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THE GROWTH OF INDUSTRIAL PARKS IN UGANDA. THE ROLE OF INDUSTRIAL POLICY AND INVESTMENT FINANCE.

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Abstract

Development projects come along with impacts on the region's long-term employment, personal income, and business output as a result of stimulus associated with construction outlays, improved transportation efficiency, market access and project-associated land use changes, IFA (2014). Developing Countries have put more emphasis on development of the industrial sector so as to realize the much-needed economic growth. The Government of Uganda formulated a 10-year Industrial Policy and one of its core strategies is to create 22 industrial parks across the country to spur economic growth envisioned in the National Development Plan 2015/16/2019/20 and Uganda Vision 2040. This paper aims at assessing the influence of industrial policies and investment finance in spurring the development of the industrial sector in Uganda. Use is, for the most part made of secondary data, made of grey and scholarly literature in the custody of the Uganda Investment Authority as well as annual reports from the various industries at Kampala Industrial and Business Park. Preliminary results indicate that the main source of funds for industrial development has been upon the owners of the industries while the government continues to invest more capital in the most strategic parks in terms of incentives such as roads, power, water, free land so as to attract more investors to these areas whereas the current policies are not helping much in furthering industrial development.

Key words. Industrial Parks, Industrial Policy, Industrialization, Finance, Uganda.

1. INTRODUCTION

Industrialisation is critical in the transformation of any country into a modern industrial economy. Ntayi, Ggoobi, Wabukala (2017) consent that Industrial policies have been successful where governments had the political will and the capacity to implement them and have failed where governments are “captured by vested interests, leading to the industrial policies only supporting the rent-seeking political elite while distorting the efficient allocation of resources by market forces at the same time. Basing on the Sustainable Development Goals of the United Nations (2016) and Goal 9 in particular that states: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation, countries world-over have come to realise the need for sustainability in all forms of development including industrialisation with focus on the promotion of sustainable industrialisation.

Vidová (2010) acknowledges that a change of the status of economies, caused by globalisation of economies in the world, is and has been an important and prominent feature of the current development trends as there is more pressure on structural adaptation in the area of production, investment and business towards the general global economics development.

This is ascertained by Ampurire (2016) who stated that the Government of Uganda is to establish at least 22 industrial parks under the National Industrial Park Policy, GOU (2011), with an effort to create jobs and ease land access for both local and foreign investors.

However Amin & Fazal (2012) agree that contemporarily, urbanization due to industrialisation is taking place all over the globe and the rate is very fast in the developing countries as compared to the developed ones. They further agreed that cities with rapid growth (mostly in developing countries) grow without planning and the relationship between urban form (the built environment) and nature generates an unending source of physical and environmental degradation and according to Livia et al (2015), the development of industrial parks comes with transformation of previous production systems, coupled with technological change where the industrial areas are developed spontaneously with expectancy of positive externalities from the close spatial proximity of the companies.

Through the Uganda Revenue Authority (URA), government of Uganda has embarked on the provision of tax incentives to both domestic and foreign investors as one of the policies employed over the years to boost investments in the country. According to URA, the incentive regime is structurally embedded in the country’s tax laws, making them non- discriminatory and accessible to both domestic and foreign investment depending on the sector and level of investment.

The Uganda Investment Authority has also devised various forms of incentives so as to attract investors to Uganda as well as attracting investors to the different industrial parks across the country. These incentives are categorized as general incentives and sector specific incentives. General incentives such as special deductions, import based incentives and export based apply equally across investors while Sector Specific incentives are given to investment projects in priority sectors and vary according to the prevailing National Development Plan and other Government policies.

This paper is structured as follows. Introduction in section one, the next section is on materials and methods, followed by results and discussion in section 3, then conclusions in 4 and recommendations in section 5.

2. 0 DATA AND METHODS.

This study relied on extensive document reviews on industrial policies and investment finance in spurring industrial development in Uganda. The main documents reviewed included, but not limited to, (1) The Uganda Vision 2040; (2) the National Development Plans (I and II); (3) The National Industrial Policy 2008, (4) The National Industrial Park Policy 2011 and (5) The 5 year Strategic Plan of Uganda Investment Authority.

