

THE UGANDA TRANSPORT AND COMMUNICATION PROFILE

1.0 BACKGROUND TO COMMUNICATION AND INFRASTRUCTURE SECTOR

Infrastructure services such as transport, housing, water and sanitation, communications and energy are crucial inputs for socio-economic development of a country. They constitute the threshold for sustained growth in all sectors, and provide most of the necessary amenities for supporting higher living standards. Presently, only a small proportion of the population, mostly in urban areas, enjoys an adequate level of infrastructure services. To the majority in rural areas, services are either inaccessible or unavailable.

However, Uganda has been a major attraction of bilateral and multilateral donor funding. Because of this, a good portion of the infrastructure has been rehabilitated. The government has managed to rehabilitate most of the roads, airfields, and has gazetted industrial sites such as Namanve. Basic infrastructure like trunk and rural feeder roads, water and sanitation services, and the communications network have generally been provided.

The government of Uganda, since 1997 has been carrying out an ambitious reform programme of public enterprises. Economic growth was sustained through increased private investment and more efficient resource allocation, stimulated by liberalization of the economy. Uganda has been lowering tariff and non-tariff barriers to regional trade, removed all restrictions on international capital transactions, and about two thirds of Uganda's public enterprises were privatized in the past decade.

In the telecommunications sector, two aspects of reform were used; privatization and competition. In August 1997, Parliament passed the Uganda Communications Act, which provided the legal framework for introduction of competition in the telecommunications sector and Uganda Telecom Limited (UTL) is now privatized. In addition, reforms in the power sector, aviation services, railways, water and other public enterprises are ongoing.

The government policy in the Infrastructure Sector aims at promoting cheaper, efficient and reliable transport and communications services. To achieve these objectives, the government is encouraging private sector participation through privatization and direct private investment.

2.0 *Current Sectoral Performance*

2.1 *Transport*

Transport plays a key role in integrating the different sectors in an economy. Table 1 shows the contribution of the transport and communications sector to GDP as well as the growth rate of GDP in the sector over the fiscal years 1995/96 – 1999/00. The share of the transport and communications sector in the GDP has averaged 5.1 per cent. As a landlocked country, Uganda has always been dependent on its neighbours, especially Kenya, for movement of its imports and exports. It is connected to the sea through the ports of Mombasa, Kenya and Tanga and Dar es Salaam in Tanzania. Uganda has a reasonably well developed infrastructure comprising of a network of road, rail, and airports. The country is fairly adequately connected to its neighbours as well as the COMESA member states by rail, road and air.

Table 1: Contribution of the Transport and Communications Sector to GDP at Factor Cost at Constant 1997/98 Prices: Ushs. Million

Year	1998/99	1999/00	2000/01	2001/02
Actual Contribution	320,985	344,639	372,933	410,044
Percentage Contribution	4.4	4.4	4.5	4.7
- Road	3.4	3.4	3.4	3.4
- Rail	0.1	0.2	0.2	0.2
- Air	0.4	0.4	0.4	0.3
- Communications	0.4	0.4	0.6	0.7
Growth Rate %	7.0	7.4	8.2	10.0
Total GDP (million Ug. Shs)	7,351,312	7,753,391	8,217,603	8,675,677

Source: Uganda Bureau of Statistics

2.1.1 Road Transport

Road is the most dominant mode of transport in Uganda. The road transport system in Uganda comprises about 10,000 km of classified main roads (trunk, secondary and tertiary), about 25,000 km of district (feeder) roads, 2,800 km of urban roads, and 30,000 km of community access roads.

The National (Trunk) Road Network [National Road Network](#) carries 80% of Uganda's traffic and thus forms the most vital infrastructure driving the country's economy. National roads include international routes linking Uganda to neighbouring countries and to the sea (through Kenya and Tanzania), and internal roads linking large populations, commercial and administration centres. About 2,200 Km out of a total of 10,000 Km of National Roads are bituminised (tarmacked) and the rest are gravel (murrum). Government is implementing an on-going programme of continuous upgrading of key gravel roads to bitumen standard. The condition of the classified roads varies (Figure 1).

The National Road Network

Surface Type	Network Condition				
	Excellent	Good	Fair	Poor	Bad
Unpaved	138	1906.5	1896.95	1064.8	20
Paved	65	725.35	462.3	114.8	41.9
Total	203	2631.85	2359.25	1179.6	61.9
%age	3.15%	40.90%	36.66%	18.33%	0.96%

Source: Ministry of Works, Housing and Communication

Road is the most dominant mode of transport in Uganda. It plays a pivotal role in supporting development programmes. It carries over 90% of the country's passenger and freight transport and provides the only form of access to most rural communities. The gazetted roads, which form 30% of the road network, carry 80% of the total road traffic volume, while the rural feeder roads are the major means of access to the rural areas.

Uganda's gazetted road network also plays a crucial role in the regional economy. It serves as a transit corridor linking the land locked regional countries of Rwanda, Burundi, parts of eastern democratic Republic of Congo, and southern Sudan to the Indian Ocean via the ports of Mombasa in Kenya, and Dar es Salaam in Tanzania.

The Ministry of Works, Housing and Communications (MOWHC), is responsible for the development and maintenance of the gazetted road network. The Ministry's role consists of management of the planning, design, construction, maintenance and monitoring of the road links, bridges, drainage and other structures on the network. This is done through either direct intervention by the Ministry's Force-Account Units (now progressively reducing) or increasingly, through the use of private sector contractors and consultants.

In addition to these general roles, the Ministry is also responsible for: Supervision of road studies, Supervision and monitoring the usage and condition of roads; Training road sub-sector personnel; Evolving of appropriate road policies and programmes; Mobilisation of resources from development agencies; Procurement and upkeep of road construction and maintenance equipment; Monitoring of road works through the use of pavement evaluations, geo-technical investigations, materials surveys and testing; Research into materials, technologies and practices and institutionalising adoption or use of good ones; and Operation and maintenance of ferry services at selected crossing points.

Following the divestiture of Uganda Transport Corporation in 1990, public passenger transport is entirely by the private sector using buses, mini buses and cars. However, the mini vans dominate the city services whereas buses, which operate alongside mini vans, dominate the long distance routes.

