



UGANDA INVESTMENT AUTHORITY

**1999/2000
ANNUAL REPORT
AND
ACCOUNTS**



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1. BOARD OF DIRECTORS



Moses Sebunya
Chairperson - IPRC*



Dr. William Kalema
Board Chairman



Jotham Kapasi-Kakama
Chairperson - AFC**



Paul Jembrace Erongot



Pearl Mutibwa-Katumba



Dr. Polycarp Musinguzi



Dr. J. Nasinyama



Vincent Musubire



Josephine Okot



Dr. John Muhumuza



Keith Muhakanizi



Dr. Maggie Kigozi

* Investment and Public Relations Committee

**Administration and Finance Committee



2. CHAIRMAN'S STATEMENT



Dr. William Kalema
Chairman
Board of Directors

Following the restructuring exercise for the organization at the end of the last financial year, UIA embarked on a two year work plan. Under this work plan, which commenced in July 1999, UIA identified priority sectors to be promoted along with key country sources of investment to be targeted.

UIA has restated its mission as an institution and will focus on achieving specific objectives that are consistent with the vision and mission.

Vision

“The vision of the UIA under the two-year work plan is for a country in which the following exists: -

- .. Continuous and real investor interest in establishing investment in Uganda with continually expanding and accelerating quantities of investment in Uganda;
- .. Investors are able to make, finalize, implement and realize their investment plans with ease and without procedural uncertainty or obstacles; all Government services actively facilitate investment; Uganda ranks in the top 5% of countries worldwide in terms of reported investor ‘experience’ and minimal barriers to entry;
- .. Government and business policy and action that is consistent and attractive to investors;
- .. Investors reinvest and encourage others to invest (top 5% of countries in terms of reinvestment);
- .. The UIA is an institution that is competitive, cost effective, can attract and keep strongly qualified people, is focussed on core activities, regularly meets and exceeds challenging budgeted goals.”

Mission

‘The UIA’s mission is to make a significant and measurable contribution to Uganda’s development process by promoting private sector investment’.

Key to achieving our vision/mission has been the need to focus our efforts on our core objectives, namely investment promotion and investment facilitation, while reducing our role in non-core activities. Indeed our restructuring efforts are already beginning to bear fruits as can be attested by our achievements over the last year. I wish to highlight a few of these.

Investment Performance...

The number of projects licensed and planned investment for 1999/2000 reflected a marked improvement from 1998/1999. A total of 123 projects were licensed with a planned investment of US\$773.31 and planned employment of 10,752 jobs. Foreign Direct Investment inflows declined slightly during 1999/2000. Actual FDI flows amounted to US\$214.1 in 1999/2000 compared to US\$230 in 1998/1999.

Other developments...

On the policy side, a number of developments stand out. The launch of the Medium Term Competitiveness Strategy (MTCS) for the private sector by Government is one such major development. With its focus on improving both the regulatory and operational environment, we anticipate considerable improvements in the overall country investment environment.



Along side the MTCS, Government has endorsed two major development strategies namely the Plan for the Modernisation of Agriculture and the Big Push Strategy. UIA has been at the forefront of advancing the Big-Push Strategy, through coordinating the work of nine Special Task-forces set up to investigate nine critical areas to Uganda's competitiveness as an FDI location.

Figure 1: 1999/2000 Highlights

- 123 projects were licensed during the year with a total planned investment of US\$773.31 million.
- New or first-time 'planned' jobs amounted to 10,752.
- The Manufacturing sector continues to dominate in terms of planned investment and job creation.
- Actual FDI inflows declined slightly in 1999/2000 to US\$214.1 while the country's credit rating remained stable as reflected in the Institutional Investor Credit Ratings.
- Key projects commissioned during the year included Kasese Cobalt Company Limited (US\$110 million), Rene Industries, Lake Kyoga Cotton and Chemiphar Limited.
- Namanve Business and Industrial Park feasibility study and detailed engineering design completed. US\$20 million required to fund development of the first phase while overall construction costs are estimated in the region of US\$88 million.

The Way Forward

As we enter the second year of our work plan, our focus will be to consolidate our achievements over the last year and to complete all outstanding tasks as set out in the work plan. We will continue to need the support of all stakeholders in this regard.

Acknowledgements

We are grateful to our stakeholders and partners in Government, the Donor Community and Private Sector for the support given to us over the last year.

We look forward to another successful year of investment promotion and attraction.

Dr. William Kalema
Chairman
Board of Directors



3. OVERVIEW OF THE OPERATING ENVIRONMENT

3.1 Global Trends

The fast recovery in the Asian economies, which had been previously hard hit by the financial crisis, coupled with the continued strong growth of the US economy, led to a faster increase in world output in 1999 than in 1998.

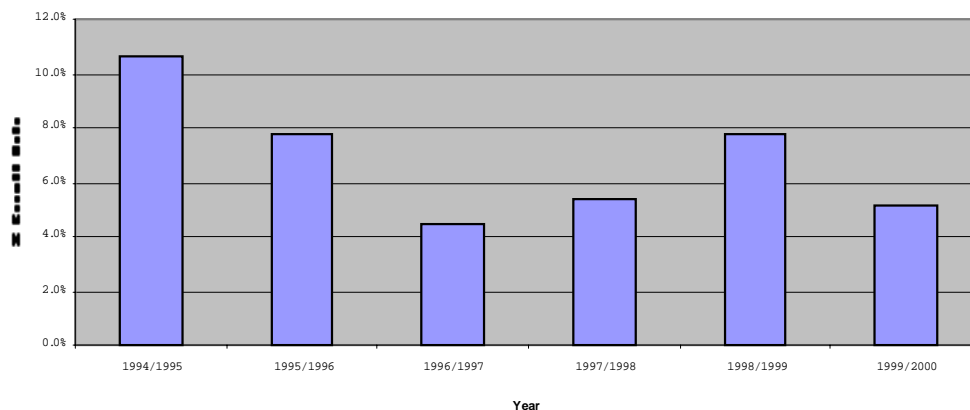
Generally, however, the pace of output expansion in developing countries remains below the average for the early 1990s, but higher than 1998, buoyed by the recovery of the Asian economies. Africa's growth slowed to 2.1% in 1999 down from 3.1% in 1998/1999.

3.2 National Trends

3.2.1 GDP Performance

Real GDP growth in 1999/2000 was estimated at 5.1%, lower than the revised rate of growth of 7.4% achieved in 1998/1999. The slower economic growth was mainly due to the small increase in agricultural output as a result of a prolonged drought that hit a large part of the country in 1999. The manufacturing sector also slowed down compared to last year, but remained robust, at a growth rate of 8.6% in 1999/2000.

Figure 2: GDP Growth Rates (1994/1995 - 1999/2000)



3.2.2 Inflation

Inflationary pressures emerged in the first half of the fiscal year with headline inflation reaching a peak of 10.6%, in November 1999. This was, however, contained by a tighter monetary policy and subsequent improved food supplies. Underlying inflation also increased during the first half of the fiscal year, mainly because of the impact of exchange rate depreciation on the price of imports. After reaching a peak in November 1999, the annual underlying inflation rate declined from 6.1% in November 1999 to 4.7% in April 2000.

3.2.3 Foreign Exchange Market

The nominal exchange rate depreciated by 5.4% from a monthly average of Ushs 1477.22 per US Dollar in June 1999 to Ushs 1525.9 in April 2000. This depreciation is explained in part by the appreciation of the US Dollar against all other major currencies, and also by the further deterioration in Uganda's terms of trade during 1999-2000.



