



KYELEGWA DISTRICT

INVESTMENT PROFILE



Empowered lives.
Resilient nations.

KYELEGWA DISTRICT



Figure 1: Map of Uganda showing the location of Kyegegwa District

SNAPSHOT ON KYEGEGWA

Geography	
Location	Western Uganda
Neighbors	
District area	1,747 KM ²
Arable land area	1,747 KM ²
Socio-Economic Characteristics	
Population (2014 Census)	281,637
Refugees and Asylum seekers (April 2017)	24,457
Languages	Kiswahili
Main Economic Activity	Agriculture
Major tradeables	Maize, Bananas, beans, Groundnuts, Cassava, Millet, Irish Potatoes, Sweet Potatoes, Citrus Fruits and Pineapples
Infrastructure and strategic positioning	
Transport network	Road network,
Communication:	MTN, UTL, Internet

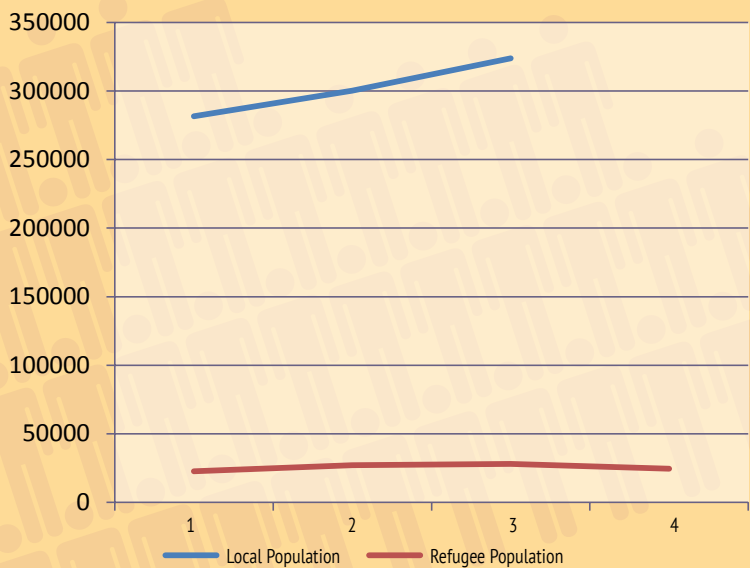
GEORGRAPHY

- ➔ Kyegegwa District is located in Western Region of Uganda and bordered by Kibaale District to the north, Mubende District to the east, Kiruhura District to the south, Kamwenge District to the southwest and Kyenjojo District to the northwest.
- ➔ It covers a total area of 1,747 Km²

DEMOGRAPHY

➤ Kyegegwa is one of the Ugandan districts that are hosting refugees from Democratic Republic of Congo, Rwanda and Burundi. The refugees are registered in a reception center, allocated plots of land in a refugee settlement and supported to build homes, farm and establish income generating business. This effort is in line with Uganda's transformational approach of making refugees in Uganda self-reliant and locally integrated with the host communities thus alleviating their restriction, lack and uncertainty.

➤ The 2014 Population and Housing Census results reported Kyegegwa population of 281,637. 141,043 (50.1%) people were males and 140,594 (49.9%) were females. The reported population was 92 persons per km²



MAIN ECONOMIC ACTIVITIES

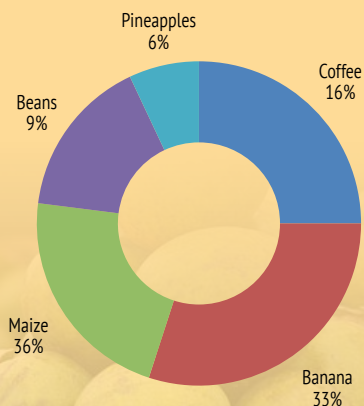
- ➔ The main occupation of the people of Kyegegwa is crop and livestock farming. Small scale farmers working on an average of two acres per household dominate the farming community. They cultivate mainly maize, bananas, beans, ground-nuts, cassava, millet, potatoes, sweet potatoes citrus fruits and pineapples for food and sale. A few large scale farmers with farms of more than 6 acres are emerging, growing pineapples, citrus fruit, and bananas for the market.
- ➔ Other major income generating activities are: Aquaculture/Fish farming; Trade in agricultural produce and livestock; Beekeeping and honey processing.



