

The private sector in Uganda remains largely underdeveloped, with the majority of businesses concentrated in the informal sector; however, the potential for growth in the private sector is considerable. The World Bank [Business Environment snapshots on Uganda](#) will provide you with reform priorities, data summaries and relevant laws, among other things. The Heritage Foundation provides a summary of Uganda's [Economic Freedom score](#) in the 2015 Index of Economic Freedom. You can also see how Uganda compares to other countries using any of the measures in the Index.

General Economic Climate in Uganda

Uganda boasts over 20 years of conservative macroeconomic management, which has delivered economic growth averaging 6% per annum and poverty reduction from 52% of the population living on less than \$1 a day in 1992 to 20% currently. In spite of some macroeconomic instability in 2011/12, economic growth recovered to 5.8% in 2012/13 from a low of 3.4% in 2011/12; but fell back to 4.7% in 2013/14, and is projected at 4.5% in 2014/15.

Government is scaling up its public investment programme to reduce the infrastructure deficit and encourage private investment as an engine of growth. Public spending is about 20% of GDP and up to 29% of the current budget is allocated to infrastructure, especially road works, rehabilitation of ferries, first stage of design standard gauge rail and commencement of construction of the 600 MW Karuma hydro-electricity dam.

Uganda has substantial natural resources, fertile soils, regular rainfall, and sizable mineral deposits of oil, copper, cobalt, gold, and other minerals. Oil production is expected to commence in 2017. Agriculture employs 73% of the work force and subsistence farming provides the bulk of food production. Coffee accounts for most export revenues where growth continues to be solid, despite variability in the price.

The Government of Uganda encourages investment by, among other substantial benefits, permitting the importation of most capital equipment free of VAT and import duty. 100% foreign ownership of projects is allowed. It is mandatory for foreign investments to be licensed by the [Uganda Investment Authority](#). The threshold for eligibility for an investment license is US\$100,000, while for domestic investment is US\$50,000.

East African Presidents signed a joint protocol for the development of a standard railway gauge, which is expected to run from Mombasa to Kampala, Kigali and Juba. It is expected to provide rail transport for both freight and train passengers.

The East African Payment System (EAPS), which allows for real-time cross border payments between Kenya, Uganda, and Tanzania, was officially inaugurated on 16 May 2014. Burundi, Rwanda and South Sudan are expected to join later. The EAPS is expected to reduce transaction costs, facilitate processing, and reduce risks of error and fraud, thereby reducing business costs and boosting intra-EAC trade.

Challenges of Doing Business in Uganda

Doing Business

The World Bank's [annual Doing Business report](#) provide a good overview of the main challenges facing business.

How the Embassy of Ireland can help:

The Embassy can:

- Put you in contact with the [Ugandan Investment Authority](#), who can brief you on your sector of interest;
- Put you in contact with official Ugandan organisations that can help you establish your business;
- Put you in contact with other Irish businesses through the [Irish Business Network Uganda](#);
- Make inquiries to ascertain whether potential Ugandan partner companies are properly registered.