



FREE ZONES DEVELOPMENT IN UGANDA



Trade, FDI and Regional Value Chains Workshop in Uganda

Presentation Outline

1. Uganda Free Zones Authority (UFZA)
2. Legal, Regulatory & Institutional Framework
3. UFZA Strategic Plan FY 2015/16 – 2019/20
4. Definition of Free Zones
5. Proposed Government Free Zones
6. Prospective Private owned Free Zones
7. Beneficiaries of Free Zones
8. Benefits of Free Zones to the Business Community
9. Physical setup of a typical Free Zone
10. Types of Licences Issued by UFZA
11. Business Opportunities in Free Zones
12. Target Markets
13. Ongoing Research Activities
14. Support Required



Uganda Free Zones Authority

- Is a body corporate created by an Act of Parliament in 2014; Free Zones Act, 2014.

Mandate:

To oversee the establishment, management, marketing, maintenance, supervision and control of Free Zones and other related matters.

VISION: To be Africa's leading facilitator of export-oriented Investment and Trade.

MISSION: To create a competitive client-centric business environment that facilitates the establishment, management and regulation of Free Zones to enhance export-oriented Trade and Industrialisation in Uganda.

CORE VALUES

- Integrity;
- Innovation;
- Teamwork;
- Client Satisfaction; and
- Efficiency

UFZA Strategic Plan FY 2015/16 - 2019/20

Goal of the Plan:

“To increase export-oriented industrialization, foreign exchange earnings and employment through building and maintaining strong, competitive and environmentally friendly Free Zone Schemes in Uganda”.

Targets of the Plan

Over the five year period, UFZA looks to achieve the following:

- i. Promote the development of 10 Free Zones;
- ii. Licence at least 100 Operators;
- iii. Facilitate the growth in actual investment to the tune of US\$1 billion;
- iv. Increase export earnings by about US\$ 100 million;
- v. Create at least 2,500 new direct jobs; and 500,000 indirect jobs;



Definition of Free Zones

1. A Free Zone is a designated area where goods introduced are generally regarded, so far as import duties are concerned, as being outside the Customs territory.
2. Free Zones are Customs-controlled areas where raw materials and goods may be landed, handled, manufactured or reconfigured for export without being subject to import and export duties.
3. They include: Export Processing Zones, Free Port Zones, Special Economic Zones, among others.
4. Many countries have adopted them as one of the tools to spur economic growth.

Proposed Government-Owned Model Free Zones

	NAME	SIZE	ESTIMATED CAPITAL INVESTMENT	PROJECTED JOBS
1.	Entebbe Free Port Zone	60 Acres	US\$ 32.3 Million	To be informed by a Feasibility study
2.	Jinja Free Zone	20 Acres	US\$ 16.2 Million	To be informed by a Feasibility study
3.	Namanve Free Zone	500 Acres	US\$ 113.8 Million	To be informed by a Feasibility study

Source : UFZA

Notes:

