U.S. DEPARTMENT OF STATE
DIPLOMACY IN ACTION

Executive Summary

A youthful population, open markets, and abundant natural resources highlight the numerous opportunities investors can find in Uganda. While the country maintains a liberal trade and foreign exchange regime, and largely adheres to IMF/World Bank programs to fight poverty, recent developments, including the passage of the Anti-Homosexuality Act, and continuing reports of endemic corruption and financial mismanagement, have raised questions about Uganda as a destination for investment. The Government has prioritized building and improving infrastructure, including boosting energy production, lowered tariffs and trade barriers for regional trade, and generally welcomes foreign direct investment. However, sluggish bureaucracy, poor infrastructure, insufficient power supply, the low level of professional skills, slow and non-transparent decision-making processes, high energy and production costs, non-tariff barriers, corruption, and government interference in the private sector make for a challenging investment climate in Uganda. From a policy perspective, the country continues to face a number of macro-economic challenges, most notably shortfalls in revenue collection, an inability to expand its tax base, and political pressure to keep up government spending as the 2016 presidential election approaches.

Uganda has significant oil reserves - an estimated 3.5 billion barrels, including 1.8 billion that are recoverable. With only 40 percent of the oil-rich area explored, additional discoveries could boost Uganda's oil reserves. Uganda could eventually become one of the region's major oil producers with the commencement of commercial oil production, currently expected to begin in 2018. Power supply remains one of the largest obstacles to investment, and Uganda's electricity network urgently needs renovation and expansion. Access to electricity countrywide is a meager 12 percent. The Government formally broke ground on the 600-megawatt Karuma hydropower project in 2013, but the project continues to be dogged by delays, and is not expected to be commissioned until 2018. In the meantime, Uganda is working to expand its power supply by constructing a number of micro-hydro projects along the Nile River and is promoting the development of sources of renewable energy.

High transportation costs are another constraint on Uganda's economy. Uganda's dilapidated road and bridge infrastructure needs considerable investment, its railway system is in disrepair, and air freight charges are among the highest in the region A two-lane highway from Kenya remains the primary route for 80 percent of Uganda's trade, making transportation slow, costly and susceptible to disruption. Also a problem is Uganda's reliance on Kenya's Mombasa port, where chronic congestion increasingly results in costly delays. While Uganda and Kenya have worked to remove non-tariff barriers, resulting in quicker transit times, chronic congestion at the port in Mombasa results in costly delays. Uganda also hopes to shift more cargo transit from trucking to rail but extensive and expensive rehabilitation of existing rail lines is required before freight trains can service Uganda. Aviation continues to grow, and in 2013, passenger traffic through Uganda's Entebbe International Airport was up 8.5 percent from 2012, with more than 1.3 million travelers passing through Uganda's only international airport.

Uganda's social services systems are lagging behind the demand generated by economic expansion and population growth. At 3.2 percent per year, Uganda's population growth rate is one of the fastest in the world, and its current total population of 35.4 million is expected to rise to 54 million by 2025. While creating potential markets for products, the country's population growth is also increasing the strain on social services, underfunded schools and hospitals, infrastructure, forests, water, and land resources. The high level of HIV/AIDS infection in the country is also taxing social services. Uganda developed a model program to combat HIV/AIDS, and prevalence rates decreased from close to 20 percent in the 1990s to 6.4 percent in 2006. However, this trend has recently shown a troubling reversal, with HIV/AIDS prevalence rising to 7.3 percent in 2012.

Uganda’s economy experienced robust growth the past decade, especially in the energy, construction, infrastructure, telecommunications and financial services sectors. After a brief slowdown, annual GDP growth is expected to approach seven percent by 2015 but there are fears that a prolonged campaign leading up to the 2016 election will lead to a lack of fiscal discipline. Inflation is creeping upwards, standing in May 2014 at about seven percent, while commercial lending rates remain well over 20 percent. Recently, GOU initiatives have focused on infrastructure investment, the promotion of Foreign Direct Investment (FDI), value-added manufacturing and increased international trade.

1. Openness to, and Restrictions upon, Foreign Investment

Attitude Toward FDI

Uganda is open to foreign investment and provides tax incentives for medium and long-term foreign investors. Based on ease of doing business, trade freedom, property rights, and fiscal and monetary policy, Uganda continued to slide in the Heritage Foundation's 2014 Index of Economic Freedom, falling to 91 out of 178 countries, with an overall score of 59.9, its second lowest economic freedom score ever. Uganda ranks as the 10th freest among the 46 sub-Saharan African countries on the index. However, Uganda ranked low at 28th of 46 sub-Saharan African countries on measures of corruption due to perceptions of widespread corruption even at the highest levels of government.

In 2012, Uganda’s foreign direct investment nearly doubled to $1.7 billion, up from $900 million in 2011, an increase driven largely by increased investment in the oil sector. According to the Uganda Bureau of Statistics, Asian countries, notably China, India, and Singapore account for nearly half of all foreign direct investment in Uganda. Britain, Kenya, and Sudan are also significant investors. U.S. foreign investment in Uganda remains relatively small, with new U.S. investments in 2012 totaling nearly $20 million, making the U.S. the 11th largest investor in Uganda. The main areas of foreign investment were in manufacturing, financial services and real estate, and agriculture, forestry and fish. Other areas of significant investment were in power, oil, construction and mining.

In response to growing perceptions that foreign workers without work permits were taking local jobs, the Government began more strictly enforcing its foreign labor laws. Foreign investors in Uganda should be aware that projects that could impact the environment require an

Environmental Impact Assessment (EIA) carried out by the National Environment Management Authority (NEMA). The requirement for EIAs applies to both local and foreign investors.

Other Investment Policy Reviews
The United Nations Committee on Trade and Development conducted an Investment Policy Review in 2000. More recently, the WTO carried out a Trade Policy Review for the East African Community.

Laws/Regulations of FDI
Ugandan policies, laws, and regulations are generally favorable towards foreign investors, but reforms are needed. The Investment Code allows foreign participation in any industrial sector except those touching on national security or requiring the ownership of land. Licensing from UIA requires a commitment to invest over $100,000 over three years (See "Performance Requirements and Incentives" below). Most foreign investors establish themselves as limited liability companies. Ugandan law also permits foreign investors to acquire domestic enterprises or establish greenfield ventures. If passed, the amended Companies Act will allow for the creation of single-person companies, permit the registration of companies incorporated outside of Uganda, and provide new provisions for share capital allotments and transfers. For a full description of the type of companies foreign firms are allowed to establish, visit the UIA website at www.ugandainvest.com, or see the Business in Development Network Guide to Uganda available at www.bidnetwork.org.

