprises. • Licensees will establish operational bases in Uganda • Develop quality standards and assurance systems for locally available supplies • Licensees will tender locally available good and services to Ugandan enterprises.	• Ensure implementation of procurement and contracting regulations and procedures. • Licensees will establish operational bases in Uganda • Strengthen the capability of quality assurance systems. • Regular update or required standards • Ensure locally produced supplies are exclusively manufactured by Ugandan citizens and enterprises.
5	Objective 5: Promote research and development and technology transfer	• Licensees will prepare plans for technology and knowledge transfer • Enhance capacity of exiting institutions to carry out R&D • Encourage cooperation and collaboration between licensed companies	• Monitor and evaluate level and depth of technology transfer to Ugandan institutions • Support local R&D efforts • Create forum for R&D between Ugandan institutions

Stanbic Bank Uganda Business Incubator

In support of economic growth in Uganda, Stanbic has established a business incubator to provide an enabling environment for SMEs to enhance their capacity, enabling their businesses to survive, operate successfully and grow. As a first step, we are targeting SMEs that are looking to be contracted within the Oil & Gas sector, thereby fostering national content participation.

There are over 160,000 MSMEs in Uganda that account for over 80% of the entire private sector and employ over 2.5 million people. Seventy-five percent (75%) of SMEs do not live past their 3rd birthday. Given their substantial contribution to GDP, SME's are key drivers of Uganda's economic growth, however in order to harness their full potential there is need to support them by not only giving them access to affordable credit, it is equally important to provide them with innovative products, skills and training so as to promote sustainability

The programme is structured as a 10 months programme, which includes a 7 months mentorship programme.

Picture: The first graduation ceremony at the Stanbic Bank Uganda Business Incubator, attended by the Prime Minister, Ruhakana Rugunda, and the Executive Director for the Petroleum Authority, Ernest Rubondo.

Investment Opportunities

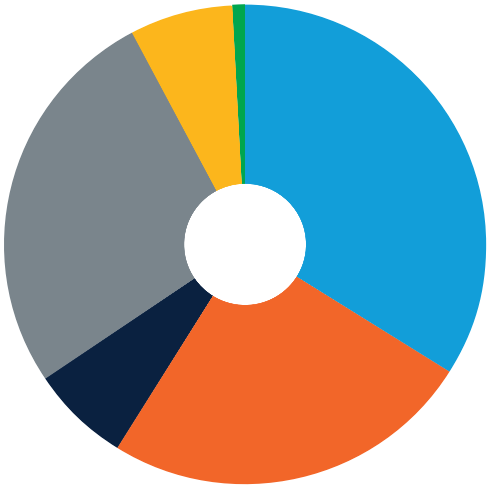
There are opportunities for investment in the oil and gas industry as private sector investment is encouraged by the Government of Uganda (GoU). The government fosters partnerships between local and foreign companies especially for service provision. A favorable legal and fiscal framework coupled with improving infrastructure in the country have allowed for opportunities for joint ventures with existing companies in the industry, opportunities to invest in logistics services, waste management and treatment, geophysical surveys and operation and maintenance of rigs and other drilling related services.

Visit: http://www.pau.go.ug

Agriculture

Agriculture, forestry and fishing provide approximately 69% of the employment in Uganda and contributed 20.8% of GDP in Q3 2018. Traditional exports such as coffee, tea and cotton continue to be mainstays while non-traditional crops, which include grain, vanilla, hides and skins, cut flowers and fish among others, continue growing. Agriculture registered 4.5% year on year growth as at December 2017.

Uganda traditionally exports raw products however the government of Uganda is advocating for foreign investment in agricultural processing in order to increase export earnings from the produce. Therefore, opportunities exist in processing equipment, horticulture and staple foods processing Uganda's climate makes this sector suitable for commercial development.



Source: Uganda Bureau of Standards, 2018

- Livestock
- Fishing
- Cash Crops
- Food Crops
- Forestry
- Agriculture Support Services

Sub-sector	Annual Growth %
Cash crops	8.6%
Food crops	6.3%
Livestock	1.7%
Agriculture Support Services	6.8%
Forestry	1.7%
Fishing	-0.2%

Investment opportunities

Uganda is endowed with favorable climatic conditions that support agriculture. The growing agricultural sector presents investment opportunities in the areas of commercial farming, value addition, manufacturing of inputs, machinery assembly and lease, packaging, and irrigation schemes. The opportunity to provide services to businesses in the sector also exists; i.e. insurance, consultancy services, cargo freight and cold storage in the field of floriculture (growing at 25% year on year) as well as warehouse facilities.

There remains a requirement to establish laboratories for pest/ disease surveillance and diagnosis as well as local human capacity development in the sector. Investment opportunities also exist in forestry in areas of timber and non-timber processing and manufacture of high quality furniture/ wood products, paper and sawmilling. The country has been zoned into specific production areas linked to national road grid network to ease logistics and supply of agricultural products and source of raw materials.

Manufacturing

Uganda's manufacturing sector has been steadily growing through the years. Opportunities continue to exist in all areas of manufacturing such as beverages, paper, fabrication, leather, textiles and garments, pharmaceuticals and medical products. The most important sectors are the processing of agricultural products (such as coffee curing and edible oil), the manufacture of light consumer goods and textiles, and the production of beverages, electricity, and cement.

The manufacturing sector contributes over 7.6% of Uganda's Gross Domestic Product. The sector has grown at an average of 10% for the last three decades, according to the Uganda Manufacturer's Association. In addition, the sector also contributes 40% of jobs created by the private sector. Uganda's manufacturing sector continues to grow due to increased domestic security, tax breaks and market reforms. The manufacturing sector is also predominantly composed of MSMEs, which account for 90% of all manufacturing enterprises. The Uganda Investment Authority was given the mandate to establish 22 industrial and business parks throughout the country in order to boot economic activity and create jobs. The UIA has been able to establish the following business and industrial parks

Industrial Business Parks	Location	Acreage
Kampala IBP	Mukono	2,200 acres
Luzira IBP	Kampala	64 acres
Bweyogerere IBP	Bweyogerere	64 acres
Jinja IBP	Jinja	182 acres
Moroto IBP	Moroto	417 acres
Mbale IBP	Mbale	617 acres
Kasese IBP	Kasese	216 acres
Soroti IBP	Soroti	219 acres
Mbarara IBP	Mbarara	12 acres
Tororo	Tororo	N/a
Nakasongola	Nakasongola	N/a

Investment Opportunities

Opportunities in Agribusiness

Manufacturing opportunities in agribusiness exist in downstream value-addition to commercial farming outputs such as sugar, maize, and coffee. Investment is being carried out in the provision of transportations and logistics services for imports, exports, fresh agricultural produce and finished goods (including cold storage to support the transportation and warehousing of perishable products.). The agricultural sector, with the development of large-scale commercial farming methods has seen a rise in the necessity of agrochemicals such as pesticides, and fertilizers.

Additionally, development of packaging facilities, irrigation schemes, farm machinery and equipment assembly and hire purchase serve as lucrative investment opportunities in the sector.

Opportunities in building and construction

The rise in infrastructural developments in Uganda has resulted in development of services geared towards the provision of building and construction materials. Key markets for construction materials include; irrigation schemes, power generation, transmission, and distribution facilities, urban and rural transportation networks, railways, roads, and bridges, and commercial real estate.

Investment opportunities exist for the manufacture and or provision of cabling and insulation, reinforced concrete, lime, protective coatings, adobe, plater, steel framing, electrical systems and equipment, glass and wood manufacture and assembly, paint, and building safety equipment.

Opportunities in medical supply and pharmaceuticals

The local pharmaceutical manufacturing sub-sector in Uganda has registered significant developments in recent years in spite of a multitude of challenges including high production costs, and market related challenges i.e., domination by imported products. Local manufactures account for approximately ten percent (10%) of the medicine supply needs of the country. Investment opportunities exist to support the development of local pharmaceutical manufacturing i.e., provision of research and development (R&D) services to support the industry's development, training of human resources. The development of mutually beneficial partnerships, with organisations such as the World Trade Organisation (WTO) to increase information availability and generate local capacities, provision of financial support services and the development of pharmaceutical manufacturing facilities and equipment will boost the capacity and viability of the pharmaceuticals manufacturing industry in Uganda.

Telecommunications Media and Technology

Uganda's telecommunications infrastructure is growing at an average annual rate of 10%. Mobile phone companies such as MTN, Airtel and Africell provide coverage in most of the rural and urban areas. The installation of marine fiber optic cable along the East African coast in 2009, alongside increasing competition among telecom companies has resulted in improvements in both the cost and performance of the sector though quality internet service remains costly and slow by international standards

Under this sector, exporting telecommunication hardware offers the best prospects. The following products are in high demand in Uganda: cellular and wireless telephone systems, data transmission equipment, fiber optic equipment, switchgears and routers among others. In addition, with the rise in telecommunications coverage and digital payment services, there exists an observable rise in the use of mobile phone technologies and platforms to carry out financial transactions. Mobile financial services exist in the form of mobile money solutions that enable money transfers and credit facilities to a wider range of the unbanked population of Uganda.

Investment Opportunities

The friendly and supportive investment climate in Uganda has led to the development of investment opportunities in the ICT sector. The fact that the country is now connected to three marine fibre optic cables has given rise to more opportunities to leverage ICT in the provision of innovative services. The growth of the sector is evidenced by its growing percentage contribution to GDP since 2006. Key areas for investment in the sector include; investment in telecommunications infrastructure, ICT business services incubation, hardware repair, software development niches, business process outsourcing services, high-level ICT training facilities and data warehousing and data management.

Public Sector

The Uganda public sector refers to the production, delivery and allocation of goods and services by and for the government or its citizens, whether at central or local government level. The public sector covers all government Ministries, Departments and Agencies of government. The Ugandan economy is expected to grow at 5% - 5.5% during the financial year FY2018/19, driven by growth in construction, manufacturing and rebound in agriculture. The services sector will continue to support the execution of large public sector infrastructure projects in accordance with the aspirations of the NDP II.

In regards to Uganda's fiscal performance, domestic revenue for the fiscal year FY2017/18 was UGX 14,454bn, 608bn lower than the programed amount.

The shortfall was registered was because of underperformances in both grants and domestic revenue collection. The total government expenditure fell below the programed amount by 2,783bn for the fiscal year FY2017/18 because of slow implementation of government projects.

The FY 2018/19 Budget and Medium Term Strategy has been formulated by the President's twenty three Strategic Directives (2016-21), the NDP II, Imperatives for Economic Management and the NRM Manifesto 2016-21. The FY2018/19 budget is designed to seize opportunities in key sectors, exploit market opportunities and finance requirements for infrastructure development.

The following strategic sector interventions will be given emphasis for the FY 2018/19 Budget

- Enhancing industrialization to support job creation and exports,
- Increasing production and productivity in agriculture,
- Investment promotion and private sector growth,

10%

MEDICAL SUPPLIES FROM LOCAL MANUFACTURES

10%

TELECOMMUNICATION INFRASTRUCTURE GROWTH ANNUALLY

Sectoral Nominal Allocations	2017/18 % of Budget	2018/19 % of Budget
Works and Transport	20.8	21.4
Interest Payments	12.0	12.3
Energy and Mineral Development	10.5	11.5
Education	11.4	11.0
Health	8.3	7.4
Public Sector Management	6.6	6.6
Security	6.7	6.2
Justice/ Law and Order	5.1	5.0
Accountability	4.4	3.9
Agriculture	3.8	3.8
Water and Environment	2.9	3.2
Public Administration	2.6	2.6
Legislature	2.2	2.2
Social Development	0.8	0.8
Lands, Housing and Urban Development	0.6	0.7
Tourism, trade and Industry	0.5	0.5
ICT and National Guidance	0.5	0.5
Science, Technology and Innovation	0.3	0.3
Total	**100**	**100**

Addressing infrastructure bottlenecks in works and transport, energy and mineral development is an instrumental component of the government's approach to boost productivity and encourage economic growth. The government plans for rapid increase in public investment for the period 2015/16-2020/21. Flagship projects are making headway (including two large hydropower dams, an airport, a new railway and road infrastructure in oil-rich western Uganda).

The government also seeks, in addition to maintain and rehabilitate existing roads, hasten implementation of key infrastructure projects and enforce Physical Planning Standards in order to provide affordable power and lower transportation costs for value addition and enhanced market access.