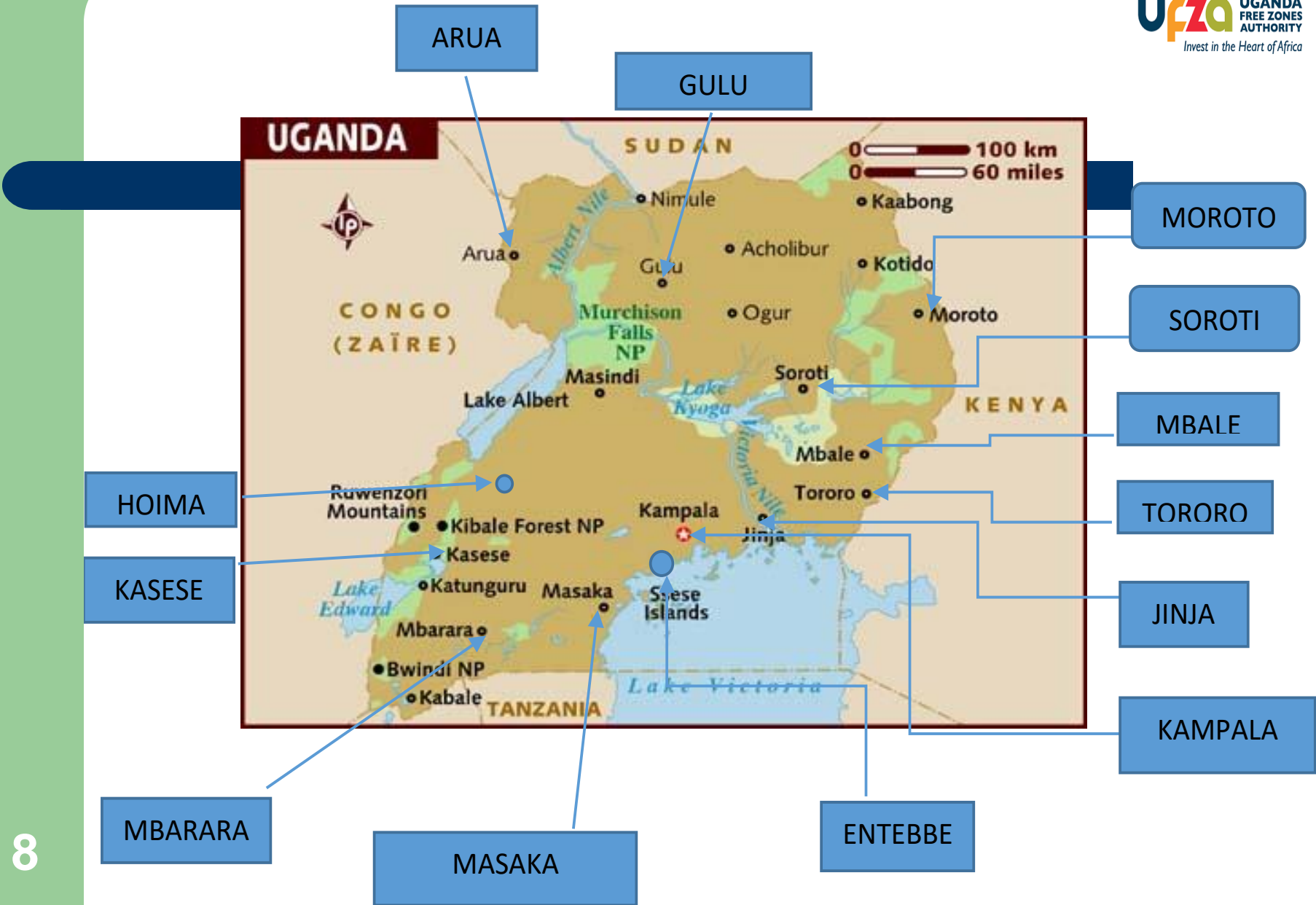
- 1) Actual Cost for all the 3 sites will be informed by a Feasibility study
- 2) UFZA has a land offer of 20 acres from Jinja Industrial Park

Prospective Private owned Free Zones

	NAME	SIZE	ESTIMATED INVESTMENT	PROJECTED JOBS
1.	Kaweweta SEZ	11,520 acres (18 square miles)	US\$ 2.13 Billion	Over 2 Million
2.	Arua SEZ	30 Acres	US\$ 12.6 Million	101
3.	Guangzhou Dong Song Group	600 Acres	US\$ 620 Million	1,800

Source : UFZA

Map Showing Potential Areas for Free Zones Development





Beneficiaries of Free Zones

Government

- i. Investment;
- ii. Exports;
- iii. Job Creation
- iv. Foreign Exchange Earnings;
- v. Technology Transfer;
- vi. Increased Tax and Non-Tax Revenue; and
- vii. Linkages.

Community

- i. Increased economic & job opportunities;
- ii. Training/skills development;
- iii. Increased Market opportunities; and
- iv. Improved working environment.