In 2014, the Uganda Investment Authority (UIA) announced they would introduce an online "dedicated one-stop center" that will allow investors to:

- Apply and receive the investment license online
- Choose an investment area of interest
- Pay all the assessed fees
- Supply details of business registration to Uganda Registration Services Bureau (URSB)
- Apply for tax identification number (TIN)
- Apply for land online.

This builds on earlier efforts that placed officers from Immigration, the Uganda Revenue Authority (URA), and URSB at UIA to allow investors to register their business, get a tax ID, open a tax file, and apply for investments licenses and work permits. The URSB recently computerized its company registry, reducing the time and number of steps required to start a business, and revisions to the Investment Code now pending in Parliament would further streamline the process.

In recent years, the URA has improved its efficiency, boosted transparency, and increased tax compliance. Some foreign investors have complained that tax rules are unclear and subject to change, and a number of foreign companies have had tax disputes with URA in recent years, including one that has led to international arbitration over capital gains taxes on sales of oil assets. Individuals are taxed at rates between zero and 30 percent, corporate tax is 30 percent, the Value Added Tax (VAT) is 18 percent, and capital gains taxes on profits accrued after 1998 are 30 percent. Due to revenue shortfalls, URA has increasingly become more aggressive in corporate tax collection.

Ugandan courts generally uphold the sanctity of contracts, though judicial corruption and procedural delays caused by well-connected defendants are a serious challenge. At times, Ugandan government agencies are reluctant to honor judicial remedies issued by the courts. Courts apply the principles of English common law. Under current debt collection laws, creditors can prove their debts to a court-appointed receiver for payment. Secured debtors receive payment priority.

Industrial Strategy

In addition to tax incentives, Uganda offers investment incentives for investors in four "priority" sectors: information and communication technology, tourism, value-added agriculture, and value-added investments in mineral extraction. Uganda is also hoping to lure additional investors with several industrial parks under development in Uganda’s largest urban centers, including Jinja, Kasese, Mbarara, Mbale, Gulu, and Soroti. Investors in priority sectors can get a 49-year lease in an industrial park without paying the usual $80,000 lease fee. The Namanve Industrial Park on the outskirts of Kampala has several large international companies already operating, although the development of the park has been slowed by squatters and inadequate infrastructure. The park is divided into four main industrial clusters: food processing, light industry and services, heavy industry, and another for SMEs. Other parks are planned for Jinja, Kasese, Mbarara, Mbale, Gulu, and Soroti. Investors can find information on investor incentives on the UIA website at www.ugandainvest.go.ug.

Limits on Foreign Control

Historically under Ugandan law, foreign investors could form 100 percent foreign-owned limited or unlimited liability companies and majority or minority joint ventures with Ugandan partners without restrictions. However, recently passed Petroleum Act (April 2013) calls for good and services in the **petroleum industry** that are <u>not available</u> in Uganda to be delivered via a joint venture with a Ugandan company (defined as at least 51 percent of the company being owned by Ugandan citizens) owning at least a 48 percent share of the company.

Privatization Program

The government began a privatization program in 1993 that has resulted in the complete or partial divestiture of the majority of Uganda's public enterprises, with just a few remaining in State hands. The program has attracted foreign investors primarily in the **agribusiness**, hotel, and **banking** industries. Though generally deemed successful, some observers have questioned the transparency of certain transactions carried out in the name of privatization, arguing that the benefits of the most lucrative sales went to insiders.

State-owned enterprises currently exist in a number of sectors, including mining, housing, electricity, and transport. In some of these sectors, the government is not directly involved in the running of the business, but remains a shareholder. The government is open to competition from private investors in all of these sectors.

Screening of FDI

Uganda's stated process to screen, review, and approve foreign investments is straightforward. A company must first register locally with the Uganda Registration Services Bureau (URSB) and then apply for an investor license. UIA used to perform due diligence on foreign companies but the practice was dropped because it took too long and discouraged investment. The information the investor provides is used to issue the license. Greenfield proposals receive the same treatment and are not treated differently from acquisitions or takeovers. Businesses are required to file with the URSB and UIA. There is no review process or screening mechanism for foreign investments. Any information provided by companies is kept strictly confidential by UIA.

Competition Law

There is no competition law in Uganda.

Investment Trends

The telecom sector has boomed since 2006, when the Government lifted a moratorium on new mobile telephone operator licenses, and seven companies are now in the market. This has generated fierce competition, lower prices, wider coverage, and greater telephone penetration among the population and throughout the country. Uganda now has nearly a million Internet subscribers, 15.5 million cell phone users (up from 14.7 million a year ago), and some 5.7 million Internet users (up from 4.6 million a year ago). But the rapid growth has also lead to service problems, as rising demand has exceeded network capacity. In 2011, Uganda launched a $117 million national fiber-optic network to take advantage of the arrival of undersea fiber-optic cables in East Africa, and in 2012 it began the process of migrating from analogue to digital broadcasting. These projects, along with government plans to enhance cybersecurity in the country, implement e-governance initiatives, and increase technological integration with neighboring countries in the East African Community, are opening up excellent investment opportunities for international communications technology firms.

Uganda's oil and gas sector will most likely continue to drive foreign direct investment for the next several years. While the Ugandan government has taken modest steps to encourage FDI, corruption, slow and non-transparent decision-making, and poor infrastructure will likely continue to scare off risk-averse investors.

Table 1: Uganda's Rankings

Measure	**Year**	**Index or Rank**	**Website Address**
TI Corruption Perceptions index	2013	(140 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	(91 of 178)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(132 of 189)	http://doingbusiness.org/rankings

Global Innovation Index	2013	(89 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	$480	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or $4,085 or less.

A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards.

Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf

2. Conversion and Transfer Policies

Foreign Exchange

Uganda keeps open capital accounts, and Ugandan law imposes no restrictions on capital transfers in and out of Uganda. Investors can obtain foreign exchange and make transfers at commercial banks without approval from the Bank of Uganda in order to repatriate profits and dividends, and make payments for imports and services. Investors have reported no problems with their ability to perform currency transactions. While there are generally no restrictions on repatriation of funds by foreign investors, a foreign investor who benefits from incentives granted under the investment code (including concessional rates of import duty and other taxes) needs authorization from the UIA before he or she can "externalize" (repatriate) any funds. Even when such authorization is granted, it only applies to repatriation for particular purposes as specified under the "certificate of approval to externalize funds."