Government has initiated and expedited the construction of Oil roads and bridges in order to achieve oil production by 2020. The key routes to be completed include; upstream outfields and infield roads, midstream roads (pipeline) and key bridges.

Uganda Government Agencies Mergers

In July 2017, the Internal Security Organisation developed a report on public funds spent by government agencies and how the same could be mitigated or done away with in cases of excess. The report highlighted spend on workshops and salaries. A cabinet meeting chaired by the President agreed to disband or merge dozens of agencies in an ongoing reorganization aimed at cost effectiveness and prevention of duplication of roles and wastage of public resources. Below are the entities to be merged.

No.	Category	Agencies to be merged or dissolved
1	Agencies under the accountability sector approved to be merged	• Insurance Regulatory Authority, Uganda Retirement Benefits Regulatory Authority and Uganda Microfinance Regulatory Authority merged to create specialized directorates for non-supervision within the Bank of Uganda
2	Agencies under the trade and investment sector approved to be merged	• Uganda Investment Authority, Enterprise Uganda Foundation Limited and Uganda free Zone Authority merged under Ministry of Finance Planning and Economic Development • Uganda Exports promotion Board should be collapsed into a department under the Ministry of Trade Industry and Cooperatives
3	Agencies under the tourism and wildlife sector to be merges	• Uganda Wildlife Education Center Trust, Uganda Tourist Board, Uganda Wildlife Authority and Uganda Island Chimpanzee Sanctuary should be collapsed into specialized departments under Ministry of Tourism, Wildlife and Antiquities
4	Agencies under education sector to be merged	• National Council for Higher Education, National Curriculum Development and Directorate of Industrial Training to be merged into a single council
5	Agencies across the heath, public management and agriculture sectors to be merged	• National Animal Genetic Resource Center and Data Bank and National Agricultural Research Organisation should be merged under the Policy and Administration • Uganda Cancer Institute and Uganda Heart Institute merged and returned to Mulago Specialized Hospital • Virus Research Institute, National Chemotherapeutic Research institute and Joint Clinical Research Center should be merged under the Uganda National Health Research Organisation • Uganda Nurses and Midwifes Council, Allied Health Professional Council, Medical and Dental Practitioners Council and Pharmaceutical Society of Uganda should be merged to create a single council
6	Agencies under the public sector management; lands, housing and urban development and accountability to be merged	• National Population Council, Economic Policy and Research Center merged to integrate the functions of both autonomous and semi-autonomous planning agencies and boards into the National Planning Authority • National Physical Planning and Metropolitan Physical Planning Authority merged into a department under Ministry of lands, housing and Urban Development • Public Service Commission, health Service Commission, Education Service Commission, approved to be merged into one Public Service Commission with specialized Departments to handle Public Servants under respective specialized areas.
7	Agencies to be merged under the works and infrastructure development	• Uganda National Roads Authority should be collapsed into a department under the Ministry of Works and Transport
8	Agencies to be merged under ministry of internal affairs	• Uganda National Roads Authority should be collapsed into a department under the Ministry of Works and Transport
9	Agencies to be merged under Ministry of Energy and Mineral Development	• Uganda Electricity Generation Company Limited, Uganda Electricity Transmission Company Limited, Uganda Electricity Distribution Company Limited, and Rural Electrification Agency

Development partners in Uganda consist of bilateral, multilateral and United Nations Agencies, which coordinate their efforts to support the government.

Investment Opportunities

Opportunities for investment in the public sector cut across all industry sectors through public private partnerships. Such investments could range from the establishment of e-government via the ICT sector, development of health supply chains i.e., services and Human Resources for Health training, housing projects for public servants, transport system development, and management services under services sector, oil and gas and power and infrastructure.

The Public Procurement and Disposal of Public Assets Act

The Public Procurement and Disposal of Public Assets Authority (PPDA) operates a national Register of Providers (ROP), which has over 3,000 registered providers of services, supplies and works to the Government of Uganda and its agencies.

Selection of Bidders → Preparation and issue of selective Bidding Document → Bidding Period and Receipt of → Opening of Bids → Evaluation → Contract and placement

Visit: https://www.ppdaproviders.ug

PPDA issued a new guideline in 2018 to promote local content in public procurement. The new guideline introduces the Resident Providers who are providers incorporated in Uganda for at least two years. The main objective of the Guideline is to provide for mechanisms of increasing the input of local labor, goods and services in the procurement of public sector projects, goods and services within the country.

The guideline reserves at least 30% of the value of works through sub-contracting to resident providers and exclusive reservation for uniforms, medicines electric cables, all supplies of 1 billion and below, works of 10 billion and below and road works of 45 billion and below for resident and national providers.

In addition to the reservation schemes, PPDA is implementing preference schemes where the local providers are given a margin of preference of 15% for supplies and 7% for works and services during evaluation of bids under open international bidding.

Development Partners with Uganda

Development partners, alongside the government play a key role in facilitating the development of the private sector, which in turn drives economic growth. Development partners in Uganda consist of bilateral, multilateral and United Nations Agencies, which coordinate their efforts to support the government. Development partners in Uganda, led by the World Food Programme have concentrated efforts on areas such as; disaster reduction and risk management, capacity building in human resource, sectoral adaptation and planning and enhancement of economic and social resilience. Bilateral development partners have also played an instrumental role in the initiation of climate change programmes such as the Royal Danish Government Support, which established Climate Change Unit in the Ministry of Water and Environment. Additionally, development partners give support to civil society organizations in their areas of responsibility and foster for private sector driven development through development of, micro enterprises including micro finance.

Development Partners (DP's) planning new Engagements during FY18-FY19

Development Partner	Sectors (NDP II)
African Development Bank	• Lands, Housing and Urban Development • Environment and Natural Resources
Food and Agriculture Organisation	• Lands Housing and Urban Development • Tourism Trade and Industry • Social Development
France	• Lands Housing and Urban Development • Defense and Security
International Fund for Agricultural Development	• Water and Environment
International organization for Migration	• Social Development
Norway	• Water and Environment
Sweden	• Energy and Mineral Development • Works and Transport • Information & Communication Technology • Social Development
United Nations Development Programme (UNDP)	• Energy and Mineral Development • Works and Transport • Information & Communication Technology • Social Development • Public Sector Management
United Nations Children's Fund	• Education and Sports
UN Women	• Agriculture • Lands, Housing and Urban Development
United Kingdom	• Agriculture • Education and Sports • Public Administration
World Bank	• Energy and Mineral Development • Tourism, Trade and Industry • Education and Sports • Public Sector Management

The Uganda Second National Development Plan (NDP II 2015/16-2019/20)

The goal of the NDP II is to attain middle-income status by 2020. This will be realized through strengthening the country's competitiveness for sustainable wealth creation, employment and inclusive growth. Thus, the Plan sets key four objectives to be attained during the five-year period. These are:

- Increasing sustainable production, productivity and value addition in key growth opportunities;
- Increasing the stock and quality of strategic infrastructure to accelerate the country's competitiveness;
- Enhancing human capital development; and
- Strengthening mechanisms for quality, effective and efficient service delivery.

The macroeconomic strategy for the NDPII is underpinned by the objective of maintaining macro-economic stability and the need to raise resources to address the infrastructure deficit. Overall, the strategy envisages modest growth, largely driven by public and private investment.

The strategy is also characterized by the frontloading of infrastructure spending and scaling down of expenditure in the last two financial years of NDPII implementation, in order to harmonize with the regional and international development frameworks. Emphasis is also put on domestic resource mobilization and harnessing of new sources of financing beyond the traditional sources.

Investment Opportunities

Opportunities for investment in the public sector cut across all industry sectors through public private partnerships. Such investments could range from the establishment of e-government via the ICT sector, housing projects for public servants, transport system development, and management services under Services sector, oil and gas and power and infrastructure. Further investment opportunities on the public sector are listed in the Public Private Partnership section of this document.

Visit: http://library.health.go.ug/publications/leadership-and-governance/second-national-development-plan-ii-201516-201920

950MW
Nalubaale Power Station Capacity

250MW
Bujagali Power Station Capacity

200MW
Kiira Power Station Capacity

180MW
Owen Falls Dam Power Station Capacity

6.7TWh
Hydropower generation forecasted growth in 2025.

4.7TWh
Net consumption forecast increase by 2021

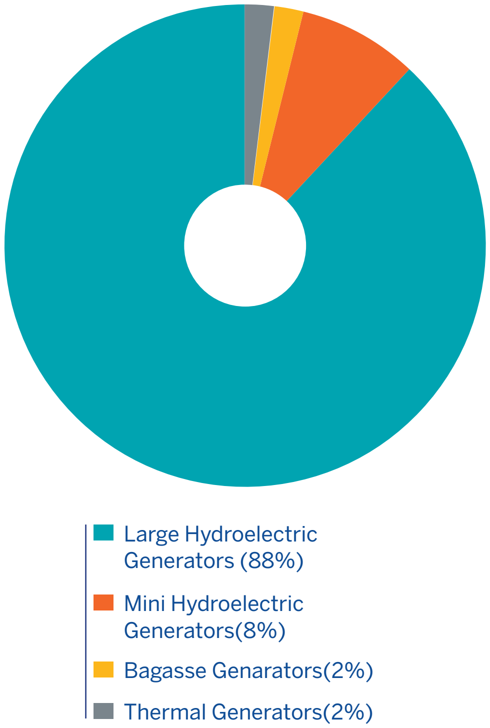
Power and Infrastructure

Uganda's power sector attracts one of the

largest investments by the Government of Uganda and the private sector. According to the Electricity Regulatory Authority (ERA) Uganda's current total installed capacity is about 950MW with Nalubaale Power Station (Owen Falls Dam - the oldest power station in Uganda) contributing 180 megawatts, Kiira Power Station contributing 200 megawatts and Bujagali power station contributing 250 megawatts. The Government of Uganda is working to expand its power supply by constructing a number of large and micro-hydro projects along the Nile River and is promoting the development of other sources of renewable energy such as off-grid solar power systems. The Government expects to double its capacity within the next couple of years. Hydropower generation is forecasted to grow to 6.7TWh in 2025. Average annual demand is growing at 9% since 2005. Net consumption is forecast to increase to 4.7TWh by 2021 from 3.5TWh in 2016 because of increased population and government electrification projects via commissioning of various transmission lines. Power generation is expected to overshoot consumption in the years preceding 2018 because of infrastructure investments.

Both Large hydropower projects such as Karuma, Isimba and Ayago and other smaller projects are under construction and are expected to be completed in 2019. The table below depicts large hydropower generation

Generation units according to type (MWh)

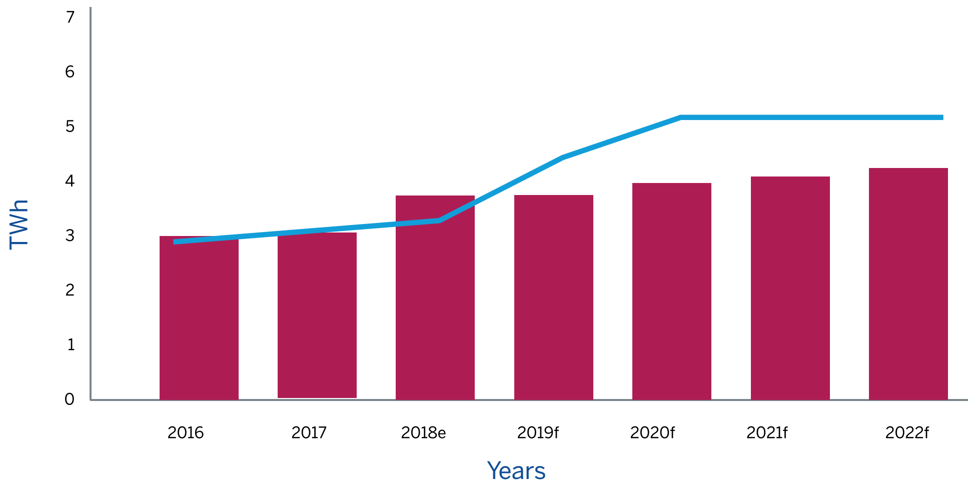


Net consumption is forecast to increase to 4.7TWh by 2021 from 3.5TWh in 2016 because of increased population and government electrification projects via commissioning of various transmission lines.

