



# Rwenzori Region

## Infrastructure and Services Investment Profile

### Briefing Summary

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2020





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### Area

Total: **241,038 km<sup>2</sup>**  
 Land: **197,100 km<sup>2</sup>**  
 Water: **43,938 km<sup>2</sup>**



### 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, indigenous Batooro, Batagwenda, Banyarwanda, Bakonzo, Bamba, Banyabindi.<sup>1</sup>



### 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



Road Networks



Budiiba bridge



International Airport

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 adoption of a Public Private Partnership (PPP) approach presents opportunities for investors within the region in the areas of ICT Parks, Physical market in Kasese and Ntoroko districts, **Road Networks, a bridge** at Budiiba in Ntoroko district, construction of a physical market in the region and the construction of an **International Airport** in Kasese district to open up the region to increased economic growth and development opportunities. It also provides an anchor for other sectors to grow thereby stimulating a trickle down effect across the economy. Moreover, for this approach to succeed, the Government of Uganda has to incentivise international players to invest in the region through tax breaks, thereby making it possible to attract competent partners to the region.

## 2. Investment opportunities in infrastructure and services



ICT Park



Budiiba bridge



Kasese airport



Market

Infrastructure and Services sector presents investment opportunities for investors looking to work collaboratively through a Public Private Partnership (PPP) approach with the Government within the region. These include:

1. Establishment of an Information Communication Technology (ICT) park; (through an anchor investor to establish an incubation center, business process outsourcing center, innovation center and other ancillary services);
2. Establishment of Budiiba bridge in Ntoroko district; to facilitate cross border trade;
3. Upgrading of Kasese Airport, and;
4. Establishment of a Physical Market (in Kasese and Ntoroko) along the border with the Democratic Republic of Congo.

For each of the investment opportunities identified above, financial models developed as part of this profile showing the cashflows, rate of return for investments, break-even and sensitivity analysis, and the internal rate of return for an investor looking to invest in infrastructure in the region. The returns derived from the finance analysis are considered acceptable to attract both local and foreign investors into the region. Moreover, additional government incentives will be important to accelerate foreign direct investments within this sector.

Furthermore, the legal, institutional and policy framework is in place to facilitate the creation of a PPP framework to accelerate investors within the region. These opportunities are supported by existing infrastructure in electricity, road network and a policy and institutional framework that enable investors to operate effectively in the Rwenzori region.

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 value chains 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 infrastructure in the Rwenzori region.**

**The Government of Uganda has created an enabling environment for development and investment through establishment of Investment Incentives like tax breaks, creating the requisite infrastructure and an acceptable policy environment to fast track local and foreign investment.**



### 3. Market, profitability and returns

Investments in Infrastructure and Services 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 Infrastructure and Services attractive in these primary areas:

1. Establishment of an Information Communication Technology (ICT) park;(through an anchor investor to establish an incubation center, business process outsourcing center, innovation center and other ancillary services);
2. Establishment of Budiiba bridge in Ntoroko district; to facilitate cross border trade;
3. Upgrading of Kasese Airport, and;
4. Establishment of a Physical Market (in Kasese and Ntoroko) along the border with the Democratic Republic of Congo.



ICT Park



Budiiba bridge



Kasese airport



Market

Average returns in excess of **30%** and an Internal Rate of Return much higher than the cost of capital make the above opportunities attractive for local and international investors to come to the region. ”

excess of **30%**  
and an Internal  
Rate of Return

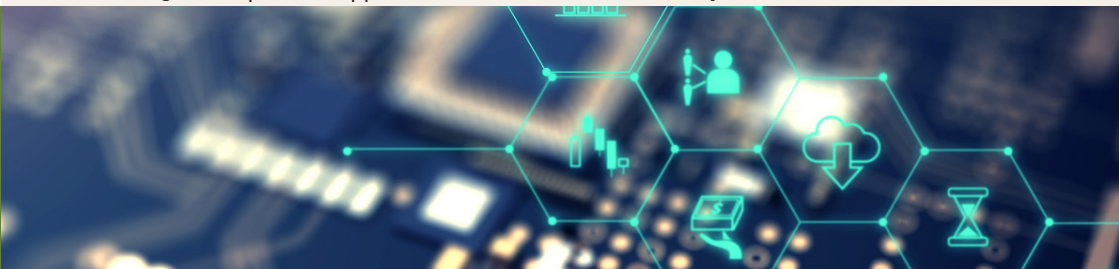
### 4. Key enablers, strength and sustainability



#### 4.1 Strength

The following are key strengths in Infrastructure and Services sector:

- Government will support investment in Infrastructure development in the region;
- Recognition of the ICT sector as a priority sector under the Vision 2040 and NDP III;
- Private sector involvement in the implementation of ICT Programmes;
- A policy, legal and regulatory environment geared towards attracting investments in ICT;
- Existence of ICT Infrastructure;
- Cyber laws developed and frameworks operationalise them in place;
- International recognition of Ugandan ICT initiatives;
- Existence of industry associations to address common challenges, and;
- High-Level political support for use of ICT in service delivery.





Design National ICT initiatives  
Setting up infrastructure-Projects

## 4.2 Key enablers

Establish and renovate key infrastructure particularly:

- Providing ancillary services from government;
- Fast-tracking by the PPP Unit to set up the projects;
- The Government of Uganda has designed the National ICT Initiatives Support Programme (NIISP) to facilitate the creation of an ICT Innovation ecosystem and market place for Ugandan innovative digital products.



providing employment to the **youthful population**

## 4.3 Sustainability

Investment in Infrastructure and Services provides an opportunity for Social, Economic and Environmental transformation in the region through 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 infrastructure and services sector:

- Non-Performance risk;
- Idle Capacity risk;
- Revenue risk;
- Construction risk;
- Inflation risk;
- Currency risk;
- Sovereign risk / Political risk, and;
- Infrastructure risk.

|                            | Government | Private |
|----------------------------|------------|---------|
| Financing Risk             |            | Y       |
| Revenue Risk               |            | Y       |
| Inflation Risk             |            | Y       |
| Performance Risk           | Y          |         |
| Political Contingency Risk | Y          |         |
| Social Contingency Risk    | Y          |         |
| Ecosystem Risk             |            | Y       |



## 5.2 Incentives

Risk-sharing between GOU and PPP partner:

- Competitive electricity costs in the region averaging **USD 0.085** per KWH;
- Industrial rent averages **USD 4 – 6** per square meter;
- Equipment imported duty free;
- **100%** tax allowable on training costs;
- **10 Year Income** Tax holiday for exporters of finished goods.





## 6. Policy, legal and institutional framework

### 6.1 Policy framework



Each investment opportunity has a detailed set of policy, legal and institutional frameworks that established and embedded within the government systems to facilitate seamless execution of the relevant activities.

### 6.2 Legal framework



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### 6.3 Institutional framework



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## 7. Additional information

### 7.1 Financing

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



Uganda's HDI value for 2018 is

**0.528**

### 7.2 Skills level

The skills level in the 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.



### 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.



## Get in touch



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