Public transport services are available in all areas of the country. Presently, there are a number of car hire firms operating in Uganda and these include:- AVIS Rent A Car, C & A Tours & Travel Operators Ltd, HERTZ Rent A Car, Global Hire Services, ABM Taxi Services, Afrique Voyages Ltd, B & B Car Hire & Sales, City Cars Ltd, Gorilland Safaris, Nile Safaris Ltd, Phoenix Trading Co. Ltd, Swift Link Tours & Travel Ltd, Automobile Association of Uganda (AAU). Kampala has one Bus Park and two taxi (commuter) parks that operate regular bus route services from Kampala to most major towns in Uganda. Special hire taxis can be found in towns.

There is need to replace mini vans (14 seater) with large bus services. This is from the point of view that mini buses cause overcrowding, heavy polluters, difficult to manage and costly. The table below summarises new vehicle registration by ownership since 1996.

Table : New Registration of Vehicles by Ownership and Type: 1996 - 2000

Category	Number				
	Cars	6710	8364	4980	5686
Trucks	741	789	1617	1808	1436
Pick-Ups & 4 W Drives	5987	6328	4205	4910	3787
Minibuses	2438	2876	1797	1643	1601
Large Buses	38	43	62	105	90
Tractors	276	321	213	209	4
Motorcycles	16106	18798	13730	14934	10145
Other	219	276	39	67	56
Total	32515	37795	26643	29362	22005

Table : Estimated number of motor vehicles on the road, 1997–2001

	1997	1998	1999	2000	2001
Newly Registered Vehicles	37,795	26,643	29,362	22,005	26,535
Estimated Number of Vehicles	150,495	176,164	186,244	189,105	201,521
Percentage Increase	-	17.1	5.7	1.5	6.6

Source: Ministry of Works, Housing and Communications.

The number of motor vehicles on the road has maintained an upward trend (See Table --), increasing by 34 percent between 1997 and 2001. That is an average of about 7 percent per annum. However, the annual increases have varied between a high of 17 percent in 1998 and the lowest of 1.5 percent in 2000 .

2.1.2 Railway Transport

Uganda Railways Corporation (U.R.C) is one of the largest cargo haulage concerns in the Country with a rail system totaling 1,300 km. The Railway Network stretches from Kampala to Malaba in the East, Kampala to Kasese in the West and Tororo to Pakwach in the North of the Country. There is also the Busoga loopline stretching from Jinja to Busembatia in the East.

The Permanent Way (Kampala- Malaba line) provides connections to the Ports of Mombasa in Kenya via Malaba by rail and by both rail and marine through PortBell (Uganda) and Kisumu in Kenya and Dar es salaam in Tanzania through Mwanza. The rail services runs block trains carrying imports and exports.

The Permanent Way (Kampala- Malaba line) is aged but with continuous repairs and upgrading of some sections, the line is still in an operational condition.

U .R.C currently operates the following active sections on its rail and marine networks: -

- i) Kampala-Malaba (Rail Mainline) -251 Kilometers
- ii) Kampala –Portbell (Pier) -10 Km

Railway services not found to be economically viable and currently suspended cover the following sections: -

- i) Kampala - Kasese (rail) 333 Kilometers
- ii) Busoga line -(Jinja – Mbulamuti -Busembatia) 146 Kilometers
- iii) Tororo -Pakwach (rail) 501 Kilometers

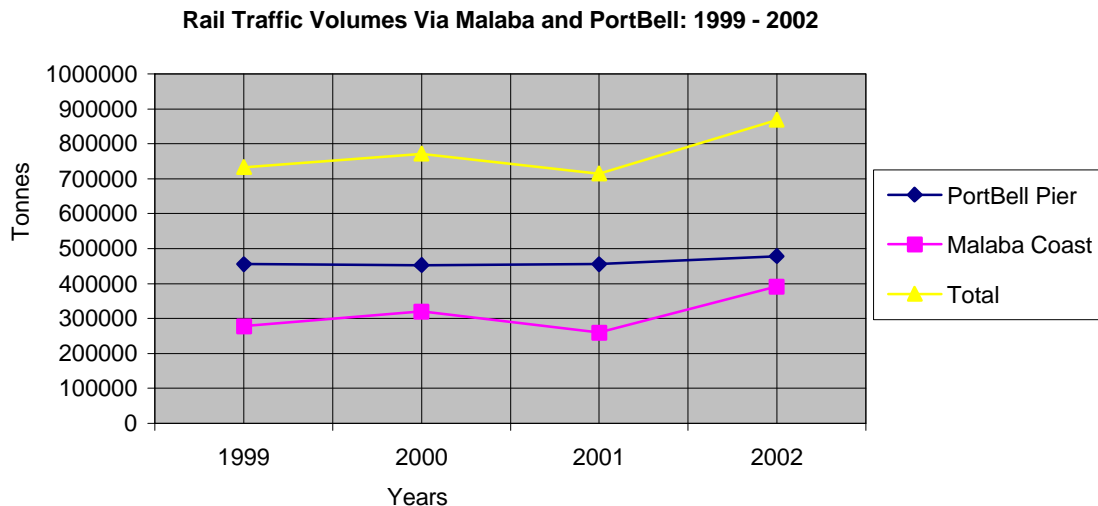


Table: Rail Traffic Volumes Via Malaba and PortBell: 1999 - 2002

Year	PortBell	Malaba	Total by Rail
1999	455627	277572	733199
2000	452417	319601	772018
2001	455641	259265	714906
2002	478115	390942	869057

URC has improved upon its marketing strategy through:

- Movement of block train between Kampala and Nairobi;
- The use of a single consignment note has made it convenient for customers to pay at a one-stop point; and
- The installation of Monitoring Rail Tracker Software, (ACK) at URC, and Kenya railways system, has enhanced customer satisfaction.

Table--Locomotive and Wagon Availability 2001

	Total Fleet	Effective Fleet	Availability
Locomotives	54	37	48.2
Wagons	1,376	1,252	80.2

Marine Services:

Number of wagon ferries Operating on Lake Victoria

URC owns and operates 3 wagon ferries on L. Victoria from PortBell and Jinja in Uganda to Kisumu in Kenya and Mwanza in Tanzania. In addition, Kenya Railways Corporation and Tanzania Railways Corporation each owns and operate one wagon ferry on the Lake from Kisumu and Mwanza to Portbell/Jinja respectively. The marine vessels are purely cargo. The maximum capacity of each wagon ferry is 880 tonnes i.e. 22 wagons loaded 40 tonnes each. URC offers no passenger services on both rail and marine.