Remittance Policies

The legal regime on remittances to Uganda is based on the Foreign Exchange Act, 2004, the Foreign Exchange (Forex Bureaus and Money Remittance) Regulations, 2006 and the Mobile Money Guidelines, 2013. These three legal frameworks generally provide for the licensing and regulation of institutions engaging in foreign exchange transfer. In addition, the recently enacted Anti-Money Laundering Act, 2013 and the Financial Institutions (Anti-Money Laundering) Regulations, 2010 impose a number of "know your customer" requirements on entities involved in money transfer in Uganda. These various laws and regulations authorize the Central Bank and the (soon to be created) Financial Intelligence Authority to impose restrictions on remittances or other money transfers that are linked to money laundering or terrorist financing. Beyond the usual regulatory requirements however, there are no restrictions on remittances to Uganda.

3. Expropriation and Compensation

The mass expropriation of Asian properties under the Idi Amin regime in the 1970s was the largest violation of property rights in Uganda's history. With the passage of the Expropriated Properties Act of 1982, the Government began to right this historical wrong, and by 1997 approximately 4,000 properties had been returned to their owners, and 1500 others were sold off and the former owners compensated. There has been no case of expropriation since Museveni came to power in 1986.

The Ugandan Constitution states that the interests of a licensed investor may only be expropriated when it "is necessary for public use or in the interest of defense, public safety, public order, public morality or public health..." The Constitution also guarantees "prompt payment of fair and adequate compensation, prior to the taking of possession or acquisition of the property." The Constitution guarantees any person who has an interest or right over expropriated property access to a court of law. In addition, Uganda's Investment Code states that no business enterprise registered under the code shall "be compulsorily taken possession of or acquired except in accordance with the Constitution of Uganda."

In the event of expropriation, the Code stipulates that "compensation in respect of the fair market value of the enterprise specified in the enterprise or an interest or right over property forming that enterprise shall be paid within a period not exceeding twelve months from the date of taking possession or acquisition." Uganda is a member of the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID).

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Uganda is reforming its commercial justice system, which now includes mandatory mediation for all commercial disputes to help reduce case backlogs. Uganda opened its first Commercial Court in 1996 to deliver an efficient, expeditious, and cost-effective mode of adjudicating commercial disputes. The court has four commercial court judges and two deputy registrars.

In 2012, the court handled nearly 1300 commercial cases, and the caseload is expected to steadily increase as investment continues to flow into Uganda's oil sector. Despite a lack of funds and space, the commercial courts dispose of disputes within about seven months, faster than civil courts have traditionally disposed of commercial cases. The court has 17 mediators, and through pre-trial conferences, approximately 80 percent of disputes are now settled out of court, saving time and money.

Because Ugandan law stipulates that the Court be "proactive," the Court engages regularly with the private sector through its Court Users Committee, which includes representatives from banks, insurance companies and the manufacturing sector. Through this forum, the court has worked with Uganda's tax authority to reduce the number of tax cases resulting in litigation, and has persuaded banks to opt for loan restructuring in default cases that were previously ending up in court. Some investors have complained that the legal process favors local companies, that political pressures can disrupt and delay outcomes, and that government agencies can be slow or reluctant to follow rulings. The Center of Arbitration for Dispute Resolution (CADER) can assist in commercial disputes. The court has also recently increased transparency and efficiency by taking steps toward creating an "e-court environment" – a process it expects to complete by 2015. In addition to digitizing its records, the court now digitally records court proceedings, a move which will speed up processing the caseload by enabling cases to be heard from remote parts of the country.

Bankruptcy
Uganda ranks 79 out of 189 countries for resolving insolvency in the World Bank's Doing Business Report. Uganda fares better than its Sub-Saharan Africa (SSA) neighbors in the time it takes to close a business (2.2 years in Uganda, 3.1 years in SSA countries) and in the recovery rate that claimants recover from an insolvent firm (36 cents on the dollar in Uganda, 19 cents in SSA countries). Uganda has a law on Bankruptcy (The Bankruptcy Act, 1931) which entitles creditors (including foreigners) to petition court for a Receiving Order (which effectively declares a debtor bankrupt). The Receiving Order paves the way for the appointment of an Official Receiver who manages the debtor's property and assets for purposes of paying off creditors.

Although monetary judgments and awards are made in Ugandan currency, the courts follow the constitutional requirement that payment be "fair and adequate."

Investment Disputes
In a bid to overcome the negative publicity associated with the 1972 expulsion of Asians, Uganda has made several efforts to create a legal environment conducive to foreign investment and the country has not had any major disputes involving U.S. investors. The most prominent foreign investment dispute involving Uganda in recent years is the tripartite tax battle between the government and two foreign oil companies (Tullow Oil and Heritage). The dispute arose after Heritage sold its Ugandan oil fields to Tullow and both firms disagreed over who should pay the $400 million in Capital Gains Tax to the Ugandan government. A London-based arbitrator ordered Heritage Oil to refund Tullow oil for the $400 million paid to Uganda. In a separate and pending case, Tullow also sued the Uganda government before the Investment Disputes between States and Nationals of Other States (ICSID), challenging the GoU's levying of Value Added Tax on goods and services purchased in connection with its operations in the country.

International Arbitration
Pursuant to the Reciprocal Enforcement of Judgment Act, judgments of foreign courts are accepted and enforced by Ugandan courts where those foreign courts accept and enforce the judgments of Ugandan courts.

ICSID Convention and New York Convention
Uganda is a party to both the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. In 2000, Uganda also adopted legislation consistent with the UNCITRAL Model Law on International Commercial Arbitration. Pursuant to the Reciprocal Enforcement of Judgment Act, judgments of foreign courts are accepted and enforced by Ugandan courts where those foreign courts accept and enforce the judgments of Ugandan courts. Monetary judgments are generally made in local currency. Due

to antiquated laws that codify penalties using specific shilling amounts, in some cases penalties are not a sufficient deterrent due to currency depreciation. However, Uganda is slowly rectifying this, modifying outdated laws, and codifying penalties in new laws using currency points. Pursuant to Section 73 of the Arbitration and Conciliation Act, the Government accepts binding arbitration with foreign investors. The act, which incorporates the 1958 New York Convention, also authorizes binding arbitration between private parties. Uganda does not yet have a Bilateral Investment Treaty (BIT) or Free Trade Agreement (FTA) with an investment chapter with the United States.

Duration of Dispute Resolution

Although Ugandan courts have a reputation for slow dispensation of justice, commercial/investment disputes at the domestic level are handled by the Commercial Court which, perhaps owing to its specialized nature, often disposes of cases within seven months (unlike ordinary courts which take longer).