3.2.4 Current Account

The current account balance narrowed slightly (by 1%) of GDP over 1999-2000 mainly on the strength of increases in both official and private transfers. Reflecting a resurgence in investor confidence, private transfers increased by US\$114 million in 1999-2000 to US\$489 million. Owing to a further deterioration in the terms of trade, the country's trade deficit further widened from 19.3% to 21.6% of GDP during the year. A major factor behind the trade deficit has been the poor performance of exports, which further declined mainly due to the continuing ban on Ugandan fish exports to the European Union and the sharp drop in the world price of coffee.

3.3 Macro-Economic Framework – Key Developments

3.3.1 The Medium Term Competitive Strategy (MTCS) for the Private Sector

During 1999/2000, Government prepared a comprehensive strategy to deal with the major constraints to private sector development called the Medium Term Competitive Strategy (MTCS) for the Private Sector (2000 – 2005). The key elements of this strategy include: -

- .. Reforms in infrastructure provision particularly in utilities
- .. Strengthening the financial sector and improving access to credit
- .. Reforms in the commercial justice sector
- .. Institutional reforms which include dealing with corruption, reforms in public procurement, simplifying administrative procedures and improving tax administration.
- .. Strengthening the export sector.

3.3.2 Plan for the Modernisation of Agriculture

The process of designing a strategic and operational Plan for Modernisation of Agriculture (PMA) was completed in March 2000. The PMA is a holistic strategic framework for eradicating poverty through multi-sectoral interventions enabling the people to improve their livelihoods in a sustainable manner. The role of the private sector is envisaged to encompass production, processing and marketing of agricultural products.

Figure 3: Summary of Key Economic Indicators for 1999/2000

GROSS DOMESTIC PRODUCT

Total GDP at factor cost (Million Shillings)	3,546,662
GDP per capita (Shillings) at constant prices	164,091

Growth in GDP (in 1991 prices)

1997/1998	5.4%
1998/1999	7.8%
1999/2000	5.1%

TRADE

EXPORTS (Goods and non-factor services)

Year	Value (US\$)
1998/1999	726.40 million
1999/2000	637.79 million

IMPORTS (Goods and non-factor services)

Year	Value (US\$)
1998/1999	1,833.62 million
1999/2000	1,863.41 million

Source: Bank of Uganda, Ministry of Planning and Economic Development



4. EXECUTIVE DIRECTOR'S REPORT

In February 1999, following a strategic retreat involving key stakeholders in the public and private sector, the Uganda Investment Authority (UIA) contracted an international consultant to assist the institution in re-examining its mandate and charting a direction for the future.

The UIA working with the consultants, developed a two year work plan, which was fully endorsed by Government and a number of other key stakeholders. Implementation of this work plan has been on since July 1999. The 2-Year Work Plan clearly set out two core objectives for the institution: -

- a) Investment Promotion.
- b) Investment Facilitation and Aftercare.

Alongside these two functions, the work plan identified specific functions to be carried out in support of the core functions. These were: -

- a) Strategic Planning, Research and Development
- b) Finance and Administration
- c) Land Development

This report attempts to outline the key achievements by UIA over the last 12 months, with particular respect to the overall implementation of the work plan. These achievements are set against the targets established in the work-plan.

4.1 Investment Performance

Foreign Direct Investment inflows amounted to US\$214.1 in 1999/2000 representing a slight decrease from the previous year. There was, however, an improvement in the planned investment, with 123 projects licensed during the year compared to only 90 in 1998/1999. Planned employment and planned investment were also noticeably higher in 1999/2000 compared to the year before. Overall investment performance exceeded the targets set out in the two year workplan currently being implemented by the UIA.

4.2 Projects Licensed

A total of 123 projects were licensed during the year, with a planned investment of US\$773.31 million and planned employment of 10,752 jobs. This exceeded the UIA target of 100 projects licensed and US\$233.93 million in planned investment per year (See Table 1).

Table 1: Summary of Project Licensing Activity (1999-2000)

Month	Number of Projects	Planned Investment (US\$ Mio)	Planned Employment
July 1999	9	14.41	496
August 1999	11	9.26	338
September 1999	8	412.57	537
October 1999	7	6.19	222
November 1999	17	122.92	2,035
December 1999	12	18.04	557
January 2000	12	105.70	2,806
February 2000	12	19.86	662
March 2000	9	26.66	647
April 2000	10	28.95	1,291
May 2000	10	5.79	1,020
June 2000	6	2.96	141
TOTAL	123	773.31	10,752



4.3 Investment Promotion

The key activities outlined in the UIA work plan with respect to investment promotion are: -

- a) To identify and market Uganda's competitive advantage in order to attract investment in priority sectors.
- b) To identify priority sources (countries) of investment.

In both areas, the UIA made significant progress towards the realization of set targets during the year. Specifically the following has been achieved: -

4.3.1 Identifying Uganda's Competitive Advantage

a) Priority Sectors

The following seven high priority sectors were identified for aggressive marketing: -

- .. Horticulture
- .. Food Processing
- .. Tourism
- .. Textiles
- .. Packaging
- .. Livestock
- .. Mining (Phosphates and Limestone)

b) Priority Countries/Markets

Specific priority countries/markets were selected and grouped into four economic zones as follows: -

Zone 1	Zone 2	Zone 3	Zone 4
1. Republic of South Africa 2. Kenya 3. Mauritius	1. Egypt & Gulf States	1. United Kingdom 2. France	1. India 2. China 3. USA 4. Italy

Note: - For the countries in Zones 1 – 3, UIA planned to contract international investment promotion service providers to assist in targeting investors in the respective zones. UIA staff are handling the investment promotion activities for the countries in Zone 4.

4.3.2 Marketing Uganda

a) Direct Mail Shots

Between July and December 1999, the direct mail campaign focused on the ten priority countries. Over 400 mail shots were sent out to potential investors in the ten priority countries. By end of June 2000, 13 positive responses were received.

65 mail shots were made to the priority markets of India, China, South Africa and Mauritius during the months of January to June 2000 in various sectors.

b) Use of Ugandan Embassies and Consulates

UIA identified all Uganda's 26 Embassies and 4 Consulates abroad as key avenues for investment promotion. Over the last 12 months, the UIA distributed promotional materials to all these foreign missions. Materials sent to each embassy included: -

- .. Full packs of opportunity sector profiles
- .. General Investment Guides
- .. Business Directories

The missions were also requested to publicize the UIA Website (www.ugandainvest.com).



Further more, one of UIA promotion materials “A Quick Guide to Investing in Uganda” was translated into Arabic, Italian and Chinese and the translated versions sent to the respective Embassies in these countries.

c) Use of Foreign Embassies accredited to Uganda and other agencies

UIA staff visited 38 Foreign Missions (35 Embassies & 3 Consulates) accredited to Uganda to solicit for their support in investment promotion in their respective countries of origin. Each mission received a box of promotional materials.

The UIA also visited 6 International Banks, 5 International Airlines and 8 Hotels to enlist their active support in UIA’s investment promotion efforts and each of these institutions received various promotional materials.

Meetings were also held with existing investors from two major target markets, namely Italy and the United Kingdom. The local Embassies from these two countries were instrumental in the organization of these meetings. Emphasis at both meetings was on UIA’s investment promotion, facilitation and after care services.

Arrangements were initiated with the French and German Embassies to assist in the translation of the investment promotional flyer ‘A Quick Guide to Investing in Uganda’ into French and German respectively. The Embassies were also instrumental in the initiation and coordination of investment/trade inward missions.