Project Name	Technology Option	Installed Capacity (MW)	Comment on Status	Estimated Commission Date	Location
Karuma HPP	Hydro - Large	600	Under construction as a public project. Oversight undertaken by the MEMD and UEGCL. Overall, 40% of the works have been completed including excavation works on the various tunnels and excavation works on the underground powerhouse.	2019	Kiryandongo
Isimba HPP	Hydro - Large	183	Under construction as a public project. Oversight activities undertaken by the MEMD. The contractor commenced the main concreting works in July 2015 and overall construction works stand at 47%.	2019	Kamuli
Ayago HPP	Hydro - Large	600	Feasibility study complete and project development is expected in 2017.	2023	Nwoya
Oriang HPP	Hydro - Large	392	Ongoing feasibility study	2022	
Muzizi HPP	Hydro - Medium size	44.7	Government concluded negotiations with KfW Development Bank for a loan to develop the project. Although the feasibility study had been concluded, the supervising contractor, M/s ILF Consulting Engineers - GmbH Austria reviewed the feasibility study and recommended additional geo-technical studies to determine the optimal option for the project headrace water way. The outcome of the technical studies may affect the project costs whose structuring has been completed.	2019	Hoima
Agago-Achwa HPP (ARPE)	Hydro - Medium size	83	The feasibility study for the evacuation has been completed. A consortium of PAC SPA and Berkerly Energy is developing the project. The PPA and Implementation Agreement have been executed and construction commenced in December 2015 using the developer's equity pending financial close of the project.	2019	Agago

There is limited rivalry amongst key players in the generation of electricity. There is therefore potential for the competitive generation of electricity with the increased investment in large hydropower generation infrastructure, new renewable technologies and distributed generation systems

Electricity Generation Vs Consumption(TWh)



Source: BMI Research, 2018

Investment opportunities

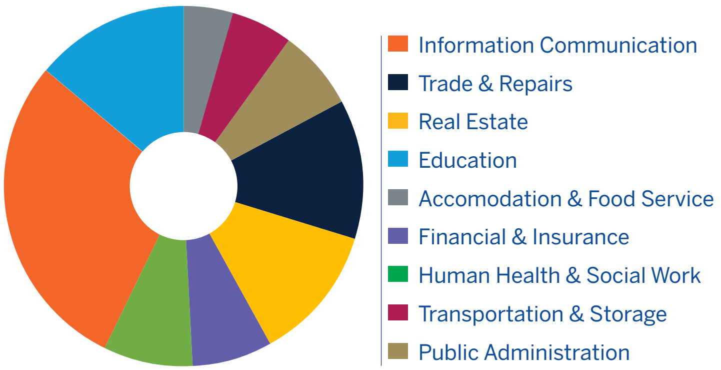
The Second national Development Plan of Uganda pays keen attention to private sector investment in the generation of electricity to support the development of industry and in turn, increase GDP in line with the goals of the Vision 2040. The major goals in the sector are, increase in generation capacity, extension of the transmission grid (rural electrification), energy affordability and efficiency as well as the promotion of renewable sources of energy. The key investment opportunities in the sector are therefore investments in renewable energies and renewable energy research such as wind power, solar energy and geothermal well testing and appraisal. Investment in bio fuels, manufacture of charcoal briquettes, installation of micro hydro power plants and biogas, liquid fuel and peat are priorities. Cross border electrification and regional interconnection is also a government priority. Opportunities for investment in this sector are also existent in the establishment of decentralized electricity generation plants and grids.

Investment in bio fuels, manufacture of charcoal briquettes, installation of micro hydro power plants and biogas, liquid fuel and peat are priorities.

Services

The fastest growing sub-sectors in the Services sector of Uganda are human health services, accommodation and food services, and real estate. Services grew at 7.1% year on year in 2017 and registered a 2.1% quarterly growth rate in Q3 2018.

Services Composition 2018



Sub-sector	Annual Growth %
Trade and repairs	3.7%
Transportation and storage	4.7%
Accommodation and food services	5.8%
Information and communica-tions	10.4%
Finance and insurance	9.9%
Real estate	6.1%
Education	6.5%
Public Administration	23.9
Arts Entertainment and Recre-ation	11.2%
Professional Scientific and Technical	2.4%
Human Health and Social Work	5.7%

Investment Opportunities

There are opportunities for capacity building in human resourcesfor health. In real estate, opportunities to invest in commercial and land real estate development, brokerage and management are fostered by increasing demand and enabling policies and regulations. Investment is encouraged in road construction and rehabilitation, the establishment of cold storage and transport facilities, capacity building in road construction and maintenance, investment in local domestic water transport systems and infrastructure, cargo forwarding and clearing and aircraft maintenance services. Planned government projects in housing to be executed under Public Private Partnerships .

Financial Services Sector

The Uganda financial services sector is currently comprised of

- 23 commercial banks which are regulated by Bank of Uganda;
- 29 Insurance companies (20 non-life or general insurance companies and 9 Life companies), 1 Micro Insurance Company, 1 National Reinsurance Company, 6 HMO's, 35 Insurance brokers and 21 Loss Assessors regulated by the Insurance Authority; and
- 16 Microfinance Deposit Taking Institutions (MDI), Non-Deposit Taking Microfinance Institutions (NDT MFIs), Savings and Credit Cooperatives (SACCOs), Village Savings and Loan Associations (VLSAs). Uganda Microfinance Regulatory Authority, through an Act of Parliament (The Tier 4 Microfinance Institutions and Moneylenders Act, 2016) is responsible for the regulation, supervision, and licensing of Tier 4 microfinance institutions and moneylenders in Uganda.

Telecommunications and media companies have recently taken on a major role is the sector by providing mobile money and mobile payment facilities, as well as small loans. The financial services sector is faces a number of disruptions that offer opportunities for investment as depicted below.

Trend in financial services	Description and opportunities for investment
Seamless Omni-channel service delivery	• An increase in use of technology among customers forces financial services institutions to evolve their business model from traditional physical branch mechanism to the provision of digitalized solutions. • Financial Services Institutions are increasingly focusing on achieving convergence in services offered through omni-channel models such as agency banking, mobile money/ banking and internet- based transactions in order to enhance a customer's overall experience by delivering a seamless experience over any device. • Financial Services Institutions are changing the way they respond to customer queries by offering digital support systems through websites, mobile phone updates and social media. • Profitability is measured by customers per channel to understand which channels are most effective.
Strong customer analytics capabilities to support strategic decision making	• Major players in the sector are building integrated reporting capabilities and analytical skills to study customer trends and drive investment decisions. • As customers demand more qualified information and expect more personalised experiences, it is critical for financial institutions to be able to segment clients based on needs, channel propensity and potential value. • Financial services firms can leverage data analytics to enhance customer acquisition, support retention and cross-selling, optimise pricing structures, gain customer insights through integration with relationship management architectures and implement real-time event management to improve contact rates and redemption rates.
There is a increase in the number of non banking financial services institutions	• There is increased competition from non-traditional players such as savings credit unions, fintechs and telecommunication companies. • Telecoms businesses provide a direct and easy way for customers to access their cash and transact using their mobile. Microfinance institutions provide a low-cost alternative on loans of small amounts, which bigger banks usually avoid
Surge in mobile banking and internet banking oriented product offerings and service	• Increasing number of mobile users across the region is forcing banks operating in this market to collaborate with mobile operators to carry out mobile banking. • Mobile users use mobile banking to carry out basic transactions such as checking balances, making or stopping a payment, receiving alerts on transactions and transfer of funds. • Offering an online banking service is now industry standard; retail banks are focusing their efforts on launching their own internet banks to provide better user and customer experiences. • Internet banking has become a popular banking offering across the region as a way of improving alternative payment channels.

Improving Financial information governance	• Bank of Uganda introduced credit referencing in 2008, giving a 3 year sole practicing license to CompuScan, a South African based Credit Reference Bureau due to the size of the credit market that was deemed too small for multiple players. In 2012 BOU opened the CRB market, granting Kenyan based Metropol a license in November 2015. The credit market is gaining momentum as a result of positive changes in credit referencing. • A growing number of financial institutions are turning to new ways to convert digital trails into financial track client credit records. Promising substitutes for traditional measures of credit risk are emerging in the region. Alternative data including prepaid mobile-phone information, psychometric testing, social media activity and records of online transactions offer new approaches to risk assessment.
Focus on cashless payment	• Cards are still not widely accepted within Uganda. Card accepting locations are dominated by areas that attract middle class and affluent individuals. In addition, these providers also charge and additional transaction charge which is often transferred to the patron. • Mobile money is a secure and convenient service that gives you fast, affordable ways of doing mobile payments such as buying airtime, sending money, withdrawing money, international money transfers and payments
Partnerships for Customer Loyalty Programs	• Multiple African banks and financial services institutions have developed loyalty programs in partnership with retail brands, fueling companies, airlines, pharmacies and transportation companies. The development of these loyalty programs from a clients perspective has resulted in retention due to the partners and benefits involved. From a banks perspective, it has resulted in client acquisition, client retention and a wider reach due to direct marketing to specific customers.
Diversification of products and offering bundled services to customers	• Major players in the sector across the region are providing tailor-made product packages for specific customer segments. An example is products tailored towards women entrepreneurs. • Commercial banks and financial services institutions across the country are evolving their offering from traditional banking products such as deposits and savings to also aggressively engaging in insurance banking and investment banking.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Public Private Partnerships (PPP) Overview

A Public Private Partnership (PPP) is defined as a medium to long term contractual agreement between the public and private sector to finance, construct/ renovate, manage and /or maintain public infrastructure or provision of a service.

Public Private Partnerships in Uganda

The Government of Uganda (GoU) has established the use of Public Private Partnerships (PPPs) as a mechanism for procuring and financing infrastructure projects and services in the public sector. The PPP model is used with the objective of radically improving infrastructure networks and enhance service delivery to her people. The Uganda PPP utilizes a spectrum of infrastructure delivery models that may be used to design, construct, and operate a significant infrastructure project ranging from traditional delivery methods to full privatization. GoU has consistently expressed its desire to promote and encourage the various forms of PPP in the implementation of the National Development Plan, Medium Term Expenditure Framework, and annual National Budgets.

Even though GoU has long established the use of contractual PPPs as a mechanism for procuring and financing infrastructure projects and infrastructure services in the public sector (for example, in hydro-power generation), the adoption of a formal legislative framework for PPPs has long been viewed an essential must-have to increase private sector investment and participation.

The Public Private Partnership Act 2015

The Public Private Partnership Act 2015 was passed as Act of Parliament and commenced on 1 October 2015. The objective of the PPP Act is, among others, to establish the Public Private Partnership Committee and Public Private Partnership Unit provide for the procurement of PPPs and to provide for PPP agreements and the monitoring of projects.

Significantly, PPP agreements are excluded from the ambit of mainstream public procurement, which is governed by the Public Procurement and Disposal of Public Assets Act 2003.

The Public Private Partnership Act of Uganda (2015) applies to all public private partnerships and in particular applies to the design, construction, maintenance and operation of infrastructure or services provided under the following projects;

- Road, rail, subway, water and air transport facilities, including harbor and port facilities, airports and airport facilities;
- Information and computer technology, telecommunication and telecommunication networks
- Social infrastructure, including health care facilities, correctional facilities, education facilities, accommodation facilities, public housing and court facilities;
- Water management facilities, including dams and water storages, water supply and distribution systems, irrigation and drainage systems and sanitation, sewerage and waste management systems.
- Oil pipelines, gas pipelines and gas storage, refinery, conveyance and distribution facilities;
- Energy related facilities and other facilities for the generation, preservation, transmission and distribution of electricity;
- Sports and recreational facilities, sports grounds and space for sports and recreation, including facilities for recreational, sports and cultural activities;
- Tourist infrastructure facilities;
- Extraction and processing of mineral raw materials;
- Agricultural processing industries; or any other project approved by the Minister through statutory instrument.