5. Performance Requirements and Investment Incentives

WTO/TRIMS

On September 29, 1994, Uganda ratified the Marrakesh Agreement to become an original member of the World Trade Organization (WTO) and is thus bound by all WTO Multilateral Agreements. Uganda grants Most Favored Nation (MFN) treatment to all its trading partners and has made special effort to establish appropriate machinery to implement the WTO agreements. Despite facing difficulties in drafting and making notifications, Uganda continues to attempt to fulfill all notifications on the basis of their frequency. Uganda is currently undertaking reforms of its commercial laws to bring all its trade-related laws, regulations and procedures into conformity with WTO requirements.

There are no mandatory performance requirements in the Investment Code, but Uganda's regulatory authorities mandate standards such as staff qualifications as licensing conditions for some categories of investment. Uganda's National Environment Management Authority (NEMA) is responsible for enforcing environmental regulations. The most basic licensing condition is that investors creating 100 percent foreign-owned enterprises should commit in their proposals to invest a minimum of $100,000 to their projects over a course of three years. This amount can include pre-investment activities and the cost of land, equipment, buildings, machinery, and construction. Foreign-owned banks and insurance companies are also subject to higher paid-up capital requirements than are domestic firms. Ugandan law limits foreign ownership of land. For more information on land ownership, see "Right to Private Ownership and Establishment," below.

The 2000 Investment Code is currently under review, and once amended, request for a waiver will be submitted to the WTO. Uganda has partially used the Special and Differential Treatment (SDT) provisions of the TRIMS Agreement. Unfortunately, there seems to be no clear understanding of the provisions by key agencies involved in drafting the Investment Code. Foreign investors, applying for an investment license may sometimes be subject to staff training and localization, local procurement and environmental requirement to which national investors are not subject. Uganda has not adopted export promotion strategies such as provision of subsidies because of financial constraints.

Investment Incentives

Uganda's fiscal incentive package for both domestic and foreign investors provides generous capital recovery terms, particularly for medium- and long-term investors whose projects entail significant plant and machinery costs and involve significant training. In Kampala, 50 percent of capital allowances for plants and machinery are deductible from a company's income on a one-time basis; elsewhere in Uganda, 75 percent of those capital allowances are deductible. 100 percent of training costs are deductible on a one-time basis. A range of annual VAT deferments, deductions, exemptions and depreciation allowances also exist, resulting in investors often paying no tax at all in the first year of their investment, and usually paying substantially less than the 30 percent corporate tax rate in the subsequent years of their investment. The Government also provides a 10-year tax holiday for investors engaged in export-oriented production and, if the investment is located more than 25 kilometers away from Kampala, for agro-processing investors. Investors can find information on investor incentives and capital allowances on the UIA website at www.ugandainvest.com, and at URA's website www.ura.go.ug.

Performance Requirements

Uganda does not follow a policy of forced localization pertaining to the use of domestic content in goods and technology. An agreement for the transfer of foreign technology does not restrict the use of other competitive technologies, source of supply of inputs or how they may be used.

Data Storage

There is no requirement for data storage in Uganda.

6. Right to Private Ownership and Establishment

Uganda's Constitution enjoins the state to "encourage private initiative and self-reliance. It also guarantees the right to own property and prohibits the compulsory taking of such property except where the taking is in the public interest, authorized by law, accompanied by prompt, fair and adequate compensation and open to legal challenge by the owner. Businesses generally deem acquisition of land with a clean title as one of their biggest challenges, and land disputes are common in Uganda. Uganda's Commercial Court has a Land Division that deals specifically with land disputes.

The Land Act of 1998 codified Uganda's land tenure system, but the system and rules are complex. Foreign companies or foreign individuals may not own land (under freehold tenure). However, with UIA approval they may hold it under 49-year leases that are renewable. Foreigners must seek Land Ministry approval through the UIA to lease land over 50 acres for agricultural or animal production purposes. Uganda has not initiated any changes to allow foreign investors to purchase freehold property. However, some foreign investors circumvent land ownership restrictions by establishing locally incorporated companies.

The issue of land and title in Uganda is complicated by the existence of four different land tenure systems: customary, mailo land, freehold, and leasehold. Customary land refers to rural land governed by the unwritten, customary rules and traditions of a specific area. Customary land is difficult to use because no titles or surveys of such land exist and contracts are difficult to enforce in courts of law. Further, banks do not accept customary land as collateral. In some instances however, this limitation may be overcome considering that Ugandan law provides for the acquisition of a "certificate of customary ownership" and for the transformation of customary ownership into freehold title. Mailo land is land that was granted to individuals and churches mostly in central Uganda during the colonial period. Mailo land cannot be owned by foreigners and the use of such land is subject to the agreement of bona fide or lawful occupants, who may not own the land but have the right to reside there. Mailo land is also problematic for foreign investors seeking secure, court-enforceable use of land. The 1998 Land Act complicated this further by giving occupants and squatters increased rights on mailo land at the expense of owner rights. Freehold land is the system in which registered land is owned permanently. It is available only to Ugandan citizens, though it can be leased to foreigners. It can be also used as collateral for bank loans. Leasehold land is land leased by freeholders and is most commonly used by foreign investors. Foreigners may obtain contracts for leases of between 49 and 99 years on leasehold. It can be used as collateral on loans, depending on the length of the lease.

7. Protection of Property Rights

Real Property

As noted, Uganda's Constitution guarantees the right to own property and requires the state to encourage private initiative. Uganda also has legislation on mortgages, trusts and liens. The Mortgage Act, 2009 and the Mortgage Regulations, 2012 also make provision for mortgages, sub-mortgages, trusts and other forms of lien. The Uganda Bureau of Statistics estimates that the informal sector accounts for 43 percent of Uganda's economy, although other estimates put it much higher—closer to 90 percent. While Uganda has four systems of land tenure, only holders of freehold, leasehold, and Mailo tenure traditionally could hold registered title, while customary landowners (who account for up to 90 percent of all landowners). Even then, the Land Act, 1998, makes provision for customary land owners to acquire a Customary Certificate which serves as proof of ownership and may be used as collateral. Furthermore, the government recently introduced a number of reforms aimed at facilitating the registration of land and addressing the fraud, corruption and incompetence within the national Land Registry. These include the computerization of land titles and other records.

Uganda fares poorly in the "registering property" section of the World Bank's Doing Business Report, ranking 126 out of 189 countries. Registering property in Uganda requires 11 different procedures that take on average 47 days, compared to 5 procedures that take 24 days in OECD countries.