UIA met the new ambassador of the Arab Republic of Egypt in Uganda not only to get an official commitment of the Government of Egypt on encouraging public and private sector to participate in the coming COMESA 2000, but also as a way of strengthening the existing good relationship with UIA.

d) Use of Other Agencies

Hotels, Business Associations and the District Administration offices were used to distribute UIA information materials. During the period under consideration, over 6,500 investment flyers were placed in the various Kampala Hotels to raise awareness about investment climate, opportunities and incentives to their visitors.

4.3.3 Outward Missions

a) Mission to Greece

The mission to Greece was led H.E the President of Uganda and other senior Government Officials. The President addressed Greek businessmen in Athens at a seminar organized jointly by the Uganda Investment Authority and the Athens Chamber of Commerce. UIA is continuing the follow-up of leads generated by this mission.

b) Mission to Malaysia

UIA organized a mission to Malaysia to coincide with the launching of the Asia-Africa Investment Promotion Initiative. Uganda was one of only 7 countries, which have been selected to be part of this pilot initiative to strengthen trade and investment links between Asia and Africa. Following the mission, a total of ten Malaysian companies expressed interest in pursuing possible investment opportunities in Uganda.

As part of the Asia-Africa Investment Promotion Initiative, the United Nations Industrial Development Organization (UNIDO) set up an Asia-Africa Investment Promotion and Technology Centre (AAIPTC) to help build business linkages between Asian businessmen and their African counterparts. Related to this, AAIPTC set up a website (SIBEXLINK) to which all member countries above were to post information on their investment policy, procedures, labour conditions and technology. UIA posted 86 projects on SIBEXLINK for possible joint venture match making.



c) Missions to China and Malaysia

In May 2000, UIA, with part sponsorship from UNIDO, participated in the China Beijing International Hi – Tech Industries Week. This is a week that demonstrates to the world the achievements of China’s hi-tech industries and the great potential of Sino -foreign cooperation in this field. It also introduces to China the successful experiences and development tendencies of the world’s high and new technologies. The Ministry of Science and Technology of Beijing organized the China Beijing International High Tech Industries Week as national large-scale event for international exchange and cooperation between China and the world in the field of high tech industries. While attending the event in China, UIA officials managed to meet 167 executives of different companies.

From China, the UIA team proceeded to Kuala Lumpur, Malaysia where they met 14 company executives of different sectors and on another occasion met and addressed 40 leading businesspersons from Malaysia.

d) Uganda Mission to India and Malaysia

UIA executives participated in the Government of Uganda Mission to India and Malaysia in April 2000 for the purpose of understanding the Oil Palm growing, milling and refining in preparation for the implementation of Oil Palm Project in Kalangala.

e) Investment and Trade mission to South Africa

UIA organised a Uganda Investment and Trade mission to South Africa in May 2000. The 17 man Uganda business delegation was led by Hon. Gabriel Opio, Minister of State for Finance, Planning and Economic Development (Planning and Investment).

The mission involved a one-day business conference, one-on-one meetings with potential investors soon after the conference and field visits by UIA officials and Ugandan private sector persons on the subsequent days. Over 120 South African companies were represented at the conference. A key highlight of the business forum was the signing of a Reciprocal Investment Promotion and Protection Agreement between South Africa and Uganda. As a direct result of the mission, UIA hosted a number of inward missions during the year.

f) Africa Direct Mission to Canada and follow up

The Executive Director of UIA participated in the Africa Direct Mission in Canada from 3-18 May 2000. The Mission brought together officials and business persons from Canada and eight sub-Saharan African countries (Ghana, Mauritius, Mozambique, Nigeria, Senegal, South Africa, Tanzania and Uganda).

The objectives of the Mission were, among others, to:

- a) raise mutual understanding of issues affecting trade and investment between Sub-Saharan Africa and Canada;
- b) introduce Canadians and Africans to new markets to establish closer political and economic relations; and
- c) improve the understanding of Africa in the eyes of Canadians.

A 20-person Ugandan delegation headed by the Minister of State for Trade and Industry and that of State for Communications attended the Mission and presented papers in various important subject areas regarding trade and investment policies and opportunities obtaining in Uganda.

g) Xylepo/Sasmil Woodworking Exhibition Milan Italy

UIA participated with Ugandan exhibitors in a Wood Working Exhibition in Milan-Italy from 24-28 May 2000. The Xylepo/Sasmil Exhibition consisted of two trade shows for the entire timber and furniture industry. It was a unique opportunity for companies looking out for latest components and accessories available for making quality furniture and for those looking out for fresh inspiration for creating new furniture ideas. UNIDO was instrumental in the success of the workshop by providing for stands for displays and arranging meetings for participants from Uganda.



h) Investment and Trade Delegation to the Netherlands

UIA was part of a 20-man delegation to the Netherlands on a trade and investment mission, which was led by the Minister of State for Trade and Industry. Many sectors ranging from flowers, dairy, and handicrafts to foods processing, health and furniture were represented on the delegation. The mission culminated into the signing of an Investment Protection Agreement between Uganda and the Dutch Government.

i) COMESA Conference

UIA participated in an investment promotion forum that was held in Cairo during the COMESA Conference. Other participants were drawn from UMA, MTTI, UTB, and PSF.

j) Uganda Investment Promotion Mission to China

In April 2000, UIA organised a trade and investment mission to China. The delegation led by the Minister of State in Charge of Planning Hon. Gabriel Opio comprised a UIA Director, a CAA official and five representatives from the private sector. The Mission covered the cities of Guang Zhou, Beijing, Shanghai and Hong Kong and later Malaysia.

The delegation met with Mr. Wei Jianguo, Assistant Minister, Ministry of Foreign Trade and Economic Cooperation and the two governments (Uganda and China) agreed to work together in promoting business. The Uganda Government presented draft bilateral reciprocal Investment Promotion and Protection Agreement and a draft Bilateral Trade Agreement to pave the way for this cooperation. Uganda's Ambassador in China and relevant technical committees are to be set up by the two governments for the necessary negotiations.

The delegation also met with a Chinese team led by Mr. Boa Peide, Vice Minister of Civil Aviation Administration China and the two parties exchanged bilateral air aviation agreements. The aim is to create air links necessary to promote trade and investment. The delegation also held several other meetings with high-level Government Official, as result these meetings the Chairman, Zhu Xiaoming Deputy Secretary General Shanghai Municipal People's Government reaffirmed his commitment respond very positively towards supporting Uganda's investment promotion initiatives. And he or his colleagues will lead a delegation to Uganda in October 2000 on a fact-finding mission. He also provided information on details of contacts for prospective investors in Shanghai. The delegation hosted an investment seminar in Beijing that attracted over 40 Chinese companies. The delegation also held one to one meetings with their Chinese counterparts. As a result of this mission a delegation from China to Uganda is expected in the area of tourism, iron ore mining, steel production and investment in renewable energy sources.

4.3.4 Inward Missions

Besides the above activities, UIA facilitated over 90 individual inward missions during the year. The UIA also worked closely with the Ministry of Foreign Affairs to identify and select Economic Consuls to represent the commercial interests of Uganda in key markets overseas. A program to train Foreign Service Officers in investment promotion and commercial diplomacy is also in the advanced stages and should be implemented over the coming few months.