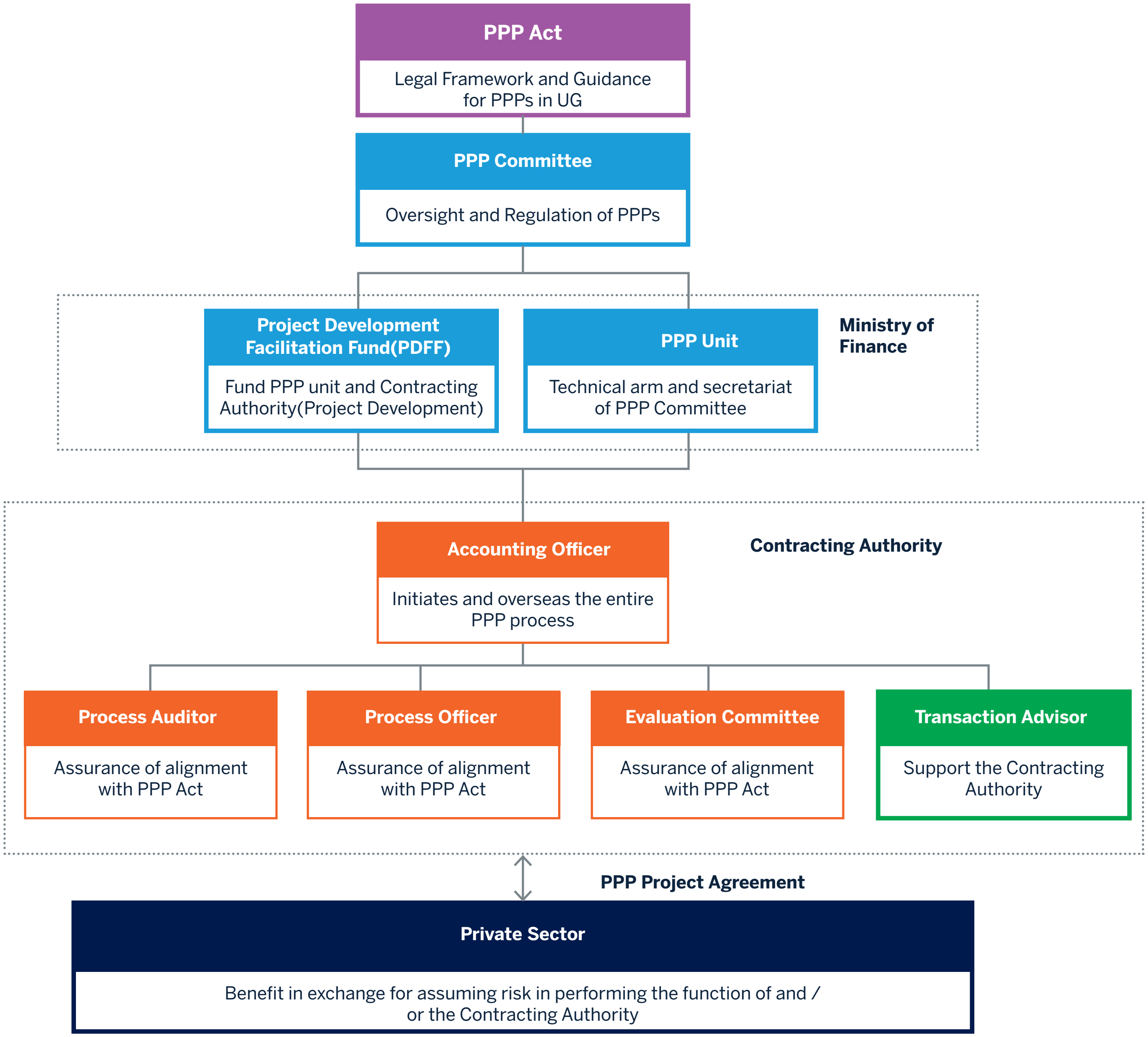
A project that meets the specification(s) as stated above qualifies for implementation under this Act where it fulfils the objectives of the second National Development Plan (NDP II) 2015/16-2019/20.

The PPP Act sets out an elaborate procedure for the management of the PPP procurement process. The key governing organs are the PPP Committee and the PPP Unit.

The PPP Committee is a high-level committee whose members include the Attorney General, Permanent Secretary of the Ministry of Finance, Permanent Secretary of the Office of the Prime Minister, and Permanent Secretary of the Ministry of Local Government, as well as representation from the private sector.

The principal role of the committee is to review and approve every single project agreement, as well as exercise general oversight responsibilities over the implementation of public-private partnerships in Uganda.

The PPP Act sets out an elaborate procedure for the management of the PPP procurement process. The key governing organs are the PPP Committee and the PPP Unit.


PPP Act
Legal Framework and Guidance for PPPs in UG
PPP Committee
Oversight and Regulation of PPPs
Project Development Facilitation Fund(PDFF)
Fund PPP unit and Contracting Authority(Project Development)
PPP Unit
Technical arm and secretariat of PPP Committee
Ministry of Finance
Accounting Officer
Initiates and overseas the entire PPP process
Contracting Authority
Process Auditor
Assurance of alignment with PPP Act
Process Officer
Assurance of alignment with PPP Act
Evaluation Committee
Assurance of alignment with PPP Act
Transaction Advisor
Support the Contracting Authority
PPP Project Agreement
Private Sector
Benefit in exchange for assuming risk in performing the function of and / or the Contracting Authority

The PPP Unit is a unit established within the Ministry of Finance to act as the secretariat and technical arm of the PPP Committee, and to provide technical, financial, and legal expertise to the committee. The key function of the Unit is to manage, through a transparent and equitable process, the identification, screening, prioritization, procurement, monitoring, and implementation of PPP projects. The unit is also mandated to ensure that all projects comply with the requirements of the PPP Act.

PPP act allows a PPP Committee to oversee and regulate all PPPs in the country. A PPP Unit, as the technical and secretarial arm of the PPP Committee, supports the PPP Committee.

The major participants in the PPP process are:

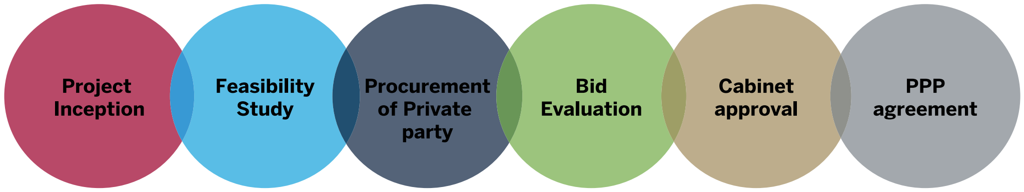
1. **Contracting authority:** the role of the contracting authority is to identify, appraise, develop, procure and monitor a public-private partnership. Notably, the contracting authority shall not incur a debt or contingent obligation unless the approval of Parliament is obtained.
2. **Accounting officer:** the role of the accounting officer is to appoint the project team and oversee the procurement and implementation process to ensure that the value for money objective is not compromised.
3. **Project officer:** the role of the project officer is to manage the procurement and implementation of the project and monitor the performance of the private party.
4. **Process auditor:** the role of the process auditor is to ensure that the contracting authority complies with the requirements for implementing PPPs.
5. **Transaction advisor:** the role of the

transaction advisor is to undertake a comprehensive feasibility study for a project and safeguard the interests of the contracting authority in the management and execution of a project.

6. **Evaluation committee:** the accounting officer shall point an evaluation committee for each project, which shall be composed of officials with the technical skills required for the evaluation of a bid. The officials in question may also be appointed from outside the contracting authority.
7. **PPP project team:** every contracting authority shall establish a PPP project team to be headed by the project officer and officials of the contracting authority. The project team shall also include the project officer, process auditor and transaction advisor.
8. **Private party:** The private party shall be a special purpose company incorporated under the laws of Uganda. The private party shall not undergo any changes in the shareholding, share capital structure or other corporate restructuring without the approval of the Minister of Finance and the relevant line Minister for the concerned project.

Where an appropriately skilled person cannot be found to act as the project officer, process auditor or transaction advisor, the contracting authority shall procure the services of a qualified individual, firm, or company under mainstream public procurement laws.

PPP process summary



The PPP process espouses principles of competitive and transparent tender, although there is an option for direct single-source procurement where the circumstances warrant such procurement. The approval of the Cabinet of Uganda is required for all direct procurements.

Cabinet must approve all PPP agreements, although there is a window for Cabinet to prescribe a financial limit below which its approval will not be required.

Unsolicited proposals are also accommodated.

The PPP Act requires that all unsolicited proposals satisfy the objectives of the NDP II, accompanied by a feasibility study. An unsolicited proposal must also satisfy the requirement for innovation. Where a contracting authority evaluates and accepts an unsolicited proposal, the proposal must be subjected to the competitive bidding procedure.

A compensation framework to cater to the proprietary interests of the proponent of the unsolicited proposal will be devised in the event that the proponent is not successful under the competitive bidding procedure.

Visit: http://www.perds.go.ug/ppp

Investment Opportunities

Opportunities exist for private sector companies to collaborate with government through PPP projects across sectors aligned to the National Development Plan. Some of the projects being undertaken and considered for PPP include:

Infrastructure PPP Project	Development Stage
Kampala Jinja Expressway PPP Project	Request for Proposals
Kampala - Matugga - Bombo Expressway	Project Design Works and Project Structuring
Kampala Entebbe Expressway	Commissioning, Prequalification for O&M
Kampala Mpigi Expressway	Procurement (Suspended)
National Data Centre and Disaster Recovery Site PPP Project	Under Construction
Kampala Waste to Energy PPP Project	Feasibility
Mulago Referral Hospital Car Park	Request for Proposals

Taxation in Uganda

Income tax - Individuals

Annual Taxable Income (UGX)	Residents	Nonresidents
0 - 2,820,000	0%	10%
2,820,001 - 4,020,000	10% of excess over UGX 2,820,000	10%
4,020,001 - 4,920,000	120,000 + 20% of excess over UGX 4,020,000	402,000 + 20% of excess over UGX 4,020,000
4,920,001 - 120,000,000	300,000 + 30% of excess over UGX 4920 000	582,000 + 30% of excess over UGX 4,920,000
Over 120,000,000	10% of excess above UGX 120,000 000	10% of excess above UGX 120000 000

Basis - A Uganda resident individual is subject to tax on worldwide income. However, foreign-source employment income is exempt from tax in Uganda where the individual has paid foreign tax on the income. A short-term nonresident individual (i.e. a person who is resident for less than two years) is liable to tax only on Uganda-source income or income from employment exercised or services rendered in Uganda. A sole proprietor is taxed in the same way as an individual.

Residence - An individual present in Uganda for at least 183 days in any 12-month period is resident for the tax years beginning and ending in that period. In addition, a person with a permanent home in Uganda, or who has been present for an average of at least 122 days during three consecutive tax years, is deemed to be tax resident.

Taxable income - Income includes any profits, gains, dividends, interest, and nonmonetary benefits, advantages or facilities obtained through gainful means. Benefits-in-kind provided to an employee by an employer (e.g. motor vehicles, housing, certain meals and entertainment, certain loans and other property or services) are taxable to the employee at scale rates or the actual cost to the company, subject to a market value test.

Exempt income

- The foreign employment income of a resident is exempt from tax in Uganda if tax has been deducted and remitted to the revenue authorities in the country in which employment was exercised;
- Life insurance premiums (Please note that Life insurance exemption only applies where the employer is a tax paying entity), contributions to retirement funds and medical expenses paid for by an employer (other than a tax-exempt employer) are not taxable employee benefits;
- Nonbusiness assets are not subject to capital gains tax, except gains derived from the sale of shares in a private limited liability company. No gain or loss arises on a transfer between spouses, transfers which form part of a divorce settlement, disposals where the proceeds are reinvested in a similar asset within one year of the disposal, and transfer of asset to a trustee or a beneficiary on death of the taxpayer;
- Employment income of an individual in public service of the government of a foreign country subject to certain conditions, any allowance payable outside Uganda to a person working on a Ugandan foreign mission;
- Employment income of persons employed in Uganda People's Defence Forces,

The Uganda Police, Internal or External security organisation or People's Prisons;
- Cost of passage to Uganda in respect of appointment and from Uganda in respect to termination of employment for a non-Ugandan citizen employee recruited outside Uganda solely for the purpose of serving the employer;
- Emoluments payable to employee of the East African Development Bank effective 1 July 1997;
- Value of meals provided by the employer on premises operated by or on behalf of the employer solely for the benefit of employees which meals are available to all full time staff on equal terms;
- Per diems i.e. allowances which do not exceed or likely to exceed expenses for accommodation, travel or meals while undertaking travel in the course of performing employment duties;
- Any benefit where the total value of benefits in a month does not exceed UGX10,000;
- The employment income of any person employed as a Member of Parliament, except salary was exempt from income tax effective 1 July 2017.