However, these wagon ferries are not enough to handle the present cargo traffic. This signals an investment opportunity in marine cargo and passenger transport. The government major policy is to promote the private sector as the provider of most water transport services. The government also has plans to privatise the operations of MOWHC ferry services.

Inland water transport is a major component of the transport system since 18% of Uganda's total area is under water in the form of lakes and rivers, many of which are navigable. It is also the cheapest mode of passenger and cargo transport. The main navigable waterways include Lakes; Victoria, Kyoga, Albert, and rivers; Nile, Katonga, Kafu, Aswa, Semliki and Kagera.

Privatization of Uganda Railways Corporation

The government of Uganda has plans to privatize the URC services through a multiple or single concessionary arrangement. A privatization Transaction Advisor for URC was appointed and

started work mid 2002. A due diligence report was produced in December 2002 and Government of Uganda is assessing the report. Operations and asset management shall be transferred to the concessionaire by April 2004 marking the end of the privatization process of URC.

Meanwhile, The joint venture with Adrtanz-Nalukolongo Ltd., has been operational since 1998. Adrtanz maintains and overhauls wagons and locomotives. In addition, the government has privatized the following services: - cleaning; cargo off loading, container handling and; upgrading marine vessels for bulk fuel transportation.

Air Transport

Uganda being a landlocked country, Air Transport is of strategic importance to the nation as it guarantees an alternative gateway to the rest of the world. It provides the most efficient and quickest transport means to and from Uganda.

The aviation industry in Uganda is managed by the Civil Aviation Authority (CAA), which was established by the 1991 Civil Aviation Statute. CAA is the government agency charged with the regulation and development of the air transport industry in Uganda. Its Functions are: To advise government on aviation matters generally; Licensing of Air Transport, Civil Aviation personnel and private aerodromes; Provision of air Traffic and Navigation services; Co-ordination and direction of Search and Rescue services; Certification of operators and aircraft etc.

The period 1991 – 2000 witnessed major rehabilitation of aeronautical and non-aeronautical infrastructure and facilities. Significant in the rehabilitation programme were the following: Rehabilitation of Terminal Building, Runways, Taxiways. Construction of new Fire, Marine and Rescue Stations Expansion of Cold Storage facilities for perishable exports Improvement of air safety standards Acquisition and installation of modern security, Nav aids and Telecommunication equipment and Formulation of a 20 year Airport & Air Transport Development Plan.

Airlines operating at Entebbe International Airport (Scheduled and Unscheduled) include: Air France (Cargo), Aim Air, Alliance Express, Air Serv/Reliance Air, Africa One,• Eagle Air, Air Tanzania (Status uncertain), Dairo Air Services, British Airways, DHL Aviation, Eagle Air (domestic), Mission Africa Fellowship, Egypt Air, Kampala Aero Club, Ethiopian Airlines, United Airlines, Emirates, Kenya Airways / KLM, SN Brussels, South African Airways / Delta Airlines, TMK Air Commuter, United Airlines (domestic), East Africa Airlines and AfricaOne.

Recent Policy Decisions in Aviation Sector

Uganda has adopted and implemented among others, policies for:-
i) Liberalisation of cross-boarder airline services. ii) Abolition of royalty payments. iii) Adoption of multiple designation.iv) Full liberalization of cargo services.
v) Removal of capacity restrictions previously imposed on airlines for aircraft gauge, frequencies and routing. vi) Tax exemptions on incomes earned by foreign airlines through the avoidance of double taxation. vii) Promotion of tourism by designation of selected countryside aerodromes as international entry and exit points. viii) Implementation of the COMESA Legal Notice No. 2 that grants interested airlines up to 2 daily frequencies between Entebbe and other destinations in the region. A number of other bilateral and regional initiatives are also fairly progressed; and are either being implemented or at fairly advanced planning stages. Uganda has fully implemented the continental liberalization programme as formulated under the Yamoussoukro decision of

1999.

Local Air Bases

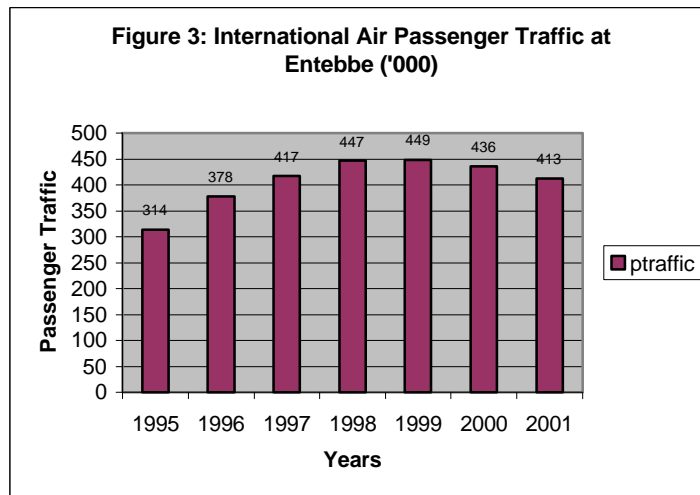
Uganda has a fair distribution of aerodromes for internal flights. Entebbe International Airport is the country's gateway, with 12 other aerodromes managed by Civil Aviation Authority. These include: Gulu, Tororo, Jinja, Kidepo, Moroto, Pakuba, Lira, Soroti, Arua, Kasese, Mbarara, Kisoro and Masindi. Several other Aerodromes are managed privately with CAA supervision.