Notable missions included:

a) Masscorp

In March 2000, UIA hosted Ms. Elaine Kiew Project Manager Malaysian South-South Corporation Berhad (MASSCORP). MASSCORP represents a large group of Malaysian manufacturers in Malaysia. Elaine was in Uganda to explore business opportunities for MASSCORPS members. Her main concentration was in the field of pharmaceutical products, textiles and education. As a result of this mission, subsequent missions visited the country in August 2000 and also in October to attend the UMA international exhibition.



b) A.G.B.R, Engineering and Design Ltd. from Israel

UIA hosted a delegation of Directors of A.G.B.R, Engineering and Design Ltd. from Israel. This was a fact-finding mission on real estate investment in Uganda, in particular, Buganda Kingdom. They were interested in setting up a five star hotel.

c) Electrical Welding Machine Works, China

UIA hosted Mr. Wang Fu Quian of Zheijing Kaierd of Electrical Welding Machine works, China. He was interested in setting up a plant for mass production of agricultural equipment. He also took interest in the growing, processing, manufacture and packaging of tobacco.

d) Mr. Partrick Gilarbart, BS officer UNIDO.HQ

UIA hosted Mr. Partrick Gilarbart, BS officer UNIDO.HQ. Following this meeting, an offer was made for UNIDO support in sponsoring two officers for a capacity building programme in Malaysia with the Africa Asia Investment and Technology Promotion Centre (AAITPC). One of the officers was to attend the High Tech Week in Beijing from 5th –13th May in China before proceeding to Malaysia - AAITPC. UNIDO also promised to consider funding the production of the new UIA promotional materials.

e) Shanghai Light Company of China

UIA hosted a four-man delegation from Shanghai Light Company of China. They were looking into prospects of investing in food processing, chemical industry, hardware and ceramics, hides and skins processing and candies manufacture.

4.3.5 Special Investment Promotion Initiatives

a) Italy Delegates Program

The Governments of Italy is supporting efforts to promote Italian investment into Uganda through a special programme jointly administered by Uganda Investment Authority and the United Nations Industrial Development Organization (UNIDO). Under the programme, a UIA official, Ms. Mary Mabweijano, was posted to Bologna, Italy, where she is responsible for matching Ugandan and Italian companies seeking joint venture partnerships. The programme commenced in July 1999. Although this programme is still in its early stages, it has generated considerable interest from both Ugandan and Italian entrepreneurs. Already, initial agreements have been signed between two local companies and their Italian counterparts. An Italian mission to Uganda was successfully organized in October 1999 to coincide with the Uganda International Trade Fair.

Under the Uganda – Italy programme, a number of project meetings were held with several firms/sectors, most remarkable were: JJ Construction, Myclolx Enterprises (Milk processing proposal), Nanga Farm project (fruit juice processing). Institutional meetings were also held to plan for the programme with the Italian Embassy, International Finance Corporation, Uganda Manufacturers' Association, and Private Sector Foundation.

Several contacts were made in Italy for various Ugandan Projects. Among these were a special direct mailing campaign for Simba Blankets, a follow-up meeting held between Nouve Arte Cheramica and the promoter of BK Enterprises. The latter was to be assisted to set up an assembling plant in Uganda for bathroom fittings. However, the issue of the necessary guarantee remained un-resolved to get the project under way.

b) UGSTN – Africa Project

UIA is currently hosting a representative of the United States Global Technology Network, a USAID supported project that aims to support increased trade and investment between US companies and their counterparts in Africa.



The project has recorded significant progress over the last year, some of which are highlighted below: -

.. **Arma Ltd.**

Mr. Ray Plavsich, of La Cresta Communications Inc of California, was awarded the GTN Matching Grant (expenses reimbursed up to US\$ 5,000) in February 1999 and came to Uganda in March 1999. In March 1999 the two companies signed a Joint Venture (JV) agreement and formed La Cresta Communications Uganda Ltd. Under the JV, The DOME Cyberspace Internet Café, worth US\$ 100,000, started operations in May 1999 - the U.S. company contributed furniture and equipment worth US\$ 60,000. The JV is also involved in bidding for various tenders to supply Communications and Information as well as Solar technologies.

.. **Sombha Overseas Co Ltd.**

Mr. S Lule, the lead promoter of the Ugandan firm, was awarded the GTN Matching Grant in late November 1999. His company entered negotiations with Mr. Khalid Thomas, of The Dynamic Group Inc, for the possible financing of a proposed US\$ 25.5 Million disposable syringes' manufacturing project.

.. **Kleen It Services Ltd.**

Mr. Edgar Thornton, of Stellar Marketing Limited of New Mexico, was awarded the GTN Matching Grant in June 1999 and arrived in Uganda in July 1999. While in Kampala, he met potential local partners to discuss possible collaboration in solid waste collection, disposal and recycling as well as on bidding for the same services in Kampala City. As a spin-off to this visit, the American team also committed to mobilize financing arrangement for the proposed US\$ 5-20 Million Construction Plant and Equipment Hire Pool project with The Domestic Contractors.

.. **Water & Drainage Co Ltd.**

The Ugandan firm signed a Memorandum of Understanding (MOU) with Maveg Import-Export of Missouri in September 1999. Under this MOU, the U.S. company has sent water pipes and anti-flood equipment worth US\$ 35,000 to Uganda. Maveg Import-Export is also arranging with: (a) EX-IM Bank to send a road grader and borehole drilling rig - all estimated to cost about US\$ 500,000; and (b) other financiers to send water pipes of over US\$ 1.3 Million in the year 2000.

.. **Computronics (U) Ltd.**

In November 1999 Mr. Robert Kayongo traveled to California and signed an International Distribution Agreement with G & C International Trade. The Ugandan company will be the U.S. firm's agent/ distributor for the (broad) East African region for Communication and Information technology, agriculture, construction, building and sanitary machinery/ equipment - estimated to cost at least US\$ 1.0 Million for the 1st year.

c) The "Big Push" Investment Strategy

Uganda, UNCTAD and UNDP undertook a major review of Uganda's Investment Policy in 1998. A report on the findings and recommendations of this review was presented to stakeholders in September 1999. The report was also later presented to and adopted by the 4th UNCTAD Commission on Investment Technology and Related Financial Issues.

One of the recommendations of the Uganda Investment Policy Review was the need for Uganda to embark on a major push for investment promotion in selected sectors as a way of achieving rapid economic transformation. This recommendation was adopted by the Government of Uganda and translated into the 'Big Push' Investment Promotion Strategy/Initiative.



The following sectors were selected for inclusion in the preparatory phase of the 'Big Push' Investment Promotion Strategy: -

- a) Agriculture/Cotton
- b) Banking and Insurance
- c) Air Cargo/Inland Port
- d) Education
- e) Multi Facility Economic Zone (MFEZ)
- f) Information/Communication Technology
- g) Medical Facilities
- h) Printing and Publishing

Task forces were selected for each of the selected sectors. Another task force was also set up specifically to look at streamlining Government Machinery. The task forces were required to investigate the possibility of transforming Uganda into a leading regional center of excellence for each of the selected sectors. The UIA was responsible for coordinating the follow-up and initial implementation of the "Big Push" Investment Strategy. The work done to date since the follow up started in August 1999 includes:

- .. Organizing workshops to present the UNCTAD/UNDP Uganda investment policy review study findings to the private sector and parliamentarians and the Cabinet.
- .. Formation of the nine taskforces including selected stakeholders and UIA professionals which led to Submission of final reports in April 2000, and subsequent presentation of the reports to stakeholders. The final report was also presented to H.E. the President and the Cabinet on April 27, 2000. The strategy was endorsed and forms a part of the Medium Term Competitiveness Strategy for the Private Sector (2000 – 2005), whose objectives are highlighted elsewhere in this report.