Extra data on investment finance was sourced from the Uganda Investment Authority and it included data on industrial park investments, incentives, targets and achievements plus review of secondary data sources which included Ministerial Policy Statements, Investment Statistics, Public Investment Plans, and Project Documents.

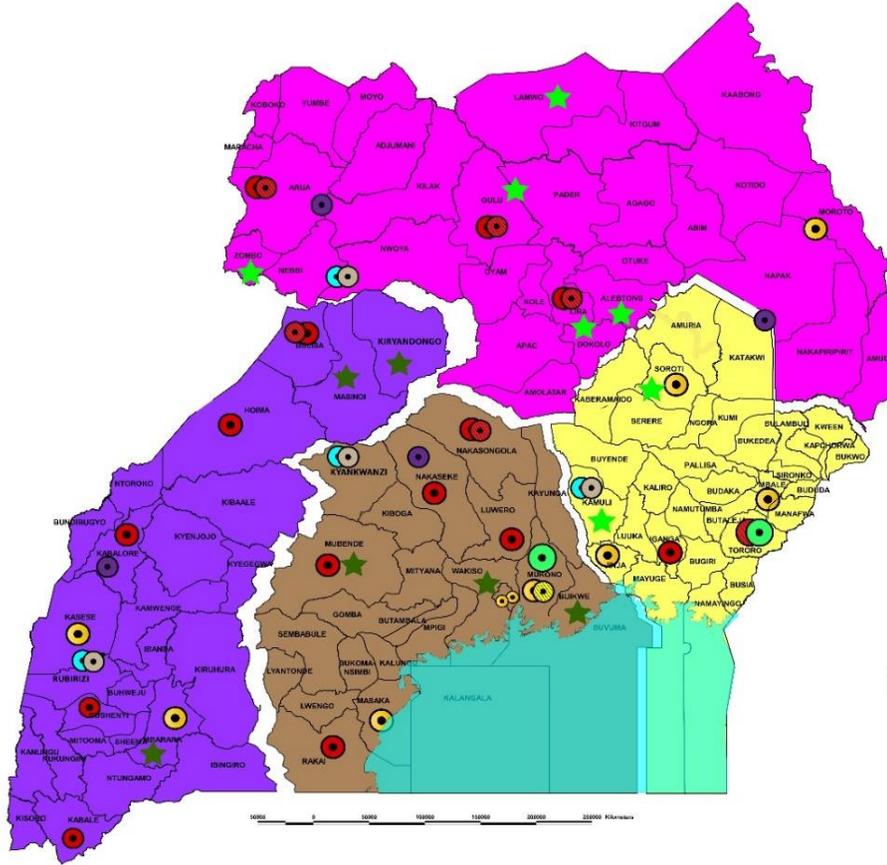
2.1 Study Area

The study area entailed all the industrial parks being implemented across the country by Uganda Investment Authority under the National Industrial Park Development Strategy with a case study of the Kampala Industrial and Business Park.

Industrial Parks in the Ugandan Context

Based on the development agenda for Uganda and taking into account global perspectives, an industrial park shall mean a tract of land developed and subdivided into plots according to a comprehensive plan with or without built up factories, with or without common facilities for the use of a group of businesses or industries. The industrial parks will form the platform for creation of Agri-parks, low and high-tech manufacturing parks, export processing zones, Freeport zones, Science and technology parks, and business parks. Government intends to develop a well-diversified portfolio of Industrial Parks encompassing various forms of processing, value addition and business activities.

UGANDA NATIONAL INDUSTRIAL PARKS DEVELOPMENT STRATEGY 2016 - 2021



LEGEND:

Regions within Uganda:

- NORTHERN
- EASTERN
- CENTRAL
- WESTERN
- Lake Victoria

National Industrial Parks Development:

- 8 Gazetted Industrial and Business Parks under Development
- 13 gazetted Industrial and Business Parks not yet developed
- 6 Industrial and Business Parks prioritized for Development, 2016-2021
- 2 Large scale Industrial and Business Parks specific to the Standard Gauge Railway (SGR) Project
- 4 regional Science, Technology and Industrial Parks each with German-model Multi-Skills Development Centers prioritized for development, 2016-2021
- 4 Regional Israel-model Agribusiness Technical and Vocational Skills Institutes prioritized for development, 2016-2021
- UIA acquired Agricultural lands
- Potential PPP investments in former GoU owned Ranches, Irrigation Schemes and Large Scale Agricultural Projects



Developed By:



Map showing location of industrial parks within Uganda according to the government strategies.

