



## Doing Business in Uganda: 2011 Country

### Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business In Uganda

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### Market Overview

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Welcome to the Country Commercial Guide to Uganda. Strong macroeconomic management and general political stability have helped this fast-growing country of 31 million improve its business environment over the past decade. However, high levels of corruption, poor infrastructure, a shortage of human capital and a dearth of affordable financing remain significant hurdles for businesses in all sectors.

In general, Uganda's economy remains small, with a gross domestic product (GDP) of about \$16 billion in 2009 (\$490 per capita), and 31% of the population living on less than \$1 per day. It is also highly dependent on foreign aid. Direct budgetary assistance from donor governments made up 31% of the Ugandan budget in the 2009/2010 fiscal year and commitments for 2010/2011 were 24%, though this number has decreased from above 50% earlier in the decade.

Uganda's private sector has expanded significantly in recent years, and Uganda's GDP, trade, and foreign direct investment, while slowed by the effects of the global financial crisis, have remained strong:

- GDP rose by more than 6% on average for the last decade and was 5.8% for the 2009/2010 fiscal year. Forecasted growth in 2010/2011 is 6.4%.
- In 2009 total trade remained at \$2.4 billion and contributed 46.5% of GDP.
- Foreign Direct Investment (FDI) climbed to \$787.4 million in 2008 from \$368 million in 2007 but fell to \$604 million in 2009.
- Major investments were made in agro-processing, manufacturing and construction, banking and financial services, mobile phone communications, and petroleum exploration.

The business climate has particularly benefited from continued political stability since President Yoweri Kaguta Museveni came to power in 1986 after years of civil strife. Museveni was re-elected in flawed elections in 2006 with 59% of the vote. The next presidential elections are scheduled for February 2011.

Strong macroeconomic management has also benefited Uganda's economic growth. Uganda has fully liberalized its capital account. Inflation has remained in the mid single digits for most of the last decade, though high fuel and commodity prices drove inflation

up to 14% in 2009, well above Uganda's target of 5%. Inflation stabilized at 3.1% in 2010. Uganda has adhered to IMF/World Bank programs to maintain macroeconomic stability and to restructure the economy. As of December 2010, Uganda's foreign reserves stood at \$2.7 billion, more than five months of import coverage.

While the Ugandan government consistently touts Uganda as a strong investment destination, their ability to actually reform outdated commercial laws has been limited. Since 2006, more than 20 commercial laws covering issues from intellectual property rights and mortgages to e-commerce and electronic signatures have languished in Parliament with no timeline as to when they will pass.

In line with the government's emphasis on value added production, the role of service and industry continues to rise. The service sector was the largest contributor to GDP in 2009 at 48% and manufacturing and agriculture each contributed about 23%. Despite their dwindling shares of Uganda's GDP, the agriculture and fishing sectors provide approximately 80% of employment in Uganda. The transport and communications sector, which comprises about 6.4% of the GDP, is growing by about two percentage points every year.

At the top of the Ugandan government's agenda is strengthening the country's road, rail, water, and communications infrastructure. In the 2010/11 budget, \$483 million was allocated for roads. While this was down slightly from the high of \$680 million in 2008/2009, it marked a significant increase to the \$390 million spent in 2007/2008. Further, Uganda is investing \$117 million on a national fiber-optic network to take advantage of the arrival of undersea fiber-optic cables in East Africa.

The following are additional elements of Uganda's market important for potential investors:

- Total FDI stocks in Uganda stood at \$2.9 billion in 2007, or roughly 25% of GDP. Uganda's largest investors measured by total assets are the United Kingdom, Libya, India and Kenya. Total cumulative U.S. direct investment in Uganda was about \$308 million at the end of 2009. Investment partnerships with U.S. firms in the areas of hydroelectric power generation, biofuels, and palm oil, have increased this figure significantly in the past several years.
- Uganda's major trading partners are its regional neighbors, including Kenya, the Democratic Republic of Congo (DRC), and southern Sudan. The European Union, the United Arab Emirates, South Africa, India, China, Japan and Singapore follow behind Uganda's regional partners.
- Uganda struggled for years with billions of dollars in foreign debt, but debt forgiveness programs have reduced this burden to \$1.6 billion, freeing up significant resources for other public works programs. Uganda qualified for the Heavily Indebted Poor Country's (HIPC) Initiative debt relief program and the Paris Club debt relief program. In March 2006, Uganda became eligible for 100% debt relief under the Multilateral Debt Relief Initiative (MDRI). The MDRI cancelled Ugandan's World Bank International Development Association debt of almost \$4 billion on July 1, 2006.

Uganda is a member of the East African Community (EAC) along with Kenya, Tanzania, Burundi, and Rwanda. While the EAC has passed protocols establishing a Customs Union and Common Market among the five countries, numerous exceptions, unchanged regulations, and bureaucratic inefficiencies still hamper the free movement of goods, capital, and people. As part of the Customs Union, Uganda has increased its tariffs on some finished products imported from outside the region. Uganda, along with its counterparts in the EAC signed a Trade Investment Framework Agreement (TIFA) with the United States in July 2008.

## Market Challenges

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The barriers to doing business in Uganda include high levels of corruption, poor infrastructure, a lack of access to affordable loan financing, low levels of human capacity, and inefficient government services. A lack of government policies and regulatory consistency toward investment further impedes business predictability and efficiency.

Uganda ranked 127<sup>th</sup> out of 178 countries in Transparency International's 2009 Corruption Perceptions Index. According to TI, a score lower than 3.0 indicates the perception of "rampant corruption." Uganda's score was 2.5. The most common trade and investment roadblocks for companies include complications and delays imposed by government officials resulting from bribery by non-American competitors. Transparency International's 2010 East African Bribery Index ranked Uganda as the second most corrupt country in East Africa (after Burundi) and ranked the Uganda Revenue Authority as the fourth most corrupt institution in East Africa and the most corrupt institution in Uganda.

Uganda's infrastructure, particularly its systems of roads, rail, electricity, and water, is poor. An estimated 80% of Ugandans receive no electricity at all and load shedding in Kampala remains common. Although some road repairs were done before the Commonwealth Heads of Government Meeting (CHOGM) in November 2007 most of the work was of poor quality and the road network remains dilapidated. A two-lane highway from Kenya remains the primary route for 80% of Uganda's trade, leaving businesses dependent upon a corridor highly vulnerable to blockages. Uganda's vulnerability to dependence upon this route was demonstrated when election-related violence in Kenya erupted in late 2007 and early 2008, virtually halting trade into Uganda for more than two months and causing a spike in prices of all commodities. Traffic congestion is rising in Kampala, increasing the cost of doing business, and travelers should expect delays, especially at rush hours and when entering and exiting the capital. Ferries are frequently unreliable and in need of modernization. In January 2008, the only local cargo carrier, DAS Air, closed, forcing exporters to use international airlines for air export. There is no passenger rail service and rail cargo service is small and limited primarily to service between Kampala and the port in Mombasa. Railway traffic runs on a dilapidated colonial era railway line. In 2005, Rift Valley Railways was given the concession to run the Kenya-Uganda railway line, however needed capital was never invested and railway traffic further slowed. In 2010, Egyptian firm Citadel Capital bought a majority stake in the concession and committed to spend \$150 million over the next five years to improve the performance of the railway.

Electricity shortages are another critical challenge for business. Uganda suffered a severe energy crisis due to a drought-related decrease in hydroelectric power generation

in 2006. The end of the drought and the acquisition of several 50 megawatt (MW) thermal generators have eased the crisis, but new power demand is increasing by at least 8% per annum, outstripping the 415 MW online at peak. Load shedding and unannounced power outages are common throughout the country. Though the government aims to fast-track power investments, the global financial crisis has slowed investment in the power sector in 2009. The government is searching for an investor in the Karuma Falls hydroelectric power project. Norpak, a Norwegian company, pulled out of the deal in late 2008. Press reports indicated Norpak may have been unable to obtain financing for the project due to tight global credit markets. The 250 MW Bujagali hydroelectric dam on the Nile near Jinja, is due to come on line in 2011-2012. Most rural communities rely on small scale generators or solar power. Less than 10% of Ugandans have access to electricity.

While the global recession which began in late 2008 has had some impact on the Ugandan economy, regional trade coupled with a shallow financial sector has sheltered Uganda from most of the worst effects. However, businesses have faced some challenges from the crisis. Overall growth fell to 5.8% in 2009/2010 and remittances, tourism revenues, and sales of key exports, including coffee, fish and flowers, also declined. Private investment in Uganda also declined slightly as a result of tight credit markets. Revenue collection by the Uganda Revenue Authority (URA) rose to \$2.1 billion in 2009/2010 from \$1.8 billion in 2008/2009, however this was still short of the URA's target of \$2.23 billion for FY 2009/2010. While lower demand for Uganda's traditional exports could be offset by the significant depreciation of Uganda's currency against the U.S. dollar, this depreciation will also increase inflationary pressures at home.

Lack of affordable financing is another impediment for business. A 2008 Makerere University study of Ugandan businesses found that the lack of capital was the greatest impediment to increased investment in Uganda (the second greatest impediment was corruption). Loans are generally short term, of one to two years in tenure, and with interest rates ranging from 15 to 24%. The interest rates on three-month treasury bills currently stand at 9.6%. In addition to high interest rates, little liquidity exists for longer-term loans above three years.

Beyond this, American manufacturers wishing to export to Uganda must also overcome Ugandan preferences for working with their familiar European trading partners. Some Ugandan purchasers also express concern about the ability of American manufacturers to provide parts and service. Partly as a result of transportation costs, American products often cost more than their Asian counterparts' products, a significant challenge in an intensely price sensitive environment. The resurgence of the U.S. dollar in 2010 further increased the cost of U.S. goods.

Investors also warn that Uganda's population growth threatens to undermine its current political and economic stability. At 3.3% per year, Uganda's population growth rate is one of the highest population growth rates in the world. Uganda's current population of 33 million is expected to double to over 60 million in 20 years and reach 130 million by 2050. While creating potential markets for producers of child care, health, and education products, the explosion also threatens to create large group of young people in need of employment. Uganda's growing population is already putting an increasing strain on social services, infrastructure and land resources. Corruption, meanwhile, is a serious problem and the GOU's political will to fight it remains questionable.

The sale of counterfeit products smuggled into Uganda is also an impediment to U.S. producers of consumer goods. The sophistication of counterfeit goods from China is growing, and public awareness of counterfeits is not strong. Bootlegging of CDs, cassettes, software, and videos is common, and visitors to Kampala see counterfeit reproductions of popular music and films for sale in markets at low prices. Uganda has not yet ratified the World Intellectual Property Organization (WIPO) treaties.

## **Market Opportunities**

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Ugandan attitudes toward the United States and its products are very favorable. U.S. exports to Uganda totaled \$94 million in 2010. Major American exports to Uganda include machinery and machinery parts, agricultural products (largely food aid), electronics, transportation equipment, and used clothing. Prospects for U.S. exports to Uganda include construction, manufacturing and mining equipment, information technology products, medical equipment, supplies for food processing, cosmetics, and consumer goods.

Firms interested in exporting goods to Uganda have also been able to take advantage of its location in the heart of east Africa. With new stability in southern Sudan, and demand increasing in the DRC and Rwanda, Uganda has seen its regional trade growing strongly. Uganda's exports to its largest trading partner, Kenya, increased to \$173 million in 2009 from \$118.2 million in 2007. Ugandan trade within the Common Market of East and Southern Africa (COMESA) increased from \$284 million in 2006, \$535 million in 2007 to \$723 million in 2008 but fell slightly to \$691 million in 2009, although Uganda remains one of the six COMESA countries that have not joined the COMESA Free Trade Agreement (FTA). Exports to eastern DRC, meanwhile, increased from \$60 million in 2006, to \$125 million in 2008 and \$135 million in 2009. Markets in southern Sudan more than doubled since the signing of the peace agreement between Khartoum and the Sudan Peoples' Liberation Army in southern Sudan in January 2005 and Sudan now represents Uganda's largest export market with total exports of \$185 million. FDI from and trade with Asian countries, including Singapore, the United Arab Emirates (UAE), Pakistan, China, India, and Malaysia, is also increasing. Overall investments in Uganda are expected to increase significantly in 2011 due to interest in the oil sector.

Uganda's traditional agricultural exports continue to represent opportunities. Coffee, tea, tobacco and cotton, Uganda's largest exports by value, have increased substantially in quantity and dollar value over the past several years. In 2010, coffee exports were \$284 million and tea exports are estimated at \$85 million. Cotton exports increased dramatically from \$13.2 million in 2008 to \$23.2 million in 2009. Non-traditional goods, such as fish, cut flowers, and vanilla, now account for over 50% of Ugandan exports and are expected to be responsible for a projected 11% increase in exports over the next two decades.

Uganda's banking industry has also seen strong growth recently and currently consists of 22 banks. Financial services in Uganda are becoming more efficient with the presence of several international banks such as Citibank, Barclays, and Standard Chartered. The Ugandan Development Bank recently completed a restructuring program and can now provide long-term financing. The East African Development Bank, with financial assistance from the U.S. Trade Development Agency, established a venture capital fund in 2007 for small and medium sized businesses in Uganda,

Tanzania and Kenya. While not yet operating, the fund is expected to offer ten-year loans ranging from \$200,000 to \$1 million at rates of 12-14% once it opens.

Uganda's agricultural potential and untapped mineral resources have also attracted foreign investment. Uganda's growing domestic economy and need for infrastructure repairs provide opportunities for U.S. firms to market goods and services. Over the next decade, Uganda will need to dramatically upgrade its power generation capabilities and its transportation network (air, rail, and road). The development of the petroleum sector will require large infrastructure investments, and provide many opportunities for firms providing equipment and services for the industry. Additional prospects for U.S. investment in Uganda are in the agribusiness, construction, tourism, transportation, light manufacturing, mining, oil, and telecommunications sectors. Uganda's expanding services sector has also created new investment opportunities for smaller investors in financial services, information technology, catering and entertainment.

Petroleum firms have drilled over two dozen successful exploratory wells in the Albertine Graben in western Uganda along the border with the DRC. They and the GOU estimate oil reserves in excess of 2 billion barrels, and possibly more, which would make Uganda a top sub-Saharan Africa oil producer, behind Angola, Nigeria, and Sudan. However, Ugandan oil, which is light and sweet but waxy, is not of the high export quality as oil from the Gulf of Guinea. Current plans for Uganda's oil are focused on domestic and regional consumption and export out of East Africa. The industry could bring a massive windfall of exports -- possibly doubling current exports of \$2 billion -- but it also creates massive challenges for the GOU. The GOU will need to construct new roads, rail and electricity infrastructure, pass new revenue management laws, and implement systems to handle incoming resources if it is to avoid the "resource curse" witnessed in other developing economies. The GOU wishes to build a refinery to ease its dependence on imported petroleum products and further provide these products to the region, as well as exporting the remaining crude via pipeline or a road, rail and barge network.