Deductions and allowances - Life insurance premiums, contributions to retirement funds and medical expenses paid for by an employer are not taxable employee benefits. Local service tax is an allowable deduction when computing an employee's PAYE. Twenty percent (20%) of the rental income of an individual is an allowable deduction. Note that where the employer is exempt from tax, then these insurance premiums are taxable.

In case of rental income, 20% of the rental income as expenditure and losses incurred by the individual in the production of such income.

Interest on a mortgage from a financial institution as expenditure incurred by an individual to acquire or construct premises that generate rental income (Section 22 ITA). This was effective 1 July 2018.

Rates - Personal income tax is imposed at progressive rates from 0% to 40%. Rental income for individuals and individual partners of a partnership is taxed separately at 20% on 80% of the gross income over UGX 2.82 million.

Tax on self-employment income - Taxed as business income on taxable profit using the annual individual rates.

Payroll tax - A "pay as you earn" (PAYE) system applies, under which employers are required to register and deduct tax installments from their employees' salary or other employment income. The PAYE deducted is remitted to the Uganda Revenue Authority (URA), and reported on the PAYE tax return lodged by the employer. The employee credits the PAYE against its tax liability upon submission of the annual tax return at the end of the tax year.

Penalties apply where the employer fails to deduct or remit PAYE, or deducts and remits incorrect amounts.

Social security contributions-National

Social Security Fund (NSSF) contributions are charged at the rate of 15% of monthly salary, wages or cash allowances. Both employers and employees contribute 10% and 5% respectively. The 10% contribution by the employer is an allowable deduction from the gross income of the employer.

Local Service Tax (LST) - Effective 1 July 2008

Local Service Tax (LST) was introduced. It is an annual tax collected by the Local Authority (e.g. the district, municipality, division or city council) where the taxpayer resides (for at least six months) from people in gainful employment.

It is levied on salaries/wages of employees left after deducting PAYE. Employers have a statutory duty to determine and deduct LST from the salaries and wages of their employees based on the rates specified (maximum UGX 100,000 / ~ USD 40 p.a.).

Note that LST is an allowable deduction for employees when computing PAYE.

LST is deducted in four equal instalments in the first quarter of the fiscal year (1 July to 30 June) and remitted by the 15th day of each of months following the particular LST month. However, the employer can opt to deduct the LST in one lump sum and remit it by 15th of November.

Income tax- Companies

	Rate
Basic rate	30%
Mining companies	25%-45%

Residence - A company is resident in Uganda for tax purposes if that company is incorporated or formed under the laws of Uganda or exercises its management and control or undertakes the majority of its operations in Uganda at any time during the tax year.

Taxable income –Chargeable income is gross income earned during the year less total allowable deductions. Gross income constitutes both business and property income. Business income includes any income from carrying on a business, whether revenue or capital, such as gains on disposal of business assets, or the cancellation of business debts, amount derived as consideration, gross proceeds from the disposal of trading stock; value of gifts given in the course of business relationships; and, interest derived from trade receivables or in the business of lending money. Property income includes dividends, interest, annuity, natural resource payments, rents, royalties and any payment derived from the provision, use or exploitation of property, and income from sports betting and pool betting. Income derived from the direct or indirect change of ownership of a person other than an individual, a government, a political subdivision, of a government and a listed institution in Uganda, by fifty percent or more. This was effective 1 July 2018.

Interest

Interest paid to a resident person is subject to withholding tax at the rate of 15%. This is not however applicable in the case of:

- Interest paid by a natural person;
- Interest paid to a financial institution;
- Interest paid by a company to an associated company; or
- Interest paid which is exempt in the hands of the recipient.

The withholding tax deducted from the interest due to a resident individual by a financial institution is a final tax. In all other cases, interest will be subject to further tax with a credit being granted for the withholding tax deducted.

Dividends received from a resident company by a resident and non-resident person are subject to withholding tax at 15% on the gross payment.

Deductions

- Specific bad debts written off, if they are trade debts and all reasonable steps had been taken to pursue payment;
- Capital allowances;
- Acquisition of a depreciable asset costing less than UGX 1,000,000;
- Expenses on meals, refreshment or entertainment in the performance of duty and is the cost of the meal included in the employment gross income of the employee and have been provided at arm's length;
- Cost of training or tertiary education not exceeding five years of a Ugandan citizen or a permanent resident of Uganda;
- Charitable donations of not more than 5% of chargeable income to exempt organisations;
- Repairs to property used in the production of income;
- Losses on the disposal of business assets; and Interest on debt obligations incurred in the production of income.
- Group" entities interest deduction capped to 30% of tax earnings before Interest, Tax, Depreciation and Amortization EBITDA) with excess allowed for carry forward for up to 3 years.
- 2% of income tax payable by private employer who prove to Uganda Revenue Authority that 5% of their employees on full time basis are person with disabilities.

Disallowable expenses:

- Domestic or private expenses, e.g. the cost of maintaining the person's family or residence;
- Expenses or losses of a capital nature;
- Expenses or losses recoverable under an insurance, contract or indemnity;
- Income transferred to a reserve fund or capitalised;
- Cost of gifts to an individual, not included in the individual's gross income;
- Any fine or penalty paid to government for breach of any law;
- Income tax payable in Uganda or in a foreign country;
- Contribution to a retirement fund by an employee for his/her benefit or for the

2%

Income tax payable by private employer whoproves to URA

30%

Group entities interest deduction capped of tax earnings

30%

The standard corporate income for businesses with gross turnover not exceeding UGX 150 million tax rate

25%-45%

Tax rate for mining companies on their activities

benefit of any other person.

- Premium paid on the life of the person making the premium or any other person;
- Pension payments to any person;
- Alimony or allowance paid under a court order/or agreement of separation; and
- Donations in excess of 5% of chargeable income and to non-exempt organisation.
- Expenditure above UGX 5 million in one transaction on goods and services from a supplier with no Taxpayer Identification Number
- 100% minor capital deduction no longer applicable to returnable containers. The minor capex tax deduction will only apply in respect of a diminution in value of the returnable containers.
- This means where there is no diminution in value of the returnable container, the expenditure incurred in acquiring a returnable container will not be allowed a tax deduction

Exempt income - Income of a listed institution, income of any local authority, income of an exempt organisation other than property income except rent form an exempt organisation and business income not related to the core existence of the organisation, income of Government of Uganda and Government of any other country, income of Bank of Uganda, income of a collective investment scheme, income of an investor compensation fund established as per section 81 of the Capital Markets Act, income of a person derived from the operation of aircraft, income derived from the exportation of finished consumer goods for a period of ten year and the person is issued with a certificate of exemption, income of a person carrying on agro-processing who has been issued with a certificate of exemption, income of Bujagali Hydro Power Project up to 30th June 2022, income tax holiday granted to industrial park or free zone developer whose investment capital is as follows:

- 5 years holiday if capital is USD 100 million or more for a developer
- 5 years holiday if capital is USD 15 million or in the case of a Ugandan citizen investor, USD 5 million. This applies to a developer.

Losses –Trading losses, inclusive of capital losses, may be carried forward indefinitely and offset against future trading income. Where there has been a change of 50% or more in the underlying ownership of a company, compared to its ownership in the previous year, losses cannot be deducted from the income of the new company, unless if within a period of two years after the change or until the assessed loss has been exhausted, the company:

- Continues to carry on the same business as before; and
- Does not engage in any new business or investment after the change, designed to reduce the tax payable on the income of the new business or investment.

Losses may be disallowed where there is a change in corporate ownership exceeding 50% during a 12-month period, and for two years immediately after such ownership change, or the company engages in new business or investment designed to reduce its tax liability. Assessed farming losses cannot be deducted

from any other income in the year; the loss is incurred and may only be offset against future farming income. Losses incurred on the completion of a long-term contract may be carried back Special rules apply to mining and petroleum companies (see below).

Rental income- rent is a separate income, all expenses incurred in deriving the income are allowed a deduction, and the chargeable income is taxed at a corporation tax rate of 30%.

Foreign tax credit - A foreign tax credit is available where the foreign income also is taxable in Uganda. The credit may be used in the year in which it arises to offset Ugandan tax payable on such income; otherwise, the taxpayer loses this credit. The amount of foreign tax credit should not exceed the tax payable in Uganda on the foreign income and is calculated by applying the average Ugandan tax rate to the taxpayer's net foreign income.

Group relief - There is no holding company regime. No participation exemption applies. A company is liable to pay tax separately from its shareholders.

Rate - The standard corporate income tax rate is 30%. Businesses with gross turnover not exceeding UGX 150 million are subject to the small business taxpayer rates unless an election is made.

Branch taxation - Branch remittances are subject to a 15% tax in addition to the normal 30% rate.

Presumptive tax - Small businesses are subject to tax based on their turnover.

Mining companies - Mining companies are taxed at rates of 25%-45% on their mining activities. Losses from operations in a particular license area carried forward for than a year, the loss of the earliest year shall be allowed as a first deduction may be carried forward for one year to offset income in that license area. Special depreciation rules apply.

Petroleum companies - Losses in a contract area may be carried forward to offset income in that contract area until the loss is fully utilized or the petroleum operations in the contract area cease. Special depreciation rules apply.

Withholding Tax (WHT)-Certain payments made to residents and nonresidents, whether corporate or individual, are subject to WHT (the tax is a final tax for nonresidents and the rate may be reduced under an applicable tax treaty). These tax rates are set out below:

Payment	Resident	Nonresident
Dividends	10%/15%	15%
Interest	0%/15%/20%	15%
Royalties	n/a	15%
Management fees	6%	15%
Professional fees	6%	15%
Imported goods	6%	n/a
Goods and services provided to government bodies and other designated persons	6%	n/a
Rents or premiums	n/a	15%
Natural resources	n/a	15%
Uganda-source service contract	n/a	15%
Shipping, air transport, cargo road transport	n/a	2%
Cable, radio, optical fiber or satellite communication	n/a	5%
Public entertainment, sports persons fees	n/a	15%
Nonresident mining or petroleum contractor services	n/a	10%
Re-insurance premiums	n/a	10%

Any payment to a Uganda resident from the government, a government institution, a local authority, any company controlled by the government, or any person designated in a notice issued by the Finance Minister, of an amount exceeding or in aggregate of UGX 1 million for the supply of goods or materials of any kinds or any service, is subject to a 6% WHT.Payments for winning sports betting or pool betting are subject to 15% withholding tax.

Introduction of 1% withholding tax ("WHT") on payments or agricultural supplies. A 10% WHT has been introduced on all commissions paid by telecom service providers on airtime distribution and mobile money services, this tax withheld is a final tax.

The Commissioner can exempt resident taxpayers who are regularly compliant from the payment of the 6% WHT on goods and services (upon application and confirmation of an acceptable compliance record for at least three years).

A non-resident contractor who derives a fee for the provision of services to a licensee in respect of mining or petroleum operations is liable to pay a non-resident contractor (withholding) tax at the rate of 10%. The licensee is required to withhold this tax from the contractor at the earlier of the time the licensee credits the service fee to the account of the non-resident contractor or the time that the fee is actually paid.

A non-resident contractor who derives a fee for the provision of services to a licensee in respect of mining or petroleum operations is liable to pay a non-resident contractor (withholding) tax at the rate of 10%. inflation

Tax Treaties

Uganda has concluded tax treaties with the following countries:

Treaty partner	Dividends	Interest	Royalties
Denmark	10%/15%*	10%	10%
India	10%	10%	10%
Italy	15%	15%	10%
Mauritius	10%	10%	10%
Netherlands	0%/5%/15%*	10%	10%
Norway	10%/15%*	10%	10%
South Africa	10%/15%*	10%	10%
United Kingdom	15%	15%	15%
Zambia	0%	0%	0%

*The lower rate applies where a specific holding requirement is met.

The DTA rate will apply if the entity:

- is the beneficial owners within the terms of the International Agreement;
- possess economic substance in the country of residence.

Anti-avoidance Rules

Transfer pricing

The Commissioner is granted powers to characterize income or transactions between related parties using the anti-avoidance provisions where the Commissioner is of the opinion that the transactions do not reflect an arm's length relationship. Any company with cross-border transactions with associated parties must have a fully documented transfer pricing policy in place to demonstrate the arm's length pricing of the transactions (following OECD guidelines). The same also applies to companies having domestic transactions with associated parties in excess of UGX 500 million per year taken together.