2.1 An Outlay of Uganda's Industrial Policy:

Industrialization is critical in the transformation of any society into a modern industrial economy. Uganda's overall development strategy is spelt out in the National Development Plans (NDPI and NDPII) aimed at achieving the Uganda Vision 2040. Implementation however, remains uncoordinated and non-coherent, mainly because of its weak National Industrial Policy (NIP). In terms of performance, only about 30% has been executed mostly in policy formulation for the sugar, textiles, iron ore and cereals sub-sectors. However, Uganda's industrial policy of 2008 remains largely unimplemented and the economy's structure essentially unchanged.

Uganda's current industrial strategy operates within a liberalized policy framework. Although a National Industrial Policy (NIP) was drafted in 2008, and later operationalized by a National Industrial Sector Strategic Plan, it has been haphazardly implemented. The policy vision of the NIP is agro-processing: food processing, sugar, dairy products leather and leather products, textiles and garments, and value addition in niche exports with much less emphasis on the operationalization of industrial and business parks.

However, the NIP acknowledges a need for formulation of supporting policies, if it is to be effectively implemented. These include: industry financing, labor management, and small and medium enterprises mobilization, subsector policies and standards regulation policies among others. Although about 30 percent of the NIP is reported to have been achieved, none of the set targets has been met. The targets are 25 percent contribution of manufacturing to total GDP (current performance is 7 percent); 30 percent contribution of manufacturing to total exports (current is about 4.2 percent); 30 percent value added in industry (current is 20 percent); and 4.0 score in competitiveness index (current is 3.44). Similar studies have found that the NIP has had no tangible impact. There is also no evidence that implementing agencies were ready and equipped to kick-start implementation.

Industrial policies have been successful where governments have had the political will and the capacity to implement them. They have failed where governments are "captured by vested interests, leading to industrial policies only supporting the rent-seeking political elite while distorting the efficient allocation of resources by market forces at the same time. In terms of performance, only about 30% has been executed mostly in policy formulation for the sugar, textiles, iron ore and cereals sub-sectors.

3. 0 RESULTS AND DISCUSSION

Analysis of the different industrial policies and investment finance towards spurring the development of the industrial sector of Uganda in general showed varying results in implementation, the need for actual incentives for the entire industrial parks to be fully operational.

3.1 Industrial Policy and Parks in Uganda (How industrial policy and other incentives have influenced industrial park development in Uganda)

Table 1: Categories of Industrial and Business Parks in Uganda.

TYPES OF BUSINESS PARKS	Specificity
Air cargo Village	Business park dedicated to low volume but high value products, perishable products, products requiring fast turn-around.
Dry ports, Inland Container Depot (ICD), freight village, Logistics parks, Logistics plat- forms	Dedicated to logistics-intensive activities: warehousing, freight forwarding, breaking bulk, Container freight station activities.
Intelligent parks, Intelligent buildings, ICT parks, Cyber cities.	Dedicated to export-oriented Information and Communication Technology activities: BPO, ITES, Call centers, DRC requiring high bandwidth.
Science parks and Knowledge parks	Dedicated to research & development intensive activities.
Industrial parks	Dedicated to the manufacturing sector.
Product specific parks	Food and agro processing parks, seafood cluster, flower parks, etc.

Source: UIA Industrial Park Development Strategy Policy Statement.

Industrial Parks are to be located across the country on suitable land in or near urban centers such as Towns, Municipalities or Cities as government shall see fit and viable. Government is also encouraging the use of PPPs to supplement her efforts in industrial development as well as development of Private Industrial Parks by private enterprises is being encouraged and supported after approval by UIA.

The National Industrial Park Policy seeks to put in place a framework that creates an attractive business environment by addressing major issues faced by investors in their efforts to get access to land for investment: Addressing these issues has hugely contributed to location of Industrial Parks.