The GOU has sold licenses to five exploratory blocks in the Albertine Graben, and plans to sell licenses to four more blocks, located in the southern portion of the area, in 2011, after it passes new laws on natural resources and revenue management. More than 40 companies, from all over the world, have already expressed interest in the blocks. Oil production had been expected in 2010; however a high-profile tax dispute between the government and oil companies has held-up exploration and production for over one year, leading some commentators and businesses (both within and outside the oil industry) to question Uganda's commitment to contract sanctity.

U.S. firms are also increasingly taking advantage of tenders for donor-support infrastructure and other development project. The significant amount of donor support to the Ugandan budget enables the GOU to issue tenders for large procurements of goods and services. In recent years, U.S. firms have started to bid on these tenders, for which many American businesses are competitive, including those for power generation and transmission equipment, telecommunications services, information technology equipment and services, and transportation infrastructure. Some government tenders have been suspended due to allegations of corruption in the selection process, however.

Exports to the United States under the African Growth and Opportunity Act (AGOA) also represent opportunities, though few traders have taken advantage of their potential. AGOA exports have been lower than expected, declining to just over \$1 million in 2009,

down from \$6 million in 2006. In 2010, AGOA exports climbed to \$3.3 million, buoyed by \$1.8 million in Tungsten exports. Originally envisioned as a way to develop a domestic textile industry by the Ugandan government, Uganda has only exported a total of \$12 million worth of garments to the U.S. since 2003. Many of the textile firms have since closed down or significantly reduced their operations. Due to the high cost of imported components, the remaining domestic textile sector is looking for opportunities to create cotton spinning and weaving operations. In February 2007, the textile firm Phenix Logistics exported its first shipment of entirely Ugandan-made organic cotton t-shirts to the United States.

Tourism is a growing industry. Blessed by great natural beauty, Uganda stands to benefit from increased tourism to its national parks. In 2009, Uganda earned \$572 million from 817,000 visitors. While this is down slightly from \$590 million from 840,000 visitors in 2008, it is still significantly higher than \$448 million from 642,000 visitors in 2007. Uganda embarked on an international marketing campaign entitled "Uganda: Gifted By Nature" to promote tourism and investment.

Finally, businesses are benefiting from Uganda's progress in reducing poverty. The percentage of Ugandans living in poverty dropped from 56% in 1992 to 24.5% in 2009. However, the benefits of poverty alleviation are primarily in the central, eastern, and western regions. Northern Uganda, still recovering from the 20-year conflict with the LRA, has a 46.2% poverty rate compared to 24.3% in the east, 21.8% in the west, and 10.7% in central Uganda. Greater industrialization and planting of cash crops have enabled many rural Ugandans to move into the cash economy. With the help of foreign donors, the government has increased spending on health, education, and social services, which has helped alleviate poverty.

## **Market Entry Strategy**

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Many Ugandan markets are not well developed. Foreign firms in Uganda should conduct a considerable amount of research and ground work, including visits to Uganda, before making significant investments. Despite Uganda's challenges, many promising opportunities exist for well-prepared firms in the right sectors.

Most exporters rely upon local distributors to market their products. The U.S. Embassy Commercial Section can help vet potential distributors. Please note, however, that while partnering with a prominent or well-connected local business can provide quick access to Ugandan consumers, it may be difficult to settle disputes fairly with such an entity, due to the connections such businesses may have with prominent political figures.

Successful foreign businesses often use local agents familiar with the sometimes confusing and slow-moving Ugandan bureaucracy. As with local distributors, businesses should thoroughly research potential agents.

Some U.S. businesses have entered the local markets through joint ventures with local or regional businesses. This allows U.S. firms to take advantage of local and regional expertise while sharing some of the risks with the local firms.

Some U.S. exporters access the Ugandan market via Kenya, where they have established production facilities.



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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2963.htm>

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### Using an Agent or Distributor

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Only a handful of U.S. firms have invested directly in Uganda. Typically, American businesses looking to access the Ugandan market enter into contractual agreements with local agents and distributors. A good local agent may play an important role for U.S. companies planning to bid on GOU tenders, which often require detailed knowledge of local conditions and the government bureaucracy. The Uganda Investment Authority (UIA) and the Uganda Manufacturers Association (UMA) maintain resource centers and often field inquiries from agents, distributors or companies looking for outside partners. The Ugandan National Chamber of Commerce and Industry (UNCCI) may also assist with identifying local agents and distributors. The Uganda Export Promotion Board (UEPB) has a list of export firms in Uganda. The commercial section at the U.S. Embassy can help verify the bona fides of potential agents or distributors. Nonetheless, it would be prudent to choose an agent or distribution and sales channels distributor after visiting Uganda to survey the situation and interview candidates.

### Establishing an Office

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The Uganda Investment Authority (UIA) facilitates the registration and licensing of foreign firms. The UIA can assist companies with establishing an office by providing advice on registry, licensing, immigration, tax, customs matters, and sub-licenses and permits. Despite the assistance provided by the UIA, investors can face inept and corrupt government personnel within government agencies. Some government ministries have actively impeded business ventures in the past. A local partner can help sort through some difficulties. The Uganda Revenue Authority (URA) continues with its program to improve the efficiency of its internal processes and bring more businesses and individuals into the formal tax structure. The changes have improved transparency

and the overall quality of services. In its quest to increase government revenues, URA has at times decided to suddenly enforce tax laws which had gone unenforced for years. Such enforcement, announced with little warning, has impacted businesses and non-governmental organizations that have been targeted for the payment of back taxes going back as many as five years. At present, there is a glut of office space in Kampala. Construction of a number of new office buildings in Kampala is ongoing, increasing the overall amount and quality of available offices space. Many organizations have moved to residential areas. Rent for commercial space ranges between \$12 and \$20 per square meter.

## **Franchising**

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Several major American firms operate in Uganda, including Citibank, Caterpillar, NCR, Sheraton Hotels, FedEx, Ernst & Young, Moneygram, Price Waterhouse Coopers, General Motors, Coca-Cola, Pepsi-Cola and Hertz. Hilton is also in the process of building a hotel in downtown Kampala. Although prominent Ugandan investors appear interested in U.S. franchises, no U.S. food franchises or prominent retailers have opened in the country. Several South African and Kenyan grocery stores and fast food chains operate and plan expansions to some of the larger towns outside of the capital. Caltex, a subsidiary of U.S.-based petroleum company Chevron, sold its downstream retail operation to France's Total in late 2008. Larger gasoline retailers such as Shell and Total usually have convenience stores at their filling stations.

## **Direct Marketing**

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Despite the rapidly expanding use of cellular telephones and computers, Uganda currently does not present strong opportunities for telephone or Internet marketing. Other than in a few urban areas, most Ugandans do not actively utilize mail services. Most foreign products are marketed through an experienced local company.

## **Joint Ventures/Licensing**

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There are no restrictions on joint ventures with local investors. However foreign investors need to be cautious and apply good business judgment when dealing with local investors.

## **Selling to the Government**

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The GOU conducts most government purchases through public tendering. The Central Tender Board (CTB) controls tendering. The CTB advertises tenders in local newspapers and also sends invitations to various organizations in Kampala. As a result of decentralization efforts, district tender boards also operate. The Public Finance and Accountability Act has been in force since July 2003. The provision clarifies the roles and responsibilities for sound financial management throughout government. This act allows for proper control and audit of classified expenditure. A procurement development unit, called the Reformed Central Tender Board, operates under the Ministry of Finance and Economic Planning to oversee government procurements. The Public Procurement and Disposal of Assets Authority, which audits government procurements, was established by an Act of Parliament in February 2003. The GOU recently announced that defense procurements would now follow standard public

expenditure management principles. The PPDA, which is growing in stature, started auditing unclassified procurements of the Ministry of Defense in 2009.

### **Distribution and Sales Channels**

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Products in Uganda are generally distributed through regional wholesalers, who in turn supply small and rural shopkeepers. In practice, some imported consumer products (whether smuggled or not) start their journey in downtown Kampala from the informal market area located on Nakivubo Street. Merchandise is off-loaded from containers and sold in bulk quantities to waiting transporters. Most of these transactions are paid for in cash, and transporters immediately carry their shipments to smaller towns and villages. Businessmen report that customs duties are not always collected, especially if a bribe is offered to Uganda Revenue Authority officer on site. With the entry of large South African and Kenyan retailers (such as Game, Shoprite, Nakumatt, and Uchumi) into Uganda, suppliers can now deal directly with some major purchasers.

### **Selling Factors/Techniques**

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Firms commonly market products with billboards and other road signage, as well as with newspapers, radio and television advertising. Most Ugandans speak at least some English, though some ad campaigns use local languages. Sales techniques common in industrialized economies are relatively new in Uganda, but are increasingly popular and successful. South African retail companies have created coordinated advertising campaigns involving leaflets, billboards and media advertising. Cell phone company MTN, for example, attracts national attention through its hosting of the MTN marathon each year, with more than 10,000 participants running races of 10, 21 and 42 kilometers. Firms have also promoted themselves heavily at music concerts, and by supporting sports teams such as the national soccer and basketball teams. Beverage firms have run successful bottle cap promotions as well.

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E-commerce is relatively undeveloped in Uganda, due to the lack of a widespread Internet access. Few Ugandan companies sell their products over the Internet, although many businesses have websites. A bill allowing electronic signatures is before Parliament and aims to facilitate e-commerce. In 2008, banks began to allow mobile phone banking, allowing cell phone users to electronically transfer funds to retailers or individuals.

American companies contacted by potential Ugandan purchasers must exercise great caution prior to finalizing any transactions. While many legitimate Ugandan entities seek to source goods over the Internet, the U.S. Embassy has detected a growing amount of fraud. U.S. vendors should never agree to accept third party checks as payment for goods to be shipped to Uganda. If a vendor questions the legitimacy of a potential Ugandan purchaser, the vendor should contact the commercial section at the U.S. Embassy, which will seek to verify the existence of the purchaser.

### **Trade Promotion and Advertising**

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There are few advertising agencies in Kampala, including ZK Advertising Uganda, and Moringa Ogilvy. Newspapers are major sources of advertising and, unlike in many

developed countries, they are not seeing advertising revenues decline due to increasing Internet usage. The Daily Monitor and The New Vision are Uganda's largest English-language daily newspapers in circulation. Billboards are also a common way of advertising.

ZK Advertising Uganda Ltd.  
Workers House 4<sup>th</sup> Floor, Southern Wing  
Plot 1, Pilkington Road  
Tel: 256-414-234215; fax: 256-414-234150

Moringa Ogilvy  
Plot 41, Luthuli Avenue, Kampala  
Tel: 256-312-251-112/4; fax: 256-312-251111; website: [www.ogilvy.com](http://www.ogilvy.com)

**Major Newspapers and Business Journals include:**

The East African  
P.O. Box 6100, Kampala, tel: 256-414-232-768; website: [www.nationaudio.com](http://www.nationaudio.com)

The East African Procurement News  
P.O. Box 24595, Kampala, tel.: 256-414-231-120; website: [www.procnews.com](http://www.procnews.com)

The Daily Monitor  
P.O. Box 12141, Kampala, tel: 256-414-236-939; fax: 256-414-232-369; website: [www.monitor.co.ug](http://www.monitor.co.ug)

The New Vision  
P.O. Box 9815, Kampala, tel: 256-414-235-209; fax: 256-414-235-843; website: [www.newvision.co.ug](http://www.newvision.co.ug)

The Eye Magazine  
23, Prince Charles Drive, Kololo  
Kampala - Uganda (Inside Microcare Compound)  
Tel: +256 (0)312- 2511-17/8 Fax: +256 (0)312-225-1119; website: [www.theeye.co.ug](http://www.theeye.co.ug)

East African Business Week  
Plot 133, Kira Road, Kamwokya  
Tel:+256 (0) 414-531-345 ; +256 (0) 772-450-038; website: [www.busiweek.com](http://www.busiweek.com)

The Independent Publications Limited  
Plot 86, Kamjokya Street  
Tel: +256 (0) 312-637-391/2/3/4; fax: +256-(0)-312-637-396; website: [www.independent.co.ug](http://www.independent.co.ug)

**Radio and Television Stations include:**

Capital Radio  
P.O. Box 7638, Kampala, tel: 256-41-235-092/3/4 Radio Uganda, P.O. Box 7142, Kampala, tel: 256-41-251-554

Impact Radio

P.O. Box 7223, Kampala, tel: 256-41-272-114; website: [www.victoryuganda.org](http://www.victoryuganda.org)

KFM

P.O. Box 12141, Kampala, tel: 256-31-260-018; website: [www.kfm.co.ug](http://www.kfm.co.ug)

Lighthouse Television

P.O. Box 23934, Kampala, tel: 256-41-543475/543-435/554-221

MNET

P.O. Box 2373, Kampala, tel: 256-41-341-431/38

Radio One

P.O. Box 4589, Kampala, tel: 256-41-348-311/211

Radio Sanyu

P.O. Box 30961, Kampala, tel: 256-41-234-250; website: [www.mondotimes.com](http://www.mondotimes.com)

Simba Radio

P.O. Box 31564, Kampala, tel: 256-41-543-672; website: [www.simba.fm](http://www.simba.fm)

Uganda TV

P.O. Box 7142, Kampala, tel: 256-41-345-376/256-453

Spirit FM

P.O. Box 10383, Kampala, tel. 0772-438-980; website: [www.spiritfmradio.net](http://www.spiritfmradio.net)

WBS Television

P.O. Box 5419, Kampala, tel: 256-41-344313/4; website: [www.wavahtelelevision.com](http://www.wavahtelelevision.com)

## **Pricing**

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Due to large shipping costs, European and North American goods and services are expensive, and few local substitutes exist at moderate prices. Large European and Asian companies compete against U.S. manufacturers of large-scale equipment and services. Fuel, clothing, and consumer goods are often smuggled across the border to evade customs duties. These smuggled goods, together with low-priced and low-quality counterfeit products create a large gray/black market that undercuts legitimate distributors.

## **Sales Service/Customer Support**

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Customer support can be a major issue for American products being sold in Uganda. U.S. manufacturers need to adequately demonstrate they can supply spare parts, technical assistance and other customer service. Moreover, they should carefully select, train, and monitor service providers for their products.