Bee keeping in Kyegegwa



Fish farming in Kyegegwa



WHY INVEST IN KYEGEGWA

Extensive Natural resources

- Kyegegwa has abundant natural resources including fertile arable land covering a total area of 1,747 Km². The district has fairly well distributed rainfall throughout the year with annual rainfall ranging from 1,200mm – 1,500mm. The Temperatures range from 20°C to 25°C in all parts of the district. Two rivers Katonga and Muzizi flow through the district. These rivers and the Ngata, Hapuyo and Kakabala Wetlands are sufficient water sources which should be sustainably harnessed to enable commercial agricultural and livestock production.

The Katonga River



River Muzizi

Enabling Environment

- Transport infrastructure

Kyegegwa has one tarmac road passing through district from Kampala to Fortportal. It has, in addition, a few gravel surface roads including: Kyegegwa to Kagadi through Kibale; Kyegegwa to Kamwenge through Biguli; and Kyegegwa to Mbarara through Ibanda and Kazo. These gravel surface roads are in good state and regularly maintained. They are scheduled for upgrading to tarmac under the Second National Development Plan (NDPII) 2015/16 - 2020/21.
- Energy infrastructure

Enough and stable power is supplied for commercial and domestic use. The Kyegegwa Rural Electricity Cooperative Ltd, a four year old company, acquired a concession from Uganda Electricity Generation Company Ltd to manage and distribute power in the district.
- Market infrastructure

One of the major sources of income in the district is the Rwensasi Market. This Market is located in Ruyonza Sub-county,

12km along Kyegegwa-Katonga road. The market, which has been in existence since 1998, operates on Thursday of every week accommodating approximately 500 traders and more than 1,000 buyers from all over Uganda. The commodities which are sold include: animals including cows, goats and sheep; hens, ducks and turkeys and general merchandise.

Supportive Local Government structures

- ➔ The Local Government structures integrate the political structure under the district Chairman and the technical structure under Chief Administrative Officer CAO in order to effectively provide the necessary services. Investors are assisted by the different departments in the local government depending on the issues at hand. UIA is enhancing the existing local government investor services by promoting the one stop centre concept at the district level. In this regard, the District Commercial Officer (DCO) is the facilitator of new investors, to fulfil all required steps in investment start up.
- ➔ The Uganda Investment Authority (UIA) has further embarked on establishing District Investment Committees (DICs) to spearhead

investment attraction, facilitation and aftercare in different sectors. The DIC is a 10 member task force comprised of five local government representatives: the District Chairman, the CAO, the DCO, District Planner and the Lands Officer while the other 5 members are chosen from the private sector.

Attractive incentive regime

- ➔ Uganda's incentive package for both domestic and foreign investors provides generous terms, particularly for medium- and long-term investors whose projects entail significant plant and machinery costs. Below is a snapshot of selected incentives. The incentive structure is currently under revision. For details, refer to www.ugandainvest.go.ug/downloads/

Category 1- Initial Allowances:

- Initial capital expenditures which are deductible once from the Company's Income:
- » 75% of cost of plant and machinery for an investment located outside Kampala, Entebbe, Jinja area;
 - » 100% of scientific research expenditure;
 - » 100% of training expenditure;
 - » 100% of mineral exploration expenditure;

- » 25% of start-up costs are deductible over four years.

Category 2- Annual Depreciation Allowances: The following allowances, under declining balance method, are provided for assets as specified in 4 classes below:

- » Class 1: 45% on Computers & Data handling equipment;
- » Class 2: 35% on Automobiles, Construction and Earth moving equipment;
- » Class 3: 30% on Buses, Goods Vehicles. Tractors, Trailers, Plant & Machinery for farming, manufacturing and mining;
- » Class 4: 20% on railroad cars, Locomotives, Vessels, Office furniture, fixtures etc.

Category 3 - Other Annual Depreciation Allowances include:

- » 5% on Industrial Buildings, Hotels & Hospitals;
 - » 20% on Farming - General farm works;
 - » 20% on Horticultural Plant and Construction of Green-houses using straight line depreciation
- ➔ In addition to the above incentives, there is a zero rate of import duty on plant and machinery as well as a uniform corporate tax rate of 30%.
 - ➔ The depreciation allowances, plus the deductible initial capital allowances are provided without discretion to eligible investors in order to reduce their taxable income during the crucial early years of a project. The investor therefore keeps a high proportion of its cash flow and income for further investment.