- a) **Access:** The ease with which land is availed, the credibility of land-owner, length of lease period, and terms and price conditions; this has prompted government to gazette industrial parks for investments and fasten development by investors.
- b) **Security:** The ease of getting the property rights in the land and the ability to use those rights to secure bank loans; the issue of land is a problem which investors shouldn't encounter. And since majority of investors acquire bank loans, government needs to avail land with no encumbrances to enable easy access to finance for industrial development.
- c) **Use:** The speed and the cost price at which the investor can obtain all the permits for construction/project development and related activities in the usage of the land; The UIA has

opened a One Stop Center for investors to be able to access all the permits and requirements they need.

- d) **Consistency of treatment:** Are the investors' competitors treated in the same way? The issue of consistency of treatment of all investors much as is complicated, has been handled through establishment of industrial parks where all investors assemble and enjoy similar benefits such as infrastructural facilities, land, access to information as well as free market zones in some areas.

3.2 Investment Financing/Incentives. What financial incentives are given to investors?

Based on the premise that "a happy investor is the best promoter", UIA is working closely with existing investors to retain them and facilitate business growth and value-addition to help create more jobs in Uganda. UIA has endeavored to provide the required policy and operational support through two related strategies namely, operationalization of a truly effective Electronic One-Stop-Centre (e-OSC) and provision of Aftercare support services for all investors. E-OSC houses majority of other MDAs that investors require to operationalize their projects such as NEMA, URSB and Immigration department.

Aftercare refers to all potential services offered by UIA and other agencies which are designed to facilitate both the successful start-up and continuing development/expansion of a locally based firm, with a view to maximizing the local economic development contribution of that investor. Three (3) UIA regional offices established and facilitated in Eastern, Northern and Western regions by 2021. A fully functional Investment office is located in KIBP, Mbale Industrial and Business Park as well as staff assigned to each of the Industrial and Business Parks where permanent offices aren't yet located. The Industrial parks of Luzira, Bweyogerere, KIBP, Soroti, Mbarara, Mbale and Tororo have all been boosted with infrastructure in form of roads, land as well as electricity that the investors can easily start up with when intending to occupy these parks.

The finances for developing and managing industrial parks is in accordance with the provisions of the Investment Code Act Cap 92 under section 2. UIA receives funding from Government and other institutions for its operations. Against this background, financing of industrial parks is achieved through several means as: Public Finance -from the consolidated fund; Private Finance - provided by the private sector as part of their business ventures; Public-Private Financing: provided by both the private sector and the public sector under a PPP framework.

General Incentives.

In view of the general absence of serviced land for investors, the proposed creation of industrial parks in different parts of the country is to provide a benefit to investors to reduce their establishment costs in terms of availability of road networks, electricity and water infrastructure as well as other amenities within the park. In this regard, the category of incentives to benefit investors is in the form of subsidized industrial plots, to ease access to physical infrastructure and utilities in a planned and secure manufacturing/business environment. All investors in the Kampala Industrial and Business Park, where

able to access the land freely after government had paid off the squatters hence making this park very attractive for the investors. The same scheme has been used in other proposed industrial parks across the country.

Specific Incentives.

In an effort to promote investments in the identified priority sectors and in disadvantaged regions of the country, Government intends to provide a package of non-fiscal incentives for given industrial parks to a category of investments in the priority sectors locating in those parks. UIA will determine the criteria for and package of incentives to be extended to investors in given industrial parks on case by case basis. Government will continue to provide fiscal and other incentives as may be provided in other relevant laws from time to time.

Tax Incentive Regime

Tax incentive regime includes mainly waivers on imported inputs for producing export products. These include, manufacturing under bond and VAT refunds. There are also initial capital allowances and deductible annual allowances for foreign investors. These range from 50% initial allowance on plant and machinery for urban and 75% for upcountry. In 2007, the government enhanced the incentive regime with tax holidays of as long as 10 years for producers of value added exports. Most of the capital goods, agricultural inputs, medicines and medical equipment, raw materials and chemicals are also zero rated.

Special Incentives for Developers.

The Free Zones Bill was passed by Government and is now before Parliament for approval. This Bill is expected to put in place special incentives for industrial park developers. Other commercial laws are also to be enacted to enhance investment opportunities in the park and the country at large. An EPZ law will provide for the development of manufacturing activities for the export market. A Freeport law will provide for the development of Uganda as a regional warehousing, distribution and marketing platform to service neighboring countries. In addition, several investment incentive regimes under domestic taxes have been put in place to widen government support for both international and local investors.