4.3.5 Local Investment Promotion Activities

a) District Networking

The UIA selected and trained 45 UIA District Focal Point Officers in the areas of investment promotion, facilitation, and aftercare.

With co-funding from the Institutional and Capacity Building Project (ICBP) of the Ministry of Finance, Planning and Economic Development, **the DFPOs were also trained in Project Management; and Strategic Marketing Management in two groups, one in March 2000 and the other in June 2000. Multitech Management Consultants Ltd conducted the training.**

4.3.6 Public Relations

a) Investment Columns

During the period of January to June 2000, it was not possible to continue running the Saturday investment column (*Safe Investment*) in the *Monitor Newspaper*. However this was replaced with a monthly newsletter [Investment Update]. Since January 2000 three issues newsletters have been published and sent out to relevant Ministries, Members of Parliament, Embassies both foreign missions in Uganda and Ugandan missions abroad, Districts through District Focal Point Officers and Business Association.



4.4 Investment Facilitation and Aftercare

The investment facilitation and aftercare function action areas are spelt out in the Work plan as:

- a) To facilitate new investors to successfully implement and operate their investments
- b) To facilitate already existing investor reinvest and expand their investments
- c) To monitor and evaluate overall investment performance.

4.4.1 Investment Facilitation

a) Strengthening UIA's One-Stop Facilitator Capability

In the Work plan it is outlined that UIA will operate an efficient and effective one-stop facilitator capability through establishing an effective system to minimize bureaucracy (administrative barriers) in partner ministries and agencies and maintenance of strong linkages with partner institutions.

UIA held several sector meeting during the year in order to identify investors' problems. During 1999/2000, the UIA held 5 sub sector meetings covering the Aluminum Product Manufacturers, Tourism Sector, Textiles Sector, Beef Sector and Fisheries Sector.

UIA participated in a stakeholders workshop in January 2000 on iron and steel. The workshop, organized under the auspices of COMESA, reviewed various options of exploiting the Muko iron ore resources. In order to scale down the level of investment required, it was proposed that mining the ore be left to the locals in the area and transporting the resource be outsourced. This arrangement would then require only about US\$30m for processing. The technology to achieve this is readily available in India.

In addition to these meetings, UIA staff continued to monitor various projects and to respond to specific investor requests for facilitation. As a result of these efforts, 50 investors were facilitated on a case by case basis to solve problems relating to power, telecommunications, taxes, and immigration. Sector specific problems were identified and are being handled at different authorities by Government.

b) Investor Guidelines

The UIA in liaison with relevant line agencies and ministries completed the preparation of Investor Guidelines for the following institutions:-

- Uganda Revenue Authority (VAT, Customs and Inland Revenue Departments)
- Uganda Electricity Board
- National Water and Sewerage Corporation
- Uganda Telecom Limited
- Immigration Department
- National Drug Authority
- National Environment Management Authority
- Kampala City Council
- Uganda National Bureau of Standards
- Factories Inspectorate
- Civil Aviation Authority



These guidelines now form part of basic information available to all prospective and existing investors. In addition, the streamlining of investment procedures, which is a major activity in the UIA Work plan, is being undertaken in consultation with other key Government agencies.

4.4.2 Proactive Project Monitoring and Aftercare

Monitoring visits were made to 150 projects to evaluate projects operational status, make problem evaluations; work permits evaluation and evaluation of projects participating in the investor of the year award. Project monitoring visits were, however, not carried out to the extent-planned because of shortage of transport facilities and funding.

One investor forum was conducted in November 1999. The issues raised in the forum are being followed up with the relevant authorities.

Bank of Uganda and Uganda Apex Private Sector Loan Scheme

UIA participated in assessing the performance of projects that had benefited from European Investment Bank funding under this scheme. In this regard UIA together with Bank of Uganda staff did a joint monitoring exercise of projects in western Uganda that have benefited from the Apex loans. UIA participated in a familiarization tour to EIB sponsored projects in Kenya sponsored by Bank of Uganda and Uganda Apex Private Sector Loan Scheme.

4.4.3 Joint Venture matchmaking

UIA facilitated some investors seeking joint ventures to identify local partners.

During the year, UIA initiated a process to compile a list of projects for promotion. This was meant to raise the competitiveness of these projects through joint venture cooperation, which can come by way of equity participation, marketing or technology sourcing. Various ways are being used for promoting these projects including: using international consultants whom UIA shall soon procure to market Uganda in Kenya, South Africa and Mauritius; various in-ward and out-ward missions; and on-line via the Asia-Africa Investment & Technology Promotion Centre web site supervised by UNIDO at www.aaitpc.com and also through UIA web site at www.ugandainvest.com. Two hundred companies were contacted to submit project profiles for collation.

4.5 Strategic Planning, Research and Policy Advocacy

Strategic Planning, Research and Development, as a function in the UIA work plan focuses on three key areas: -

- a) Information Services - Management of UIA's Information Systems
- b) Corporate Planning - Planning and Management of UIA's organization change process
- c) Policy Advocacy

4.5.1 Information Services

With support from the Austrian Regional Bureau, the UIA contracted a consultant to develop both computerized and manual systems for keeping and accessing UIA records. This was completed.

Furthermore, the UIA installed a radio wireless link for Internet access in July 1999. This facility enabled the UIA to be on the Internet 24 hours a day. Using assistance from the Austrian Regional Bureau, a consultant, Uganda Home Pages Limited, was contracted to develop a web site (www.ugandainvest.com). The development of the web site was completed early July and the website is now operational. Two UIA staff received basic training in Web page design and development. They were also introduced to some aspects of web server management using Linux. UIA has developed an overall Internet Strategy, that aims at making the Internet an integral part of UIA's promotional activities.



Through the Embassies and other strategic partners, UIA will seek to publicize its website and to enrich the content so as to make the website a fully interactive marketing tool. In a related development, the UIA is currently working with UNIDO to create a proposed Uganda Business Information Centre, which will have all the data and websites of business oriented entities located in Uganda. UIA is to be one of the equity promoters once the project design is finalized some time in the early part of 2000/2001.

During the period under consideration, the UIA made key improvements to its IT infrastructure. These include: -

- .. Installation of Windows NT Networking software to replace Novel Netware that was Y2K Non Compliant.
- .. Upgrading of the LAN server's memory and hard disk.
- .. Testing and Fixing all UIA equipment for Y2K compliance
- .. Regular Maintenance of UIA equipment – The one-year contract for maintenance of computers with funding from EU expired on September 30, 1999. It was renewed but for only 3 month due to financial constraints.
- .. Management Information System (MIS) - In January 2000, UIA received a USAID/VOCA sponsored volunteer Consultant to help the UIA on the review and design of the Management Information System. The Consultant together with UIA MIS staff reviewed the old system and thereafter designed a new one. . After the departure of the consultant UIA staff continued with the exercise and the new system is now due for implementation.
- .. Procurement of Computers - In October 1999, UIA started a process of automating its Accounting and Administration functions using Pastel version 5 software. However, successful completion of this process was dependant on the UIA finance department having adequate computers to handle the software, thus UIA procured 2 new computers for the department. UIA initiated dialogue with USAID, to seek for funds to procure new computers that can run the MIS that has been developed. USAID has now given UIA a go-ahead to start the procurement process.

During the same period UIA installed Accounting and Administration software (Pastel version 5) and UIA staff were trained on how to use the software.