Intellectual Property Rights

Uganda has made consistent efforts to address the issue of intellectual property rights, though significant gaps remain. The country has signed the World Intellectual Property Organization's Patent Law Treaty in 2000, but has not yet ratified it. On January 6, 2014, Uganda's president assented to the new Industrial Property Act, which replaced previous legislation like the Patent Act, 1993 and goes a long way towards protecting intellectual property and bringing Ugandan law into consonance with international standards on intellectual property. Along with the 2006 Copyright and Neighbouring Act and the 2010 Trademarks Act, the 2014 Industrial Property Act substantially enhances legal protection of intellectual creations in Uganda. Uganda's Commercial Court is hearing an increasing number of intellectual property and trademark cases, especially by artists and musicians in Uganda's Performing Arts Rights Society.

Few counterfeiting cases have come before the court because companies are not actively taking measures to protect their brands in Uganda. The Court has the power to impound goods and impose injunctions. It also has the power to impose financial damages on trademark and copyright violators, but rarely does so because the predominantly informal market and often undocumented business transactions make it difficult to assess actual financial damages from violations.

Uganda’s efforts to address counterfeit products are less impressive. Counterfeit CDs, DVDs, and computer software are openly sold in Uganda's market places, and counterfeit pharmaceuticals and agricultural inputs are becoming an increasing problem. Most counterfeit goods entering Uganda are manufactured in China and India. American manufacturers of consumer goods, particularly of shoe polish, batteries, feminine hygiene products, ink cartridges and chemicals have complained that counterfeiters are damaging their markets as fake goods serve as a deterrent to future foreign direct investment and damage brand names.

An Anti-Counterfeiting Bill has been approved by cabinet but is still pending in Parliament and would, if passed, considerably clarify and strengthen the penalties for making and/or trading in counterfeit products. Currently, the only legal avenue for preventing counterfeit goods is through the Uganda National Bureau of Standards (UNBS) Act which authorizes the UNBS to deny sub-standard goods (but not necessarily counterfeit goods) access to the Ugandan market. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at http://www.wipo.int/directory/en/. Please note that while some of Uganda’s IP laws are listed on this website, other laws are not included such as the Industrial Property Act of 2014, the Patents Act of 1993, the Copyright and Neighbouring Right Regulations of 2010, and the Patent Regulations of 2010.

Resources for Rights Holders

Intellectual Property Issues are covered by the Economic and Commercial Officer.

- Kevin Price
- Economic and Commercial Officer
- +256 414 306 102
- pricekc@state.gov

Local attorneys list: http://kampala.usembassy.gov/attorneys.html

8. Transparency of the Regulatory System

Ugandan laws and regulations are published in the Government Gazette. The regulatory system varies substantially with each regulatory body. While some government agencies (notably URA, The Bank of Uganda and UIA) often have hearings, both public and private, where interested parties have an opportunity to comment on draft legislation and regulations, others do not always observe all legal provisions, rarely hold hearings, ignore the requirements regarding public procurement and often favor politically-connected business people.

Many Ugandan agencies require potential and current investors to cut through substantial amounts of red tape for normal business transactions. The World Bank's 2014 Doing Business report ranked Uganda 132 of 189 countries for ease of doing business and 151 out of 189 countries for speed of starting a business. The study nevertheless found that Uganda had taken steps to reduce the time taken to start a business (23 days, down from 33 days), notably by computerizing the land registry and introducing an electronic system for certifying documentation subject to Stamp duty. Starting a business in certain sectors, such as mining, may take substantially longer. General infrastructure hindrances such as poor telecommunications and limited access to electricity are also a drag on investment. The World Bank report notes, for instance, that it takes 6 procedures and 132 days to get connected to the electricity grid. Investors complain that government officials often require firms interested in government procurement contracts to provide under-the-table cash payments in person at local agency offices. Regulatory inefficiencies and corruption negatively affect foreign and domestic firms equally.

The Bank of Uganda is reasonably transparent, but the legal system is less so. Courts, particularly at the upper levels, have made independent judgments in the past, but these judgments are sometimes ignored and some parties to legal proceedings take advantage of the legal system's inherent delays and incoherence to manipulate the judicial process.

9. Efficient Capital Markets and Portfolio Investment

Money and Banking System, Hostile Takeovers

The Bank of Uganda remains one of the most respected central banks in sub-Saharan Africa for its success in pursuing open markets, a stable currency, and relatively low inflation. Increased supervision of the banking sector in recent years has helped it recover from a banking crisis in the late 1990s, when several banks failed or were closed down. In 2010, the Bank of Uganda required commercial banks to raise their capital from a minimum $4 million to $25 million, and all banks have complied, some by attracting Tier I equity capital. Commercial banking assets continue to rise, reaching $6.3 billion in 2013 according to the Bank of Uganda, up from $5.3 billion in 2011, and from $4.9 billion in 2008. Most banks are foreign owned, including by major international institutions such as Citigroup, Barclays, Stanbic, Standard Chartered, and Bank of Baroda. According to the Bank of Uganda, at the end of fiscal year 2010/2011, only 1.8 percent of assets were in non-performing loans, but after commercial interest rates skyrocketed in 2011 and remained high throughout 2013, defaults rose and the percentage of non-performing loans more than doubled, rising to 4.3 percent.

Capital markets are open to foreign investors. The Government imposes a 15 percent withholding tax on interest and dividends. Credit is allocated on market terms, and rates are high. Following the lifting of the moratorium on new banks in 2007, a number of new banks have entered the market, bringing the current total to 24. Competitiveness and innovation have also steadily increased, but lending to the private sector is still relatively low. In recent years, low rates of return on government-issued bills and bonds induced banks to begin shifting their focus to commercial lending. Today, holdings of Government Treasury bills comprise roughly a third of commercial loan portfolios. Commercial bank lending has grown considerably in recent years. According to the Bank of Uganda, during the 2011/2012 fiscal year, as commercial interest rates soared to over 30 percent, commercial bank lending to the private sector slowed drastically, growing by only 6.1 percent in 2012/2013. By early 2014, commercial rates were down slightly to 21 percent. Loan defaults remain high and banks are reluctant to lend, many preferring to lend only in U.S. dollars although the situation is slowly improving with lending in dollars declining by 25 percent and lending in Ugandan shillings increasing by 14 percent in 2012/2013.

The Capital Markets Authority, established in 1996 as the securities regulator in Uganda, is responsible for licensing brokers, dealers and overseeing the Uganda Securities Exchange, which was inaugurated in June 1997 and is now trading the stock of 15 companies. Market capitalization of the exchange rose to $6.26 billion in 2012, up from $4.7 billion in 2011, with the listing of UMEME, Uganda's power distributor, the issuance of 40 billion bonus shares by Stanbic Bank, and the issuance of bonds by the African Development Bank. 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. In 2012, Uganda also enacted new legislation – The Companies Act 2012 – which made substantial improvements to the legal framework on corporations, notably by introducing provisions designed to ease the incorporation of companies and portfolio investment in existing companies. The new law also introduces a number of corporate governance requirements.