Incentives Applicable to Export Processing Zones and Free Ports

Tax incentives which will benefit persons engaged in the exportation of finished consumer and capital goods include. A 10-year tax holiday to companies engaged in value added exports, withholding tax exemption on interests, raw materials and plant & machinery, stamp duty exemption on increase in share capital and mortgages, duty and tax exemptions on raw materials and plant & machinery.

Table 2: Summary of incentives at the presently operating Industrial Parks in Uganda.

Park name in Uganda	Investment financing			
	General incentives	Specific incentives	Tax incentives	Special incentives
KIBP	Serviced Land i.e. roads, electricity, water, OSC, rail line, EPZ	Tax waived on machinery,	10 year tax holiday for companies in ICT, Tourism and Agro-Processing, mineral enhancement, VAT refunds	Free investment license for foreign companies with investment capital above US\$ 100,000 (Foreign firms) and US \$ 50,000 (Local firms).
Bweyogerere	Serviced Land	Tax waived on machinery	10 year tax holiday for companies in key sectorial areas, VAT refunds	Free investment license
Mbarara	Land, OSC	Tax waiver		Free investment license
Soroti	Serviced Land	Tax waiver, PPP		
Jinja	Land, access roads opening		10 year tax holiday for companies in key sectorial areas, VAT refunds	
Arua	Land available			
Kasese	Land available			
Luzira	Serviced Land with water, electricity and full access roads	Tax waiver for some industries.		
Tororo	Land			EPZ, special market access
Karamoja IP	Still at approval stage			
Rakai IBP	Under developed			

3.3 How Industrial Policy and Financial Incentives have influenced the development of Industrial Parks, a case of KIBP.

The Government of Uganda, through the Uganda Investment Authority, is developing the Kampala Industrial and Business Park to spur further development in the following four priority industry clusters:

1. Agro-processing (including food and beverages)
2. Freight Village (Transport & Logistics)
3. Building, Construction and Manufacturing Industry
4. ICT/Business Process Outsourcing

Selection of the above four priority clusters bore in mind the need for value addition of Uganda’s natural resources, job creation, and export oriented manufacturing and technology transfer into the country. In addition to the above four priority clusters, the KIBP will provide facilities for export processing zones/free commercial zones and small & medium enterprise mini parks. Science parks, technology parks, incubation centers are among the other initiatives that the KIBP will cater for.

Table 3: Analysis of industries/firms based at KIBP as of 2017

Sector	No. of firms	Percentage	No. of jobs	Percentage
Heavy Manufacturing	9	30	2410	38.9
Light Manufacturing	7	23.3	770	12.5
Agro-processing & packaging	5	16.7	1235	19.9
Institutional	3	10	380	6.1
Logistics/ Warehousing	6	20	1400	22.6
Residential Units	0	0	0	0
Truck Parking Yard	0	0	0	0
TOTAL	30	100	6195	100

Source. Analysis of UIA/KIBP tenant directory, December 2017. Note: the above tenant total does not include clients of KIBP that are still under construction no matter the stage. Based on available facts, the scenario examined is based on the 30 operational firms within KIBP.

The performance of Uganda’s principle industrial park, Kampala Industrial and Business Park, which is supposed to be the epitome of the adopted industrial park policy 2011 as well as the driver to the next stage of industrialization has come with a mixed set of results inform of economic impacts achieved so far. The discussion further looked into the economic impact of the Kampala Industrial and Business Park on the immediate surrounding communities.

Industrial and business parks come with different advantages such as free infrastructure facilities, ready labor, government protection and amenities such as free land, free export processing zones etc. Investors do not want to do business where the burden and cost of fixing operational services are on their shoulders, hence the idea of industrial and business parks where everything - power, water, roads and railway lines, among other facilities, would be readily available, but if these amenities aren’t available as earlier promised, then the investors shall be reluctant to set up shop in the industrial and business park or would rather set up in another area or country with these ready facilities.

Industrial Park Policy Impacts on KIBP.

The Uganda Industrial Park Policy seeks to put in place a framework that will create an attractive business environment by addressing major issues faced by investors in their efforts to get access to land, security, use and consistency of treatment of investors. Whereas it has been the intention of Government to establish and develop at least one industrial park in every region of Uganda through the

UIA, at the moment the operational industrial parks are KIBP at Namanve, Bweyogerere and Luzira Industrial Parks in Kampala.