Air Charter Services -

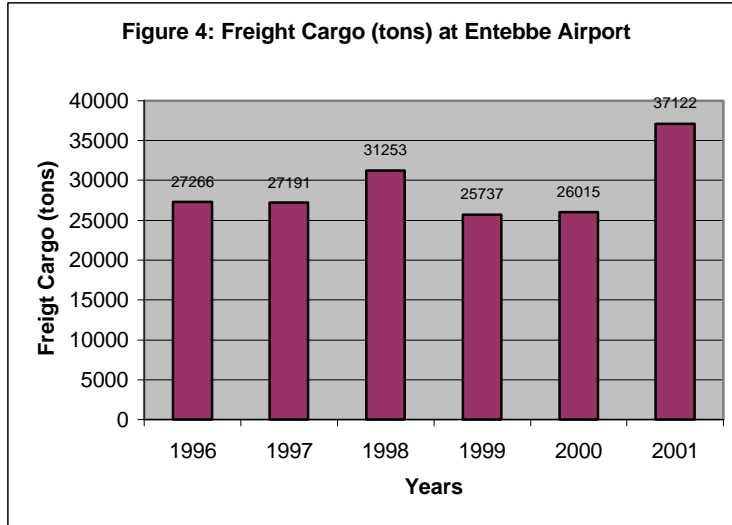
These include: - Take Air Ltd, Air Serv Ltd, Central Air Services Ltd, Mission Aviation Fellowship, Eagle Aviation, Tropical Air Cargo, Tropical Air Travel, Africa Air Cargo, Dairo Air Services, Premier Safaris, Air Alexandra, Aviol Technology, Royal Air Services, African Air Cargo, Trans Arabian Cargo; and Air Sun Ltd, Zel Air Ltd, Kampala Aeroclub & Flight Training Centre, United Airlines (U) Ltd, Tropical Charters & Tours Ltd, CEI Aviation, and Dahla Group of Companies.

Cargo and Passenger Traffic

Passenger and cargo traffic has been increasing at Entebbe International Airport as indicated in figures 3 and 4, respectively for the period 1995-1999 but dropped by 5% in 2001 largely because of the events of September 11 but also because of improving road security and safety.



The general increase in cargo by 43% is partly attributed to the lifting of the fish ban to EU but also increase in the volume of imports and exports of mainly horticultural, flowers and fish products. Most of such cargo is freighted under scheduled passenger flights.



Investment opportunities at Entebbe

Category A Projects:

Having completed the period of rehabilitation, CAA has recently reviewed its 20-year Master Plan with the assistance of an International Consulting group. The Authority is now embarking on an ambitious Capital Projects Development Programme. Key options considered for investment in these projects public-private partnerships and the increasingly popular Build-Operate-Transfer (BOT) approach. The Projects as summarized as follows:

Planned projects at Entebbe Airport

Project	USDM
¹ Design and construction of new Cargo Centre	25
Design and construction of Entebbe Airport Hotel	15
Renovation and? refurbishment of General Aviation Terminal for Domestic use	1.5
Development of an Export Processing/Free Trade Port	30
? Construction of an in-flight Catering Centre	12
Construction of? Aircraft Maintenance Hanger	15
Development of a Ferry Port at? Entebbe	20
Expansion of Arrival Hall and baggage sorting area of the main Terminal Building	.na
Construction of 4 air bridges	2.3

¹. The proposed Cargo Centre elements include construction of: Cargo Building (Perishable Cargo), Cargo Building (Dry Cargo), Freight Forwarders building, Customs building, Truck off-loading area, vehicle parking area and Roads, Cargo Aircraft Apron and Taxiways. This facility is open to external investors. The investors are invited to further assess the financial viability of the project. CAA will provide data and necessary support in this regard.

With a passenger forecast of 1.3 million passengers and 303,306 metric tons of cargo by 2022, Entebbe certainly becomes a very attractive investment destination in the region.

Category B: Business Opportunities at Entebbe International Airport.

Other areas where private sector participation is encouraged, include the following:

- (i) Provision of Air transport services i.e. setting up airlines to operate between Entebbe airport and the rest of the world
- (ii) Provision of ground handling services.
- (iii) Development of cargo handling and warehousing infrastructure.
- (iv) Establishment of aircraft maintenance facilities (hangars).
- (v) Establishment of companies for forwarding, clearing and consolidation of cargo.
- (vi) Management/provision of services such as duty free shops, restaurants and other similar commercial business.
- (vii) Construction and management of an airport hotel.
- (viii) Development and provision of In-flight Catering services.
- (ix) Provision of Ground Transport e.g. car hire coaches etc.
- (x) Establishment of cold storage facilities.

The land and to some extent facilities for the establishment of any of the above services is available

2.4 Telecommunications

The 1997 Uganda Communications Act provides the legal framework for the telecommunications sector. This legislation is the central component in the creation of the new telecommunications sector in Uganda. The Act provides for competition within the sector and also created the Uganda Communications Commission (UCC), which is a regulatory body for communication services in Uganda.

The objectives of this act are to develop a modern communications sector and infrastructure by: enhancing national coverage of communications services and products, expanding the existing variety of communications services, reducing Government direct role as an operator in the sector; encouraging the participation of private investors in the development of the sector; introducing, encouraging and enabling competition in the sector; minimizing all direct and indirect subsidies paid by Government to the communications sector and for communications services; establishing and administering a fund for rural communications development.

The functions of UCC are among others to implement the objectives of the Communications Act; to monitor, inspect, license and regulate communications services; to allocate and license the use of radio frequency spectrum and to process applications for the allocation of satellite orbital locations; to make recommendations to the Minister in relation to the issuance of major licenses under this Act; to supervise and enforce the conditions of those licenses; to establish a tariff system to protect consumers from excessive tariff increase and avoid unfair tariff competition; to draw up, establish, amend and enforce a national numbering plan and perform block number allocations; to conduct, or authorize any person to conduct under supervision, technical evaluation relating to communications services; to set national communications standards; to ensure compliance with national and international communications standards and to issue certificates of compliance in relation thereto; to establish and run frequency and other monitoring stations; to receive and act on complaints relating to communications services; to promote the interests of consumers and operators as regards the quality of communications services and equipment and to promote research into the development and use of new communications techniques and technologies.

Different categories of licences have been identified in the sector under the current licensing regime. The first category is that of National Operators. One national operator, Uganda Post Limited (UPL) has been licensed to provide postal services in Uganda.

On the telecommunications side, two national operators have been licensed, Uganda Telecom Limited (UTL) and MTN Uganda Limited. These are licensed to provide the full range of communications services (major licence services and minor licence services) as listed below.

Major licence Services

- Basic Telephony services including local, national and international telephony services;
- Cellular Telecommunication Services;
- Trunk Capacity Resale services including the provision of leased lines and circuits;
- Satellite telecommunications services; and
- Third Party Private Networks

Minor Licence Services

- Paging services;
- Store and forward messaging services;
- Telex services;
- Telegraph services;
- Value-added services;
- The sale, lease and maintenance of subscriber premise wiring and terminal apparatus; and
- Private telecommunications services

An Exclusivity Period was granted to these two national telecom operators in which the provision of what is termed as protected telephony service was restricted to these operators and those other service providers licensed prior to the beginning of this Exclusivity Period to provide the same services. This protected telephony service consists of basic telephony service (real time voice communications including voice over internet protocol VoIP), Cellular telecommunications service and satellite service. The Exclusivity Period runs for five years beginning 25th July 2000.