In 2004, the Bank of Uganda added ten-year bonds to its two-, three-, five-year offerings to facilitate its control of liquidity and inflation and to further develop the bond market. The Government hopes that by creating a benchmark yield curve it will encourage private companies to access the debt markets. Some large local businesses have been reluctant to turn to the capital markets, however, in part because strict disclosure requirements would force them to adhere to higher international auditing standards than most Ugandan businesses normally achieve. Seven companies currently provide brokerage services, including one American-owned firm, Crested Stocks and Securities. There are no restrictions prohibiting investors from pooling funds to be invested on the exchange and in government treasury bills and Treasury bonds.

In 2011, Uganda's bond market thrived as high interest rates began to lure back some of the foreign investors who had left after the 2008 financial crisis. According to the Bank of Uganda, the percentage of foreign investors buying Ugandan bonds and Treasury bills rose from zero in July, 2011 to 12 percent in December, 2011. Predictably, falling interest rates in 2012 prompted some foreign investors to pull out, but as of December, 2012, 9.4 percent of Ugandan bonds still remained in the hands of offshore investors. In spite of the ongoing global economic slowdown, remittances remain an important source of foreign exchange for Uganda. The Bank of Uganda estimates that in 2012 Ugandans living abroad sent home $879 million in remittances, up from $729.7 million in 2011 and expected to surpass the $1 billion mark in 2014. Previously most remittances came from Europe, but now sub-Saharan African countries such as South Africa and Botswana are main sources of remittances.

10. Competition from State-Owned Enterprises

OECD Guidelines on Corporate Governance of SOEs

The Government began a privatization program in 1993 that has resulted in the complete or partial divestiture of the majority of Uganda's public enterprises, with just a few remaining in State hands. The program has attracted foreign investors primarily in the **agribusiness**, hotel, and **banking** sectors. Though generally deemed successful, some observers have questioned the transparency of certain transactions carried out in the name of privatization, arguing that the benefits of the most lucrative sales went to insiders.

State-owned enterprises currently exist in a number of sectors, including mining, housing, electricity, and transport. In some of these sectors, the Government is not directly involved in the running of the business, but remains a shareholder. The Government is open to competition from private investors in all of these sectors. Uganda is also planning to establish a National Oil Company.

Sovereign Wealth Funds

Uganda does not currently have a sovereign wealth fund.

11. Corporate Social Responsibility

Although corporate social responsibility (CSR) is not a requirement for an investor to obtain an investment license, CSR projects are expected from many of the larger foreign enterprises. This is especially true in the extractive industries and other sectors in which regular business operations do not directly benefit the community. While consumer buying habits are rarely based on CSR, some large corporations, including foreign oil companies, have experienced community pressure and social unrest when local residents do not see any direct benefit from their presence. As such, larger enterprises have been involved in building schools and hospitals, improving roads and other social services in areas where they operate, mainly in rural areas.

12. Political Violence

Uganda has succeeded in achieving a level of stability since President Museveni came to power in 1986. However, the regional terrorism threat remains high, and there have been periodic eruptions of political violence in recent years. Rebel groups fighting in eastern Democratic Republic of Congo and the civil conflict in South Sudan which began in December 2013 are creating instability on Uganda's borders, resulting in an inflow of thousands of refugees into Uganda and the disruption of important trade links.

Political tension has been rising within Uganda in recent years. In February 2011, Uganda held elections in which President Museveni was elected to a fourth consecutive term with 68 percent of the vote. The elections and campaign period were generally peaceful, but observers, including the United States, expressed concern about the diversion of government resources for partisan campaigning, the heavy deployment of security forces on election day, disorganization at polling stations, and the absence of many registered voters' names from the voter rolls. In the months following the election, political tensions were exacerbated as Uganda plunged into an economic crisis. A series of "Walk-to-Work" protests against skyrocketing inflation in April and May, 2011 left at least 10 people dead, including a 2-year old child, as security forces used live ammunition, tear gas, rubber bullets, and water cannons to disrupt protestors. Members of the opposition were arrested, sometimes violently, and some political activists were charged with treason.

In 2012, as the country celebrated its 50th anniversary of independence, the country enjoyed a period of relative calm, with fewer public protests. But political fights, especially over governance of the oil sector became increasingly contentious. Prominent opposition politicians were arrested and journalists faced incidents of harassment and intimidation. In January 2013, President Museveni and top military officials prompted concerns domestically and from the international community after they were reported saying that domestic political chaos in Uganda could prompt the military to intervene. While these concerns have since subsided, political parties have already begun preparing for the February 2016 presidential elections, and some meetings and rallies planned by opposition parties have sometimes not been allowed to take place or have been disrupted by local authorities.

The threat of terrorism remains high in Uganda. On July 11, 2010, 76 people, including one American, were killed and many more injured in twin bombings in Kampala. Al-Shabaab, the Somalia-based U.S.-designated Foreign Terrorist Organization, was responsible for the attack. Information obtained from the investigation into the bombings indicated that Americans and westerners in general were among the intended targets. The State Department has issued a Worldwide Caution warning U.S. citizens to be alert to the possibility of additional terrorist attacks in Uganda. The U.S. Embassy continues to encourage U.S. citizens to carefully consider the risk of attending or being near large public gatherings, especially those with large numbers of westerners and no visible security presence, as these gatherings can be targeted by extremist or terrorist groups. Citizens are also advised that soft targets such as hotels, bars, restaurants, and places of worship are also vulnerable to attacks. High levels of criminal activity remain a problem in Uganda, and spontaneous demonstrations can sometimes occur in Kampala and other cities. Although infrequent, these demonstrations can become violent and should be avoided. U.S. citizens considering travel, employment, or investment in Uganda should read the Country Specific Information available at www.travel.state.gov for current security information.

The threat from various rebel groups in Uganda has subsided significantly in recent years. The Lord's Resistance Army (LRA) was expelled from Uganda in 2006 and is now operating in remote areas of the border region between the Democratic Republic of Congo (DRC), the Central African Republic, and South Sudan. There have been no LRA attacks in Uganda since 2006, and improved security in the region has allowed the vast majority of the 1.8 million people displaced by the conflict to return home. In December 2008, the Governments of Uganda, DRC, and Sudan began joint military operations against the LRA, and in 2011 the United States deployed some U.S. military personnel to the region to provide technical assistance and advice to

African forces pursuing the LRA. The Ugandan military deployed to parts of South Sudan after conflict broke out there in December 2013.

The security situation in the remote north-eastern region of Uganda remains somewhat volatile due to armed cattle rustlers of the Karamojong and related ethnic groups raiding cattle and propagating violence.