The policy sets out a strategic direction for industrial development through the establishment and development of natural domestic resource-based industries, agro-processing and knowledge-based industries at industrial, business and scientific parks. However, since the adoption of the National Industrial Park Policy under the implementation by Uganda Investment Authority, of the 22 Industrial Parks earmarked to transform the country and achieve middle-income status by 2022, only 4 are operational to date which is about 16% of the actual target.

If investment incentives promote growth, over the long term financial development should also help attract notable institutions into the area. As indicated in table 3 above, the presence of investment incentives such as serviced industrial plots in form of access roads, water, electricity etc. within KIBP has been one of the major attraction to firms/ investors to the park.

To date over 302 firms have been allocated land in the park for development. However, much as the rate of development has been slow, the presence of various forms of incentives has been able to attract giant firms such as Coca Cola, Roofing's Rolling Mills, Rwenzori Bottling Company etc. to set up shops there. If the same initiative were applied in the other proposed industrial parks with better infrastructural facilities, the industrial development strategy of the country shall surely be achieved.

Special Incentives for Developers in the KIBP

The Free Zones Bill was passed by Government and is now before Parliament for approval. This Bill puts in place special incentives for park developers. Other commercial laws are also to be enacted to enhance investment opportunities in the park and the country at large. An EPZ law provides for the development of manufacturing activities for the export market. A Freeport law will provide for the development of Uganda as a regional warehousing, distribution and marketing platform to service neighboring countries. In addition, several investment incentive regimes under domestic taxes have been put in place to widen government support for both international and local investors. 190 companies have to date shown interest in locating in the park and UIA's doors are open for all investors interested in locating their business in the park. The park shall be zoned into functional areas. The potential tenants with similar needs and physical requirements shall be grouped in specifically dedicated zones.

Incentives Applicable to Export Processing Zones and Free Ports

Tax incentives which will benefit persons engaged in the exportation of finished consumer and capital goods within Kampala Industrial and Business Park and other designated Industrial Parks include:

- 10 year tax holiday to companies engaged in value added exports.
- Withholding tax exemption on interests, raw materials and plant & machinery.

- Stamp duty exemption on increase in share capital and mortgages.
- Duty and tax exemptions on raw materials and plant & machinery

Infrastructural Development

Table 4: Performance of Kampala Industrial and Business Park

Economic Impact		2016	2020
Employment		11,000	200,000
Tax contributions		\$28m	\$540m per annum
Infrastructure development	Roads	6.5	45km
	Electricity	11kvs	33kvs
Company occupations		30	302
Investment Capacity		\$374.1m	\$3.5 trillion

To boost economic growth and employment, the Ugandan government has been and is continuously investing significant shares of its budget on infrastructure developments in the transport and the energy sectors, hoping that improved infrastructure will trigger wider economic transformation and create jobs. The total road network within KIBP is estimated to be about 45km of which about 6.5km has been worked upon to bitumen standard. Of the need to provide high voltage power lines (132KV and 33kv) and power substation, about 11kvs has been set up which is about 33% of the required electricity lines to operationalize the park. The presence of such and better incentives has been a reason for occupation of this industrial park at a higher rate as compared to the other proposed Industrial and Business Parks without such available infrastructural facilities.

The distribution and location of industries within the KIBP has been based on some factors defined by Uganda Investment Authority and other factors such as location of these industries close to their sources of raw materials, which could be fellow firms within the KIBP. According to the layout of KIBP, the industrial park has been divided into various different business clusters namely; Light Industry, Heavy Industry, Commercial, Agro-processing, Logistics, Institutional among the distinguishable allocations of industries within KIBP.

Industrial occupation within KIBP

Industries found or believed to be in the same line of businesses are allocated land close to one another, not with an aim of bringing about competition but with an aim of these industries enjoying economies of scale such as sharing some costs such as transport, knowledge, labor, expertise etc. Among the most important definitions of any industrial parks is the aspects of the industries within this industrial park being able to co-relate and enjoy a number of inter-linkages, not because of government influence, but by they themselves realizing that they can seem to enjoy more benefits if they worked together or worked closely with one another.