Private companies under licence provide a number of other services. These include paging, VSAT business services (private voice and data transmission by satellite); mobile trunked radio services, cellular services and value-added services such as payphones, fax bureau, call boxes, e-mail and others. In addition, a number of local and international courier firms such as DHL, TNT, Skynet, Yellow pages, Daks Couriers, ACME Cargo Ltd, Elma Express Delivery, Urgent Cargo Handling, Trans Africa Air Express Couriers Ltd, EMS Speed Post and Fedex Express provide delivery services of urgent documents and parcels.

In addition to the above, the Act has provisions for the following functions, which are overseen by the UCC: -

- Modification of licences;
- Suspension and revocation of licences;
- Transfer of licences;
- Sub-contracting by licence; and
- Lapse and renewal of licences.

Rural Communications

The Programme aims to support the development of communications infrastructure in rural Uganda and ensure that people in rural areas have reasonable and affordable access to communications services.

Operators have been required, directly through the licence rollout obligations, to attend to rural communication development. UCC has set up and manages the Rural Communications Development Fund (RCDF). The fund, while limited, will be used to leverage investment in rural communications through competitive private sector bidding.

The Commission also hopes to encourage:

- o Policy conducive to rural telecommunications development;
- o Technology choices appropriate for rural areas;
- o Models for serving rural and isolated communities;
- o Financial tools for rural telecommunications development and expansion.

Uganda Communications Commission (UCC) adopted a Rural Communications Development Policy ([PDF Format](#)) in July 2001.

4.0 Current Sector Performance

The telecommunications sector has in the last five years experienced tremendous growth mainly attributed to liberalisation of the sector. Subscription increased from 24,051 (fixed lines) in 1993 to over 54,000 fixed lines by July 2002. Likewise, the number of mobile telephone subscribers increased from 3000 lines in 1996 to 393,310 lines by July 2002. The tele-density that was approximately 415 persons per fixed line in 1997 has remained constant. The mobile phone density has reduced over time to approximately 67 persons per line at the end of July 2002. Internet connections also increased by approximately 550 percent between 1997 and July 2002 having increased from 1,000 subscriptions in 1997 to 6,500 by the end of July 2002.

Table : Communications Sector Comparative Figures for Period Dec 1996 to July 2002

Services Provided	Dec-96	Oct-98	Dec-99	Feb-01	Jul-01	Jul-02
Fixed Telephone Lines	45145	56196	58261	61462	56149	54976
Mobile Cellular Subscribers	3000	12000	72602	188568	276034	393310
Internet/Email Subscribers	504	1308	4248	5688	5999	6500
National Telecommunications Operators	1	2	2	2	2	2
Mobile Cellular Operators	1	2	2	3	3	3
VSAT International Data Gateways	2	3	7	8	8	8
Internet Service Providers	2	7	9	11	11	17
Private FM Radio Stations	14	28	37	100	112	130
Private Television Stations	4	8	11	19	20	22
Private Radio Communications Licenses	453	530	688	770	800	1210
National Postal Operator	1	1	1	1	1	1
Courier Service Providers	2	7	11	10	10	11

Uganda Telecom Limited

The company was previously a government parastatal and the only telecommunications provider in the country offering landline services, until the introduction of the liberalisation policy, which brought other entrants into the telecommunications industry. Uganda telecom has a comprehensive portfolio of services that include voice and data over fixed, wireless and Internet platforms.

UTL, as it was then known, was privatised in June 2000 and a consortium comprising three multinational companies (Orascom telecom, Telecel and Detecon, a subsidiary of Deutsche Telecom) jointly known as "UCOM Limited" successfully bid for 51% of the shares in UTL. Government retained 49% shares in the company.

- **UTL Coverage:** UTL landline services are available all over the country, thus making the widest geographical reach by a telecommunications company in Uganda. UTL has in operation a High Speed Data Transmission Network (HSDN) that offers high speed, convenient and secure means for voice, data and video transmission. This is through the use of xDSL technology over copper pairs. The company has data nodes in the following areas of Uganda: Kampala, Entebbe, Mukono, Jinja, Iganga, Mbale, Tororo, Busia, Malaba, Soroti, Masaka, Mbarara, Kabale, Kasese, FortPortal, Bushenyi, Wobulenzi, Gulu and Lira. It has International and regional data services with a terrestrial link to Kenya and International links being possible to different regions in Europe, America and Asia.

In January 2001, UTL Telecel also introduced cellular phone services with coverage in areas of Kampala, Entebbe and Mukono, but with plans to extend its coverage to the entire country.

- **UTL Recent Technological Accomplishments:** The installation of the fibre optic ring was successfully completed in May 2001. This was in addition to 85 km of already existing fibre. In March 2002, Uganda telecom introduced its second self-healing optic fibre ring and a new exchange at Wandegeya. The "Self-healing" process enables a damaged fibre optic cable to automatically redirect the transmission of voice or data to the opposite route; people communicating not even able to notice the break in transmission. The same is valid for Internet connections or for computers, which transfer data from one place to another. The technology creates new reliability and increased capacity for transmission.

Fibre Optic has helped enhance high capacity data transfer, improved the reliability and clarity of voice calls and has enabled faster Internet access.

The Digital link (SDH Link): Uganda telecom has a digital link to Kenya and Rwanda. Callers no longer need an International Direct Dialling facility to reach these countries. Uganda telecom also has full digital links to most major towns in Uganda including Mbale, Jinja, Kampala, Masaka, Mbarara, Kabale and Fortportal. This has helped to enhance voice quality when making calls. For detailed UTL Land line tariffs see appendix 2.

□ CELTEL UGANDA

CelTel is one of Africa's leading mobile phone networks. It is backed by Mobile Systems International Cellular Investments (MSI). It is one of the successful companies in Uganda with an investment of US \$ 35 million. The company currently has 50,000 subscribers. MSI cellular owns 89.5 per cent shareholding in CelTel Uganda while the remaining 10.5 per cent belong to the International Finance Corporation, the private sector arm of the World Bank.

With an initial coverage in Kampala, Entebbe and Jinja, Celtel has expanded its network to cover many other upcountry areas.