## **Protecting Your Intellectual Property**

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As discussed in Chapter 6, Uganda is starting to improve protection of intellectual property rights, and the Uganda Revenue Authority's Customs Department in

conjunction with the Uganda National Bureau of Standards regularly seizes counterfeit goods. Seriously delayed anti-counterfeiting legislation aims to upgrade IPR protections and strengthen the penalties for traffickers of counterfeit goods. While counterfeit products are readily available, Ugandan police and courts will work to enforce current statutes only if pushed to do so by rights holders. Prominent counterfeiting cases have languished in courts for years. Most counterfeit and pirated goods are imported from China, though some companies have suffered from locally produced counterfeits.

### **Protecting Your Intellectual Property in Uganda:**

Several general principles are important for effective management of intellectual property (“IP”) rights in Uganda. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Uganda than in the U.S. Third, rights must be registered and enforced in Uganda, under local laws. Your U.S. trademark and patent registrations will not protect you in Uganda. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Ugandan market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Uganda. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Uganda law. The U.S. Commercial Service can provide a list of local lawyers upon request [If this list is available on embassy website, [hyperlink here](#)].

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Uganda require constant attention. Work with legal counsel familiar with Ugandan laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.



It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Uganda or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Uganda at: [CommercialKampala@state.gov](mailto:CommercialKampala@state.gov).

## Due Diligence

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Credit reporting is in its infancy in Uganda and due diligence is difficult to perform. The Bank of Uganda launched Uganda's first Credit Reference Bureau (CRB) in December 2008. To become operational, the bureau must first create a database to give commercial banks access to information such as the credit history of loan applicants. It is hoped that the CRB will lead to lower costs of borrowing, quicker loan processing, and exclusion of serial defaulters from the credit market. Sellers are advised to collect cash upon or before delivery and to collateralize all loans. Sellers should also be aware that fraud is widespread and that accounts and bank statements may not reflect actual financial data. Firms should check document accuracy with financial institutions or through a commercial law firm. Similarly, firms should also conduct reference checks of potential Ugandan partners, especially other foreign customers or suppliers. Price Waterhouse Coopers, Ernst & Young, Deloitte & Touche, and other firms and business associations can facilitate such processes. The American business community in Uganda has also established an American Chamber of Commerce which may assist in such processes in the future. The U.S. Embassy Economic and Commercial office also offers a number of services to assist U.S. companies in their due diligence of local companies and partners.

## Local Professional Services

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The Institute of Certified Public Accountants of Uganda (ICPAU): tel.: 256-41-540-125/6; e-mail: [icpau@infocom.co.ug](mailto:icpau@infocom.co.ug)

Uganda Association of Consulting Engineers: tel.: 256-41-342-536; website: [www.uace.or.ug](http://www.uace.or.ug)

Uganda Bankers Association: tel. 256-41-343-199; e-mail: [uba@uol.co.ug](mailto:uba@uol.co.ug)

Uganda Law Society: tel.: 256-41-342-424; website: [www.uls.or.ug](http://www.uls.or.ug); e-mail: [ulss@utlonline.co.ug](mailto:ulss@utlonline.co.ug)

Uganda National Association of Building and Civil Engineering Contractors: tel.: 256-41-287-836; e-mail: [unabcec@infocom.co.ug](mailto:unabcec@infocom.co.ug)

Uganda Society of Architects: tel.: 256-41-232-963; website: [www.archuganda.org](http://www.archuganda.org); e-mail: [archuganda@siticable.co.ug](mailto:archuganda@siticable.co.ug)

## Web Resources

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Impact Radio: [www.victoryuganda.org](http://www.victoryuganda.org)

The Institute of Certified Public Accountants of Uganda (ICPAU): e-mail: [icpau@infocom.co.ug](mailto:icpau@infocom.co.ug)

KFM: [www.kfm.co.ug](http://www.kfm.co.ug)

Media Consultants Ltd. (MCL): e-mail: [mcluga@starcom.co.ug](mailto:mcluga@starcom.co.ug)

Radio Sanyu: [www.mondotimes.com](http://www.mondotimes.com) Simba Radio: [www.simba.fm](http://www.simba.fm)

The East African: [www.nationaudio.com](http://www.nationaudio.com)

The East African procurement News: [www.procnews.com](http://www.procnews.com)

The Monitor: [www.monitor.co.ug](http://www.monitor.co.ug)

The New Vision: [www.newvision.co.ug](http://www.newvision.co.ug)

U.S. Embassy Kampala Commercial Office: <http://kampala.usembassy.gov/business>

Uganda Association of Consulting Engineers: tel.: 256-41-342-536; website: [www.uace.or.ug](http://www.uace.or.ug)

Uganda Bankers Association: e-mail: [uba@uol.co.ug](mailto:uba@uol.co.ug)

Uganda Law Society: [www.uls.or.ug](http://www.uls.or.ug); e-mail: [ulss@utlonline.co.ug](mailto:ulss@utlonline.co.ug)

Uganda National Association of Building and Civil Engineering Contractors: e-mail: [unabcec@infocom.co.ug](mailto:unabcec@infocom.co.ug)

Uganda Society of Architects: [www.archuganda.org](http://www.archuganda.org); e-mail: [archuganda@siticable.co.ug](mailto:archuganda@siticable.co.ug)

WBS Television: <http://www.wavahtelelevision.com/>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

### Commercial Sectors

- Foods: processed and food processing/packaging
- Infrastructure: construction equipment, electrical power systems, pumps-valves-compressors
- Telecommunications equipment/Telecommunications
- Travel/tourism services; tourism infrastructure services
- Light manufacturing (import substitution and exports): household consumer goods, cosmetics/toiletries, footwear, furniture, textile fabrics, office products and equipment
- Mining: mining industry equipment, non-ferrous metals; oil gas mineral production/exploration services
- Marine fisheries products (seafood)
- Medical and dental equipment

### Agricultural Sectors

**Sector Name: Foods: processed and food processing/packaging**  
**ITA Industry code(s): FOD/FPP**

**Overview**

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports:

Total Imports:

Imports from U.S.:

As noted above, Uganda's traditional export crops have increased substantially in quantity and dollar value over the past several years. In 2010, Uganda exported \$284 million worth of coffee, \$86 million of tea. In 2009, Uganda exported \$60 million of tobacco and \$23 million of cotton. The agriculture and fishing sectors employ about 80% of the working-age population and accounted for 23% of the GDP in 2009/2010. Most industries in Uganda depend heavily on agriculture for raw material inputs. President Museveni actively promotes value-added exports, such as roasted coffee, palm oil processing, and cotton yarn. Uganda hopes to expand its agricultural exports under the East African Customs Union. Agricultural processing is starting to develop and there are investment opportunities in processing and packaging coffee, edible oils, tropical fruits, fruit juices, and nontraditional crops such as vanilla.

There is also potential for growth in horticultural exports. Uganda took advantage of the AGOA Initiative and began exporting cut flowers and textiles to the U.S. duty free in early 2006. A significant percentage of the food imports from the United States are monetized maize, soya beans and vegetable oils.

**Sub-Sector Best Prospects**

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Food processing equipment, including drying, storage, and treatment facilities; chemicals and additives used to preserve or process foods; canning, bottling, and other packaging equipment and related materials; repair and maintenance services; consulting services on set up and operation of food processing equipment and systems. The government is actively seeking investors in fruit juice processing.

**Opportunities**

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Opportunities exist primarily with private sector firms. Interested entities may wish to contact USAID, which has been working to improve Ugandan agricultural productivity, to obtain more information about specific processing opportunities.

#### **Web Resources**

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Livelihoods and Enterprises for Agricultural Development (LEAD) (USAID-sponsored)  
[www.leadug.com](http://www.leadug.com)

Uganda Coffee Trade Federation: [www.Uganda.co.ug/coffee](http://www.Uganda.co.ug/coffee)

Uganda Export Promotion Board: [www.Ugandaexportsonline.com](http://www.Ugandaexportsonline.com)

Uganda Flower Exporters Association: [www.ufe.org](http://www.ufe.org)

Uganda Investment Authority: [www.ugandainvest.co.ug](http://www.ugandainvest.co.ug)

Uganda Ministry of Agriculture, Animal Husbandry, and Fisheries: [www.agriculture.go.ug](http://www.agriculture.go.ug)

Uganda National Farmers Association: [www.ugandafarmers.org](http://www.ugandafarmers.org)

**Sector Name: Infrastructure: construction equipment, electrical power systems, pumps-valves-compressors**  
**ITA industry code(s): CON/ELP/PVC**

**Overview**

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports:

Total Imports:

Imports from U.S.:

Uganda has a pressing need for infrastructure improvements, particularly in regard to roads and power. International financial institutions and donors are interested in participating in these projects. Uganda lacks the feeder roads essential to bringing crops to market. The primary road network is also in need of expansion and repair. Uganda faces an increasing shortfall in electric power due to economic growth and a population growing at 3.2% annually. A consortium, consisting of the U.S. firm Sithe Global and Industrial Promotions Services (IPS) of the Aga Khan group, is building a 250 MW hydropower facility at Bujagali Falls on the Nile. The \$500 million project should begin producing electricity in 2011 and be completed in 2012, more than two years later than originally planned.

Uganda has no domestic production of the equipment needed to develop large-scale infrastructure projects. Additionally, Uganda's growing industries and service providers badly need larger and more modern sites, such as industrial zones, in which to operate. The government and World Bank are funding the construction of several industrial zones, such as one 13 KM outside Kampala in Namanve. The first firms moved into the site in 2010, but works such as roads, electricity, and water/sewage are ongoing. The GOU plans to build other zones in Uganda's major urban centers. With an estimated 300,000 housing units needed per year, commercial construction and residential construction in Uganda are booming.

**Sub-Sector Best Prospects**

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Infrastructure design, construction, and operation, particularly energy-related; environmental consultancy and analysis related to infrastructure projects; architecture; construction equipment; road building equipment; generators, transformers, and other power supply equipment; new cost effective building technologies.

## Opportunities

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The GOU issues frequent tenders for infrastructure projects, including for power generation, transportation infrastructure, and upgrades at Entebbe International Airport also. Some infrastructure projects are funded by the World Bank, the African Development Bank or other development institutions. Opportunities also exist to partner with local construction firms.

## Web Resources

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African Development Bank: [www.afdb.org](http://www.afdb.org)

East African Development Bank: [www.eadb.org](http://www.eadb.org)

Uganda Ministry of Energy and Mineral Development: [www.energyandminerals.go.ug](http://www.energyandminerals.go.ug)

Uganda Ministry of Tourism Trade and Industry: [www.mtti.co.ug](http://www.mtti.co.ug)

Uganda Privatization Unit: [www.finance.co.ug](http://www.finance.co.ug)

World Bank: [www.worldbank.org](http://www.worldbank.org)



**Sector Name: Telecommunications equipment/Telecommunications Services**  
**ITA industry code(s): TEL/TES**

**Overview**

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports:

Total Imports:

Imports from U.S.:

The Ugandan telecommunications sector boasts six internationally owned operators: MTN (South Africa), Uganda Telecom Limited (Libya), Airtel (India), Orange (U) Ltd. (French), Warid Telecom (UAE), and Smile (South Africa). The once government-owned UTL was privatized in 2000 with a 51% stake sold to UCOM a Swiss, German and Egyptian consortium for \$33.5 million. In March 2007, the Libyan government-owned firm Libya Africa Portfolio (LAP) purchased the 51% stake from UCOM. The remaining 49% interest was sold in a series of public offers on the Uganda Stock Exchange.

Pursuant to a "duopoly" agreement signed with the GOU in 2000, MTN and UTL were licensed to provide a full range of telecommunications services, while Zain provided mobile telephone services. The MTN/UTL duopoly expired in July 2005, providing international telecommunications companies with the opportunity to enter a variety of telecommunications sub-sectors. A new Uganda Communications Commission policy governing Uganda's licensing regime began in 2007. The UCC issues public service provider, infrastructure provider and general service provider licenses. As of June 2010, Uganda's number of fixed lines had increased to 265,890 from 213,820 in June 2009, and its number of mobile telephone subscribers rose to 10,375,220 from 9,464,979 a year before. The landing of undersea fiber-optic cable along the East African coast in September 2009 coupled with increasing competition between the companies has led to improvements in both cost and performance, though quality Internet service remains expensive and slow by international standards. Dial-up services at \$30 per month are very slow and experience frequent interruptions. Mobile broadband internet is providing improved performance and usage has increased rapidly in Uganda, with 358,000 subscriptions as of 2009. The Uganda Communications Commission (UCC) estimates there are approximately 3.5 million internet users countrywide. The communication sector grew by 30% in 2009/10 and accounted for approximately 3.2% of GDP. The sector also attracted an estimated \$270 million in capital investment in 2009/10. As of

June 2010 telephone density was 33.5% compared to 13.3% in 2007. Whereas only 33.5% of the population own cellular phones, the UCC estimates that this covers close to 100% of the population. Based on a significant decline in new subscriptions in 2009/2010 (962,311 vs. 3,377,209 in 2008/2009), some officials feel the Ugandan market may be fully saturated.

### **Sub-Sector Best Prospects**

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Cellular and wireless telephone systems; data transmission equipment; fiber optic equipment; trunked mobile phone systems and paging systems; switchers and routers; wireless access equipment; voice over Internet telephony; VSAT; computers and peripherals.

### **Opportunities**

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Contact the Uganda Communications Commission to inquire about investment opportunities.

### **Web Resources**

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Zain: [www.zain.com](http://www.zain.com)

Computer Frontiers International: [www.cfi.co.ug](http://www.cfi.co.ug)

MTN: [www.mtn.co.ug](http://www.mtn.co.ug)

Uganda Communications Commission: [www.ucc.co.ug](http://www.ucc.co.ug)

UTL: [www.utl.co.ug](http://www.utl.co.ug)

AFSAT Communications Uganda: [www.afsatug.com](http://www.afsatug.com)

Bushnet: [www.bushnet.net](http://www.bushnet.net)

Infocom: [www.imul.com](http://www.imul.com)

RCS Radio Communication: [www.rcs-communication.com](http://www.rcs-communication.com)

Jireh Technologies International : [www.jirehtechnologies.com](http://www.jirehtechnologies.com)

Zineth Electronic Security & Communication: [www.glocodev.co.ug](http://www.glocodev.co.ug)

Bitwork Technologies Ltd. : [www.bitworktech.com](http://www.bitworktech.com)

**Sector Name: Travel/tourism services; tourism infrastructure services**  
**ITA industry code: TEL/TES**

**Overview**

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports:

Total Imports:

Imports from U.S.:

The Ugandan tourism sector continues to grow and saw \$572 million in revenues in 2009. About 817,000 tourists visited Uganda in 2009 and international arrivals to Entebbe airport continue to increase. Kenya Airways has four flights daily from Nairobi, Egyptian Airways has direct flights from Cairo, Ethiopian Airways has flights once a day, six days a week from Addis Ababa, and South African Airways flies once a day, six days a week to Johannesburg. SN Brussels flies from Brussels to Kampala through Kigali four times a week. KLM recently increased flights into Uganda to five direct flights a week between Amsterdam and Entebbe. British Airways now has direct flights five times a week between London and Entebbe. In 2010, Turkish Airways began flights between Istanbul and Entebbe through Dar es Salaam three times a week. Uganda has signed a memorandum of understanding with China in an effort to promote tourism from China over the next five years. Foreign investors in the sector include Sheraton, Hilton, and the Serena Group, the latter of which completed extensive renovations to the former Nile Hotel and Conference Center in Kampala in 2006. The Serena and the Sheraton are Kampala's premier hotels. Hilton has broken ground on a hotel which is due to be completed in 2011.