The general set up of the industries at Kampala Industrial and Business Park is based on their business intentions at the time of application for a license from the Uganda Investment Authority. According to UIA reports, since 2000, over 302 companies have applied for operation licenses and had been allocated land at Kampala Industrial and Business Park with intentions of setting up their investments at a specified period of time. However as of 2018, about 30 industries are fully operational.

The set-up of industries within the different estates at KIBP is in the form of allocation according to characteristics of activities such as commercial, ICT, Agro-Processing, Light Industry, Heavy Industry, Logistics, Institutional, Civic, Open Green Space and Wetlands. The industries are asked to state their field of interest from the designated circles of classification of Uganda Investment Authority during time of application for operational permits. It is from this time the industry/firm is classified and its other functions noted down.

The National Industrial Policy and the National Industrial Park Development Policy have enabled the growth of KIBP where key actions to be implemented include: Finalize the upgrading of the existing OSC into a fully functional electronic system (e-OSC), and build the capacity of relevant personnel to administer UIA's e-OSC system, regularly review and improve the regime of Aftercare services including establishment of three (3) UIA regional offices in Eastern, Northern and Western regions by 2021, Coordinate closely with other utility service providers for timely and cost effective provision of services such as water, electricity, among others; undertake follow up visits and assist to resolve issues/difficulties with key partners/ agencies with whom investors are experiencing difficulties; and coordinate with NEMA to ensure compliance with the terms and conditions of EIAs, develop an effective customer tracking system for improved Customer Relation Management and train staff and establish a culture of Service Excellence at all levels and carrying out regular monitoring, evaluation and reporting of performance.

Enhanced revenue and taxes for government.

Currently 16 companies out of the top 100 tax payers in Uganda are resident in the industrial parks such as Century Bottling-79Bn, Hima Cement-55Bn, DFCU Bank-22Bn, New Vision – 23Bn, Leaf Tobacco Commodities – 18Bn, UETCL -16Bn, Toyota Uganda-13.3Bn, Roofings-25Bn, Rwenzori-11.8Bn, Sadolin 11.3Bn, Bolllore Africa Logistics- 7.5Bn, Monitor-6.6Bn, Harris International–5.7Bn, Mukwano Industries 5.6Bn, Britannia Allied - 5.5Bn, Quality Chemicals Ltd – 5.5Bn. Collectively these 16 companies alone are paying 310.8 Billion shillings annually.

Introduction of new research technologies.

Presence of industries within KIBP has helped spur industrial development by attracting new technologies such as the new modern re-bar steel plant by Roofings Limited, the single HIV anti-retroviral pill by Quality Chemicals in Luzira Industrial park, the GIS technology transformers by Orion Technologies in Namanve and many others. The proposed four (4) regional Science and Technology,

Industrial Parks will house German Model Multi Skills Development Centers with state of the art technologies, equipment, tools and world class facilities. They will skill 'Industry Ready' graduates.

Investor security of tenure.

The serviced industrial and business parks, KIBP inclusive serve as dedicated areas for industrial development purposes offering the investors secure land options for establishment of their investment projects. This will boost their confidence in the country and reduce land related conflicts. At full capacity, the parks will accommodate 2000 industrial establishments including both local and international investors.

Balanced national development.

Presence of several Industrial Parks ensures balanced national development based on regions. Hence, each traditional region of Uganda will have a vortex or regional node of industrialization, job creation, wealth creation and transformation. Each regional STIP, in particular, will become a nucleus of a regional hi-tech / Technology City by 2040.

Improved land use planning and zoning hence efficiency.

It is envisioned for the development of industrial parks to inculcate the culture of planning and zoning of industries hence enhancing proper land utilization. Currently industries are haphazardly located in the residential areas such as Kawempe, Ttula, and Mutundwe which are not gazetted industrial zones. As a result, there are conflicts between different types of land users (i.e., industrial vs. residential). Besides it is costly to develop infrastructure and facilities to support industrial development due to scattered locations as in the Greater Kampala Metropolitan area. If all the Industrial Parks are implemented, Government will save a lot on costs of infrastructure and utilities extension to the Industrial Parks that will accommodate investors in centralized zones through exploiting the economies of scale. This also allows Government to come with better measures to plan for population settlement; urbanization solving traffic congestion problems by relocating traffic-intensive industrial activities away from central commercial areas and enhancing synergies.