INVESTMENT OPPORTUNITIES IN KYEGEGWA

The Kyegegwa District Local Government is focusing on enabling its communities to engage in productive and remunerative agricultural enterprises which should sustain their food and nutrition security as well as lift their livelihood standards through income generation. The key investment opportunities are as below:

Livestock marketing infrastructure and logistics

- ➔ Rwensasi market is well established and its great business potential is assumed from the fact that it has provided market platform for a large number of livestock traders over a long period. Its service has grown and evolved to include traders who buy animals to supply a much wider regional market including Southern Sudan, Rwanda and Burundi. There is demand for modern facilities to be built and provided around this market. Investment opportunities exist in establishing abattoirs with facilities for cold storage, refrigerated transportation and other items used to preserve carcasses.

Agricultural Value addition



Solar fruit drying in Kyegegwa

- ➔ There are opportunities to strategically invest in large scale value addition commodity based agribusiness enterprises which are already being produced and sold. These are mainly targeting the participation of the women (women groups) and the youth (youth groups) who are the larger category of the population. Such enterprises are beekeeping and honey processing, banana and pineapple dry fruit making for the export market, wine production, and juice making.

Investment in youth technical institutions

- ➔ Technical institutions are demanded to build the capabilities of young people and give them the confidence to start business enterprises, as a way of diversifying the communities' income sources. Such Technical institutions should impart modern skills in professions such as: ICT and computer applications, vehicle mechanics, engineering, construction, nursing, catering, tourism and hotel management, carpentry, fashion design, pottery, ceramics, molding, art and craft. This investment should effectively respond to the demand for technical and employable skills that employers require, by offering quality vocational skills to the youth.

Investing in tree planting and tree nurseries

- ➔ Deforestation and environmental degradation in the whole of the Ankole sub-region has resulted from tree cutting for firewood, opening land for crop cultivation and using traditional farming methods, overgrazing herds of cattle, goats and sheep. The pressure of increased population of frequent entry and settlement of refugees from the neighbouring countries has seriously contributed to this situation. Investment in large scale tree planting and large scale tree nurseries is an opportunity for substantial income generation, reforestation and revival of the environment, creation of jobs that can diversify sources of income for the local communities.

SELECTED EXISTING INVESTORS

Mpara Dairy Farmers Cooperative Milk

This Cooperative comprises of 15 dairy interest groups in Mpara sub-county. They have milk collection centres in which the milk from their farms is bulked and then sold to Brookside Dairy Limited and other milk dealers. They are also processing yoghurt in little amounts. The cooperative is undertaking a project to establish a milk processing facility. The factory is still

undergoing expansion. Some major components such as automatic packing unit; coolers; pasteurizers are not yet acquired. The cooperative is interested in a joint venture partnership to avail further funding and technical knowhow.

Kyegegwa Rural Electricity Cooperative Society Ltd (KRECS)

KRECS Ltd is a community owned organization that was registered under the Cooperatives Act 1992 in 2012 to

offer a range of services in distribution, management and administration of electricity to the community. As part of the rural electrification effort being undertaken by both the Government and the private sector, the company is involved in maintaining and operating rural power distribution, as a distribution utility company in Mubende, Kyegegwa and Kyenjojo districts. KRECS Ltd purchases electricity from Uganda

Electricity Transmission Company Limited (UETCL) and so far, 2,500 consumers are connected to the company's power distribution network on prepayment metering system. The agreement signed with the Uganda Government in 2013 through the Electricity Regulatory Agency (ERA) is to maintain and operate the electricity distribution in the above mentioned concession area for a period of ten years extendable to fifteen years.

RISKS AND CHALLENGES

- ➔ Kyegegwa district is destination for refugees that enter from Tanzania, Burundi, Rwanda and DRC, and are hosted in the Kyaka Refugee Settlement. The presence of refugees impinges on food security and poses a strain on land and socio-economic services. There is potential risk for social unrest if the pressure on resources and opportunities is not addressed swiftly.
- ➔ The adverse climatic changes resulting in irregular rainfall have a bad impact on the production and sustainable supply of food to the increasing population.

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