The UIA intends to engage a Consultant to review its current information systems and information flow. Terms of Reference have been drawn for this assignment and were submitted to Private Sector Foundation (PSF) for their comments. The tendering of this assignment will be done immediately a go-ahead is given by PSF.

4.5.2 Corporate Planning

This function involves the following key functions: -

- .. Institutional Development
- .. Implementation of Change and Strategic Improvements within the UIA.
- .. Coordination with Donors
- .. Review and Reporting of Corporate Performance
- .. Oversight of special programs outside the mainstream UIA activities.

Implementation of change within the UIA during the first year of the work plan was heavily loaded in the immediate start-up (first 6 months) of the Workplan.



Activities carried out during the year include:

- .. Engagement of External Change Manager to oversee the right sizing exercise and the implementation of the new organization structure - This exercise saw the reduction of staff from 54 to 33 and divisions from eight to five intended to make the UIA lean but more focussed and effective.
- .. Preparation of UIA Workplan and Budget 1999/2000 - The UIA completed the preparation of her Workplan and Budget for the financial year 1999/2000 and circulated it to stakeholders in July 1999. This included Budget allocation to the different activities in the Workplan.
- .. Development of Job Descriptions - The UIA developed new job description for its staff based on the new organizational structure. This included specification of titles, reporting procedure, divisional objectives, responsibilities, indicators/output and academic requirements

Government and several Donor Agencies fund the UIA. However, due to the need for UIA to undergo restructuring, some of the donor funds were put on hold until the exercise was over. The UIA completed requirements that had been agreed upon with donors for them to resume funding and this was done by December 1999. In this regard UIA Directors had a meeting with World Bank team leader to Uganda Ms Lucy Fye along with officials from PSF to discuss progress on the World Bank funding to UIA. UIA was advised to review and adjust the World Bank component of the budget and thereafter, the World Bank through Private Sector Foundation (PSF) resumed funding UIA activities. The first release of funds amounting to US\$ 50,000 was received in April 2000.

In January 2000, the Ministry of Finance, Planning & Economic Development carried out review public institutions that promote private sector development. The objective of the review was to formulate a medium strategy for the efficient delivery of services to the private sector. To this effect the ministry invited the Uganda Investment Authority (UIA) to make a presentation on its achievements and proposed way forward to the Focus Group. UIA made a presentation that outlined background information, which included the UIA Vision & Mission, functions, achievements so far and the way forward for UIA.

4.5.3 Policy Advocacy

The UIA was involved in the review of studies to introduce East Africa Trade Regime, a Common External Tariff & a Customs Union and the formulation of the East African Industrial Strategy undertaken by the East Africa Cooperation. The UIA also participated in the formulation and drafting of the East African Community (EAC) Treaty which was completed and signed in Arusha, Tanzania on November 30, 1999.

UIA also participated in the COMESA Investment Promotion Agencies first meeting held in Lusaka, Zambia in November 1999.

The UIA in conjunction with United Nations Conference on Trade and Development (UNCTAD) completed a Uganda Investment Policy Review Study . The Uganda Investment Policy Review report was adopted and this adoption culminated into the 'Big Push' strategy for Uganda, which is being spearheaded by UIA as detailed out elsewhere in this report.

Besides the above activities, UIA has also participated in a number of other initiatives, which have major policy implications with respect to investment promotion, facilitation and aftercare. These included: -

- .. The UIA since October 1999 is a member of the Taskforce set up by Bank of Uganda (BOU) to formulate a strategy to determine the Private Sector External Debt component and thereafter implement the Strategy. The UIA is also a member of International Trade Statistics Committee,



which was set up by BOU to harmonise trade statistics produced by the different agencies dealing with these statistics.

- .. The UIA has been liaising with NEMA on matters relating to Environmental Impact Assessment and Audit. UIA worked together with NEMA in designing a joint investor survey program. UIA professional staff attended training on the theme: “Integration of Environmental considerations into the Policies, Plans and Programs of the UIA”.

4.5.4 Strengthening the Legal Framework for Investment

UIA pursued several legal issues on aspects relating to improvement of investment climate, among which are:

- .. Bilateral Trade and Investment Agreements and all the Bilateral Memoranda of Understanding on Trade and Investment.
- .. World Trade Organisation (WTO) and Lome Convention Agreements negotiations.
- .. Employment and Labour productivity Protocols.
- .. Monitoring of all Government Laws affecting investment including review of all bills in the pipeline.
- .. Follow-up of all target countries in the UIA two year work plan without Double Taxation, Trade and Investment agreements so that they are put in place during the two year plan period.

4.5.5 Regional and International Cooperation

- .. UIA participated in a High-level Taskforce meeting to establish the East Africa Cooperation (EAC) Customs Union (CU) held in Arusha, Tanzania. The establishment of the EAC Customs Union (CU) is regarded as a core activity in the EAC affairs.
- .. UIA also participated in a meeting on the East Africa Cooperation (EAC) Trade, Industry and Investment Committee.
- .. The UIA participated in a meeting on the preparation of the Free Trade Area for the COMESA region scheduled to begin in October 2000 with zero tariffs.
- .. The Strategic Planning Division (SPD), Director, Mr. Kyoratungye Karemente was nominated as a Uganda delegate on the High level Taskforce for tripartite talks with East Africa Cooperation (EAC) member states on the creation of the EAC Customs Union in Arusha.
- .. The UIA participated in activities on the harmonization of investment codes of the EAC Member States .
- .. UIA participated in a Technical Working Group (TWG) meeting on the Cross-Border Initiative (CBI) organized by the Ministry of Finance to review the progress of the CBI programme and work out a mechanism for the facilitation of investments into the CBI country grouping.
- .. UIA Executive Director Dr. Maggie Kigozi was elected First Vice President of the World Association of Investment Promotion Agencies Association. WAIPA normally works with the UIA to implement “best practices” used by other re-known investment agencies in their marketing efforts to attract investors.
- .. UIA participated in a workshop in Mombasa Kenya from February 22 –23, 2000 on Global Biodiversity to discuss and provide input to the forthcoming May 2000 conference of Parties made up of Governments from all over the world on how to provide incentives for investments in Biodiversity and Environment Sensitive projects in Eastern and Southern Africa.



- The Uganda Investment Authority (UIA) in collaboration with the Uganda Ministry of Foreign Affairs hosted a high-level competition policy workshop for the East African Community in Kampala on issues concerning the private sector from May 11 to 12, 2000.

4.6 Industrial Land Development

Lack of serviced land was identified by the Uganda Investment Policy Review of 1998 as one of the major drawbacks that the investors face. One of the activities the UIA was charged with in the Workplan is to kick-start the land development process to enable investors have access to serviced land. UIA owns several pieces of land in different parts of the country. These lands include Namanve, Luzira, Entebbe, Nakasongola, Masindi, Mawogola, Namulunye, Pallisa, Bugungu, Bweyogerere and Masese. Namanve and Luzira are the priority lands to be developed as industrial and business parks. Entebbe is earmarked as a logistics centre. Other lands are to be put in the hands of the private sector as management agents or leased out on a longterm basis for development by the private sector.

Namanve Industrial Park

In January 2000, Garland Ormond International submitted a Feasibility and Business Plan on Namanve to the Namanve Implementation Committee (NIC).

The Garland Ormond International Report was adopted by the Namanve Implementation Committee (NIC) in February 2000. Consequently, the European Investment Bank (EIB) promised to fund Namanve to the tune of US\$ 10 million. Thereafter Gibb (EA) was contracted to carry out Engineering design services for South A and South B Estates with GOU and UNIDO funding.