Uganda boasts several notable tourist attractions including the Queen Elizabeth and Murchison Falls National Parks, for game watching; the Rwenzori Mountains, for mountaineering; the source of the Nile and the Nile river, for bird watching, white water rafting and kayaking; Mgahinga and Bwindi National Parks, for mountain gorilla trekking; and Lake Victoria, for a variety of water sports. Uganda has established the Ziwa Rhino Sanctuary to reintroduce white and black rhinos to Uganda's protected areas. The International Rhino Foundation based in Yulee, Florida donated two white rhinos to the reserve in August 2006, bringing the total number of white rhinos in the reserve to six. Uganda is one of only three countries with mountain gorilla populations. Tourists can visit groups of habituated gorillas in Bwindi and Mgahinga National Parks in western Uganda. Gorilla trekking passes cost \$500 each. The passes are a major source of

revenue for the parks and for gorilla conservation efforts. An isolated attack on gorilla-trekking tourists by Congolese rebels at Bwindi National Park in March 1999 set back Uganda's effort to expand tourism, but gorilla-related tourism has made a comeback after the GOU expanded security at the parks. There have been no other attacks since 1999.

Improved transportation networks and upgraded tourist facilities would enable Uganda to take full advantage of this sector's potential. Few local tour operators have the sophistication to tap into global tourism markets. Uganda, which has recently hosted several international conferences, including the 2007 CHOGM, is trying to market Entebbe and Kampala as regional convention centers. Since 2005, Uganda has been marketing itself under a campaign entitled "Gifted By Nature" to promote tourism and investment.

### **Sub-Sector Best Prospects**

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Tourism management; travel agencies; hotel design, construction and management; marketing.

### **Opportunities**

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The Uganda Wildlife Authority periodically markets concessions for services at or near Ugandan national parks.

### **Web Resources**

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Uganda Ministry of Tourism, Trade and Industry: [www.mtti.co.ug](http://www.mtti.co.ug)

Uganda Wildlife Authority: [www.uwa.or.ug](http://www.uwa.or.ug)

Uganda Investment Authority: [www.investuganda.com](http://www.investuganda.com)

**Sector Name: Light manufacturing (import substitution and exports): household consumer goods, cosmetics/toiletries, footwear, furniture, textile fabrics, office products and equipment**  
**ITA industry code(s): HCG/COS/FOT/FUR/TFX**

**Overview**

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports:

Total Imports:

Imports from U.S.:

Manufacturing has increased significantly in Uganda over the past five years with a focus on exports to regional markets of products such as plastic goods and consumer products. A small but growing middle class in Uganda serves as a market for these items. Uganda continues to expand its exports throughout the Great Lakes region, particularly to southern Sudan and the Democratic Republic of Congo. The elimination of tariffs within the East African Community makes Ugandan exports more economical in Kenya and Tanzania, while opening Uganda to increased imports from those countries. American goods must compete with those from neighboring countries. With the implementation of the African Growth and Opportunity Act (AGOA), investment possibilities in textile and agricultural production for export have increased, though few producers are taking advantage of these benefits. AGOA exports to the U.S. in 2009 were around \$1 million. Northern Uganda was traditionally a cotton growing area, and improved security in the north has the potential to significantly increase cotton production. There has been significant foreign investment in the past few years in the beverage industry, with Coca Cola, Pepsi, SABMiller, and East African Breweries leading the way. Uganda boasts some of the best cotton yarn in Africa.

**Sub-Sector Best Prospects**

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Cosmetics, particularly hair products; used clothing; footwear.

**Opportunities**

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As the Ugandan standard of living increases (at least in Kampala), more Ugandans are purchasing consumer items at large supermarkets or department stores. American

vendors should contact these stores directly. Stores include Shoprite, Uchumi, Woolworths, Nakumatt, and Game stores.

## **Web Resources**

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Game Store: tel.: 256-31-350-400; e-mail: [kevinsi@game.co.za](mailto:kevinsi@game.co.za)

Shoprite: tel.: 256-31-264-120; e-mail: [041684@shoprite.co.za](mailto:041684@shoprite.co.za)

Uchumi: tel.: 256-31-262-300; e-mail: [gardencity@uchumiug.com](mailto:gardencity@uchumiug.com)

**Sector Name: Mining: mining industry equipment, non-ferrous metals; oil gas mineral production/exploration services**  
**ITA industry code(s): MIN/NFM**

**Overview**

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports:

Total Imports:

Imports from U.S.:

Uganda is endowed with a great diversity of geological formations and structures. Mining activities may offer good investment opportunities for experienced firms. In 2008, Uganda completed a national airborne mineral survey and found mineral potential in 80% of surveyed areas. The survey showed occurrences of oil and natural gas, copper, cobalt, gold, uranium, tin, tungsten, coltan, lead, and zinc. The most endowed regions neighbor mineral-rich eastern Congo in the southwest. The government is working to reform land laws to clarify issues related to surface rights, resettlement and the compensation of locals. The 2004 Mineral Act provides incentives to mining investors, with royalty fees for base and precious metals set at 3%.

As noted earlier, exploration activities in the Albertine Graben, in western Uganda, have confirmed the existence of oil deposits. Government sources estimate that Uganda has approximately 2 billion barrels of petroleum reserves. The crude oil is light and sweet but waxy, requiring heating or chemical treatment in transport. Rather than export the oil, the GOU would like to build a refinery to provide local and regional markets with petroleum products. Whether the oil is exported or refined, Uganda will need to make billions of dollars of infrastructure investments to handle the industry. To date, the government has licensed five exploration blocks to four firms. Four more exploration blocks will be auctioned off to bidders after Parliament passes a new Petroleum Act and Revenue Management Act. Oil production had been expected in 2010; however a high-profile tax dispute between the government and oil companies has held-up exploration and production for over one year.

European mining firms are involved in a \$100 million cobalt reprocessing project at Kilembe. High quality gold deposits also exist within Uganda. In the 2009/2010 fiscal year, the mining and quarrying sector increased by 12.8% and accounted for 0.3% of GDP. In 2010, Uganda's mining sector produced approximately one million tons of

material worth \$54 million, half of which was limestone for domestic construction use. The conflict in the Democratic Republic of Congo has created a vacuum of authority in which diamond and gold smugglers can easily operate. These smugglers, both military and civilian, actively exploit the conflict for financial gain, and many serve as middlemen for foreign buyers on the black market. Uganda exports far more gold than it mines locally and most of the balance originated from the DRC. In 2010, Ugandan gold production was \$157,000, but they imported \$21 million and exported \$17 million. In line with U.S. laws and regulations, investors should exercise caution to avoid projects involving the illegal transfer of Congolese mineral resources.

#### **Sub-Sector Best Prospects**

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Mining equipment; power generation equipment; civil engineering services; pumps, valves, and related materials.

#### **Opportunities**

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Possible investment in existing mines or establishment of new extraction sites.

#### **Web Resources**

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Uganda Ministry of Energy and Mineral Development: [www.energyandminerals.go.ug](http://www.energyandminerals.go.ug)

Department of Geological Survey and Mines of Uganda: [www.uganda-mining.go.ug](http://www.uganda-mining.go.ug)



**Sector Name: Marine fisheries products (seafood)**  
**ITA industry code: MFI**

**Overview**

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports:

Total Imports:

Imports from U.S.:

Uganda has stocks of Nile perch and tilapia, which are processed locally and exported. Most fish come from Lake Victoria, the second largest freshwater lake in the world, which enables Ugandan exporters to export fish via nearby Entebbe airport. Several foreign investors have set up fish processing facilities, some of which are looking to produce value-added products and better cuts of fish. The fish sector has been declining, however, due over-fishing and lax enforcement. Fish exports in 2009 fell to 17,350 tons worth \$87 million, down from 23,400 tons worth \$115.3 million, in 2008. Fourteen fish processing factories are approved to export to the European Union. New investments in fish farming may ease pressure on Lake Victoria resources. Uganda is experimenting with fisheries to continue expanding in this sector.

**Sub-Sector Best Prospects**

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Fishing equipment; processing equipment; materials related to construction and operation of fish processing facilities; food additives and chemicals used for value-added fish products.

**Opportunities**

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Opportunities exist for investments in fish processing facilities or in farm raising operations for Tilapia.

**Web Resources**

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Nile Basin Initiative: [www.nilebasin.org](http://www.nilebasin.org)

Uganda Fish Processors & Exporters Association: [www.lakevictoriafish.com](http://www.lakevictoriafish.com)

Uganda Ministry of Agriculture, Animal Husbandry, and Fisheries: [www.agriculture.go.ug](http://www.agriculture.go.ug)

Uganda National Environmental Management Authority: [www.nemaug.org](http://www.nemaug.org)

**Sector Name: Medical and dental equipment**  
**ITA Industry Code: MED/DNT**

**Overview**

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Unit: USD thousands

	2009	2010	2011 (estimated)	2012 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A
Exchange Rate: 1 USD				

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production:

Total Exports:

Total Imports:

Imports from U.S.:

Overall, medical facilities in Uganda are poor, even in the capital. The country has few public hospitals. These can provide limited services. To fill the gap, several local and international investors have constructed private hospitals and dental clinics to serve wealthy and middle-class Ugandans, along with expatriates. Many expatriates nevertheless leave Uganda for complex medical procedures. Medical evaluation insurance is advisable for expatriate staff. Large businesses provide basic medical services for employees. Uganda is a leader in the fight against HIV/AIDS and has received large financial support from the United States to set up programs and facilities to combat the disease. Some of this funding is used to purchase medicines and related treatment equipment. American exports of medical equipment to Uganda have increased in recent years and large American manufacturers have established distribution arrangements with local partners.

**Sub-Sector Best Prospects**

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Record management equipment and systems; ultrasound; electrocardiographs; dopplers for obstetrics; pulse oximeters; ventilators; cardiac echo machines; treadmill stress machines; lab equipment (including equipment needed for microbiology, haematology, chemistry, and histopathology).

**Opportunities**

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All subsectors.

**Web Resources**

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Academic Alliance for AIDS Care and Prevention in Africa: [www.aaacp.org](http://www.aaacp.org)

Gulu Independent Hospital: [www.guluindependenthospital.com](http://www.guluindependenthospital.com)

Joint Clinical Research Center: [www.jcrc.co.ug](http://www.jcrc.co.ug)

Kigezi International School of Medicine: [www.kigezi.edu](http://www.kigezi.edu)

Mulago Hospital: [www.mulago.or.ug](http://www.mulago.or.ug)

National Drug Authority: [www.nda.or.ug](http://www.nda.or.ug)

National Medical Stores: [www.natmedstores.org](http://www.natmedstores.org)

The AIDS Society of Uganda: [www.tasouganda.org](http://www.tasouganda.org)

Uganda AIDS Commission: [www.aidsuganda.org](http://www.aidsuganda.org)

Uganda Ministry of Health: [www.health.go.ug](http://www.health.go.ug)

Uganda's agricultural land is considered among the best in Africa, with low temperature variability and two seasons of good rainfall for the southern half of the country. Agriculture accounted for about 23% of GDP in 2009, accounted for 90% of export earnings, and it is estimated that about 80% of all Ugandans are employed in agriculture in some form. Agricultural production and processing will remain the mainstay of Uganda's economy for the foreseeable future. The country produces a wide range of food products. Some obstructions to the expansion of agricultural investment include the lack of high quality packaging capabilities, the lack of storage facilities, high freight costs, the lack of feeder roads in rural areas, a complicated and inefficient land tenure system and untrained manpower. Ugandan producers often find it difficult to meet sanitary and phytosanitary standards required to export goods to Europe and the United States. Following decades of instability, farmers in the north again have access to some of the most fertile land in the country -- traditionally used to grow cotton. Most crops are grown on small plots with few or no inputs, however.

The following offer good investment opportunities: Equipment to process or otherwise prepare traditional crops such as coffee, tea, cotton, and tobacco, Uganda's largest foreign exchange earners outside of remittances, tourism revenues and donor funds. While these have traditionally been exported in raw form, Uganda is attempting to process these goods to create added value and increase export earnings.

**Biofuels:** An American investor has recently planted 3,000 hectares as part of an investment in the biofuels industry, another area of opportunity. The United States Trade Development Agency has recently commissioned a study of this industry to determine its viability in Uganda. The results of the study should be released in 2011.

**Fruit and vegetable processing:** particularly for canning pineapple and producing frozen or pulps or juice concentrates from various tropical fruits, including passion fruit, mango, pineapple and papaya. Uganda seeks to increase production of processed organic foods. In 2010, Coca-Cola in partnership with the Bill and Melinda Gates foundation initiated an \$11.5 million program to assist Ugandan farmers in meeting standards to supply mangos for Coca-Cola's locally produced and sold fruit juices. The government is actively seeking investors in fruit juice processing.

**Edible oil production:** Uganda's current needs for edible oil are being met by imports. Production of oil seed crops (sesame, sunflower, palm) has attracted major investors and is steadily increasing.

**Staple food crops processing:** staple food crops grown in Uganda include plantains, millet, sorghum, maize, beans, cassava, sweet potatoes, groundnuts (peanuts), rice, wheat and Irish potatoes. The United States provides large amounts of food aid, specifically wheat, maize, other cereals, flours and cereal meals, and edible oils.

**Flowers:** roses, carnations and other exotic plants are currently grown in Uganda and exported to Europe and starting in 2006 were exported to the United States. Given Uganda's climate, both seeded annuals and perennials are suitable for commercial development.

**Livestock:** Uganda boasts a growing livestock industry centered on Ankole cattle and a

growing dairy sector. Much of the milk produced is wasted because very few facilities for cold storage exist. Potential exists for processing plants make powder milk or UHT milk. Demand also exists for better breeding techniques, as well as for feed and veterinary care. Endemic diseases and lack of quality limit export potential, however.