MTN UGANDA

On October 21 1998, MTN Uganda launched commercial services in Uganda, just six months after acquiring and signing of the Second National Operator (SNO) license. MTN has since grown tremendously servicing in excess of 300, 000 customers and growing.

The license required that MTN provide 89,000 lines in the first five years of operation but this has been exceeded in record time. MTN adopted wireless approach to providing telecommunications services to the Ugandan market. This approach has proved to be quicker in achieving most rolling out services. MTN has covered in excess of 90% of the urban population, providing services in over 110 towns and villages and their immediate environments.

Uganda's teledensity has grown close to ten-fold. Before MTN launched its services, the teledensity in Uganda was one of the lowest in Africa at 0.27%. Today MTN has changed that. Uganda's teledensity has placed it amidst the middle range of teledensity countries at 2%. (The average in Africa is 1.98%) Access to a telephone, as privilege is a long gone thing. MTN has invested more than US\$ 175 million in its network since commencement of operations in Uganda. This figure represents more than double the initial figure envisaged.

MTN Fibre Optic Line

MTN has taken a bold step to enter the modern world of telecommunications and built a fibre optic network –the 'MTN FibreOptic Line. The MTN customers will have immediate access to the most technologically advanced application for transmitting telecommunications and more specifically broadband data services. The Fibre Optic Line is initially available in most parts of the Kampala Central Business area and the Industrial areas. Roll-out to other areas of Kampala will be considered in future. All telecommunication services will be delivered including:

- Voice and Fax digital lines will be delivered at a minimum of 64kb.
- High speed dial up data services at a minimum of 64kb for Internet and e-mail.
- The Fibre Optic Line supports ISDN services.
- Leased line data services available from 64kb upwards.
- Internet Bandwidth access for exclusive access to the www.

5.0 Potential and Existing Market Demand for the Telecommunications Sector

Having one of the lowest penetrations of telephone service in the world, Uganda has enormous market potential. The International Telecommunications Union (ITU) was engaged by the Government of Uganda (GOU) to prepare an analysis of demand for telecommunication services in Uganda, including forecasts of local, national and international traffic. Below are some of ITU's findings:

- Current demand for fixed line service is estimated at 184,000 lines;

- Access line demand will reach approximately 380,000 in the year 2006, from the installed base of 51,829 in 1997. If this level of demand were to be fully satisfied by 2006, this would equate to an average growth rate of 25% per annum. However, actual demand growth based on the present actual demand of 184,000 lines, is projected at 8.5% per annum.
- International in-bound traffic will increase from 16 million minutes in 1997 to approximately 176 million minutes in 2006.
- International out-bound traffic will increase from 6 million minutes in 1997 to approximately 92 million minutes by 2006.

7.0 Potential Investment Opportunities

Uganda's population is 24.6 million people as per the 2002 census and is growing at a rate of 2.52%. This is a sizeable market to depend on. Besides, there is the common market for Eastern and Southern Africa States (COMESA) which is Africa's single regional economic grouping with an estimated population of over 300 million in 20 countries. Ugandan economy has been one of the fastest growing economies in the world, with an average of 6.4% for the last 8 years. This reflects an increase in the potential market for communication and infrastructure-related projects;

- Investment in marine transport for both cargo and passengers particularly on L. Victoria and R. Nile linking various towns on the Islands and mainland;
- **Road transport** - The increase in trade between the regional market is also an indicator of market for projects dealing in transportation services and clearing and forwarding services. There is rapid rate of road deterioration due to heavy rains and because of heavy vehicles transporting goods to regional markets. The Ministry of Works regularly awards road construction and maintenance contracts annually.
- **Aviation and air transport** – please see above.
- Investment opportunities for minor licences of value added services such as, Internet, and E-mail provision, Telex, Paging, Pay phone, Fax bureau, Cable television, radio broadcast.
- **Back-office (IT enabled) services:** Such as Accounting, bookkeeping, payroll processing, electronic publishing, website design and management, customer call centers (account queries, after sales support, order taking and referrals), technical transcription, medical records management, technical online support, indexing and abstracting services, research and technical writing, data verification and repair, claims processing, mailing list management, remote secretarial services, customer call centers- (problem /dispute resolution), virtual service centers (eg. Home delivery pizza companies) and hotel or rental car reservations.
- Setting up training centers for IT and various telecommunication services.
- Providing rural communication services with financial support from Uganda Communication Services

6.0 Investment Protection

- Uganda's constitution guarantees the right to property;
- MIGA coverage: Uganda became a member of the Multilateral Investment Guarantee Agency (MIGA) in 1992. Under this agency, foreign investors can insure their investments in Uganda against a wide range of non-commercial risks including expropriation, currency transfers, and breach of contract and civil strife. Foreign investors can apply for MIGA through UIA;
- Overseas Investment Insurance Scheme – The scheme provides insurance cover for UK companies against the perceived political risks of investing in foreign markets;
- Overseas private Investment Corporation (OPIC) – An agreement signed in 1998 with the above US agency seeks to guarantee American Investment in Uganda; and

- Uganda has also signed bilateral investment protection agreements with a number of other countries.

9.0 The Incentive Regime

Uganda's fiscal incentive package provides for generous capital recovery terms, particularly for investors whose projects entail significant investment in plant and machinery and whose investments are medium or long term. The incentive package includes: -

Category 1 – Initial Investment Allowances which are deductible once from the company's income. Initial allowances are based on the value of plant and machinery: -

Kampala, Entebbe, Namanve, Jinja & Njeru areas	50%
Outside Kampala, Entebbe, Namanve & Jinja area	75%
Start-up costs	25%
Scientific Research expenditure	100%
Training expenditure	100%
Industrial buildings	20%

- All plant and machinery is imported duty and tax-free.
- Investors who register as VAT Traders are allowed VAT refunds on all construction materials used on their projects within a period not exceeding 4 years of project implementation.
- Assessed losses arising out of company operations including the loss from the investment allowances can be carried forward indefinitely
- Uganda's corporation tax rate of 30% is one of the lowest in Africa

Category 2 – Deductible Annual Allowances

Depreciable assets specified in 4 classes under declining balance method: -

Class 1	Computers & Data handling equipment	45%
Class 2	Automobiles, Construction and Earth moving equipment	35%
Class 3	Buses, Goods Vehicles, Tractors, Trailers, Plant & Machinery for farming, manufacturing and mining	30%
Class 4	Cars, Locomotives, Vessels, Office furniture, fixtures etc.	20%

Category 3 – Other Annual Depreciation Allowances

Industrial Buildings, Hotels & Hospitals	5%
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Uganda also has a fully liberalized foreign exchange regime with no restrictions on the movement of capital. 100% ownership of projects by foreign investors is allowed.