Shareholding and profit repatriation

Currently, there are virtually no restrictions on making payments out of Uganda. That said, establishing a bank account in Uganda does take some time and requires similar documentation to most jurisdictions. The Anti-Money Laundering legislation is now in force. Though the banks in Uganda do not function as Withholding Tax agents on foreign bound transactions, most payments out of Uganda will attract Withholding Tax, generally of 15%, unless otherwise reduced under one of the seven Double Tax Agreements currently in effect.

The flow of payments between a Ugandan Branch and its Head Office are one exception from Withholding Tax due to the legal status of the relationship, and that fact that the branch will pay Branch Profit Tax (15%) based on net-asset movement. Charges from the Head Office would incur Reverse-Charge VAT of 18%, currently not available for credit.

Payments for services outside of Uganda, whether inside or outside the company group will have potential Uganda tax implications for both parties such as Reverse charge VAT at 18%, WHT at 15% (unless otherwise reduced under one of the seven Double Tax Agreements currently in effect), transfer pricing.

Dividend payments out of a Ugandan subsidiary entity are included within the WHT scope, as is interest payments on loans.

Foreign Exchange Regulation

Uganda does not have an exchange commission and foreign exchange regulation like certain countries. There are therefore no specific rules that relate to repatriation of funds. Payment of dividends and or repatriation of funds in any form has no restriction for as long you meet the substance of the transaction that leads to the flow of funds.

Following the enactment of the Anti-Money Laundering Act in 2013 and the subsequent signing of the Anti-Money Laundering Regulation, 2015, the Financial Intelligence Authority (FIA) in order to meet its objective now requires URA to implement section 10 of the AML Act and the respective regulations.

Therefore all persons intending to transport or carry into Uganda currency or negotiable monetary instruments equivalent to or in excess of UGX 30,000,000 shall be required to declare the particulars of such currency or instruments to Uganda Revenue Authority at the port of entry or exit.

Indirect Tax

Value Added Tax

	Rate
Standard rate	18%

Rates

The standard VAT rate ids 18%. Zero-rated supplies include exported goods, services, and specified import goods in agriculture, health, and education.

Taxable transactions

The VAT Act provides that tax will be payable on:

- every taxable supply in Uganda made by a taxable person;
- every import of goods other than an exempt import; and
- the supply of any imported services by any person, except an import of an exempt service.

A taxable supply is defined as "a supply of goods or services, other than an exempt supply, made by a taxable person for consideration as part of his business activities".

Place of Supply

A supply of goods takes place if the goods are delivered or made available in Uganda by the supplier or, if the delivery or making available involves transportation, the goods are in Uganda when the transportation commences.

The supply will take place in Uganda if the business of the supplier from which the services are supplied is in Uganda. Where the recipient of services is not a taxable person, a supply of services takes place when the service is:

1. Physically performed in Uganda by a person in Uganda at the time of the supply;
2. In connection with immovable property in Uganda;
3. A television or radio broadcasting service received at an address in Uganda;
4. An electronic service delivered to a person in Uganda at the time of supply. This includes electronic services remotely delivered such as websites, webhosting and remote maintenance of programs and equipment; software and updating software; self - education packages; access to databases; images, text, and information (including advertising); music, films and games; political, cultural, artistic, sporting, scientific and other broadcasts and events including television.
5. A transfer or assignment of, or grant of a right to use a copyright, patent, trademark or similar right in Uganda; or
6. A telecommunications service and the supply is initiated by a person in Uganda (person who controls the commencement of the supply, pays for the service or contracts for the supply or person to whom the invoice for the supply is sent) at the time of the supply other than a supply initiated by a telecommunications supplier or a person who is global roaming while temporarily in Uganda.

Taxable Amount

The taxable value of a taxable supply is the total consideration paid in money or in kind by all persons for that supply. The taxable value of goods under a hire-purchase agreement or finance lease; of goods for own use; or for reduced consideration, is the fair market value of the goods and services at the time the supply is made.

Where a taxable supply is made without a separate consideration being identified as a payment of tax, the taxable value of that supply is the total consideration paid, excluding tax.

Taxable persons

A taxable person is a person whois registered or a person who is not registered but who is required to be registered or pay tax under the VAT Act. The annual registration threshold is, at present, UGX 150 million (section 7(2) of the VAT Act). A person is required to apply and register if -

1. During any period of 3 calendar months make taxable supplies, whose value exclusive of any tax exceeds one quarter of the annual registration threshold; or
2. They have reasonable grounds to expect that in any period of 3 calendar months will make taxable supplies, the total value of which will exceed one quarter of the annual registration threshold.

Persons mentioned at (1) must apply to be registered within 20 days of the end of such 3-month period and those mentioned at (2) at the beginning of the 3-month period.

With the permission of the Commissioner General, persons who supply goods or services for consideration as part of their business may opt to be registered for VAT purposes. An application for voluntary registration may be rejected if:

- The applicant has no fixed place of abode or business;
- The Commissioner General has reasonable ground to believe that the applicant will not keep proper business accounting records;
- The applicant will not submit regular and reliable returns; or
- The applicant is not a fit and proper person to be registered.

The Commissioner General may register (and issue a certificate to) a person without the person making an application if there are reasonable grounds for believing that the person is required to apply for registration but has failed to do so. Such registration takes effect from the date specified in the certificate.

Time of supply

A supply of goods or services occurs:

- Where the goods are applied to own use, on the date on which the goods or services are first applied for own use
- Where the goods or services are supplied by way of gift, on the date on which the ownership of the goods passes or performance of the services is competed; or
- The earliest of the date on which:
  * The goods are delivered or made available or the performance of the service is completed
  * Payment for goods or services is made or
  * A tax invoice is raised.
- Telecommunication services initiated by a person in Uganda (other than a person who supplies telecommunications services or a person who is roaming temporarily in Uganda).
- Electronic services delivered to a person in Uganda.

Input tax credit

VAT-registered entities are generally able to claim a credit for VAT incurred on their business activities except where input VAT is in respect of the taxable supply or import of:

- A passenger automobile, and the repair and maintenance of that automobile, including spare parts, unless the automobile is acquired by the taxable person exclusively for the purpose of making a taxable supply of that automobile in the ordinary course of a continuous and regular business of selling, dealing in or hiring of passenger automobiles;
- Entertainment, unless the taxable person:
  * Is in the business of providing entertainment; or
  * Supplies meals or refreshments to his employees in premises operated by him, or on his behalf, solely for the benefit of his employees; or
- Telephone services, to the extent of 10% of the input tax on those services.

Deemed VAT

Effective 1 July 2016 domestic VAT is deemed paid for supplies made for exclusive use in the mining and petroleum sectors and in execution of aid-funded projects, i.e. while the taxpayer is required to declare the VAT on the tax return, the taxpayer is not required to pay the VAT amount to the URA.

However, effective 1 July 2018, this does not apply to input VAT payable on passenger automobiles (including repair and maintenance) by a licensee for mining or petroleum operations to a contractor. This exclusion also applies to supplies of passenger automobiles and entertainment made to a Government Ministry, department or agency by a contractor executing an aid-funded project for exclusive use for the aid-funded projects.

VAT on imported services

In Uganda VAT is imposed on imported services (that is, services supplied by a non resident outside Uganda and whose consumption/use is in Uganda).

The consumer of such imported services has the obligation to declared and pay the VAT on such services.

Taxpayers are generally not allowed to claim a credit for VAT on imported services except where the taxpayer is a contractor or licensee in the mining and petroleum industry or where the taxpayer is providing business process outsourcing (BPO) services. Failure to pay such VAT is penalised and the unpaid VAT attracts interest at a rate of 2% per month compounded

VAT representative for non-residents

A non-resident person may appoint a tax representative for purposes of complying with tax obligations in Uganda. However, the Commissioner General may also appoint such representative for any non-resident supplying services in Uganda.

Stamp Duty

Stamp duty is levied on several transactions and the rates vary depending on the transaction involved. For example incorporation of companies and increasing share capital - 0.5% (an additional 1% for registration); transfer of shares or any asset - 1.5%; mortgage deed - 1%; leases - 1%; exchange of property - 2%; and many other transactions attract duty at ugx 10,000. Transfers of shares listed on the Kampala (Uganda) Stock Exchange are exempt from any transfer tax.

While the taxpayer is required to declare the VAT on the tax return, the taxpayer is not required to pay the VAT amount to the URA.

Customs Duties

Goods imported into Uganda are subject to customs duties. There are however exemptions for various classes of plant and machinery. Imported items are classified according to the nomenclature established under the international convention on the harmonised commodity description and coding system. Uganda uses the guidelines under the Agreement on Customs Valuation (ACV) of the World Trade Organisation (WTO), with the transaction value being the most commonly used guide to determining the customs value.

The rates of duty are provided by the East African Community common external tariff code. While the common duty are 0%, 10% and 25%, some goods attract duty up to 60% depending on the item imported. Special rates apply to certain products imported from the East African Community and the Common Market for Eastern and Southern Africa (COMESA).

Other charges at importation may include VAT, Withholding tax, excise duty, Import commission, Infrastructure levy and Environmental levy.

Excise duty

This is imposed on some goods manufactured or imported into Uganda. Such goods include beers, wines, spirits, soft drinks, cigarettes, fuel, cellular, landline and payphone phone airtime and service charges and sugar. The applicable rates range from 7% to 130%.

Excise duties are also imposed some services such as banking,

An import commission is imposed on certain imported goods at the rate of 2% of the value of the goods.

Environmental levy

This is imposed importation of used vehicles older than 5 years and the importation of used household appliances. Note that importation of vehicles older than 15 years is prohibited unless the vehicle is a goods vehicle.

Property taxes

Local authorities are mandated to collect property tax based on the value of the property as assessed by the local authorities.

Tax Investment Incentives

1. Income tax

- Mining operations are allowed a 100% first-year deduction for capital expenditure incurred in searching for, discovering, testing, or gaining access to mineral deposits
- An annual 5% industrial building allowance is granted to factories, hotels and hospitals
- Amortisation is available for intangible assets over their ascertainable useful life
- Wear and tear allowances of 20% to 40% apply to most depreciable assets The foreign exchange regime is fully liberalised and exporters are entitled to retain 100% of foreign exchange earnings accruing from their export transactions
- Uganda's exports qualify for preferential tariff rates in the Common Market for Eastern and Southern Africa and the East African Community. In addition, Ugandan products enter the European Union and US markets duty and quota-free under the Cotonou Agreement and the African Growth and Opportunity Act initiatives, respectively
- A person carrying on the business of horticulture in Uganda who incurs capital expenditure on the acquisition or establishment of a horticultural plant or the construction of a greenhouse is allowed a 20% deduction of the cost in the year in which the expense was incurred and in the subsequent 4 years in which the plant or greenhouse is used in the business.
- 5 years tax holiday granted to the income of a developer whose capital investment is USD 100 million or more
- 5 years tax holiday granted to the income of an operator whose capital investment is USD 15 million in case of a foreigner or in the case of a Ugandan citizen investor, USD 5 million.

Imported items are classified according to the nomenclature established under the international convention on the harmonised commodity description and coding system.