Food products: Transportation costs to Uganda, combined with low per capita income and heavy competition from regional and European manufacturers, make Uganda a difficult market for exporters of processed U.S. food products. However, exporters may seek to target niche markets, such as wines and other alcoholic beverages.

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## Chapter 5: Trade Regulations, Customs and Standards

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- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
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- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
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### Import Tariffs

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Uganda, Kenya, Tanzania, Rwanda and Burundi have adopted a three-band duty structure for imports from outside the Customs Union under the terms of an East African Community (EAC) agreement. Most finished products are subject to a 25% duty, while intermediate products face a 10% levy and raw materials may still enter duty free. This increased import duties on some products currently imported into Uganda from the U.S. However, under pressure from local industry, the GOU successfully pushed for a five-year exemption on certain import duties and is negotiating with Kenya and Tanzania to define certain manufactured products of key importance to Ugandan industries as "raw materials." The Customs Union removes tariffs on most trade between the three countries, though Kenyan exports will be subject to a 10% duty, which will be phased out in 2% increments over five years. Excise surcharges have been unified at 10%. The EACU members also created a list of "sensitive" products -- generally products that compete with certain domestic industries -- that qualify for higher tariffs. For example, the EACU members recently dramatically increased duties on imports of used clothing, a major U.S. export to East Africa. In November 2009, the heads of state of the EAC member countries signed the Common Market Protocol, agreeing to establish a common market for Kenya, Tanzania, Uganda, Rwanda, and Burundi. This common market will be gradually phased-in commencing in 2010.

In addition to the EACU, Uganda is a member of the Common Market for East and Southern Africa (COMESA), which also is working on reducing import tariffs for member nations. Proposed duty rates for COMESA countries are 0% (primary goods), 4% (intermediate goods) to 6% (finished products). Imports of primary goods from outside of COMESA will not face import duties, though intermediate products will face 7% tariffs and finished products 15% tariffs. Pursuant to WTO rules, it is unclear if Uganda can be a member of more than one customs union.

### Trade Barriers

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Uganda has few formal trade barriers, though bureaucratic inefficiencies, high transport costs, and an influx of counterfeit consumer products are the primary reasons for

increased costs for foreign businesses. Import bans have been phased out for beer, soda, batteries and cigarettes. Small reductions in fuel duties were introduced in an attempt to reduce costs for producers and transporters. However, the world wide increase in oil prices in 2008 had an adverse effect on the fuel prices in Uganda, causing higher transport costs and creating double digit inflation.

### **Import Requirements and Documentation**

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Import certificates, issued by the Minister of Tourism, Trade and Industry are required for goods on a "negative list," including used tires and certain types of batteries, and have a validity of six months. The certificates take the place of import licenses. However, with the EACU the process has become longer since the three East African Trade Ministers have to agree and coordinate on the list.

### **U.S. Export Controls**

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According to Uganda's constitution, military products which pose a threat to the security of the nation may not be exported to Uganda. U.S. exporters must obtain a license from the U.S. State Department to export most weapons from the United States.

### **Temporary Entry**

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Many products are shipped through Uganda on their way to eastern Congo, southern Sudan, and Rwanda. The customs administration has reduced the transit time to seven days. Transit goods require a transit permit from the Uganda Revenue Authority.

### **Labeling and Marking Requirements**

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The following information must be clearly marked on imports and exports: importer/exporter name, consignee, flight/vehicle details, place of discharge, number of packages, container identity, description of goods, air way bill number/bill of lading, and country of origin/destination. Uganda recently adopted additional labeling requirements for imports of used clothing. However, implementation of these requirements has been delayed in 2006 after the Uganda National Bureau of Standards met with the stakeholders such as importers, consumers and exporters to review inspection requirements. These requirements are still under review. Ugandan policy supports the adoption of labels for food products containing genetically modified organisms, but the country has yet to adopt any formal requirements.

### **Prohibited and Restricted Imports**

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The following items cannot be imported into Uganda:

- pornographic materials
- used motor vehicle tires
- used computers and appliances
- imports banned under international agreements to which Uganda is signatory



(Note: The GOU recently proposed banning imports of motor vehicles over seven years old. However, this ban has not yet taken effect, though the GOU is contemplating imposing taxes on such automobiles. The GOU also is considering imposing limitations on imports of used clothing, used computers, and used refrigerators.)

## Customs Regulations and Contact Information

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Commissioner  
P.O. Box 444, MTAC Nakawa  
Kampala, Uganda  
Tel: 256-41-334501/334502

For information on Ugandan customs statutes and regulations, please contact:  
E-mail: [prte@ura.go.ug](mailto:prte@ura.go.ug)  
Website: [www.ugrevenue.com](http://www.ugrevenue.com)  
Tel.: 256-41-234-119  
Fax: 256-41-259-559

For information on the East African Customs Union, including the common external tariff, internal tariffs, rules of origin, or the Customs Management Act, please visit [www.eac.int](http://www.eac.int)

## Standards

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- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
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## Overview

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Importers/exporters should contact the Uganda National Bureau of Standards (UNBS) (tel.: 256-41-222-367; website: [www.unbs.org](http://www.unbs.org)) for specific information on standards.

## Standards Organizations

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Please contact the Uganda National Bureau of Standards.

### NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## Conformity Assessment

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Please contact the Uganda National Bureau of Standards.

## Product Certification

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Please contact the Uganda National Bureau of Standards.

## Accreditation

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Please contact the Uganda National Bureau of Standards.

## Publication of Technical Regulations

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Please contact the Uganda National Bureau of Standards.

## Labeling and Marking

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The following information must be clearly marked on imports and exports: importer/exporter name, consignee, flight/vehicle details, place of discharge, number of packages, container identity, description of goods, air way bill number/bill of lading, and country of origin/destination. Uganda adopted additional labeling requirements for imports of used clothing. However, implementation of these requirements has been delayed pending another stakeholders workshop due to an appeal by importers who see the requirements as being unpractical. Ugandan policy supports the adoption of labels for food products containing genetically modified organisms. However, Uganda has yet to adopt any formal requirements.

## Contacts

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Importers/exporters should contact the Uganda National Bureau of Standards (UNBS) (tel.: 256-41-222-367; website: [www.unbs.org](http://www.unbs.org)) for specific information on standards.

## Trade Agreements

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Uganda is a member of the East African Community (EAC), COMESA and the Africa-Union Abuja agreement. Duties and tariffs for countries in these groups, including South Africa, are significantly lower than duties for non-members. As part of the East African Community, Uganda, Kenya, Rwanda, Burundi and Tanzania have created an East African Customs Union designed to promote free trade among the three nations. At this time, the EAC members are working to harmonize standards and investment rules. Rwanda and Burundi joined the EAC at the end of 2006.

## Web Resources

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Uganda National Bureau of Standards: [www.unbs.org](http://www.unbs.org)

East African Community: [www.eac.int](http://www.eac.int)

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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Uganda is open to foreign investment and provides attractive incentives for medium and long-term foreign investors. The Heritage Foundation's 2010 Index of Economic Freedom ranked Uganda's economy 76 of 179 countries, and as the fifth freest economy of 46 countries in sub-Saharan Africa based on the ease of doing business, openness to trade, property rights, and fiscal and monetary policy.

Since coming to power in 1986, President Yoweri Museveni established relative political stability and economic growth. He encourages foreign businesses to set up operations in Uganda, particularly in value-added manufacturing and agro-processing. In 2001, Uganda created the Uganda Investment Authority (UIA) to assist foreign and domestic investors. A revised investment code is still under review. Once adopted, this code will turn the UIA into a one-stop shop for investors by granting the UIA new powers to obtain secondary permits for investor operations, allocate government resources for investment, and provide government incentives for rural investment.

Uganda is moving away from a much-criticized emphasis on ad hoc, venture-specific incentives for potential investors in favor of an approach aimed at leveling the playing field for all investors. Uganda now offers investment incentives and is implementing reforms to ease business transactions. The UIA is implementing a plan to construct industrial parks in the country's largest population centers. The government is financing the project with a \$27 million World Bank loan and \$10 million budget allocation. The first park is located eight miles east of Kampala in Namanve, with electricity, sewage

systems, roads, and telecommunications infrastructure jointly funded by the World Bank and the government. While works are still ongoing at the Namanve park, it is open for business, and companies have started to move in. Other parks are planned for Kampala, Mbarara, Mbale, Gulu, and Soroti. According to the UIA, land at these sites is available and applications for development are being accepted. The government will subsidize investor costs based on a formula that calculates the amount to be invested and other factors such as the number of workers to be employed by the venture. For more information on incentives for investment, see the section below entitled "Performance Requirements and Incentives." Investors can also find information on the UIA website at [www.ugandainvest.com](http://www.ugandainvest.com).

According to UIA, Uganda attracts many investors from the Middle East and Asia. In 2010, Firms from the United Arab Emirates, India, and China obtained licenses for cumulative investments worth hundreds of millions of dollars. Firms from traditional investor countries such as Kenya, South Africa and the United Kingdom (UK) also obtained licenses. According to the UIA, India was the largest foreign investor in 2010 with 47 proposed projects worth \$173 million. The United Kingdom was second with 13 projects worth \$76 million. Firms invested primarily in the manufacturing, finance, agriculture, and mining sectors. In total, UIA granted licenses to 323 projects worth \$1.67 billion in 2010. Actual investments, however, are typically lower than commitments.

U.S. foreign investment in Uganda remains relatively small. In 2010, UIA licensed six new U.S. investments worth \$2.2 million, making the U.S. the 22nd largest investor in Uganda.

Ugandan policies, laws, and regulations are generally favorable towards foreign investors, though revised legislation is needed. Uganda is revising more than 20 commercial and bankruptcy laws to reduce administrative delays and the cost of doing business. This includes plans to revise the Companies Law, modernize and speed up bankruptcy procedures, strengthen intellectual property rights protections, expand and clarify provisions on mortgages, update commercial contract law, and modernize provisions for e-commerce and electronic signatures. Most of these laws are either still in the drafting phase or awaiting Parliamentary review.

A draft Companies Bill, pending in Parliament since 2009, is designed to replace the obsolete Companies Act, which remains the legal basis for the regulation of companies in Uganda. Under both the current and draft law, foreign investors may form 100% foreign-owned limited or unlimited liability companies and majority or minority joint ventures with Ugandan partners without restrictions. 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. The new Companies Act allows for the creation of single-person companies, permits the registration of companies incorporated outside of Uganda, and provides new provisions for share capital allotments and transfers. For a full description of the type of companies that firms are allowed to establish, visit the UIA website at [www.ugandainvest.com](http://www.ugandainvest.com), or see the Business in Development Network Guide to Uganda available at [www.bidnetwork.org](http://www.bidnetwork.org).

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.

In recent years, the Uganda Revenue Authority (URA) has improved its efficiency, boosted transparency, and increased tax compliance. Part of this success is due to an internal restructuring, though the URA has also grown more aggressive in collection by targeting large, often foreign-owned businesses. Despite these improvements, the URA is still perceived as a corrupt institution. Transparency International's 2010 East African Bribery Index listed the URA as the fourth most corrupt institution in East Africa and the most corrupt institution in Uganda. Government revenue comprised approximately 76% of the national budget in fiscal year 2010/2011, up from 50% five years ago. The URA has offices throughout Uganda to provide local points of contact to address taxpayer concerns. Individuals are taxed at rates between zero and 30%. Business entities are taxed at 30%, though mining companies are taxed at rates between 25% and 45%.

The Investment Code allows foreign participation in any industrial sector except those touching on national security or requiring the ownership of land. The Investment Code also allows licensing authorities to impose performance obligations on foreign investors to which nationals are not subject. While the Code does not specify these obligations, UIA imposes requirements based on the size of investment, staff training, local employment, local procurement and environmental protection. (See section below, "Performance Requirements and Incentives.")

In 2006, the World Bank provided a \$70 million credit for the Private Sector Competitiveness Project. This program improves Uganda's basic infrastructure for business development. The funds are distributed through the Private Sector Foundation (PSF) – a private business advocacy group founded with funds from the United States Agency for International Development (USAID) – to revamp the entire land registry system. Scheduled for completion in 2012, the project also aims to modernize Uganda's business registration service, support the Uganda Law Reform Commission in the revision of the commercial legislation, develop private sector capacity and skills, boost private sector productivity, and raising the quality, standards, and reliability of micro, small, and medium-sized enterprises. Due to project, the PSF requested an extension through 2013 as well as additional funding for the land registry.

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. In 2007, President Museveni withdrew plans to allocate a protected forest reserve to investors for the expansion of sugar cane and palm oil plantations after violent domestic protests and international criticism from environmental groups. Likewise, environmental groups raised serious concerns over the 250 MW Bujagali hydroelectric dam, delaying the project and causing some potential partners to withdraw from the project. The dam is being funded privately with a loan guarantee from the World Bank's International Finance Corporation.

Uganda's lack of adequate electricity supply and poor road infrastructure are major impediments for investors as road blockages, load shedding, and unexpected power outages generate unexpected costs for all businesses. Uganda currently has just 415 MW of operational electricity capacity, leaving some 90% of Ugandans with no access to electricity. Completion of the Bujagali dam in 2012 will relieve some pressure. Uganda is seeking investors for the construction of an additional 1,045 MW of electricity generating capacity in the next five years, though demand is expected to continue to outstrip supply due to Uganda's economic and population growth. The 2010/2011 budget provides \$66 million for energy infrastructure development, down from \$170 million in 2009/2010. Uganda is continuing its commitment to invest in roads, with plans to spend \$483 million in 2010/2011. While this is down slightly from \$559 million in 2009/2010 and \$680 million in 2008/2009, it is still higher than the \$390 million spent in 2007/2008 and illustrates a continued emphasis on roads.

The telecom sector is booming after the GOU lifted a moratorium on new mobile telephone operator licenses. This has generated new competition, lower prices, expanded coverage, and greater telephone penetration among the population and throughout the country. Further, Uganda is investing \$117 million on a national fiber-optic network to take advantage of the arrival of undersea fiber-optic cables in East Africa. The first two phases of this project are complete and the third phase is scheduled for completion in June 2011. This will eventually result in decreased costs and increased internet speeds as ISPs switch to fiber from expensive and slow satellite connections.