References and Sources of Further Information

Background to the Budget: issues (1990/91 – 1999/00)
 The Rehabilitation and Development Plan 1991/92-1994/95
 Republic of Uganda, Statistical Abstract 2000
 Investment guide (A UIA publication); 1997
 Uganda in brief (A UIA publication); 1997
 Corporate Planning Departments of UEB, UTL, UPL and CAA.
 IFC Telecom documents
 MTN's Website: www.mtn.co.ug
 Celtel Uganda's Website: www.msi-cellular.com
 UIA-Website: www.ugandainvest.com

Key Contacts in Uganda

Uganda Investment Authority

Plot 28, Kampala Road

P.O. Box 7418 Kampala. Tel: 251562/5, 234109

Fax: 342903

Uganda Posts Ltd.,

Headquarters, Plot 35 Kampala Road

P.O. Box 7171 Kampala Tel: 256151

Ministry of Works, Transport and Communication

Airport road

P.O. Box 10 Entebbe Tel: 320101

Uganda Electricity Board

Plot 29/33, Amber House, Kampala Road

P.O.Box 7059 Kampala. Tel: 254071, Fax: 235119

National Water and Sewerage Corporation

P. O. Box 7053 Kampala. Tel:256761/2/3 or 345531

Civil Aviation Authority

Plot 105, Airport road

P.O. Box 5536, Entebbe Road Tel: 256-42-20384, 20926, 20486

Uganda Telecom Limited

P.O. Box 7171 Kampala Tel: 256151, Fax: 345907

Uganda Communication Commission

12th Floor, Communications House

Plot 1, Colville Street

P.O. Box 7376 Kampala – Uganda. Tel 256+41+348835 Fax 256+41+348832

Uganda Railways Corporation (URC)

P.O. Box 7150, Kampala.Tel: 256-41-258051/6

Fax: 256-41-34405 (Telex 61111 RAIL)

Appendix 2: UTL Landline Tariffs:

Standard rate

Relax

Family sunday

Local Calls

125 Ushs/min

75 Ushs/min

50 Ushs/min

Internet countrywide(*)

100 Ushs/min

75 Ushs/min

50 Ushs/min

National Calls

175 Ushs/min

125 Ushs/min

100 Ushs/min

Mango (Telecel)

175 Ushs/min

125 Ushs/min

100 Ushs/min

MTN

280 Ushs/min

220 Ushs/min

220 Ushs/min

Celtel

325 Ushs/min

280 Ushs/min

280 Ushs/min

E.A, Burundi & Rwanda

650 Ushs/min

600 Ushs/min

600 Ushs/min

UK, South Africa & North

America

1,300 Ushs/min

900 Ushs/min

India & U.A.E

1,600 Ushs/min

1,400 Ushs/min

Europe

1,450 Ushs/min

1,000 Ushs/min

Middle East, South &
Central America, Asia,
Australia, New Zealand &
Africa

1,800 Ushs/min

1,400 Ushs/min

Special Countries
(e.g. Cuba)

3,000 Ushs/min

3,000 Ushs/min

Special Countries:

Afghanistan, Ascension Island, Cambodia, Comoros, Cook Islands, Cuba, Diego Garcia, Eritrea, Ethiopia, Fiji, Iraq, Marshal Islands, Micronesia, Nauru, New Caledonia, Norfolk Islands, Northern Marianas, Samoa (western), Sao Tome & Principe, St. Helena, St. Pierre & Miquelon, Tonga, Tuvalu, Vanuatu, Vietnam, Wallis & Futuna and Yemen

Time Bands

Standard rate:

Weekdays (including Saturdays) 07:00 hrs to 19:00 hrs

Relax:

Weekdays (including Saturdays) 19:00 hrs to 07:00 hrs

Family Sunday:

Sunday 00:00 hrs to 24:00 hrs including Public Holidays

International Peak:

Monday 06:00 hrs to Saturday 20:59 hrs

(*) Internet Countrywide:

Available in most areas for UCC approved ISP's, ISP's must have 049 area code provided by Uganda Telecom

[Tariffs for Telesave 95X](#)

NB: USD 1= UShs. 1866/-

Destination	Discount	Off Peak	Peak
To MTN	180.00	280.00	360.00
To CELTEL	370.00	370.00	450.00
To UTL-FIXED	180.00	320.00	420.00
To VOICE-MAIL	0.00	0.00	0.00
To UTL Telecel	370.00	370.00	450.00

Monthly Service Fee

Talk Time: 34,800

Pay as you Go: 10,000

International Charges (Effective 16 July 2001)

Location	Cost
East Africa(Kenya, Tanzania, Rwanda)	1000
International Band 1 Europe & S.A	2000
International Band 2 N.America & Australia	2300
International Band 3 S & C America	2600
International Band 4 Middle East	2700
International Band 5 Asia	2800
International Band 6 Africa excl. S.A	3000

Same tariffs apply to Faxmail

Appendix 1 MAIN ROAD AND RAILWAY NETWORK: DISTRICT AND UGANDA TOTAL (Km)

Region and District	All Weather (tarmac)	Dry Weather (murrum, gravel)	Dry Weather (dirt road)	Road Total	Railway Line
CENTRAL Kalangala	0	0	0	0	0
Kampala	126	81	5	212	23
Kiboga	0	104	182	286	0
Luwero	169	534	1,298	2,001	0
Masaka	149	151	526	826	19
Mpigi	275	746	575	1,596	76
Mubende	110	267	474	851	107
Mukono	147	441	773	1,361	68
Rakai	33	80	303	416	0
Total	1,009	2,404	4,136	7,549	293
EASTERN Iganga	103	371	570	1,044	111
Jinja	149	97	118	364	61
Kamuli	33	367	352	752	74
Kapchorwa	0	41	99	140	0
Kumi	75	231	167	473	72
Mbale	84	236	180	500	40
Pallisa	0	175	183	358	4
Soroti	36	674	373	1,083	72
Tororo	85	145	246	476	101
Total	565	2,337	2,288	5,190	535
NORTHERN Apac	35	519	308	862	51
Arua	1	503	680	1,184	0
Gulu	11	477	379	867	137
Kitgum	0	640	313	953	0
Kotido	0	362	372	734	0
Lira	46	365	404	815	70
Moroto	0	584	243	827	0
Moyo	0	172	156	328	0
Nebbi	0	78	346	424	0
Total	93	3,700	3,201	6,994	258
WESTERN Bundibugyo	0	106	19	125	0
Bushenyi	97	113	275	485	0
Hoima	10	135	250	395	0
Kabale	41	247	127	415	0
Kabarole	77	262	599	938	61
Kasese	93	107	127	327	38
Kibaale	0	47	375	422	0
Kisoro	0	46	105	151	0
Masindi	90	401	159	650	0
Mbarara	140	213	844	1,197	43
Ntungamo	61	86	133	280	0
Rukungiri	0	431	83	514	0
Total	609	2,194	3,096	5,899	142
Uganda Total	2,276	10,635	12,721	25,632	1,228