2. VAT

- All exports of goods and services are zero-rated. However, exporters are required to be VAT registered and can reclaim VAT expended on all inputs used in the process of producing and processing exports.
- The supply of earth moving equipment and machinery for a developer of an industrial park or free zone whose investment is at least USD 100 million
- The supply of construction materials for a developer of an industrial park or free zone whose investment is at least USD 100 million
- The supply of services to conduct a feasibility study and design; the supply of locally produced materials for the construction of a factory or a warehouse and the supply of locally produced raw materials and inputs or machinery and equipment to an operator within an industrial park, free zone or an operator with a single factory or other business outside the industrial park or free zone who meets the following requirements —
  * A minimum investment capital of USD 15 million in the case of a foreigner or USD 10 million in the case of a citizen;
  * carries on business in agro processing, food processing, medical appliances, building materials, light industry, automobile manufacturing and assembly, household appliances, furniture, logistics and ware-housing, information technology or commercial farming;
  * 70% of the raw materials used are sourced locally, subject to their availability;
  * directly employs a minimum of 60 percent citizens; and
  * provides for substitution of 30% of the value of imported products;
- The supply of services to conduct a feasibility study, design and construction; the supply of locally produced materials for construction of premises, infrastructure, machinery and equipment or furnishings and fittings which are not available on the local market to a hotel or tourism facility developer whose investment capital is USD 8 million with a room capacity exceeding 100 guests.
- The supply of services to conduct a feasibility study, design and construction; the supply of locally produced materials for the construction of premises and other infrastructure, machinery and equipment or furnishings and fittings to a hospital facility developer whose investment capital is at least USD 5 million and who develops a hospital at the level of a national referral hospital with capacity to provide specialized medical care.
- The supply of movie production
- The supply of wet processing operations and garmenting, cotton lint, artificial fibres for blending, polyester staple fibre, viscose rayon fibre yarn other than cotton yarn, textile dyes and chemical garments accessories, textile machinery spare parts, industrial consumables for textile production, textile manufacturing and equipment.
- The supply of fabrics and garments made in Uganda by vertically integrated textile mills that operate spinning, weaving/knitting, wet processing operations and garmenting;
- The supply of services to conduct a feasibility study, design and construction; the supply of locally producedmaterials for construction of premises, infrastructure, machinery and equipment or furnishings and fittings which are not manufactured on the local market to a hotel or tourism facility developer whose investment capital is USD 15 million with a room capacity exceeding 100 guests.
- The supply of all production inputs into iron ore smelting into billets and the supply of billets for further value additions in Uganda.
- The supply of all production inputs into limestone mining and processing into clinker in Uganda and the supply of clinker for further value additions in Uganda.
- The supply of all production inputs necessary for the processing of hides and skins into finished leather products and the supply of leather products wholly made in Uganda.

https://www.ura.go.ug/index.jsp

USD**100**MILLION

5 years tax holiday granted to the income of a developer whose capital investment.

Regulatory Framework

One Stop Centre (OSC) for Investors

The One Stop Centre (OSC) services for business registration, licensing, facilitation and aftercare are offered at Uganda Investment Authority (UIA). The investment-related departments and agencies within the OSC, currently include:

- The Uganda Registration Services Bureau (URSB) for company registration.
- The Uganda Revenue Authority (URA) for tax advice and registration.
- The Directorate of Citizenship and Immigration Control for issuance of work permits and other immigration documents.
- The Lands Registry that assists in the verification of land ownership.
- The National Environmental Management Authority (NEMA) to facilitate the investor to environmental compliance.
- The Uganda National Bureau of Standards (UNBS) for standards advice.

www.ugandainvest.go.ug

Business Registration

Company registration is the first step to formalizing a business in Uganda and this involves the process of reserving and obtaining approval from the Registrar of Companies for the name of the company. The Uganda Registration Services Bureau (URSB) is mandated by the Registrations Services Act to register all business entities in Uganda.

The founder members (subscribers), who can be nominees for the true shareholders, must meet to sign the constitution documents - the Memorandum and Articles of Association - in the presence of a witness.

The Articles of Association regulate the company's internal management and the rights of its members.

The signed Memorandum and Articles, together with various other statutory documents (members, directors, registered office, passport sized photographs and identification documents for the shareholders' and Directors' etc.) are submitted to the Registrar of Companies in Kampala. If the Registrar is satisfied with these documents, a certificate of incorporation will be issued which will bring the company into existence.

It normally takes about six weeks to form a company from the time the decision is made to set up to the time the company can start to trade, although formation can be completed in a shorter period in certain instances. Stamp duty is 0.5% of the authorised share capital (1.5% for share transfer).

Registration with Uganda Investment Authority (UIA)

It is mandatory for foreign investors to obtain an investment license from Uganda Investment Authority (UIA), before setting up a business here.

Steps to register your investment with UIA
- Register your company at the Uganda Registration Services Bureau to obtain a Certificate of Incorporation.
- Apply for an investment license with UIA using Form 1; attach a Certificate of Incorporation, a brief Business Plan, proof of financial ability to implement proposed plan.
- Secure secondary clearances. Certain sectors require secondary licenses e.g. for mining, petroleum, transport, banking, telecommunications.

http://www.ugandainvest.go.ug/

Trading License

Obtaining a Trading License is a three-step process that involves-
- First, applying for and obtaining an Investment License from the Uganda Investment Authority (UIA);
- Second, applying for and obtaining a Clearance Certificate from the Ministry of Trade, Industry and Cooperatives (MoTIC) along with submission of the Investment License from the UIA; and
- Finally, applying for and obtaining a Trading/Business License from the Kampala City Council Authority (KCCA) along with the submission of the Clearance Certificate from MoTIC.

*The whole process can take 14 to 28 working days if there are no major issues raised by the different offices.

Registering a branch in Uganda

A company incorporated outside Uganda may carry on business in Uganda through a branch. In order to establish a branch the following documents and details must be submitted to the Registrar of Companies:
- A certified copy of the company's own Memorandum and Articles of Association or equivalent constitution documents (with an English translation if necessary);
- A certified copy of the Certificate of Incorporation;

Stamp duty is 0.5% of the authorised share capital (1.5% for share transfer).

- A list containing the names, addresses, nationalities and occupation of its directors and company secretary;
- A statement of existing mortgages and charges created by the company in Uganda, if any;
- The names and addresses of one or more Ugandan residents who are authorised to accept legal notices on the company's behalf; and
- The address of the company's registered or principal office.

Please note that all certifications above must be done by a Notary Public registered in the country of origin.

If satisfied that these documents and particulars comply with the provisions of the Companies Act, the Registrar issues a Certificate of Registration and the Company will be registered in the branches/foreign companies register.

Uganda Free Zone Authority (UFZA)

UFZA is a body created by an Act of Parliament under the Free Zones Act, 2014 to oversee the establishment, management, marketing, maintenance, supervision and control of Free Zones.

A Free Zone is a designated area where goods introduced are generally regarded, as far as import duties are concerned, as being outside the Customs territory.

In other words, Free Zones are Customs controlled areas where raw materials and goods may be landed, handled, manufactured or reconfigured for export without being subject to import and export duties.

Types of licenses under the Free Zone

- Developer's license;
- Operator's license; and
- Manager's license

Investment sectors in the Free Zone

- Physical and Industrial Infrastructure Development.
- Manufacturing (Textile/ Apparel, Leather products, Iron and Steel, Cement, Electronic Goods Minerals, Pharmaceuticals and others.
- Agro- processing (Food, Beef, Dairy products, Fish, Fruits, Honey, etc.)
- Commercial Crafts/ Home Decor
- Trade and services such as Logistics, Insurance, Transportation, Consultancy etc.

Incentives under the Free Zone

- 100% exemption of income derived from exportation of finished consumer and capital goods for the first ten years;
- 100% exemption from tax on income from agro-processing;
- 100% exemption on income derived from the operation of aircrafts in domestic and international traffic or the leasing of aircraft;
- 100% exemption on income of a person offering technical assistance (ITA 21L)
- 100% deduction of expenses incurred on intangible assets with an ascertainable useful life.
- Exemption from all taxes, levies and rates on exports from the free zones namely excise duty and customs taxes;
- 100% deduction of expenditure on scientific research;
- Exemption and Zero rating for Value Added Tax for most supplies and services. A list of exempted and zero rated supplies exists in the law from which investors can benefit.
- 100% deduction of training expenditure.
- Unrestricted remittance of profits after tax;
- Exemption on plant and machinery used in the free zones for 5 years and 1 day from customs duty upon disposal.

http://freezones.go.ug/

Labor Requirements

30%

PAYE for the average employee and an extra 10% of the excess of UGX 120 million for employee who earn more than UGX 120 million per year.

5%

National Social Security fund (NSSF) as contribution to the employee' sretirement account.

Employment Contracts

Employment contract is any contract, whether oral or in writing, expressed or implied, where a person agrees to work for an employer in return for remuneration.

Ugandan law does not legally require a contract of employment to be in writing provided the employer furnishes the employee with written particulars not later than 12 weeks after the date of commencement of employment. Both oral and written contracts apply equally. However, it is advisable for employers to issue written contracts.

A contract with an employee who is unable to read or understand the language must be attested by the magistrate or labour officer to ensure that the employee consents to the agreement freely and knowledgeably and that the provisions of the contract comply with the act.

Written particulars must include the following: full name and addresses of the contracting parties; date of employment commencement; job title; workplace; wages including payment intervals and other deductions; rate of overtime pay; employee's normal hours of work and the shifts or days of week on which such work is to be performed; the number of days annual leave and wages during the period; terms relating to incapacity for work due to sickness or injury; length of notice; and sick pay. Contractual terms may be amended by; mutual consent (both employer and employee agree to change), Contractual authority (terms in the existing contract may allow for the employer to make changes), Union agreement (where an employer recognizes trade unions to collectively bargain for employees).

In case of any amendment in the employment contract, the employer must issue a written notice to the employee to inform him/her about the amendment. Employer should also retain a copy of written particulars and the amendments in them and provide it to the labour officer on demand.

There are three main types of employment contracts:

1. **Permanent contracts** - indefinite period of employment, may only come to an end at termination by the employer or employee for justifiable reasons.
2. **Fixed term contracts** - defined period and will come to an end on a specific pre-determined date.
3. **Temporary contract** - for the period of a specific task or project

Other categories of employment include:

1. Part time employees - no required to work for more than 16 hours a week
2. Casual employees - work on a daily or hourly basis and payment is due at completion of each day's work. Employment period is restricted to a maximum of 4 months otherwise the employees cease to be casual and all rights and benefits enjoyed by other employees shall apply to them.

3. Piecework employees - Paid for the proportion of work performed during the month or on completion of such work. The piecework employee may be engaged for a maximum period of 3 months unless the person has a contract.
4. Task work employees - paid based on a daily task, which can reasonably be performed in a day of not more than 8 hours.
5. Apprenticeship - the employer is obliged to reasonably ensure that an employee acquires specific knowledge and skills.

Working hours

Maximum working hours per employee is 48 hours per week with 30 minutes break per day. Where hours in excess of 8 hours per day or 48 hours per week are worked, they will be considered as overtime and will be remunerated at a minimum rate of one and a half times on normal days and two times on a public holiday, in absence of any written agreement to the contrary.

The employer and employee may agree that the working hours shall exceed forty-eight hours per week.

Employment Benefits

Wages

Employees are entitled to wages in legal tender at the end of contracted pay periods unless otherwise agreed in writing with the employer except in the cases of absenteeism without authorization or good cause as provided for in the act. In case of death of an employee during the contract of service, his/her heirs or legal representatives are entitled to the wages and any other remuneration due at the date of death.

Permitted deductions

a. Employers are required to deduct monthly income tax known as Pay As You Earn (PAYE) of 30% for the average employee and an extra 10% of the excess of UGX 120 million for employee who earn more than UGX 120 million per year.
b. All employers are required to deduct 5% of each employee' monthly wages and remit to National Social Security fund (NSSF) as contribution to their retirement account.
c. Local service tax when its due and other statutory deductions from time to time
d. Other reasonable contributions/ deductions as consented by the employee which may include; recovery of salary advances, cash shortages, loss or damage to property surcharges, staff saving scheme among others.

It is a requirement for every employer to provide an itemized pay statement to the employee in written format and in a language that the employee is reasonably expected to understand.

Payment of the employees' wages to another person is not permissible except with written permission of the employee.

Annual leave

Employees who have worked for a period of six (6) months or are on contract for 16 hours a week or more are entitled to a holiday with full pay at a rate of seven (7) days for every 4 months of continuous employment i.e. 21 days per year. The accrued leave is to be taken within the same year of accrual and at as may be agreed upon by both parties. The time to take annual leave has to be agreed between the parties. Agreement to relinquish or forgo such holiday for compensation or otherwise is considered null and void.

An employee is entitled to paid holidays proportionate to the length of service for which he/she has not received such a holiday or compensation for any of the unused annual leave in the event of employment termination.

Sick pay

An employee who has continuously worked for a period of not less than one (1) month for at least 16 hours a week, and he/she is incapable of work due to illness is entitled to full wages and all the benefits as stipulated in the contract of service for the first month's absence. Should the illness continue, the employer reserves the right to terminate the contract at the lapse of the second month.