13. Corruption

Corruption is one of Ugandan's most serious problems and appears to be worsening. A December 2012 report on corruption by Uganda's Inspectorate of Government characterized corruption in Uganda as "rampant" and noted that "corruption causes distortions of great magnitude in the Ugandan economy." The report cited public procurement as the area most vulnerable to abuse, and noted that 9.4 percent of total contract values went to corrupt payments in procurements both at the local and central government levels. Throughout 2012, a series of corruption scandals involving government officials dominated the headlines.

In October, 2012, the World Bank and a number of European countries providing direct budget support to Uganda suspended nearly $300 million in aid after an investigation revealed that officials in the Office of the Prime Minister had stolen as much as $20 million in foreign aid meant for reconstruction and poverty-reduction in Northern Uganda. Uganda's rank in Transparency International's (TI) corruption perceptions index declined to 140 out of 177 countries surveyed in 2013. TI's 2013 East African Bribery Index survey ranked Uganda as the most corrupt country in East Africa, with Ugandan citizens six times more likely to be asked for a bribe than their counterparts in Rwanda.

In recent years, the Government has taken measures to tackle the problem of corruption. In 2009, Uganda passed an Anti-Corruption Act, criminalizing bribery, influence peddling, and a long list of other offenses. The Whistleblowers Protection Act of 2010 now provides some protection to citizens who report malfeasance, while the long awaited Anti-Money Laundering Bill was signed into law in 2013. Other draft legislation, including an Anti-Counterfeiting Bill, a Proceeds of Corruption Assets Recovery Bill, and a Public Finance Management Bill (PFMB) are pending in Parliament. The PFMB is particularly aimed at curbing abuse of public funds by introducing the Treasury Single Account, which is a centralized system of disbursing public funds. Uganda's High Court opened an Anti-Corruption Division (ACD) in 2009. In July, the Constitutional Court halted all ACD activity due to a petition filed that challenged the constitutionality of the ACD. In December 2013, the Constitutional Court ruled that the ACD is constitutional, paving the way for corruption cases to resume.

In spite of these measures, however, the public perception is that not enough is being done, and that high-level officials involved in corruption – especially politicians – are not seriously investigated or prosecuted. The Auditor General's annual report for the financial year 2012/2013 reveals that officials at the Finance Ministry and the Central bank had appropriated money from the Oil Tax Fund (which had been earmarked for construction of Karuma Dam) to other purposes without following proper procedure, while another $38 million in public funds had been spent on "off-budget" activities (activities unaccounted for in the national budget). The report also highlighted another $20 million of public funds had been spent on refunds to donor agencies for money stolen or misappropriated by corrupt government officials, with no effort made to recover such monies from the culprits, as had earlier been announced. As politicians began campaigning for the 2016 presidential elections in 2014, it is likely that the pattern of pre-electoral government borrowing may repeat itself.

Uganda's small private sector is not yet robust enough to have developed compliance programs to detect and prevent bribery or to develop internal codes of conduct. While Uganda has signed and ratified the UN Anticorruption Convention, it is not yet party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. American firms have complained of lack of transparency in government procurement and possible collusion between competing business interests and government officials in tendering processes. Some foreign businesses have been urged to take on prominent local partners. In recent years, a number of high-profile government tenders for infrastructure projects were suspended following allegations of corruption. Some American firms, which are bound by the U.S. Foreign Corrupt Practices Act, suspect they have lost tenders to bidders from countries which have not criminalized the paying of bribes to foreign officials.

Resources to Report Corruption

Government Agency

- Justice Irene Mulyagonja
- Inspector General of Government
- Inspectorate of Government
- Jubilee Insurance Centre, Plot 14, Parliament Avenue, Kampala
- 256 414344219
- www.igg.go.ug

Watchdog Organization

- Anti-Corruption Coalition Uganda
- Cissy Kagaba
- Telephone No. 0414-535659
- Email: kagabac@accu.or.ug
- http://accu.or.ug

14. Bilateral Investment Agreements

Uganda is a member of the World Trade Organization. Uganda is also a member of the East African Community (EAC), along with Kenya, Tanzania, Burundi, and Rwanda. While the EAC now has a Customs Union and Common Market, the slow pace of regulatory reform, lack of harmonization, non-tariff barriers, and bureaucratic inefficiencies still hamper the free movement of goods, capital, and people. In November 2013, Uganda signed a Monetary Union Protocol which sets the country on course to form a monetary union with the other EAC members. Over the next five years, the five countries will work to integrate financial systems and regulations, harmonize monetary and exchange rate policies, and establish common inflation and debt-to-GDP ceilings.

In recent years, a number of new agreements between the U.S. and the EAC has strengthened economic ties between the regions: in July 2008, the EAC signed a Trade Investment Framework Agreement (TIFA) with the United States; in 2012, the U.S. and EAC announced the launch of a new Trade and Investment Partnership (TIP); both parties continue to discuss the framework. The EAC also signed a letter of intent in 2012 to launch a Commercial Dialogue with the U.S. In 2012, Uganda acceded to Common Market for Eastern and Southern Africa (COMESA) Free Trade Area and assumed the chairmanship of COMESA.

Bilateral Taxation Treaties

Uganda has also negotiated bilateral tax treaties with several nations, including China and South Africa. The EAC signed an Economic Partnership Agreement with the EU in 2007. Uganda does not have a bilateral tax treaty with the U.S. Uganda has a bilateral investment treaty with the following countries: Belgium, China, Denmark, Egypt, Eritrea, France, Germany, the Netherlands, Sweden, Switzerland, and UK.

15. OPIC and Other Investment Insurance Programs

Uganda is a signatory to the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and is a member of the International Center for the Settlement of Investment Disputes (ICSID). In 1965, the U.S. and Uganda signed an investment incentive agreement. Both parties signed an updated agreement in 1998, but the Ugandan Government has yet to ratify the renewed agreement.

In 2013, the government of Uganda resolved a dispute over who has signatory authority for OPIC loan guarantees. This dispute ran for two years and prevented OPIC from approving any loan guarantees or investments in Uganda during that time.

16. Labor

Education is underfunded in Uganda, and a 2011 Parliamentary report on the economy highlighted poor skills and education as one of the main obstacles to Uganda improving its competitiveness. In 2008, Uganda passed the Business, Technical, Vocational Education and Training Act to reform vocational education and skills development and make it more employment-oriented. However, a number of the reforms have yet to be implemented, and funding for the initiative remains low. In 2011, with donor support, the Uganda Petroleum Institute began teaching vocational skills needed to fill jobs in the oil sector. Uganda has about 40 Universities including the prestigious Makerere University that graduates thousands of students a year, but youth unemployment is high due to lack of jobs, providing a ready workforce for investors needing educated local employees. Most urban Ugandans speak English, though many speak it only as a second language to one of 33 local languages spoken in Uganda.

