 

**STATEMENT BY STATE MINISTER OF FINANCE (PRIVATISATION & INVESTMENT), HON EVELYN ANITE, ON INDUSTRIAL PARKS DEVELOPMENT IN UGANDA**

Good morning.

A belated Happy New Year Everybody!

Let me take this opportunity to thank H.E the President Yoweri Kaguta Museveni for shepherding us through the Covid-19 Pandemic thus far. The economy is now fully open and investor confidence is up. Only last week, a Final Investment Decision worth over $10 billion United States Dollars was signed to fully exploit our oil and gas resources – and deliver jobs for Ugandans. This is the biggest ever one go investment deal signed since creation of what we know as Uganda.

As you are aware, Uganda’s industrialisation focuses on three macro-economic targets: Encouraging competitiveness of local businesses, encouraging local production and global competitiveness of local products and reducing trade deficits.

To this effect, the NRM Government has put in place an expansive incentive regime implemented through Uganda Investment Authority to support establishment and flourishing of domestic and foreign investors. These incentives include;

 **1.** Free land in gazetted industrial parks for domestic and foreign investors.

**2.** The minimum capital requirement for a foreign investor to get an investment licence and an investment certificate and qualify for incentives, he or she must deliver a capital investment of **USD 250,000.** For a local investor, the minimum capital requirement is **USD 50,000.**

**3.** There is a 10 year tax exemption on income derived by an investor in an industrial park and outside industrial park who invests in agro processing, manufacture of medical appliances etc. and use at least 70% of local raw materials and employs 70% of Ugandans/East Africans who must take up 70% of the wage bill. To qualify for this incentive, **USD 10 million** is the minimum required investment for foreign investors and **USD 300,000** for local investors – and **USD 150,000** if the local investment is up-country.

**4.** There is also a 10 year tax exemption on income derived from renting or leasing facilities established in industrial parks or free zones. To qualify for this incentive, the minimum capital investment for foreign investors is **USD 50 million** and for local investors it is **USD 10 million**.

**5**. Investors whose income is derived from exportation of finished consumer and capital goods qualify for 10 year income tax exemption if 80% of their production is exported to markets beyond the East African Community.

**6.** Investors involved in agro-processing qualify for a one year income tax exemption. Import duty on plant and machinery for agro-processing is also exempt. All inputs for manufacturing in agro processing are duty free (zero rated).

**7.** Investors qualify for 100% deductible allowances on cost of training Ugandans and cost of research into new technologies. i.e. when paying taxes (filing returns), this cost is deducted.

**8**. Raw materials not available in Uganda for input into manufacturing are duty free.

**9.** Value added tax on accommodation in hotels and tourist lodges upcountry is now zero rated (free).

**10.** Industrialists access electricity at a cost of **$5 cents United States** **dollars** for 1-kilowat per hour.

**11.** Uganda Investment Authority retains a dedicated department focused on supporting small scale and medium enterprises (pairing them up with big local and foreign investors, providing space in industrial parks etc.). The department has been upgraded to Local Investment Division.

The foregoing incentives are central to operationalizing the National Development Plan III goal of increasing household incomes, buttressing operation wealth creation efforts and improving the quality of life of Ugandan/getting Ugandans to join the Money Economy.

Indeed, as a result of this approach every supermarket today has 40-50% goods made in Uganda. And Uganda’s trade deficit has dropped from about **$3.2 billion in 2011** to **$395 million in June 2019**. The total imports bill has reduced from **$5.6 billion** to **$4.8 billion** in 2016. As you can see, we are defeating the syndrome of reliance on imports, for example, since 2017 domestic iron and steel production has risen from **866,000 tons** to **1.7 million.**

**State of developments in industrial parks.**

In line with a presidential directive, the Government of Uganda will develop 25 regionally balanced Industrial and Business Parks by 2025. Uganda Investment Authority recently secured over 8.5 square miles of land across the Country for free from local governments as part a continuous journey to build an investment land bank.

The land in these parks is offered to both domestic and foreign investors, free of charge to establish factories that will result in the creation of jobs, the transfer of skills, import substitution and increased exports.

In the Kampala Industrial and Business Park, alone, we intend to establish **500 factories** which will translate into over direct **250,000** **jobs** and even more indirect jobs. The growth of these factories will spearhead our move towards industrialization and the transformation of our country into a modern economy.

