

Business in Uganda

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Experienced professionals combine invaluable local market knowledge with technically advanced systems to help businesses prosper in today's highly competitive international markets.

If you require any further information, please do not hesitate to contact your nearest Grant Thornton International office.

Country Profile

Uganda is a land-locked country lying on the equator in central Africa. It shares borders with Sudan, DR Congo, Rwanda, Tanzania and Kenya. 20% of the country is covered by inland lakes. The rest ranges through tropical rain forest to savannah with mountains on the western border. The climate is tropical.

Visas

Immigration Information

Visa/Entry (Work) Permit.

A visitor is given a single journey visa to Uganda and on arrival he/she is issued with a visitor's pass for purposes of either spending a holiday, traveling, or investigating the possibilities of carrying on any business, trade or profession in Uganda. Please bring spare passport photographs.

Multiple entry visas can be granted to business executives, who expect to make numerous visits either for business meetings or organization.

Entry Permit Classes:

A1 Persons in Government services, UN organizations, OAU, PTA and other Institutions approved by the minister.

- A Contracting companies of the for said organizations
- B-F Investors in various disciplines
- G Employees

Investors and employees are required by law to execute a security bond equivalent to the cost of a single economy class ticket to their country of origin. The money if necessary, is used for purposes of defraying expenses incurred or may be incurred by the Government in connection with maintenance and/or repatriation of the person of whom the deposit has been made.

No entry permit fee is charged for class A1.

For all other classes, the payments at published rates are made in foreign currency or its equivalent in local currency. Renewals of entry permits are provided at annual rates.

Visas

Effective March 1, 1999, Government of Uganda introduced visa requirements for all visitors entering Uganda. Underlying the Uganda Visa Policy is the principle of reciprocity, that is, all countries that require visas for Ugandans are also visa prone in Uganda.

Therefore; -

- Foreigners traveling to Uganda will be required to obtain visas from Uganda Diplomatic and Consular missions abroad prior to their travel.

- Visas can be obtained at entry point in cases where foreign nationals cannot access a Uganda Diplomatic and Consular missions abroad.

Visa Fees

From the 2007/2008 budget, the following fees are being charged:

Single entry visa	US\$ 50
Multiple entry visa (6 months)	US\$ 100
Multiple entry visa (12 months)	US\$ 200

Note: - Multiple Visas are obtainable only from Uganda Missions Abroad.

Exempt Countries

Visa requirements for countries are based on a reciprocal arrangement.

The following countries are exempt:

- East African citizens

- Nationals of COMESA countries (Angola, Comoros, Eritrea, Kenya, Malawi, Mauritius, Madagascar, Rwanda, Seychelles, Swaziland, Tanzania, Zambia, Zimbabwe).

- Other countries e.g. Antigua, Bahamas, Barbados, Belize, Fiji, Gambia, Grenada, Jamaica, Lesotho, Malta, Sierra Leone, Singapore, Solomon Islands, St Vincent & The Grenadines, Tonga, Vanuatu, Italy (only diplomatic passports) and Cyprus.

Economic overview

Uganda has substantial natural resources, including fertile soils, regular rainfall, and sizable mineral deposits of copper and cobalt.

Agriculture is the most important sector of the economy, employing over 80% of the work force. Coffee accounts for the bulk of export revenues.

Since 1986, the government - with the support of foreign countries and international agencies - has acted to rehabilitate and stabilize the economy by undertaking currency reform, raising producer prices on export crops, increasing prices of petroleum products, and improving civil service wages.

The policy changes are especially aimed at dampening inflation and boosting production and export earnings. During 1990-2001, the economy turned in a solid performance based on continued investment in the rehabilitation of infrastructure, improved incentives for production and exports, reduced inflation, gradually improved domestic security, and the return of exiled Indian-Ugandan entrepreneurs.

Growth continues to be solid, despite variability in the price of coffee, Uganda's principal export, and a consistent upturn in Uganda's export markets. In 2000, Uganda qualified for enhanced Highly Indebted Poor Countries (HIPC) debt relief worth \$1.3 billion and Paris Club debt relief worth \$145 million. These amounts combined with the original HIPC debt relief added up to about \$2 billion.

At a glance

GDP-Real Growth rate:

4.6% (2009 est.)

GDP - composition by sector:Â

agriculture: 29%

industry: 24.8%

services: 46.2% (2008 est.)

Population below poverty line:

35% (2001 est.)

Inflation rate (consumer prices):

7.9% (2004 est.)

Labour Force:

14.48 million (2008 est.)

Budget:

Revenues: \$2.72 billion

Expenditures: \$3.05 billion; including capital expenditures of \$NA (2008 est.)

Public debt:

19.5% of GDP (2008 est.)

Inflation rate (consumer prices):

10.5% (2008 est.)

Commercial bank prime lending rate:

19.11% (31 December 2007)

Agriculture - products:

coffee, tea, cotton, tobacco, cassava (tapioca), potatoes, corn, millet, pulses, cut flowers; beef, goat meat, milk, poultry

Industries:

sugar, brewing, tobacco, cotton textiles; cement, steel production

Industrial production growth rate:

7% (2008 est.)