Entrepreneurship Skills Development.

Through the entrepreneurship skills development projects within Industrial Parks, UIA has contributed towards a sustainable and competitive private sector in Uganda. In the last 8 years close to 20,000 SMEs in 75 districts all over Uganda have benefited from this initiative. Additional 20,000 can be trained in the next 5 years making a total of over 40,000 beneficiaries.

4. Conclusions

Uganda has since the late 1980s followed the dogma of ‘neo-liberalism’ and the ‘Washington Consensus’ in which private investment is supposed to be ‘good’ while state intervention is ‘bad’. Uganda has failed to change its economic structure despite several intervention policies. The country has failed to sustain the so-called ‘robust’ growth ushered in by the adopted market reforms. The growth has remained minimal, non-inclusive, household incomes remain low, while the economy stays uncompetitive.

To achieve structural transformation, Uganda needs to pragmatically emulate countries like China, India, and South Korea, where industrial policy has played an overriding role. Apart from infrastructure (railways, highways, waterways, airports and urban rail transit) and other areas of public investment such as education and health, Uganda, being one of the ‘late industrialisers’ needs to invest in strategic industries such as iron and steel and petroleum, among others, not forgetting agriculture, its core industry.

Design and implementation of industrial policy in Uganda is still seemingly at the early stages. This has been attributed to a number of factors among which are Uganda’s weak and incoherent policy framework, limited technical capacity among implementers, governance challenges, among other factors. More importantly, it is known that industrial policy succeeds when those with political power favor its implementation through creation of incentives generated by political institutions. Uganda seems to lack both the effective broad political will and strong institutions to back up its industrial policy.

5. Recommendations

Need for deliberate State investments intended to enable the private sector to develop. “No country has ever industrialized, and certainly will not, with only a private sector-led growth strategy. The government has to take a central lead in terms of infrastructural development so as to be able to attract the investors and not leave it alone to the private sector. The government has put up a thought that investors have the capacity to do everything which isn’t the case. Political meddling should also be avoided when marking areas of industrial development as well as when courting investors.

Harnessing technology, innovation, productivity, and linkages: The government should invest in developing, financing, and strengthening linkages and collaboration between industrial research institutions (UIRI, UDC, UDB and UIA) and other industrial players. Funding and supporting the implementation and commercialization of outcomes from industrial research institutions is critically needed. In this regard, strengthening and streamlining current initiatives like the Science Fund,

Innovative Fund, and Technology Development Fund will go a long way in addressing the current gaps between stages of innovation and the commercialization of the outcomes hence equipping industries with knowledge.

Government should invest in science, technical and vocational skilling of Ugandans. “The greatest resource of a country is its people, not natural resources that tend to attract much of government attention and resources.” Emphasis should be put on skilling Ugandans so that they are able to take up technical positions in the industries and channel down the knowledge further to other persons.

Infrastructure development: The government needs to scale up investment in the railway network to ease transport costs for imports and exports. The current effort put on constructing roads and hydro-electric dams is very much welcome. However, apart from fixing the trunk roads, government needs to focus on construction of feeder roads that connect the rural (agricultural) production areas to the markets and processing centers. There is also need to invest in water for both agricultural and industrial production as well as rehabilitating the railway line as well as the proposed port for water transport.

Provide affordable long-term finance: The high interest rates charged on long term finance remains one of the greatest challenges for the development of the manufacturing sector in Uganda. Government needs to come in to support long term industrialization by providing low interest loans. However, this development finance should be viable and not politically oriented in sense that there must be an institutionalized criterion for selection of beneficiaries as opposed to the politically informed handouts.

Reform the tax regime so that indigenous industrialists have advantage over importers of finished products. “Industrialization in Uganda died the day government made importing so easy and more profitable than investment in manufacturing.” Apart from taxes, government should also review the energy policy and tariffs for industrialists which are large energy consumers. The idea of tax holidays for investors is brilliant when attracting them, however it shouldn’t be at the expense of the local investors.

There is need for improvement of project implementation management to ensure that projects are ready, well thought through, and linked to others before committing government. The apparent implementation crisis in Uganda has been partly attributed, by some, to ad hoc project management. Emphasis should be put on management training and monitoring and evaluation of these projects.

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