

Rwenzori Region

Extractives and Mineral Beneficiation Investment Profile Briefing Summary





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Uganda

at a glance



Area

Total: **241,038 km²**
Land: **197,100 km²**
Water: **43,938 km²**



Land Boundaries

Total: **2,729 km** border countries (5):
Democratic Republic of the Congo **877 km**.
Kenya **814 km**. Rwanda **172 km**.
South Sudan **475 km**. Tanzania **391 km**



Climate

Tropical; generally rainy with two dry seasons (December to February, June to August); semi-arid in northeast



Land use

Agricultural land: **71.2%**;
forest: **14.5%**;
other: **14.3%** (2020 est.)



Natural resources

Copper, cobalt, hydropower, limestone, salt, arable land, gold



Rwenzori region ethnicity

Bakiga, Basongora, Bafumbira, indigena Batooro, Batagwenda, Banyarwanda, Bakonzo, Bamba, Banyabindi.¹



Population growth rate
3.24% (2020 est.)



Population

42,009,100
(September 2020 est.)



Gross Domestic Product

USD 34 Billion



Terrain

Mostly plateau with rim of mountains



Foreign Direct Investment

4.9% of Gross Domestic Product



Natural Hazards

Landslides and Floods



Standard & Poor's Rating

B with Stable Outlook



Fitch, and Moody's Rating

B+ Negative



Number of Households

320,000- Rwenzori Region

9,576,000- Uganda (UBOS 2020 est)



1.2 Rwenzori region



Salt processing



Limestone



Copper & cobalt

The Rwenzori region is a border region with the Democratic Republic of Congo found in mid-Western Uganda and it consists of nine districts, namely, Kabarole, Kasese, Bundibugyo, Ntoroko, Kyenjojo, Kyegegwa, Bunyangabu, Kamwenge and Fort portal municipality.

The Rwenzori region is endowed with diversified riches in natural resources (fertile volcanic soils, wildlife, rich forest cover and mineral deposits ranging from copper and cobalt in Kasese, limestone in Kamwenge and Oil deposits in the Albertine region around Lake Albert), providing significant potential for development, regional cooperation and economic integration. The three investment opportunities or extractives and minerals beneficiation in the Rwenzori region are three:

1. Establishment of a Salt processing factory;
2. Limestone mining, and;
3. Redevelopment of copper and cobalt mines.

2. Investment opportunities in mining

Extractives and mineral beneficiation sector presents opportunities for an investor in the region in two varying areas:



Establishment of a **salt processing factory/plant** presents opportunities in import substitution since **98%** of the salt consumed in Uganda is imported.

Salt processing factory: Establishment of a salt processing factory/plant presents opportunities in import substitution since **98%** of the salt consumed in Uganda is imported. This signifies a market opportunity for an investor looking to have a salt processing plant. If the salt processing factory is re-developed to produce iodised table salt for human consumption, Uganda will reduce on the import bill, improve household income through employment and also export some of the salt produced to Rwanda, South Sudan, DR Congo and Burundi.

The primary mineral reserves within the Rwenzori Region include **Cobalt, Copper, Limestone** and **Rare Earth metals**. These metals present an opportunity for value addition and development. There are additional investment opportunities that prove profitable for the sector include limestone mining and the redevelopment of the copper and Cobalt mines. There is a global demand for copper metal (produced from refined copper and recycled scrap) that is projected to advance **4.2 percent per year** for the next five years.



The primary mineral reserves within the Rwenzori Region include **cobalt, copper, limestone** and **rare earth metals**.

In addition, the regional growth in the building and construction expenditures are expected to boost the use of copper wire, tube, and other mill products in applications such as building wire and plumbing. Increased infrastructure investment, particularly in developing countries, will further benefit copper suppliers as updates to national power grids drive the production of wire and cable.



The financial models developed show the cashflows, rate of return for investments, break-even and sensitivity analysis, and the internal rate of return for an investor looking to invest within the respective opportunities in the Rwenzori region.

The returns derived are considered acceptable to attract both local and foreign investors into the region. Moreover, there are several government programs to incentivise investors within the Rwenzori region.



3. Market, profitability and returns



Salt processing factory



Limestone mining



Copper & cobalt

Investments in Extractives and Mineral Beneficiation sector within the Rwenzori region are projected to be profitable for investors but also provide an opportunity to make social, economic and environmental impact.

This makes investment in Extractives and Mineral Beneficiation attractive in these primary areas:

- 1. Establishment of a salt processing factory;**
- 2. Limestone mining, and;**
- 3. Redevelopment of copper and cobalt mines.**

The broad catchment areas including the Eastern part of Congo enhances the market or the services and makes the projects scalable and profitable.

Development minerals are a key source of employment within the sector and are a priority within the region.



4. Key enablers, strength and sustainability



4.1 Strength

The following are key strengths in the Extractives and Minerals Beneficiation sector:

1. Political commitment to equitable access to the development of minerals due to impact on job creation or the locals;
2. Enabling policy frameworks;
3. Increasing — though modest — budget allocations to the sector.



Political commitment



Enabling policy frameworks



Modest, budget allocations



Providing employment to the youthful population

4.2 Sustainability

Minerals and Extractives Beneficiation Sector provides an opportunity for Social, Economic and Environmental transformation in the region by providing employment to the youthful population, income and capacity building of the population.



5. Risk assessment and incentives



5.1 Risks

The following key risks are identified in the Extractives and Mineral Beneficiation sector.

- Inadequate establishment of the country's mineral wealth;
- Infrastructural challenges;
- Land tenure system;
- Small-scale and informal mining
- Shortage of mineral data management infrastructure;
- Market and price risk;
- Limited Human Resource Development;
- Biological and environmental risk.



5.2 Incentives

- Competitive electricity costs in the region averaging **USD 0.085** per KWH;
- Industrial rent averages **USD 4 – 6** per square metre;
- Equipment imported duty free;
- **100%** tax allowable on training costs;
- Tax breaks.



6. Policy, legal and institutional framework

6.1 Legal and policy framework



- Constitution of the Republic of Uganda;
- Mining and Mineral Policy (2018);
- The Mining Act (2003), and;
- The Mining Regulations (2004).

There are also other laws that have an impact on the Extractives and Mineral Beneficiation sector, such as;

- The National Environment Act;
- The Income Tax Act;
- The Land Act.

6.2 Permits and licences



- Prospecting Licence;
- Exploration Licence;
- Retention Licence;
- Mining Lease;
- Location Licence;
- Mineral Dealers Licence;
- Goldsmith Licence;
- Export Permit;
- Import Permit;
- Movement Permit.

6.3 Institutional framework



- The District Local Administration; Authorities;
- The National Environment Management Authority (NEMA);
- Ministry of Water and Environment;
- Ministry of Gender, Labour and Social; Development, and;
- The Uganda Chamber of Mines.





7. Additional information

7.1 Financing

- Debt;
- Equity;
- Mezzanine;
- Grant/Aid;
- Asset-backed securities.



7.3 Social, environmental and economic factors

The proposed projects have been made in the context of the Social, Environmental and Economic factors and the Sustainable Development Goals. These projects provide the highest opportunity to maximise the gains in the population within the region.



Uganda's HDI value for 2018 is
0.528

7.2 Skills level

The skills level in Rwenzori region is analysed in the context of Uganda's Human Development Index (HDI). **Uganda's HDI value for 2018 is 0.528** — which put the country in the low human development category— positioning it at **159** out of **189** countries and territories.

Management roles requiring skilled manpower can be obtained from the capital – Kampala.



Get in touch



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