Maternity/paternity leave

Female employees who get pregnant or miscarriage are entitled to 60 working days of maternity leave on full pay of which at least 4 weeks should be taken after child birth or miscarriage. The employee is not required to forfeit her annual leave. Male employees are entitled to 4 working days of paternity leave.

Severance Pay

An employer shall pay severance allowance to an employee:

No severance allowance is paid when an employee is summarily dismissed with justification, when an employee is first dismissed but later is offered re-employment, which he/she unreasonably refuses; and where employee abandons his employment and absconds the workplace for a period of more than 3 days without any explanation given to the employer. Severance pay is also not payable on termination of the probationary contract.

Amount of severance pay is negotiable between the employer and the employee or the labour union that represents them.

Notice period

The employer or employee is required to give written notice on termination of contract. Except on attainment of the retirement age or when the employer terminates summarily in accordance with section 69. The notice period to be given by either parties is at least;

- 2 weeks for service of more than 6 months but less than 1 year;
- 1 month for service of more than 12 months but less than 5 years;
- 2 months for service of more than 5 years but less than 10 years;
- 3 months for service of 10 years or more.

Payments upon termination

An employee may be entitled to unpaid remuneration for work performed; payment in lieu of notice accrued but not paid leave and any other contractual benefit upon termination.

The Occupational Safety and Health ACT, 2006

An act to consolidate, harmonize and update the law relating to occupational safety and health; to repeal the factories Act, Cap 220 and to provide for connected matters

Date of commencement 24 May 2006

Duty of the employer

The employer is responsible to ensure he/she takes all measures to ensure as far as reasonably practicable-

1. Protection of employees and general public from the dangerous aspects of the employer's undertaking;
2. The working environment is kept free from any hazard due to pollution;
3. Provide and maintain safe systems of work;
4. Absence of risks in use, handling , storing and transporting substances and articles;
5. Provision of adequate and appropriate information, instructions, training and supervision to ensure health and safety and potential dangers of work
6. Provision of adequate personal protective equipment against accidents and adverse effects on health.

Employers with more than 20 employees are required to prepare, regularly revise and ensure implementation of a written policy statement on occupational health and safety. Where requested by safety representatives, employers must establish safety committees, display guide safety precautions to any person affected by the employer's undertaking or its manner of operations.

Duties, rights and responsibilities of employees

1. Take care of personal health and safety and cooperate with employers on duties or requirements imposed on them
2. Report any dangerous situations to the immediate supervisor and keep away until the dangerous situation has been resolved.
3. Protection from being penalized for complying with the act.

Registration of workplaces

The commissioner keeps a register of all workplaces and reserves the right to vary or delete an entry in the register. After payment of the appropriate fees, a work place is registered and a certificate is embossed with stamp of the Occupational Health and safety Department. The certificate is renewable at every three years.

Employers are also charged with providing alternative suitable employment where an assignment exposes an employee to continuous dangerous activity, supervising employee's health, and keeping medical records of employees.

Health and welfare requirements include; workplace buildings must be of sound construction in design and free from dampness, cleanliness must be observed in all areas of the workplace, safe and Healthy working environment with appropriate room temperature, no over-crowding and fresh air circulation and ventilation, wholesome drinking water, washing facilities, facilities for sitting down and for meals, and first aid specifics.

Safety requirements include; safe means of access with regard to floors, steps, passages, walkways and gangways, fire preparedness with means of escape and fire extinguishing machines, safety requirements provided regard to safe handling of all machinery, plant and equipment, hazardous and chemical material.

Offences and Penalties

The occupier or owner will be deemed to have committed an offence in any event of contravention of the provision of the act in relation to a workplace. Death or bodily injuries sustained due to contravention of the act will earn the occupier or owner a penalty of not exceeding one hundred currency points or to imprisonment for a term not exceeding as fifty months, or both.

Labour disputes (Arbitration and settlement) Act, 2006

Legislation recognizes the rights of employees to establish and join labour unions.

Labour unions are organizations of employees creates by employees to represent their rights and interests.

Employees are allowed to participate in union activities outside working hours. Every employee has a right to form or join a trade union of his or her choice for the promotion and protection of his or her economic and social interests and for collective bargaining and representation.

The labour unions' act provides a framework under which a labour union may be formed, registered and recognized by an employer. Any labour dispute is reported to the labour officer as the first point of contact except if it is likely to become a national disaster, and then it is reported to the commissioner. The labour officer is required to respond within 2 weeks and react to the report. He/she may refer the dispute to the industrial court should four weeks elapse before the dispute resolution.

Offences fines and penalties

An employer will have committed an offence if he or she interferes with the right of the employees to associate with labour unions e.g. preventing them from joining, preventing union officials from doing their work, or discharging employees for that matter, as well as obstructing the registrar while conducting investigation.

Fines and penalties for committing an offence is ninety-six currency points or imprisonment for 48 months.

Workers Compensation Act, 2000

The act provides for compensation to workers for injuries suffered and scheduled diseases incurred in the course of employment. The act caters for permanent incapacity or incapacity of an employee for at least three consecutive days from earning full wages.

In the "course of employment" means:

1. When an employee is injured trying to protect any person on the employees premises who she/he believes to be injured or endangered;
2. When the employee acts to protect property on the employer's premises; and
3. When an employee suffers injury or accident arising while travelling directly to or from the place of work.

Compensation

4. In the event of death of an employee; if he leaves any dependent, the amount the amount of compensation will be equivalent to the sum equal to sixty (60) times the monthly earnings of the worker.
5. In the event of permanent total incapacity, the amount of compensation is equal to sixty (60) months earnings, and if the

injured worker is required to have the assistance of another person, the compensation payable shall be increased by one quarter (¼).

6. In case of permanent partial incapacity with the injuries specified in the second schedule, the compensation will be a percentage of sixty (60) times the worker's monthly earnings as is specified in the schedule as being a percentage of loss of earning capacity caused by the injury.
7. In case of permanent partial incapacity with the injuries not specified in the second schedule, the compensation will be a percentage of sixty (60) times the worker's monthly earnings as is a proportion to the loss of earning capacity permanently caused by the injury.

The employer shall be given notice of the accident as soon as possible within one month of occurrence or within three months of the symptoms of the disease becoming apparent. No notice is required where it is shown that the employer was aware of the accident or disease at the time of occurrence.

The employer must inform the labor officer as soon as the accident happens or in case of death. Should he/she fail to comply without reasonable cause, commits an offence and is liable on conviction to a fine not exceeding 10 currency points.

Insurance

All employers must keep insured in respect of any liability which may be incurred under the act. Contravention of this is considered an offence and is liable to a fine not exceeding ten currency points, twenty currency points on second conviction and one hundred fifty currency points or imprisonment not exceeding twelve months or both on the third conviction.

Retirement benefits

The enactment of the Uganda Retirement Benefits regulatory Act 2011 (URBRAA) established the Uganda Regulatory Authority, which is the sector regulator. The URBRA introduced a wave of reforms in the sector including the mandatory requirement to register all retirement benefit schemes including NSSF and the legislation of international pension best practices e.g. all trustees, fund managers, administrators and custodians must be licensed by the regulator after passing the fit and proper test.

The act provides for compensation to workers for injuries suffered and scheduled diseases incurred in the course of employment. The act caters for permanent incapacity or incapacity of an employee for at least three consecutive days from earning full wages.

Social Security

Socical Security is regulated under the NSSF Act which was enacted to provide for the establishment of the National Social Security Fund (NSSF) and its membership.

All employers employing five or more employees in the private sector, Non-Government Organisations and parastatal Social Security Socical Security is regulated under the NSSF Act which was enacted to provide for the establishment of the National Social Security Fund (NSSF) and its membership.

All employers employing five or more employees in the private sector, Non-Government Organisations and parastatals are required to register with NSSF. All employees above the age of 16 and below the age of 55 who are declared by the minister to be employees and s farmers or artisans who are members of a cooperative society are eligible for membership with the fund.

Contribution

- Employee contribution - 5%
- Employer contribution - 10%

Any employer who fails or delays to pay the standard or special contribution is liable to a penalty of 10 percent of the amount of the contribution, and an additional 10 percent to the original amount on and after the sixteenth day of each month.

Benefits entitlements

- Age benefit - paid to a member who has reached the retirement age of 55
- Withdrawal benefit - paid to a member who has reached the age of 50 and is out of regular employment for one year
- Invalidity benefit - paid to a member who has become incapable of gainful employment
- Emigrant grant - paid to a member of who is permanently migrating from Uganda with no prospects of return and contributions have been remitted for him or her during four financial years.
- Survivor's benefit - paid to the dependent survivor of a member

Any person who contravenes in any way the provisions of this Act of which there is a loss to the fund or the members account commits an offence and is liable to a fine not exceeding ten thousand shillings or to a term of imprisonment not exceeding six months, or both.

https://www.nssfug.org/

Land Tenure System

There are four types of land tenure systems:

- Leasehold tenure;
- Freehold Tenure;
- Customary Tenure and
- Mailo tenure.

Citizens can own land in any of the four tenure systems. However, Non-Citizens can only own land by way of the leasehold tenure restricted to leases of up to ninety-nine years.

A company is considered a non-citizen where the controlling interest or decision-making lies with Non-Citizens.

According to the Land Act, "controlling interest" means—

a. In the case of companies with shares, the majority shares are held by persons who are not citizens; and
b. In the case of companies without shares, a company in which decisions are arrived at by the majority who are not citizens.

Procedure for acquiring a lease.

1. Execution of a lease agreement between the lessor and the lessee. This agreement prescribes the lease premium, which is a one off fee paid by the lessee at the beginning of the lease, the ground rent that is usually paid annually and the covenants and conditions.
2. The lease agreement is then submitted to the Lands Registry with proof of payment of stamp duty and registration fees to enable the creation of a leasehold title. The stamp duty payable is 1% of the value of the lease.
3. There are circumstances where a leasehold interest can be acquired by means of a transfer of a lease. In this case, the registered lessee sells off the lease interest to a third party. The parties execute transfer forms and pay stamp duty as well as registration fees and submit the executed transfer form to facilitate the transfer of the title into the names of the buyer. The stamp duty payable on the transfer is 1.5% of the value of the lease.

Useful Contacts

Uganda Registration Services Bureau
Tel: +256 4141 2235219 / 235915
Email: ursb@ursb.go.ug http://www.ursb.go.ug

Uganda Revenue Authority
Tel: +256 417 444602 - 417 444620
Email: info@ura.go.ug
http://www.ura.go.ug

Uganda Tourist Board
Tel: 265 414 342196/7
Email: utb@tourismuganda.info
http://www.visituganda.com

Uganda Wildlife Authority
Tel: +256 414 355000. 312 355000
Email: info@ugandawildlife.org
http://www.ugandawildlife.org

Directorate of Citizenship Immigration Control
Tel: +256 414 595945
Email: http://www.immigration.go.ug

Uganda National Bureau of Standards
Tel: +256 414 505995, 222369
Email: info@unbs.go.ug
http://www.unbs.go.ug

Bank of Uganda
Tel: +256 414 259090, 312 393000
Email: info@bou.or.ug
http://www.bou.or.ug

Uganda National Bureau of Statistics
Tel: +256 4141 706000
Email: ubos@ubos.org
http://www.ubos.org

Uganda Export Promotion Board
Tel: +256 4141 230250, 230233
Email: helpdesk@ugandaexportsonline.com
http://www.ugandaexportsonline.com

National Environment Management Authority
Tel: +256 414 251064/5/8
Email: info@nema-ug.org
http://www.nema-ug.org

Department of Geological Survey and Mines, Uganda
Tel: +245 414 320656, 312 262902
Email: dgms@minerals.go.ug
http://www.uganda-mining.go.ug

Petroleum Exploration and Production Department
Tel: +256 414 320714
Email: communications@petroleum.go.ug
http://www.petroleum.go.ug

Uganda Manufacturers Association
Tel: +256 414 221034, 287615/2
Email: administration@uma.or.ug
http://www.uma.or.ug

Private Sector Foundation Uganda
Tel: +256 312 263850, 261850
Email: snakibuuka@psfuganda.org.ug
http://www.psfuganda.com

Uganda National Chamber of Commerce
and Industry
Tel: +256 753 503035
Email: info@chamberuganda.com
http://www.chamberuganda.com

Uganda National Chamber of Mines and Petroleum
Tel: +256 312 516695
Email: info@ucmp.ug
http://www.ucmp.ug

Uganda Communications Commission
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