Measure	Year	Index/Ranking
TI Corruption Index	2010	2.5 (127/178)
Heritage Economic Freedom	2010	62.2 (76/179)
World Bank Doing Business	2011	122/183
MCC Gov't Effectiveness	2011	.27 (77%)
MCC Rule of Law	2011	.49 (82%)
MCC Control of Corruption	2011	-.10 (47%)
MCC Fiscal Policy	2011	-.21 (55%)
MCC Trade Policy	2011	74.8 (75%)
MCC Regulatory Quality	2011	.52 (92%)
MCC Business Start Up	2011	.918 (41%)
MCC Land Rights Access	2011	.780 (93%)
MCC Natural Resource Mgmt	2011	69.48 (71%)

## Conversion and Transfer Policies

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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 (BOU, the Central Bank) in order to repatriate profits, dividends, and make payments for imports and services. The BOU prefers that investors make large transfers through the Central Bank itself in order to help it monitor and maintain the stability of the Ugandan shilling,

though this is not a requirement. Investors have reported no problems with their ability to perform currency transactions.

## **Expropriation and Compensation**

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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. Uganda is a member of the Multilateral Investment Guaranty Agency (MIGA) and the International Center for the Settlement of Investment Disputes (ICSID).

## **Dispute Settlement**

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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 1999 and has three commercial court judges and one deputy registrar. In 2007, a new law allowed for Chief Magistrates and Grade One Magistrates to adjudicate more commercial disputes, easing the burden on the commercial court judges. The court strives to deliver to the commercial community an efficient, expeditious, and cost-effective mode of adjudicating disputes. Despite a lack of funds and space, the commercial courts dispose of disputes within about seven months, as opposed to the several years it used to take commercial litigation to wind through the Ugandan judiciary. However, approximately 80% of disputes are settled out of court to save time and money. Some investors complain that the process favors local companies and that political pressures can disrupt and delay outcomes. Government agencies often refuse to follow rulings, leaving foreign investors few official channels to turn to. The Center of Arbitration for Dispute Resolution (CADER) can assist in commercial disputes.

Uganda is a party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. 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. Ugandan penalties may not be a sufficient deterrent since the penalties have not increased to account for currency depreciation. Pursuant to Section 73 of the Arbitration and Conciliation Act, the GOU accepts binding arbitration with foreign investors. The act, which incorporates the 1958 New York Convention, also authorizes binding arbitration between private parties.

## **Performance Requirements and Incentives**

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There are no mandatory performance requirements in the Investment Code, but licensing authorities may impose obligations on a foreign investor as a licensing condition. The most basic licensing condition is that investors creating 100% 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. Some foreign companies have also encountered difficulty in obtaining land due to complex land laws and a non-transparent land registry. (For more information on land ownership, see "Right to Private Ownership and Establishment," below.)

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% of allowances for plants and machinery and 100% of training costs are deductible on a one-time basis from a company's income. A range of annual deductible and depreciation allowances also exist, resulting in investors normally paying substantially less than the 30% corporate tax rate in the early years of their investment. In order to promote export-oriented manufacturing investment, the GOU included several tax incentives in the 2008/2009 budget. These included a removal of the import duty on plant and machinery imports, as well as for schools, hotels, hospitals, agro-processors, and heavy truck transporters. The GOU also provides a 10-year tax holiday for investors engaged in export-oriented production and, if the investment is located more than 25 KM away from Kampala, for agro-processing investors. In the 2009/2010 budget some of these incentives were enhanced and others were introduced. Import duty on trucks with a carrying capacity of at least 5 tons was reduced from 25% to 10% and trucks with a minimum capacity of 20 tons now have no import duty. Taxes on spare industrial parts were removed as was duty on insulated milk tanks.

The Law Reform Commission has proposed draft legislation on investment incentives, but further steps have not been approved. The draft legislation would include an exemption on withholding tax on interest on external loans, repatriation of dividends to provide relief from double taxation, exemptions from duty on raw materials, and a waiver of export tax. Foreign investors should consult the UIA and carefully evaluate depreciation allowances by region and sub-sector prior to investing. The GOU will often work with foreign investors to provide additional incentives, including further tax reductions, government subsidies, or the provision of land.

## **Right to Private Ownership and Establishment**

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The Land Act of 1998 codified many of the complex land laws in Uganda. Foreign companies or individuals may not own land, but they may hold it under long-term lease. Foreigners must seek Cabinet approval through the UIA to lease land over 50 acres to be used for agricultural or animal production purposes. Uganda has not initiated any changes to allow foreign investors to purchase freehold property.

Businesses generally deem acquisition of land with a clean title as one of their biggest challenges. According to the International Finance Corporation's 2010 Doing Business Survey, Uganda's property registration process ranked near the bottom, at 150 out of 183 countries surveyed. It is estimated that there are more than 8,000 fake land titles in Uganda. The Private Sector Foundation, with credit from the World Bank, is in the process of creating a new land registry and intends to establish five land offices throughout the country.

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 laws 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. Mailoland is land that was granted to individuals and churches mostly in central Uganda during the colonial period. Mailoland cannot be owned by foreigners and the use of such land is subject to the agreement of bonafide or lawful occupants, who may not own the land but have the right to reside there. Mailoland is also problematic for foreign investors seeking secure, court-enforceable use of land. The 2009 Land Bill complicated this further by giving occupants and squatters increased rights on mailoland at the expense of owner rights. Freehold land is the system in which registered land is owned permanently. It is only available 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.

## **Protection of Property Rights**

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Domestic private entities have the right to own property and businesses and may dispose of them at will. The mass expropriation of Asian properties under the Idi Amin regime in the 1970s was the largest violation of this right in Uganda's history. Over the past two decades, the GOU has actively returned or provided compensation for confiscated property. The Departed Asians' Property Custodian Board, located in the Finance Ministry, reviews claims for property lost during the 1970s.

The Uganda Revenue Authority, Ugandan Customs, and the Ugandan National Bureau of Standards share enforcement of existing counterfeit laws, but lack the funding and resources to adequately enforce these laws. The Uganda Law Commission has drafted new intellectual property rights (IPR) laws regarding counterfeit goods, but the law is awaiting Cabinet approval and passage in Parliament. The draft IPR laws seek to impose criminal penalties of fines and up to two years in jail for patent infringement and for selling counterfeit trademarked or copyright goods. Still, business people who have reviewed the draft complain that gaps in protection remain due to the draft law's heavy reliance on the under-funded Standards Bureau for enforcement.

Many counterfeit goods are manufactured in China. Bootlegged CDs, DVDs, and computer software are openly sold in Uganda's market places. American manufacturers of consumer goods, particularly of shoe polish, batteries, feminine hygiene products, and ink pens complain that counterfeiters are damaging their markets as fake goods serve as a deterrent to future foreign direct investment and damage brand names. Uganda is also losing hundreds of thousands of dollars in tax revenue every year due to understated custom duties from those transacting in counterfeit goods.

Ugandan customs, police, and prosecutors have initiated criminal proceedings against some recipients of illegal goods, but these cases have languished in court for several years without result. Under Section 32 of the Patents Statute of 1991, the Registrar of Patents awards patents for an initial period of 15 years, with a possible five-year extension if a request is made one month before expiration of the original term. Ugandan laws provide similar protections for copyright and trademark holders. Uganda

signed the World Intellectual Property Organization's Patent Law Treaty in June 2002, but has not yet ratified it.

## **Transparency of Regulatory System**

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Ugandan laws and regulations are published in the Government Gazette, but the regulatory system lacks internal transparency and varies substantially by regulatory body. Government agencies often have hearings, both public and private, where interested parties have an opportunity to comment on draft legislation and regulations. Agencies do not always observe all legal provisions, however, failing to hold hearings, ignoring the requirement for public tenders, ignoring regulatory violations, or providing other types of assistance to well-connected local businessmen. The UIA provides assistance to potential investors in navigating the regulatory process.

Many Ugandan agencies require potential and current investors to cut through substantial amounts of red tape for normal business transactions. The International Finance Corporation's 2010 Doing Business report, for example, ranked Uganda 122 of 183 countries for ease of doing business, down eleven places from 2009. The study found that it takes 25 days and 18 separate procedures on average to open a business in Uganda. Starting a business in certain sectors, such as mining, may take substantially longer. General infrastructure hindrances such as poor telecommunications and increasing amounts of traffic in Kampala slow down certain processes. Some government officials require that firms interested in government procurement contracts 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 (BOU) 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 judicial outcomes.

## **Efficient Capital Markets and Portfolio Investment**

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Capital markets are open to foreign investors. The GOU imposes a 15% withholding tax on interest and dividends. Credit is allocated on market terms, but lending to the private sector is relatively limited, and rates are high. The BOU hoped this would change following the lifting of the moratorium on new banks in 2007. While a number of new banks have entered the market, bringing the current total to 22, rates remain high and lending is still focused on a small portion of the population. Many banks have holdings of GOU Treasury bills and bonds that are often larger than their commercial loan portfolios. Rates of return on government-issued bills and bonds have declined over the past three to five years, causing banks to begin shifting their focus to commercial lending. According to the BOU, during the 2009/2010 fiscal year commercial bank lending to the private sector grew by 25.3%. However, interest rates remain high. Rates for prime borrowers for domestic debt currently range from 17% - 19%. To further increase competition, the BOU has begun publishing interest rates for the various financial institutions.

The Capital Markets Authority Statute of 1996 and subsidiary regulations address the licensing of broker/dealers and of stock exchanges, and established the Capital Markets Authority (CMA) as the securities regulator in Uganda. The Uganda Securities Exchange (USE) was inaugurated in June 1997 and is now trading the stock of 13 companies.

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 five Kenyan companies: Kenya Airways, East African Breweries, Jubilee Holdings Ltd., Kenyan Commercial Bank, and National Media Group. The East African Development Bank also lists bonds on the USE. In early 2010, the National Insurance Corporation went through an IPO and is now listed in the USE. In 2010, market capitalization of the USE increased by 51% from \$3.76 billion to \$5.67 billion due to the National Insurance Corporation IPO and the new cross-listing of the National Media Group.

Some large local businesses are reluctant to list on the stock exchange for fear that the disclosure requirements could expose them to greater tax liabilities. Additionally, some of Uganda's largest firms are family-owned operations reluctant to open up to outsider control. Seven companies currently provide brokerage services, including one American-owned firm, Crested Stocks and Securities.

In November 2003, the GOU enacted a collective investment law allowing investors to pool funds to be invested on the USE and in government treasury bills and treasury bonds. In December 2004, CMA licensed African Alliance Uganda to operate the first Ugandan collective investment scheme. Since 2004, the BOU successfully issued two-, three-, five-, and ten-year government bonds. The GOU hopes that by creating a benchmark yield curve it will encourage private companies to access the debt markets. These longer-term government bonds absorb excess liquidity from the market, and help bring down short-term interest rates.

Overall, the banking industry is well capitalized and has no serious non-performing loan problems. Tighter BOU supervision, including more stringent inspections and higher capital requirements, has helped the sector recover from a banking crisis in the late 1990s when several bank failures led to the closing of several institutions. Following a decade-long moratorium on new bank licenses, the BOU provided licenses to seven new institutions in 2007, bringing the number of banks in Uganda to 22. The total size of the commercial banking system has risen to \$4.6 billion in 2009, up from \$3.8 billion in 2008. Most banks are foreign owned, including major international institutions such as Citigroup, Barclays, Stanbic, and Standard Chartered. Ugandan banks remain conservative and have been criticized for a lack of enthusiasm when it comes to lending to all but the largest blue-chip operations. Interest rates for 12-month corporate loans generally run between 19% and 25%.

The BOU remains one of the most respected central banks in sub-Saharan Africa for its success in keeping markets open, the shilling stable, and inflation relatively low. Its independence, however, is challenged by political pressure to cover debts incurred by politically connected businessmen and the recent use of foreign exchange reserves to finance supplemental government expenditures. The GOU is urging donors to move their accounts from commercial banks to the BOU, claiming it is necessary to control levels of cash in circulation for monetary stability and inflation control purposes.

## **Competition from State Owned Enterprises**

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The GOU began a privatization program in 2001 that has resulted in the sale of 128 public enterprises, with 30 remaining in State hands. Of these, 15 are scheduled for divestiture in the next three years. The program has attracted foreign investors primarily in the agri-business, hotel, and banking sectors. The GOU has shown a willingness to consider debt/equity swaps in which government ownership in companies is transferred to private sector minority shareholders on mutually acceptable terms. Though generally deemed successful, some observers question 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 the mining, hotel & hospitality, agro industry, housing, and transport sectors. In some of these sectors, the GOU is not directly involved in the running of the business but remains a shareholder. The GOU is open to competition from private investors in all of these sectors. Planning is currently underway to develop a National Oil Company to enable the Government of Uganda to take a direct part in oil production and hold assets. Uganda does not currently have a Sovereign Wealth Fund. That may change in the next decade as Uganda experiences a sizable increase in revenue due to oil production.

## **Corporate Social Responsibility**

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In Uganda, corporate social responsibility (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 have experienced community pressure and social unrest when local residents do not see any direct benefit from their presence. While many enterprises in Uganda espouse some of the CSR principles under the OECD Guidelines for Multinational Enterprises, key areas such as combating bribery and corruption are routinely ignored.

## **Political Violence**

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The Governments of Uganda, the Democratic Republic of Congo (DRC), and southern Sudan began joint military operations against the Lord's Resistance Army (LRA), a Ugandan rebel group in DRC territory, in December 2008. There have been no LRA attacks in northern Uganda since 2006. Improved security in the north has allowed the vast majority of the 1.8 million internally-displaced persons to return to or near their homes. In north-eastern Uganda, armed cattle rustlers of the Karamojong and related ethnic groups continue to raid cattle and propagate violence. Due to continued security concerns, U.S. government employees cannot travel to Karamoja without first obtaining written approval from the U.S. Embassy Front Office.

In September 2009, approximately 40 people were killed and more than 100 injured during two days of rioting sparked by the GOU's refusal to allow the King of Buganda to travel to the town of Kayunga north of Kampala.

On July 11, 2010, 76 people including an American were killed and many more injured by terrorist bombings in Kampala. Al-Shabaab, the Somalia-based U.S.-designated Foreign Terrorist Organization, took credit for this attack. Information obtained from the

investigation into the bombings indicated that Americans and westerners in general were among the intended targets. Per our Worldwide Travel Caution, U.S. citizens should be alert to the possibility of additional terrorist attacks in Uganda. The U.S. Embassy continues to encourage U.S. citizens to strongly 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 provide vulnerable targets for extremist or terrorist groups.

Uganda will hold presidential and parliamentary elections on February 18, 2011. Uganda's 2006 presidential and parliamentary elections were generally orderly and peaceful, and there is no indication that the 2011 elections will be different. Nevertheless, U.S. citizens residing in or traveling to Uganda during the election period should monitor the news and developments throughout the election period.