The Uganda Investment Authority is charged with managing land allocation within the Park and monitoring investment projects to ensure that they are achieving their development milestones. In cases where the investor is unable to meet their development milestones, the UIA can take administrative and legal steps to rectify the situation. These steps could extend to declining lease renewals or land withdrawal. Where land is withdrawn, it is reallocated to investors who are ready to get their projects started.

What we have, unfortunately, seen as we manage this land is that, there are a number of investors who are unable to execute their projects and the land sits idly for long periods of time. As a result, we have withdrawn and reallocated this land.

Some of these investors, have opted to take legal action to stop or change the reallocation process which has a ripple effect on our level of production as a country, the number of jobs being created and on the overall all health of our economy.

Some of these investors include

1. **Mariana Agencies Limited** who was allocated **76** acres in Namanve to establish a Soap and Vegetable oil plant or factory in 2014. During the 8year period, the investor has only backfilled a portion and no factory was built within the 5year timeline given. UIA withdrew 50 acres to allocate to other serious investors and to be used for the infrastructure development in the park. The decision to withdraw the 50 acres was communicated and Mariana run to the courts to stop UIA from allocating the land to serious investors and developing infrastructure. This running to court action is aimed at stopping jobs for Ugandans. This land stands withdrawn and Mariana should withdraw the case.
2. **Another is Surgipham (U) Limited** which was allocated **3 acres** in 2007 for the purposes of investment in a warehousing project. Over 13 years, the land sat idle with no investment on the land. The lease cancelled and the land withdrawn in 2020. This land was reallocated to **Allied Graphic systems** in 2020 and the company intends to invest **4 million USD** and employ 148 people. Surgipham went to court and this action has cost Uganda investment and jobs
3. Yet another investor is **Divine Oils** who were allocated **8 acres** for the purposes of setting up a lubricant and oil blending Plant in 2018. They held this land for 3 years and failed to invest as per the lease agreement tenets and the land was withdrawn in 2020. It was reallocated to **Mungufeni** who plans to invest **6.9** **million USD** and employ 87 people and **Engineers Investments** which will invest about 2 million and employ 43 people. Divine going to court has led to a reduction in our capacity to produce for both domestic and international markets.
4. **Tirupati Developers Uganda Limited** were allocated **8 acres** here in Namanve in 2009 to develop ware houses and invest over 9 million USD. During that whole period of over 10 years, they only built warehouses in 2 acres and rented them out contrary to the lease agreement plans. In October 2021, 6 acres were withdrawn and reallocated to a company which intends to invest 20 million USD and employ 590 people. Tirupati has gone to court to stop this investment and jobs for Ugandans.
5. **Zamburi Holdings**, which planned to invest about 1 million USD, was offered **0.5 square miles of land** in 2020 for purposes of mixed farming. To-date, they have only dug a valley dam, erected temporary fencing and had about 40 heads of cattle. This land was withdrawn in 2021 and reallocated to an investor who will invest 2 million USD and employ 850 people. Zamburi holdings has gone to court to stop this benefit to Ugandans.

Ladies and gentlemen, land is a scarce resource and because of its limited supply, we need to make decisions that will benefit all of us as Ugandans.

As the Minister in charge of attracting and promoting investment, I am particularly vested in ensuring that deserving investors have access to the land in the industrial and business parks so as to support the development of our Nation. Where an investor has been sitting idly on the land, remedial action will be taken to resolve any matters that exist.

How is UIA expected to set up 500 factories in Namanve when a so-called investor was allocated 75 acres and for 7 years has not even commenced on a foundation for a factory and goes to court to stop the industrialization drive? Turipati has had the land for over 10 years and has failed to put up a factory and is just a landlord renting warehouse space in the park? They all go to court to halt industrialization and jobs for Ugandans.

I am therefore going to write to the Attorney General to ensure that these cases that are in court are quickly resolved so that land can be accessed by investors ready to develop their projects. Quack investors should not be legitimised by the courts.

Thanks to our intense investment promotion efforts, we have a lot of investors who want to do business but are being crowded out by people who are just sitting on their land. We cannot let these people be successful. Investors need to be able to do business and be successful.

I thank You.