In March 2000, the Taskforce on Multi-Facility Economic Zone (MFEZ) presented its report to Ministry of Finance, Planning and Economic Development (MFPED) as a component of the Big Push Strategy.

Luzira

In January 2000 a topographical survey was completed and work on the physical planning started. until May 2000 when Department of Physical Planning produced sketch maps for 40-50 plots.

Bweyogerere

In May 2000, a lease offer was made to the Uganda National Bureau of Standards (UNBS) for 15 acres and another for 3 acres to the National Drug Authority for the construction of an incinerator.

Nakasongola

The process of evaluating bids for Environment Impact Assessment study started in February 2000 and was completed in May 2000.

Investors for Namanve

- Comaza (formerly TransAfrica Railways) is spearheading the establishment of the container-handling terminal in Namanve. In November 99, the group sent to Uganda a Project Engineer Mr. Vic Muller from South Africa. He was conducted around the estate and held several meetings in Uganda (UR, UIA, Transporters etc). Exchange of information is still on-going and confirmation of their location in South B estate will soon be realized. The project is a key investment that will facilitate the opening up of Namanve.
- Information for potential investors and or developers of the Namanve Business and Industrial Park (draft expression of interest) has been prepared with the assistance of the European Investment Bank.
- Applications for industrial plots continued to be received.



4.7 Capacity Building & Organizational Factors

4.7.1 WAIPA Investor Targeting Workshop

The UIA is a member of World Association of Investment Promotion Agencies (WAIPA). During the month of December 1999, WAIPA sponsored one of UIA staff for a Study Tour to Jamaica Promotion Corporation (JAMPRO) and also conducted a seminar in Kampala attended by representatives from investment agencies of Ethiopia, Tanzania, Kenya, Malawi, Zambia and Uganda.

The UIA also coordinated, organized and participated in the WAIPA Investor Targeting Training Workshop for Investment Promotion agencies in Africa, which took place December 1999.



UIA STAFF (AS AT JUNE 2000)



Dr. Maggie Kigozi
Executive Director



Amos Lugolobi
Director
Investment Promotion



Elizabeth Ssemwanga
Director
Investor Facilitation
and Aftercare



Kyoratungye Karamente
Director
Strategic Planning



Patrick Nyaika
Director
Land Development



Joel Byaruhanga
Director
Finance & Administration



Issa Mukasa
Assistant Director
Investment Promotion



Arthur T. Bwire
Assistant Director
Investment Promotion



Grace Achire
Assistant Director
Investment Promotion



Rosemary Mutyabule
Assistant Director
Investor Facilitation
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Lawrence Byensi
Assistant Director
Strategic Planning



Valentine Ogwang
Assistant Director
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Barnabas Tumwesigye
Assistant Director
Land Development



Joseph Kiggundu
Assistant Director
Strategic Planning



Mary Mabweijano
Senior Investment
Executive
Investment Promotion



Emmanuel Lubandi
Assistant Director
Land Development



UIA STAFF (AS AT JUNE 2000)



Bradford Ochieng
Senior Investment Executive
Investment Promotion



Samuel Kaali
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Ruth Lwetabe
Investment Executive
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Joyce Sserubombwe
Accounts Assistant



Godfrey Ssemakula
Investment Executive
Investor Facilitation and Aftercare



Charles Omusana
Investment Executive
Strategic Planning



Geoffrey Ndaula
Accountant



Sheila Karungi
Administrative Assistant



Michael Nampala
Accounts Assistant



Eunice Onen
Administrative Assistant



Hilda Hall
Administrative Assistant



Rose Adeke
Receptionist



James Nakabale
Security Assistant



Rosette Kajumba
Office Attendant



Kalema Kayondo
Office Attendant



Benjamin Muwanga
Driver



www.ugandainvest.com

**1999 - 2000
AUDITED
FINANCIAL ACCOUNTS**



REPORT OF THE AUDITOR GENERAL

In accordance with Article 163 (3) of the Constitution, I am required to audit the accounts of the Uganda Investment Authority (UIA) after the end of each financial year to which they relate and report to the Speaker of Parliament.

REPORT:

1. The Financial statements set out on pages 1 to 9 have been audited. I have obtained all the information and explanations, which to the best of my knowledge and belief were considered necessary for the purposes of the audit. Proper books of account were kept and the financial statements are in agreement therewith.
2. **Responsibilities of Directors and Auditors**
The Directors of the Authority are responsible for the preparation of the financial statements, which give a true and fair view of the Authority's state of affairs and of its profit or loss. My responsibility is to express an independent opinion on the financial statements based on the audit.
3. **Basis of Opinion**
The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit be planned and performed in order to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes an examination, on a test basis of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Board of Directors as well as an evaluation of the financial statements.
4. **Fixed Deposits**
A fixed deposit amounting to Shs. 400 million with the former International Credit Bank has never been recovered. No provision was made against this deposit, which is considered unrecoverable.

OPINION

Except for the absence of a provision against the amounts noted above, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the Authority's financial affairs as at 30th June 2000 and the loss and cashflows for the year ended in accordance with International Accounting Standards and comply with the Uganda Investment Code.

John F. S. Muwanga
AUDITOR GENERAL

KAMPALA

8th August 2001



BALANCE SHEET - 30 JUNE 2000

	NOTE	2000 Shs	1999 Shs
NON CURRENT ASSETS			
Land and Building	i	744,586,568	761,871,802
Land Development	i	1,847,854,711	1,490,494,498
Other Assets	i	44,264,793	151,084,573
Total Non Current Assets		2,636,706,072	2,403,450,873
CURRENT ASSETS			
Inventories		18,368,334	50,621,431
Debtors	ii	159,321,368	191,594,461
Short term Investment	iii	400,000,000	400,000,000
Cash & Cash Equivalents	iv	140,559,751	83,308,116
Total Current Assets		718,249,453	725,524,008
TOTAL ASSETS		3,354,955,525	3,128,974,881
FUNDED BY:			
Capital Fund	v	2,636,706,072	2,403,450,873
General Fund	v	(241,118,073)	34,822,001
		2,395,587,999	2,438,272,874
CURRENT LIABILITIES			
Creditors	vi	954,205,012	680,134,985
Bank overdraft	vii	5,162,514	10,567,022
Total Current Liabilities		959,367,526	690,702,007
TOTAL LIABILITIES		3,354,955,525	3,128,974,881

Signed by

Head Finance and Administration

Executive Director

Chairman, Board of Directors



INCOME AND EXPENDITURE STATEMENT

	1999/2000	1998/1999
GOU Funding	1,905,253,100	2,091,378,670
Donor Funding	100,588,471	75,880,959
Other Income	31,081,562	42,765,339
Rental Income	121,931,255	82,770,805
Sale of Assets	28,924,200	-
TOTAL	2,185,778,200	2,292,795,773
Administration and Operational Expenditure	1,553,997,307	1,791,221,643
Investment Facilitation and Promotion	368,060,208	339,737,914
Land and Industrial Development	386,934,339	691,761,060
Other Expenditure	50,715,437	-
Board Expenditure	22,796,600	25,414,096
Extra-ordinary Items		214,546,600
TOTAL	2,382,483,891	3,062,681,313
Surplus/Loss	(196,705,303)	(769,885,540)



CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2000	Note	2000 Ushs	1999 Ushs
Net cash (outflow) Inflow from operations	1	141,890,914	539,227,650
Investing Activities			
Payment to acquire tangible fixed assets		406,171,403	761,799,732
Net cash inflow (outflow) before financing		548,062,317	1,301,027,382
Financing			
Capital funding	4	406,171,403	761,799,732
Increase (decrease) in cash and cash equivalents	2	141,890,914	539,227,650



NOTES TO THE CASH FLOW STATEMENT

YEARENDED 30 JUNE 2000

1 RECONCILIATION OF SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE TO NET

CASH.	2000 Shs	1999 Shs	
SOURCE OF FUNDS	(196,705,303)	(769,885,540)	
Surplus / (Deficit) of income over expenditure	32,253,097	60,789,311	
Decrease / (Surplus) in stock	32,273,093	665,685,416	
Decrease / (Surplus) in debtors & pre-payments	274,070,027	582,638,463	
Decrease / (Surplus) in creditors & accrued charges	141,890,914	539,227,650	
Net cash (outflow) / inflow from operating activities	472,741,094	611,968,463	
2 ANALYSIS OF CHANGE IN CASH AND THE CASH EQUIVALENTS	141,890,914	(539,227,650)	
Balances as at 1 July 1999	614,632,008	72,741,094	
Net cash outflow/ (inflow)			
Balances as at 30 June 2000			
3 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENT AS SHOWN IN THE BALANCE SHEET	2000 UShs	1999 UShs	Change in year UShs
	400,000,000	400,000,000	-
Short term investment	140,559,751	83,308,116	57,251,635
Cash at Bank and at Hand	(5,162,514)	(10,567,022)	5,404,508
Bank Overdraft	535,397,237	472,741,094	62,656,143
4 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR	2,402,249,193	1,990,804,300	
Balance as at 1 July 1999	406,171,403	761,799,732	
Cash in flow from financing	(171,714,524)	(349,153,159)	
Adjustment from depreciation	2,636,706,072	2,403,450,873	
Balance as at 30 June 2000			



NOTES TO THE ACCOUNTS

a Accounting Convention

The accounts are prepared under the historical cost convention

b Fixed Assets and Depreciation

Fixed assets are stated at cost less depreciation

Depreciation is calculated on a straight line basis at rates estimated to write off the asset over expected useful lives. The rates are used as follows:

Leasehold assets Land and Buildings	Over the unexpired lease period
Computers and Accessories	33.30%
Vehicles	25%
Furniture and Fittings	12.50%

The various grants are charged against the grant account, but capital expenditure is subsequently capitalised by crediting the capital fund with the actual cost of the assets.

c Capitalisation of Grants

The various grants are charged against the grant account, but capital expenditure is subsequently capitalised by crediting the capital fund with the actual cost of the assets.

d Exchange rate

Transactions during the year are converted into Uganda shillings at rates ruling at the transactions dates. Assets and Liabilities at the balance sheet dates which are expressed in foreign currencies are translated into Uganda shillings at the rates ruling at that date. The resulting differences from conversions and translations are dealt with in the income and expenditure statement in the year in which they arise.

e Deposit in ICB/Extra-ordinary item

A short-term investment of shs 400 million was placed with International Credit Bank for one month at an interest of 17% per annum. However, before the first maturity the bank was closed. The money has never been received from Bank of Uganda which undertook to pay ICB creditors and there are indications that it will never be recovered. In the financial year 1998/1999, UIA carried out a restructuring exercise, terminal benefits paid to the staff in the year amounted to 214,456,600.

f Namanve, Luzira and other pieces of land

UIA is in the process of acquiring land titles for Namanve and Luzira Industrial Parks. A total of shs 706,824,372 has been capitalized as initial costs towards feasibility studies, engineering design and other costs towards land development.

Note 1

FIXED ASSETS	FREEHOLD LAND	LEASEHOLD LAND	FREEHOLD LAND	MOTOR VEHICLES	FURNITURE AND FITTINGS	COMPUTERS	GENERATOR	OFFICE EQUIPMENT	TOTAL
COST									
As at July 1999		864,261,711	1,490,494,498	194,416,995	122,895,737	198,726,340	29,276,021	71,920,847	2,971,992,149
Additions			357,360,213			41,102,455		7,716,735	406,179,403
Disposal / Write off								-	
As at June 2000		864,261,711	1,847,854,711	194,416,995	122,895,737	239,828,795	29,276,021	79,637,582	3,378,171,552
DEPRECIATION									
As at July 1999		102,389,909		149,254,736	110,765,398	155,374,550	19,358,247	32,608,116	569,750,956
Charge for the year		17,285,234		45,162,259	12,130,339	79,862,989	7,319,005	9,954,698	171,714,524
As at 30 June 2000		119,675,143		194,416,995	122,895,737	235,237,539	26,677,252	42,562,814	741,465,480
NET BOOK VALUE									
As at June 2000		744,586,568	1,847,854,711	-	-	4,591,256	2,598,769	37,074,768	2,636,706,072
As at June 1999		761,871,802	1,490,494,498	45,162,259	12,130,339	43,351,790	9,917,774	39,312,731	2,402,241,193



SUMMARY OF STOCK

Note 2

Publications	10,416,675
Stationary and Others	4,320,807
Kitchen supplies	442,302
Miscellaneous supplies	3,188,550
	18,368,334

DEBTORS

Note 3

Rent	18,079,335
Staff debtors	52,134,946
Gratuity (PWICO)	89,107,087
Total	159,321,368

INVESTMENTS

Note 4

International Credit bank	400,000,000
	400,000,000

Note 5

CREDITORS

Staff Gratuity due from PWICO	89,107,087
Staff Gratuity due from UIA	135,506,556
NSSF	140,418,791
PAYE	257,988,382
Staff Creditors	954,936
Hire Purchase	25,384,831
Computer Point	4,509,195
Kazoora	97,500,000
Gibbs	174,801,245
UTL	18,033,989
	954,205,012

BALANCE SHEET SUMMARY FOR THE YEAR ENDED 31 JUNE 2000

Note 4

Non Current Assets

Land and Building	744,586,568
Land Development	1,847,854,711
Other Assets	44,264,793

Total **2,636,706,072**

Current Assets

Inventories	18,368,334
Deposits	400,000,000
Debtors	159,321,268

Bank Accounts

GOU Acc 80671			5,068,514
GOU Acc 80923	2,143,711		
GOU Acc 80675			
EU Acc 41007			94,000
PRESTO Acc 30702	915,752		
AUSTRIA Acc 30002	393,290		
PSF Acc 30703	111,634,883		
LCP Acc 30701	1,988,290		
GOU Acc 80763	583,186		
EU Acc 41017	8,937,093		
DOL Acc 62000 \$	12,754,217		
F337 \$	1,209,329	140,559,751	
Total			718,249,453
Creditor			954,205,012
Capital Fund			2,636,706,072
General Fund			(241,118,073)

3,354,955,525 3,354,955,525

Note 6

FUNDS ACCOUNT

	CAPITAL FUND	GENERAL FUND
Balance brought forward 01/07/1999	2,402,249,193	144,942,493
Prior Year Adjustments		
Add: Purchases	406,171,403	
Surplus/Deficit		(196,705,303)
Closing Stock		18,368,334
Increase/Decrease in Monetary Assets		(157,102,166)
	2,808,420,596	(190,496,642)
Less		
:Depreciation	(171,714,524)	
:Opening Stock		(50,621,431)
:Write off	(185,013,500)	
	2,636,706,072	(241,118,073)



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