The State Department has issued a Worldwide Caution with specific information for Americans considering travel to East Africa and Uganda specifically due to the region's continued threat risk from international terrorism along with the recent increase in terrorist attacks elsewhere in the world against perceived soft targets such as hotels, bars, restaurants, and places of worship. High levels of criminal activity throughout Uganda will remain. Spontaneous demonstrations can sometimes occur in Kampala and other cities. Although infrequent, these demonstrations can become violent and should be avoided. American citizens considering travel, employment, or investment in Uganda should read the Country Specific Information available at [www.travel.state.gov](http://www.travel.state.gov) for current security information.

## Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any

person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Uganda is party to the UN Anticorruption Convention and the African Union Convention on Preventing and Combating Corruption, but generally all countries prohibit the bribery and solicitation of their public officials.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA.

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Uganda is a party to the UN Anticorruption Convention.

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>)

**Council of Europe Criminal Law and Civil Law Conventions:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see [www.coe.int/greco](http://www.coe.int/greco).)

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Uganda does not have a free trade agreement with the United States.

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at [tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure



are available on DOJ's Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

**Corruption in Uganda:** Public sector corruption, including bribery of public officials, remains a major challenge for U.S. firms operating in Uganda. Transparency International's corruption perceptions index ranked Uganda as 127 out of 178 countries surveyed in 2010. While Uganda's ranking improved from 130 in 2009, the overall score remained the same at 2.5 (according to TI, a score lower than 3.0 indicates "rampant corruption"). Transparency International's 2010 East African Bribery Index ranked Uganda as the second most corrupt country in East Africa (after Burundi) and ranked the Uganda Revenue Authority as the fourth most corrupt institution in East Africa and the most corrupt institution in Uganda.

In 2011, the U.S. Millennium Challenge Corporation's (MCC) scorecard placed Uganda's efforts to control corruption at 47% in its peer group, or below average. In 2009, MCC completed a two-year \$10.4 million Threshold Country Program designed to strengthen the capacity of Uganda's anti-corruption agencies and enhance prosecutorial efforts. While this program was effective at enhancing some of Uganda's technical capacity for fighting corruption, political will remains absent and the program was not renewed.

Several high-profile government corruption scandals in recent years have resulted in few or no sanctions against the officials involved. Where the GOU has initiated criminal proceedings against high-level officials, the cases have dragged on in court with no resolution. In 2010, a bi-partisan Parliamentary committee implicated several senior ministers in a \$123 million corruption scandal related to the Uganda's hosting of the 2007 Commonwealth Head of Government Meeting.

American firms have noted some difficulties due to lack of transparency and possible collusion between competing business interests and government officials in tendering processes. Foreign companies are often targeted by tax collectors and auditors to make up for revenue collection shortfalls. Some foreign businesses have been urged to take on prominent local partners. Government procurement is not transparent. In previous years, several 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.

Anti-corruption legislation, regulations, and ethics policies do exist in Uganda, but much of it is not enforced and does not meet international standards as established in The United Nations Convention Against Corruption and the African Union Convention on

Preventing and Combating Corruption. The Penal Code Act (Chapter 120, Laws of Uganda) and the Prevention of Corruption Act (Chapter 121, Laws of Uganda) criminalize the offering or receipt of bribes. Penalties range from fines up to \$3,000 and/or up to 10 years in prison. Other draft legislation, including an anti-counterfeiting act and whistle-blower legislation, has not yet been presented to Parliament. Anti-money laundering legislation is also pending in Parliament.

### **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/departement/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp). The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment.

See

<http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

## **Bilateral Investment Agreements**

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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 has passed protocols establishing a Customs Union and Common Market among the five countries, numerous exceptions, unchanged regulations, and bureaucratic inefficiencies still hamper the free movement of goods, capital, and people. Uganda, along with its counterparts in the EAC signed a Trade Investment Framework Agreement (TIFA) with the United States in July 2008. Uganda is a member of Common Market for Eastern and Southern Africa (COMESA), but not a participant in the COMESA Free Trade Area.

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 was among 26 countries which signed onto an initiative aimed at establishing an African free trade zone stretching from Cairo to Cape Town in October 2008. According to the initiative, the members of the EAC, COMESA, and the Southern African Development Community (SADC) will draft a roadmap for creating a single trading bloc that would speed economic integration and therefore help African economies compete in the global economy. Observers remain skeptical that the entire group of countries is truly interested in the initiative.

## **OPIC and Other Investment Insurance Programs**

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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 2003, the Overseas Private Investment Corporation (OPIC) signed a master guarantee agreement with Citigroup to establish a lending risk-sharing facility in Uganda for local loans. In 2004, Export-Import Bank signed a similar master guarantee agreement with DFCU Bank. In 2007, the Export-Import Bank upgraded Uganda's financial guarantee availability to "long-term," which, at up to twelve years, is the longest guarantee available through the Bank.

## **Labor**

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Education and expertise are low in Uganda, though Uganda's universal primary education program is improving some basic skills. Most urban Ugandans speak English, though many speak it only as a second language to one of 33 local languages spoken in Uganda. Labor unrest is sporadic in Uganda, and labor unions are not strong. Under the current arrangement, employers must contribute an amount equal to 10% of an employee's gross salary to the National Social Security Fund (NSSF). When passed, the draft Uganda Retirement Benefits Authority Bill should add some competition to the NSSF and partially liberalize the pension sector. This legislation is being reviewed by Parliament. Labor laws also specify procedures for termination of employment and termination payments. Foreign nationals must have a permit to work in Uganda.

Uganda cooperates with the International Labor Organization (ILO) and has ratified all eight ILO conventions.

The National Organization of Trade Unions (NOTU) is the largest labor federation, and includes about 15 unions. Its rival, the Central Organization of Free Trade Unions (COFTU), includes five unions. Union officials estimate that of the two million persons working in the formal sector, 1.2 million are "potential" union members, but only 300,000 have paid union dues.

Uganda's Industrial Court is funded directly by the national budget (not through the Labor Ministry), and the President of the Industrial Court has the status of a judge. The Industrial Court has the power to re-instate employees who are improperly dismissed, and to impose fines against employers.

Uganda employs 39 inspectors to address child labor and other issues such as inspecting workplaces and processing worker and management complaints. This mechanism contributes to the enforcement of labor standards but lack of staffing and resources hampers its effectiveness. The Ministry of Gender, Labor, and Social Development is working to strengthen the capacity of existing labor officers.

In May 2007, the GOU launched its national child labor policy. Comprehensive anti-trafficking in persons legislation was passed in April 2009. 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.

## **Foreign-Trade Zones/Free Ports**

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The Free Zones Bill of 2002, which will authorize the creation of Free Trade Areas (FTA) within Uganda, is still awaiting final Cabinet approval. The Ugandan government is using a \$24 million credit from the World Bank to create three FTAs: the Kampala Industrial and Business Park (open), Luzira Industrial Business Park and the Bweyogerere Industrial Estate. Incentives such as duty drawbacks, originally included in the pending Free Zones Bill, were reflected in the 2009/2010 budget.

## **Foreign Direct Investment Statistics**

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The values quoted below should not be relied upon for any investment decision. The figures provided by the UIA are highly variable and inconsistent and the values tracked

are only for projects listed. No investors provide updates after the initial registration. Historically, actual investment trails planned investment totals by a factor of five. FDI statistics are provided by the World Bank. Any discrepancies with previous reports are a result of updated data.

Net FDI (million \$)	FY05	FY06	FY07	FY08	FY09
Inflows	379.81	644.26	797.27	787.4	603.75
Outflows (Residual)	---	---	---	---	---

Value of Projects Licensed by the Uganda Investment Authority (listed in million \$)					
Sector	2006	2007	2008	2009	2010
Agriculture, Hunting, Forestry and Fisheries	72.21	28.99	60.89	203.27	664.55
Community, Social and Personal Services	---	41.06	34.10	66.35	32.57
Construction	32.46	223.83	58.10	175.88	125.70
Electricity, Gas and Water	---	742.50	173.34	69.93	12.57
Financing, Insurance, Real Estate, Tourism, and Business Services	351.6	109.9	380.89	309.84	294.97
Manufacturing	291.2	325.36	641.23	577.36	327.20
Mining and Quarrying	10.48	88.25	30.36	53.8	103.31
Transport, Communication and Storage	468.6	444.81	946.12	84.65	49.33
Wholesale & Retail Trade, Catering & Accommodation Services	---	218.33	55.90	31.04	62.85
<b>Total</b>	<b>1226.55</b>	<b>2223.03</b>	<b>2380.93</b>	<b>1571.82</b>	<b>1673.03</b>

## Web Resources

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## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
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### **How Do I Get Paid (Methods of Payment)**

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In Uganda, retailers normally receive payment for consumer goods in cash. However, exporters of capital goods or other equipment, machinery, and services normally seek payment through wire transfers. Ugandans may attempt to pay by check, but increasing check fraud makes this a risky proposition.

### **How Does the Banking System Operate**

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Due to insider lending, poor supervision, and excess supply, Uganda's formal financial system underwent a significant restructuring in the 1990s, resulting in the closure of several commercial banks. Since that time, the sector has seen steady improvement and now is stable and well-capitalized. The system includes The Bank of Uganda (BOU, Uganda's central bank), 22 commercial banks, and many micro deposit institutions, credit deposit institutions, and development banks. Most of Uganda's largest commercial banks have foreign owners, including Citibank, Barclays, Stanbic and Standard Chartered. A deposit insurance fund with contributions from the GOU and banks has been put in place to protect depositors, though the fund has yet to be tested.

### **Foreign-Exchange Controls**

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There are no foreign exchange controls affecting legitimate trade.

### **U.S. Banks and Local Correspondent Banks**

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Bank of Baroda -- Chase Manhattan Bank, New York  
Barclays Bank (u) LTD -- Barclays Bank plc, New York  
Citibank Uganda LTD -- Citibank, New York  
DFCU bank -- Citibank, New York  
Stanbic -- Bankers Trust, New York  
Standard Chartered Bank -- Standard Chartered, New York

### **Project Financing**

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Multilateral institutions active in Uganda include the International Monetary Fund, the World Bank and the African Development Bank, as well as several European institutions. Major development projects in health, education, agriculture, and infrastructure, are financed by bilateral donors and/or international organizations.

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

African Development Bank: [www.afdb.org](http://www.afdb.org)

Bank of Baroda: [www.bobho@spacenet](http://www.bobho@spacenet)

Barclays Bank (U) LTD: [www.Barclays.com/Africa/uganda](http://www.Barclays.com/Africa/uganda)

Citibank: [www.Citibank.com/estafrica/Uganda](http://www.Citibank.com/estafrica/Uganda)

COMESA Bankers Association: [www.comesabankers.org](http://www.comesabankers.org)

DFCU: [www.dfcugroup.com](http://www.dfcugroup.com)

East African Development Bank: [www.eadb.org](http://www.eadb.org)

Stanbic: [www.stanbic.com](http://www.stanbic.com)

Standard Chartered Bank: [www.standardchartered.com](http://www.standardchartered.com)

Uganda Bankers Association: e-mail: [uba@uol.co.ug](mailto:uba@uol.co.ug)

World Bank: [www.worldbank.org](http://www.worldbank.org)

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## Chapter 8: Business Travel

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### **Business Customs**

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Ugandan business decisions are often made by a group within the company and there is a premium on consensus. Many Ugandans like discussing business issues extensively, and usually seek external advice, before making decisions. Ugandans want to get to know people with whom they are dealing and begin most meetings with introductory conversation about people's backgrounds and families. Good gift choices to bring from abroad would be business-related items, including items the company makes or wishes to sell.

Ugandans are quite conservative in dress. Women conventionally wear dresses; men wear business suits or slacks. In their discourse, Ugandan businesspeople dress formally, but are friendly and informal in conversation. They are generally conservative and formal when making speeches to a group. Greetings and acknowledgements invariably precede formal speeches in strict accordance with protocol.

It is common for Ugandans to arrive late for events, and meetings often begin and end later than scheduled.

### **Travel Advisory**

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For the latest travel-related information, please see the consular information sheet for Uganda at <http://travel.state.gov>

### **Visa Requirements**

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Visitors with diplomatic passports do not need visas. Those with official or regular passports can obtain a visa at the Ugandan Embassy in Washington or on arrival at Entebbe airport (\$50 for a single entry and \$200 for a six-month multiple entry). A \$50.00 departure tax is charged, but is usually included in the cost of air tickets. The departure tax is \$30 when traveling within east Africa.



U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy Kampala: <http://kampala.usembassy.gov/service.html>

## **Telecommunications**

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While Uganda's communications infrastructure remains substandard, steady improvements have occurred since the introduction of mobile telephones. Mobile phone companies now provide coverage for urban and most rural areas, though network interruptions in both areas are common. Ground lines in rural areas remain scarce. Most towns in both rural and urban areas have pay phones, easing communication for those without a mobile or land line. SIM Cards for U.S. visitors coming to Uganda with compatible tri-band phones are inexpensive and widely available. International direct dial is expensive, but generally of good quality. A satellite telephone is recommended for persons working in truly remote areas. Many businesses use fax machines and e-mail regularly. Commercial e-mail and Internet services are increasingly available, and Internet cafes are common. Several Internet companies provide services to commercial entities and residences. The landing of undersea fiber-optic cable along the East African coast in September 2009 coupled with increasing competition between telecom companies has led to improvements in both cost and performance, though quality Internet service remains expensive and slow by international standards. Fax and copying services are available in shops in Kampala and at major hotels. Both telephone and fax charges at major hotels can be exorbitant.

Several different courier services compete for business in Uganda and in providing international services. Both DHL and FedEx offer delivery to both Kampala and distant rural areas of Uganda. These firms note that exact addresses are not necessary for deliveries to rural areas.

## **Transportation**

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The primary road network in Uganda is in need of repair and maintenance is a problem. Paved roads connect Kampala with the borders in Kenya, Rwanda, and Tanzania. Roads in Kampala also badly need repair, as large potholes slow traffic and damage vehicles, increasing the cost of doing business in the capital. Due to poor drainage and poor road construction, paved roads worsen during the rainy season. Urban traffic congestion is worsening dramatically as Uganda's economy and population grows and more Ugandans purchase autos. The secondary road system needs a great deal of work, and some unpaved roads become impassable in the rainy seasons. A four-wheel drive vehicle is strongly recommended.

There is no passenger rail service and rail cargo service is limited primarily to service between Kampala and the port in Mombasa. In 2005, after several rounds of negotiations, the Rift Valley Railway Consortium led by a South African firm paid \$288 million for a 25-year joint concession with Kenya to manage and operate the railway. The goal of the project was to increase railway traffic by 75% in the first five years, but the project has experienced several delays, with no visible investment to date. In 2010,

Egyptian firm Citadel Capital bought a majority stake in the concession and committed to spend \$150 million over the next five years to improve the performance of the railway.