Developer/Operator

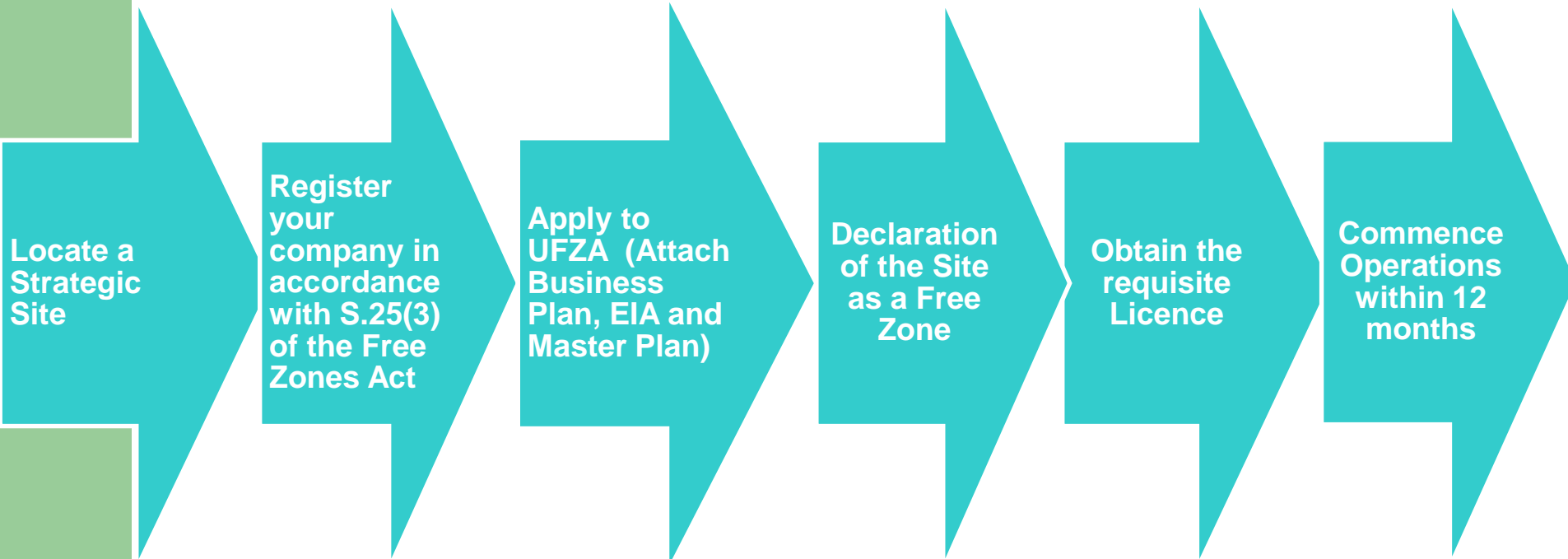
- i. Shorter supply chains;
- ii. Tailor made industrial environment – land, utilities, services, etc;
- iii. Increased opportunities for SMEs & businesses; and
- iv. Reduced Logistics Costs.



Benefits of Free Zones to the Business Community

1. Tax and non-tax incentives;
2. Economies of Scale for the business entities resulting from well planned Zoning and Clustering of the business activities;
3. Enhanced Technology uptake;
4. Onsite services in form of Customs clearance and Inspection which ease movement of goods;
5. Business facilitation and aftercare services in the acquisition of secondary licences, permits and approvals from other Government Agencies;
6. Serviced physical infrastructure facilities and buildings within the Zones.

Setting up in a Free Zone in Uganda



UFZA works with the Developer/Operator throughout this process

Physical setup of a Typical Free Zone

1. Pre-built Factory Units;
2. Warehouses and Storage Facilities;
3. Office space;
4. Road & Rail Infrastructure;
5. Parking Yard;
6. Administration block;
7. Police Post Area;
8. Perimeter Wall or Fence; and
9. Commercial Centre with social facilities and amenities.



Types of Licences issued by the Authority

- 1. Developer's Licence**
- 2. Operator's Licence**
- 3. Manager's Licence**



Opportunities in Free Zones

1. Physical and Industrial Infrastructure Development.
2. Manufacturing (Textile/Apparel, Leather products, Iron and Steel, Cement, Electronic Goods Minerals, Pharmaceuticals and others.
3. Agro processing (Food, Beef, Dairy products, Fish, Fruits, Honey, etc.)
4. Commercial Crafts/Home Decor
5. Trade and services such as Logistics, Insurance, Transportation, Consultancy etc.

Artistic Impression of a Free Zone





Ongoing Research Activities

- Export survey to identify challenges SMEs face and how Free Zones will support their initiative;
- Study on EAC Threshold Limitation and Uganda's Free Zones Incentives; and
- National Mapping study to identify commercially viable sites for establishing Free Zones.

Support Required

1) Technical Assistance;

- a) Feasibility studies and Master Plan development;
- b) Capacity building in enhancing private sector export promotion strategies; Free Zones Development and Management; Customs Operations, etc.
- C) Environmental Impact Assessments;

2) Research consultancies.

- a) Assess the likely impact of Free Zones to sustainable development and achievement of the NDP II & Vision 2040.
- b) Study to assess the likely impact of Regional Integrations on the competitiveness of Free Zones programmes.
- c) Building Competitive Free Zones in landlocked countries/case studies of countries with similar geographical location.
- d) Value Chain Analysis for Strategic Export sectors. (Textile & Apparel, Leather, Meat and Meat Products, Dairy, Fish, Crafts and Home Décor, Honey, Fruits and Vegetables)
- e) Cost Benefit Analysis of incentives in Free Zones.

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