Exports:

\$2.03 billion f.o.b. (2008 est.)

Exports - commodities:

coffee, fish and fish products, tea, cotton, flowers, horticultural products; gold

Exports - partners:

Netherlands 10.2%, Belgium 9.8%, Germany 7.9%, France 7.2%, Rwanda 5.6% (2007)

Imports:

\$3.579 billion f.o.b. (2008 est.)

Imports - commodities:

capital equipment, vehicles, petroleum, medical supplies; cereals

Imports - partners:

Kenya 31.8%, China 7.8%, UAE 7.7%, South Africa 5.9%, India 5.2%, Japan 4.8% (2007)

Exchange Rates:

Ugandan shillings (UGX) per US dollar - 1,658.1 (2008 est.), 1,685.8 (2007), 1,834.9 (2006), 1,780.7 (2005), 1,810.3 (2004)

According to the African Economic Outlook (AEO), the Ugandan economy grew 7% in 2008 despite the global economic downturn and regional instability. Growth was led by the service and industrial sectors, while agriculture has stagnated.

East African Business Week reported on June 28, 2009 that Uganda has registered a record trade surplus despite the global economic downturn.

Investment

There are a number of factors that contribute to a positive investment climate that attracts and encourages investors to do business in Uganda:

- Uganda is a peaceful country with a stable political environment
- the Government believes in free enterprise and encourages foreign investment
- there are no precedents of nationalization of private business
- mineral exploration is encouraged
- the Government is keen on expanding the industrial sector
- registration of companies is simple
- relatively low taxation
- software suppliers available
- the infrastructure is well established
- development of tourism and wildlife resources is encouraged
- no exchange control regulations
- there are only a few restrictions on imports
- modern telecommunications systems
- good transport links with major trading partners

- access to world markets through international trade agreements
- existence of an established expatriate community
- adequate medical and educational facilities
- excellent sporting facilities low environmental pollution
- international financial services centre

Employment and Labour Legislation

Recruitment

Discrimination in employment shall be unlawful and for the purposes of the Employment Act, 2006, discrimination includes any distinction, exclusion or preference made on the basis of colour, race, sex, religion, political opinion, national extraction or social origin, the HIV status or disability which has the effect of nullifying or impairing the treatment of the person in employment or occupation, or of preventing an employee from obtaining any benefit under a contract of service.

Termination of employment

The length of the notice period required to terminate employment from both sides depends on the period of payment and length of time the employee has worked. A contract can be terminated by payment of salary in lieu of notice. In case of serious misconduct an employee may be summarily dismissed.

Severance benefit

An employer shall pay severance allowance where employee has been in continuous service for a period of six months or more. However no severance is to be paid under summary dismissal of an employee with justification.

Working hours overtime and leave

Subject to sections 2 and 3 of the Act, maximum working hours shall be 48 hours per week. Overtime is to be paid at one and a half times the normal rate.

Labour Relations

Labour unrest is uncommon and there have been very few incidents of strikes.

Work and Residence Permits for Non-citizens

The Immigration Act specifies that any individual who stays in Uganda for more than 90 days in a calendar year should apply for a Residence Permit.

Two types of permits are issued in Uganda:

- Resident Permits - Self-Employed (usually issued for a five year term)
- Employee Permits (usually issued for a two year term)

All non-citizens who are employed, including those who are self-employed, need to hold work and residence permits.

A non-citizen employee may be granted a work permit, provided no citizen is available to fill the post and the company implements a training program, which works towards localization of the post.

Investors who have been in the country for over ten years are eligible to apply for permanent residence.

Non-citizen family members who seek employment will have to obtain their own work permit and they will be assessed on their own merits

Financial Services

Central bank

1. Bank of Uganda

Development banks

1. East African Development Bank
2. Uganda Development Bank

Investment banks

1. African Alliance Investment Bank
2. Dyer & Blair Investment Bank
3. Merchant Bank of East Africa (MBEA)
4. Renaissance Capital Investment Bank

Commercial banks

1. Bank of Africa (Uganda)
2. Bank of Baroda (Uganda)
3. Barclays Bank
4. Cairo International Bank
5. Centenary Bank
6. Citibank
7. Crane Bank
8. DFCU Bank
9. Diamond Trust Bank (Uganda) Limited
10. Ecobank (Uganda)
11. Equity Bank (Uganda)
12. Fina Bank (Uganda)
13. Global Trust Bank

14. Housing Finance Bank
15. Kenya Commercial Bank
16. National Bank of Commerce (Uganda)
17. Orient Bank - A subsidiary of Bank PHB of Nigeria
18. PostBank Uganda
19. Stanbic Bank (Uganda) Limited
20. Standard Chartered Bank
21. Tropical Bank
22. United Bank for Africa

Licensed credit institution

1. Mercantile Credit Bank
2. Faulu Uganda

Centrally regulated microfinance institution

- FINCA Uganda Limited
- Pride Microfinance Limited
- Uganda Finance Trust Limited