Source: National Biomass Study, Forest Department, Uganda Railways and Ministry of Works, Transport and Communication.

Appendix 2 Uganda; Operating Radio Stations

Broadcaster	Ownership	Location
Public Radios		
Radio Uganda (AM & SW)	Government	Kampala
Radio Uganda Butebo Channel (FM)	Government	Kampala & Mbale
Radio Uganda Green Channel (FM)	Government	Kampala
Radio Freedom	Government	Gulu
Radio Uganda Star FM	Government	Kampala
Private Radios		
Capital Radio	Private Individuals	Kampala
Central Broadcasting Service (CBS)	Buganda Monarchy and Private Individuals	Kampala
Greater Africa	Private Individuals	Mbarara
Kagadi-Kibaale Community Radio (KKCR)	Community	Kibaale
Radio Hoima	Private Individuals	Hoima
Radio One	UNI Group	Kampala
Radio Paidha	Private Individuals	Nebbi
Radio Rukungiri	Community	Rukungiri
Radio Simba	Africa FM Ltd & Private Individuals	Kampala
Radio West	Private Individuals	Mbarara
Rhino FM	Private Individuals	Lira
Sanyu FM 2000	Private Individuals	Kampala
Voice of Teso	Private Individuals	Soroti
Voice of Toro	Give and Take Agencies	Fort Portal
Voice of Kigezi	Private Individuals	Kabale
Religious Radio Stations		
Impact Radio	Private Individuals & Victory Christian Center	Kampala
Power Radio	Consortium of Christian Anglican, Baptist & Pentecostal Churches	Kampala
Radio Life	Baptist Mission	Mbarara
Radio Maria	Catholic Church	Mbarara
Radio Messiah	Anglican Church	Kasese
Tower of Praise	Christian Life Ministries	Kampala
Voice of Life	Here is Life Ltd	Arua

Appendix 3 Uganda; Operating Television Stations

TV Station	Owner	Location
Public Television		
Uganda Television	Government	Kampala
Private Television		
Sanyu Television	International Television Network and Africa Broadcasting Network	Kampala
Wavamunno Broadcasting Services (WBS) TV	Wavah Broadcasting Services	Kampala
Channel TV (CTV)	Madhvani Group	Kampala
Lighthouse TV (LTV)	Christian Life Ministries	Kampala
Satellite Television		
M-Net	MultiChoice, South Africa	Kampala

Appendix 4 TELECOMMUNICATIONS MINOR LICENCES

COMPANY	LICENCE NO. & TYPE
Universal communications Service Ltd. Managing Partner P.O. Box 136 Kampala Tel 256+41+341188	TL-98-10 Payphone/Fax Bureau TL-98-24 Internet/Domestic
World Teclink (U) Ltd. Managing Director P.O. Box 538 Kampala Tel 256+41+348159 Fax 256+41+251831	TL-98-11 Payphone/Fax Bureau
Bushnet Ltd. Managing Director P.O. Box 22849 Kampala Tel 256+41+267561 Fax 256+41+269634	TL-98-12 Internet/International Data Gateway
Swift Global (U) Ltd. Managing Director P.O. Box 9276 Kampala Tel 256+41+341292 Fax 256+41+341245	TL-98-13 Internet/International Data Gateway TL-98-18 Paging Services TL-98-32 Payphone/Fax Bureau TL-98-33 Telex
Modern Power & Telecom Syst. (U) Ltd. Managing Director P.O. Box 10744 Kampala Tel 256+41+258822 Fax 256+41+258833	TL-98-14 PBX Sales, services and wiring
Omnivision Uganda Ltd. Managing Partner P.O. Box 363 Kampala Tel 256+41+348841 Fax 256+41+258304	TL-98-15 Paging Services
Serene General Merchants Ltd. Director P.O. Box 3086 Kampala	TL-98-20 Payphone/Fax Bureau
Sanyutel Ltd. Managing Director P.O. Box 30961 Kampala Tel 256+41+234230/234250 Fax 256+41+234253	TL-98-21 Payphone/Fax Bureau TL-98-41 Internet/International Data Gateway
Bestway Wholesalers Ltd. Managing Director P.O. Box 21303 Kampala	TL-98-26 Cable Television
Kampala Sifi Cable Ltd. Director P.O. Box 24547 Kampala Tel 256+41+554239/075-750777 Fax 256+41+236867	TL-98-27 Cable Television
ABC (U) Ltd. Director P.O. Box 31581 Kampala	TL-98-28 Cable Television
Comtech Cable Television Director P.O. Box 22250 Kampala	TL-98-29 Cable Television
Shihatech Ltd. Managing Director P.O. box 9472 Kampala Tel 256+41+259827	TL-98-34 Cable Television
Opus (U) Ltd. Director P.O. Box 3290 Kampala Tel 256+41+251184 Fax 256+41+236493	TL-98-36 Payphone/Fax Bureau
Wilken Afsat (U) Ltd. P.O. Box 25745 Kampala Tel 256+41+368854 Fax 256+41+268854	TL-98-37 Internet/International Data Gateway
Hill Top Hotels Ltd. Managing Director P.O. Box 2783 Kampala Tel 256+41+270924	TL-98-40 Payphone/Fax Bureau
COMESANet C/o Mulirwa & Lubulwa Advocates P.O. Box 21057 Kampala	TL-98-42 VSAT Data
Galaxy International Promoters Managing Director P.O. Box 40103 Kampala	TL-98-44 payphone/Fax Bureau