International flights to and from Entebbe International Airport leave daily and the number of flights and carriers is increasing. Kenya Airways has four flights daily from Nairobi, Egyptian Airways has direct flights from Cairo, Ethiopian Airways has flights once a day, six days a week from Addis Ababa, and South African Airways flies once a day, six days a week to Johannesburg. SN Brussels flies from Brussels to Kampala through Kigali four times a week. KLM recently increased flights into Uganda to five direct flights a week between Amsterdam and Entebbe. British Airways now has direct flights five times a week between London and Entebbe. In 2010, Turkish Airways began flights between Istanbul and Entebbe through Dar es Salaam three times a week. There are no direct flights to the United States. Small private carriers recently have established scheduled commercial services between Entebbe and several up country destinations. Alternately, visitors may access remote regions of the country through private charters.

## Language

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Most business is conducted in English, though many local languages exist in Uganda. The most common local language in Kampala is Luganda. Because English is often spoken as a second language, many Ugandans speak English with a heavy accent. Likewise, Ugandans often have difficulty understanding American English pronunciation and usage. Swahili is often understood but not frequently used in Kampala, and carries negative overtones as the language of the former dictator, Idi Amin.

## Health

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Despite Uganda having numerous infectious diseases, travelers who take appropriate precautions rarely get serious infections. By far the biggest risk to travelers is motor vehicle accidents. Use of motorcycle taxis or driving on the highway after dark should be strictly avoided, and seat belts and helmets should always be used. Malaria is highly endemic and may be resistant to some anti-malarial drugs. Most infections are falciparum malaria, which untreated, can rapidly become life-threatening. Use of appropriate prophylaxis and bed nets greatly lowers the risk of acquiring malaria. Outbreaks of viral hemorrhagic fevers with a high fatality rate, such as Ebola and Marburg fever, occur regularly but usually do not spread beyond a localized area. Recent outbreaks have included Ebola fever in October 2000 in Gulu and November 2007 in Bundibugyo, and 3 small outbreaks of Marburg Fever, most probably acquired from contact with fruit bats. Yellow fever is present in Northern Uganda, but can reliably be prevented with the required Yellow Fever vaccine. Given the poor sanitation practices in many parts of the country, it is not surprising that enteric diseases including giardia, amoebic dysentery and shigella are common, as are cholera and typhoid. Typhoid fever immunization is highly effective and also recommended. Travelers to northern Uganda should be aware of an ongoing Hepatitis E epidemic acquired through drinking contaminated water. Although a new treatment plant for the Kampala water supply was commissioned, water from taps is not potable and should be boiled for 5 minutes and filtered before drinking. Bottled water is widely available in the country. Fruit and vegetables should be soaked for 20 minutes in chlorinated water if they are to be eaten uncooked. Most lakes and rivers are infested with bilharzia, limiting water-based recreation. Plague occurs annually in West Nile and bacterial meningitis is a regular visitor in Northern Uganda. Sexually-transmitted infections including HIV

infection are endemic in Uganda, and syphilis and herpes are widespread. Tuberculosis is also common.

### **Local Time, Business Hours, and Holidays**

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Uganda is three hours ahead of Greenwich Mean Time. Office hours typically are 8:00 AM to 5:00 PM Monday through Friday. However, office hours may vary and offices frequently close early on Friday.

The Government of Uganda does not celebrate a holiday on the workday before or after the actual holiday if it falls on a weekend. Businesses, however, may be closed and many businesspeople may be unavailable on such a day. Major holidays celebrated in Uganda include:

New Years Day January 1  
Liberation Day January 26  
Good Friday \*  
Easter Monday \*  
International Women's Day March 8  
Labor Day May 1  
Id-el-Fitr \*  
Id-el-Adha \*  
Uganda Martyr's Day June 3  
National Heroes Day June 9  
Independence Day October 9  
Christmas Day December 25  
Boxing Day December 26

\* Date changes annually

### **Temporary Entry of Materials and Personal Belongings**

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Persons bringing goods into Uganda temporarily need to execute a bond through a clearing agent. Personal effects typically are not taxed, though a sizable consignment of personal effects might attract the attention of Ugandan Customs and a person bringing in such a consignment should contact a clearing agent.

### **Web Resources**

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State Department Visa Website: [travel.state.gov/visa/index.html](http://travel.state.gov/visa/index.html)

United States Visas: [www.unitedstatesvisas.gov/](http://www.unitedstatesvisas.gov/)

U.S. Embassy Kampala: [kampala.usembassy.gov/service.html](http://kampala.usembassy.gov/service.html)

Uganda Revenue Authority: [www.ugrevenue.com](http://www.ugrevenue.com)

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## Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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U.S. Commercial/Economic Office  
Plot 1577 Ggaba road  
Kampala, Uganda  
Tel: 256-414-306-001, fax: 256-414-259-794  
[kampala.usembassy.gov/business.html](http://kampala.usembassy.gov/business.html)

U.S. Embassy  
Plot 1577 Ggaba road  
Kampala, Uganda  
Tel: 256-414-306-001, fax: 256-414-259-794  
[kampala.usembassy.gov/service.html](http://kampala.usembassy.gov/service.html)

### Uganda Government Agencies/Authorities

Customs Department  
P.O. Box 8147, Kampala  
Tel: 256-417-744-101, 256-414-317-195  
[www.ugrevenue/department/customsAndExcise](http://www.ugrevenue/department/customsAndExcise)

Ministry of Agriculture, Animal Industry and Fisheries  
P.O. Box 201, Entebbe  
Tel: 256-414-320-722, 256-414-320-004, fax: 256-414-321-047  
[www.agriculture.go.ug](http://www.agriculture.go.ug)

Ministry of Energy and Minerals  
P.O. Box 7270, Kampala  
Tel: 256-414-311-111, fax: 256-41-230-220  
<http://www.energyandminerals.go.ug>

Ministry of Finance, Planning and Economic Development  
P.O. Box 8147, Kampala  
Tel: 256-414-707-0009, fax: 256-414-230-163  
[www.finance.go.ug](http://www.finance.go.ug)

Ministry of Tourism, Trade and Industry  
P.O. Box 4241, Kampala  
Tel: 256-414-314-268, fax: 256-41-340-427  
[www.mtti.go.ug](http://www.mtti.go.ug)

National Environment Authority  
P.O. Box 22255, Kampala  
Tel: 256-414-251-064/8; fax: 256-414-257-521  
[www.nemaug.org](http://www.nemaug.org)

Private Sector Foundation Uganda  
P.O. Box 7683, Kampala  
Tel: 256-312-263-850; fax: 256-41-259-109  
[www.psfuganda.org](http://www.psfuganda.org)  
Uganda Export Promotion Board  
P.O. Box 5045, Kampala  
Tel: 256-414-230-250; fax: 256-414-259-779  
[www.ugandaexportsonline.com](http://www.ugandaexportsonline.com)

Uganda Investment Authority (UIA)  
P.O. Box 7418, Kampala  
Tel: 256-414-301-000; fax: 256-414-342-903  
[www.ugandainvest.co.ug](http://www.ugandainvest.co.ug)

Uganda National Bureau of Standards  
P.O. Box 6329, Kampala  
Tel: 256-414-222-367; fax: 256-414-286-123  
[www.unbs.go.ug](http://www.unbs.go.ug)

Uganda Revenue Authority  
P.O. Box 7279, Kampala  
Tel: 256-417-442-001/10; fax: 256-414-334-419  
[www.ugrevenue.com](http://www.ugrevenue.com)

### **Uganda Trade Associations/Chambers of Commerce**

American Chamber of Commerce in Uganda  
c/oNCR Uganda - Service & Computer Industries (U) Ltd  
Plot 94, William Street  
Tel: 256 312 351700; 256 414 351712; fax: +256 414 232145  
[www.sciug.com/](http://www.sciug.com/); Email: [gm@sciug.com](mailto:gm@sciug.com)

Uganda Coffee Trade Federation  
P.O. Box 21679, Kampala  
Tel: 256-414-343-678; fax: 256-414-343-692  
[www.uganda-co.ug/coffee](http://www.uganda-co.ug/coffee)

Uganda Fish Processors & Exporters Association  
P.O. Box 24576, Kampala  
Tel: 256-414-347-835; fax: 256-414-347-835  
[www.ufpea.co.ug](http://www.ufpea.co.ug)

Uganda Flower Exporters Association  
P.O. Box 29558, Kampala  
Tel: 256-312-263-320; Fax: 256-312-263-321  
[www.ufea.com](http://www.ufea.com)

Uganda Manufacturers Association  
P.O. Box 6966, Kampala  
Tel: 256-414-287-615; fax: 256-414-220-285  
[www.uma.or.ug](http://www.uma.or.ug)

Uganda National Chamber of Commerce and Industry  
P.O. Box 3809, Kampala  
Tel: 256-414-503-024/5; fax 256-414-230-310  
[www.ugandachamber.or.ug](http://www.ugandachamber.or.ug)

Uganda Small Scale Industry Association  
P.O. Box 7725, Kampala  
Tel: 256-312-278-798;  
[www.ussia.org](http://www.ussia.org)

The Uganda Vanilla Exporters Association  
1st Floor Ambassador House, Kampala Road  
Tel: 256-772-495-067  
[www.ugandavanilla.com/commercial.htm](http://www.ugandavanilla.com/commercial.htm)

### **Development Banks**

Uganda Development Bank  
P.O. Box 7210, Kampala  
Tel: 256-414-355-550; fax: 256-414-355-556  
[www.info@udbl.co.ug](mailto:www.info@udbl.co.ug)

East African Development Bank  
P.O. Box 7128, Kampala  
Tel: 256-414-230-021/5; fax: 256-414-259-763  
[www.eadb.org](http://www.eadb.org)

### **International Organizations**

International Monetary Fund  
P.O. Box 7120, Kampala  
Tel: 256-414-233-955; fax: 256-414-254-872  
[www.imf.org](http://www.imf.org)

UNDP  
P.O. Box 7184, Kampala  
Tel: 256-414-233-440; fax: 256-414-244-801  
[www.undp.or.ug](http://www.undp.or.ug)

World Bank  
P.O. Box 4463, Kampala  
Tel: 256-414-230-094; fax: 256-414-230-092  
[www.worldbank.org](http://www.worldbank.org)

World Food Program  
P.O. Box 7184  
Tel: 256-312-242-000/229; fax: 256-414-250-485  
[www.wfp.org](http://www.wfp.org)

### **Uganda Commercial Banks**

Bank of Africa (U) LTD  
P.O. Box 2750, Kampala  
Tel: 256-414-258-118; fax: 256-414-230-439  
[www.boa-uganda.com](http://www.boa-uganda.com)

Bank of Baroda (U) LTD.  
P.O. Box 7197, Kampala  
Tel: 256-414-233-680; fax: 256-414-258-263  
[www.bankofbaroda/Uganda](http://www.bankofbaroda/Uganda)

Barclays Bank (U) LTD.  
P.O. Box 2971, Kampala  
Tel: 256-312-218-000/317; fax: 256-414-231-839  
[www.barclays.com/africa/uganda](http://www.barclays.com/africa/uganda)

Cairo International Bank  
I Sure House, Bombo Rd. Kampala  
Tel: 256-414-230-136; fax: 256-41-230-130  
[www.cairointernationalbank.co.ug](http://www.cairointernationalbank.co.ug)

Centenary Rural Development Bank LTD.  
Plot 7, Entebbe Road, Kampala  
Tel: 256-414-251-276/7; fax: 256-414-251-273/4  
[www.centenarybank.co.ug](http://www.centenarybank.co.ug)

Citibank Uganda LTD.  
P.O. Box 7505  
Tel: 256-414-340-945/9; fax: 256-414-340-624  
[www.citibank.com/eastafrica/uganda](http://www.citibank.com/eastafrica/uganda)

Crane Bank LTD.  
P.O. Box 22572, Kampala  
Tel: 256-414-343-607/8; fax: 256-414-231-578  
[www.cranebanklimited.com](http://www.cranebanklimited.com)

DFCU (formerly Gold Trust) Bank (U) LTD.  
P.O. Box 70, Kampala  
Tel: 256-414-351-000; fax: 256-414-500-491  
[www.dfcugroup.com](http://www.dfcugroup.com)

Diamond Trust Bank  
17/19 Diamond Trust Bldg., Kampala  
Tel: 256-414-259-331/3; fax: 256-414-342-286  
[www.dtbafrica.com](http://www.dtbafrica.com)

National Bank of Commerce (U) LTD.  
Cargen house, Parliament Ave, Kampala  
Tel: 256-414-347-700; fax: 256-414-347-701  
e-mail: [nbc@africaonline.co.ug](mailto:nbc@africaonline.co.ug)

Orient Bank  
Plot 10, Kampala road  
Tel: 256-414-236-013; fax: 256-414-236-066  
[www.orient-bank.com](http://www.orient-bank.com)

Stanbic Bank (U) LTD.  
P.O. Box 7131, Kampala  
Tel: 25 6-312-224-600; fax: 256-414-231-116  
[www.stanbic.com](http://www.stanbic.com)

Standard Chartered Bank (U) LTD.  
P.O. Box 7111, Kampala  
Tel: 256-414-258-211; fax: 256-414-342-875  
[www.standardchartered.com/ug](http://www.standardchartered.com/ug)

Tropical Africa Bank  
27 Kampala Rd., Kampala  
Tel: 256-414-313-100; fax: 256-414-313-131  
[www.trobank.com](http://www.trobank.com)

United Bank for Africa  
Spear House, Plot 22 Jinja Road  
Tel: 256-417-715-100  
[www.ubagroup.com](http://www.ubagroup.com)

Kenya Commercial Bank  
Commercial Plaza, 7 Kampala Road  
Tel: 256-414-346-961; fax: 256-414-346-966  
[www.kcb.co.ke](http://www.kcb.co.ke)

## Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: [www.export.gov/mrktresearch/index.asp](http://www.export.gov/mrktresearch/index.asp) and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

## Trade Events

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Please click on the link below for information on upcoming trade events.

[www.export.gov/tradeevents/index.asp](http://www.export.gov/tradeevents/index.asp)

[www.buyusa.gov/kenya/en/11.html](http://www.buyusa.gov/kenya/en/11.html)

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## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following links:

[www.export.gov/uganda](http://www.export.gov/uganda)  
[kampala.usembassy.gov/business](http://kampala.usembassy.gov/business)  
[www.buyusa.gov/kenya/en/](http://www.buyusa.gov/kenya/en/)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

**We value your feedback on the format and contents of this report. Please send your comments and recommendations to: [Market\\_Research\\_Feedback@trade.gov](mailto:Market_Research_Feedback@trade.gov)**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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