The law allows workers, except for a category of government employees which includes police, army and management-level officials, to form and join independent unions. The law does not provide for the right to collective bargaining in the public service sector. Domestic and agricultural workers as well as workers in the informal sector are excluded from the protection of the labor laws. Labor unrest is sporadic in Uganda, and labor unions are not strong.

Under the current arrangement, employers must contribute 10 percent of an employee's gross salary to the National Social Security Fund (NSSF). The Uganda Retirement Benefits Regulatory Authority Act 2011, which provides a framework for the establishment and management of retirement benefits schemes for both the public and private sectors, will add competition to the NSSF and liberalize the pension sector. Ugandan labor laws specify procedures for termination of employment and termination payments. Foreign nationals must have a permit to work in Uganda. Uganda has no minimum wage policy. Although there has been agitation from various circles, the President is against introducing a minimum wage arguing that it will discourage investors.

Uganda cooperates with the International Labor Organization (ILO) and has ratified all eight ILO conventions. The National Organization of Trade Unions (NOTU) has 20 member unions. Its rival, the Central Organization of Free Trade Unions (COFTU), also has 20 unions. Union officials estimate that nearly half of the two million people working in the formal sector belong to unions. Four labor reform bills passed by the Parliament in 2006 were aimed at improving labor rights in Uganda, but some of the laws have yet to be implemented. The new laws include provisions to reduce the minimum number of workers required to establish a union from 1,000 to 20, remove the requirement that at least 15 percent of employees join a union before management is required to engage in collective bargaining, and set new timeframes for union recognition, collective bargaining and strikes.

Uganda employs 100 district-based labor officers to enforce labor standards, inspect workplaces and process worker and management complaints. This mechanism contributes to the enforcement of labor standards, but lack of staffing and resources limits its effectiveness. The Ministry of Gender, Labor, and Social Development is working to strengthen the capacity of existing labor officers.

In May 2007, Uganda launched its national child labor policy. However labor regulations regarding children are contradictory. While the law prohibits children under the age of 14 from being employed except for light work and outside of school hours, the Ministry of Gender, Labor and Social Development permits the employment of children aged between 14 and 18. Also a comprehensive anti-trafficking in persons legislation was passed in 2009, but financial constraints have prevented the policies from being fully implemented. There are active programs underway, with support from the ILO and the U.S. Department of Labor, to combat child labor, but the practice nevertheless remains a concern in Uganda, particularly in the informal sector.

17. Foreign Trade Zones/Free Ports

The Ugandan Cabinet recently approved a Free Trade Zones Bill that will be taken to Parliament for consideration and debate. If enacted, the law will authorize the development, marketing, maintenance and supervision of free trade zones in Uganda. Foreign companies will have the same opportunities as local companies.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

The investment values quoted below should not be relied upon for any investment decision. The figures provided by the UIA are highly variable and the values tracked are only for projects listed. No investors provide updates after the initial registration. FDI statistics are provided by the World Bank. Any discrepancies with previous reports are a result of updated data.

Table 2: Key macroeconomic data, U.S. FDI in Uganda

	Uganda Bureau of Statistics (UBOS)		**World Bank, IMF**		
Economic data	**Year**	**Amount**	**Year**	**Amount**	
Gross Domestic Product (GDP) (billions U.S. Dollars)	2011/2012	20.03	2012	20.3	htt://www.worldbank.org/en/country
GDP growth rate	2011/2012	3.4%	2012	3.4%	htt://www.imf.org/en/country
	2012/2013	5.1%	2013	5.8%	
Projected GDP growth rate	2013/2014	6%	2014	6.4%	
Inflation	2011/2012	14.6	2012	14.6%	htt://www.worldbank.org/en/country
	2012/2013	3.6%	2013	5.9%	htt://www.imf.org/en/country
Foreign Direct Investment (FDI). (billions U.S. Dollars)	**Uganda Investment authority (UIA)**		**World bank, IMF, BEA**		
	Year	**Amount**	**Year**	**Amount**	
	2012	1.72	2012	1.72	htt://www.worldbank.org/en/country
U.S. FDI in Uganda (millions U.S. Dollar stock)	2012	n.a	2012	100	htt://www.bea.gov/international/index.htm
	2012	n.a	2012	104	htt://www.imf.org/en/country
Uganda FDI in U.S (millions U.S Dollar stock)	2012	n.a	2012	n.a	htt://www.bea.gov/international/index.htm htt://www.imf.org/en/country
Total in bound stock of FDI as %	2012	8.5%	2012	8.5%	

of GDP					

Data sources for Uganda; htt://www.ubos.org, www.ugandainvest.com, www.ura.go.ug , www.bou.org

Note:
- n.a. means no data or estimates
-The variation between data presented by domestic source and international source in some cases is due to difference in the time of the presentation or estimate. International sources present end of calendar year data while domestic sources present end of financial year data.

Table 3: Sources and destination of FDI
UGANDA, 2012

Direct investment from/in counterpart economy data					
From top five sources/ to top five destination (US Dollars, millions)					
Inward direct investment			**Outward direct investment**		
Total inward	4,897	100%	n.a	n.a	n.a
Australia	1,753	36%	n.a	n.a	n.a
United Kingdom	813	17%	n.a	n.a	n.a
Netherlands	528	11%	n.a	n.a	n.a
Mauritius	471	10%	n.a	n.a	n.a
Kenya	395	8%	n.a	n.a	n.a
“0” reflects amounts rounded to +/- USD 500,000					

Source: http://cdis.imf.org

Note:
- n.a means no data.
-The sources of portfolio investment are mainly equity securities.
-Some of the result may not be consistent with domestic data because data may be suppressed by the reporting economy to preserve confidentiality.

Table 4: sources of portfolio investment
UGANDA, 2012

Portfolio investment assets								
Top five partners (millions, US Dollars)								
Total			**Equity securities**			**Total debt securities**		
All countries	4,897	100%	All countries	3,811	100%	All countries	1086	100%
Australia	1,753	36%	Australia	1,536	40%	Australia	217	20%
United Kingdom	813	17%	United Kingdom	695	18%	Netherlands	216	20%
Netherlands	528	11%	Mauritius	385	10%	United Kingdom	118	11%

Mauritius	471	10%	Netherlands	312	8%	Kenya	102	9%
Kenya	395	8%	Kenya	293	8%	Mauritius	86	8%

Source: http://cdis.imf.org

19. Contact Point at Post

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