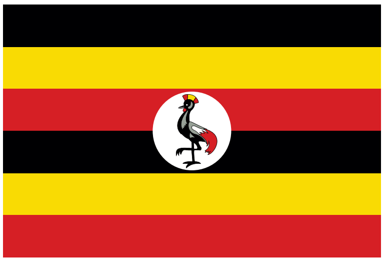


Uganda

Population[1]	41,162,465
Area (km^2)[1]	241,550
GDP per capita (USD)[1]	631.52
TPES (Mtoe)[2]	N/A
Energy intensity (toe/10^3 2010 USD)[2]	N/A
CO_2 emissions - energy ($MtCO_2$)[2]	N/A

Sources:
1. The World Bank 2017
2. ©IEA 2018, www.iea.org/statistics

Uganda's overall risk level against the assessed areas is **moderate**.

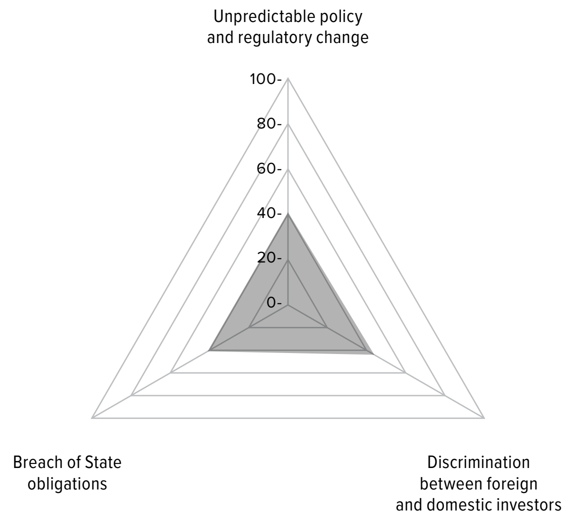
The risk of *unpredictable policy and regulatory change* has dropped compared to 2018. It is now on the same level as the risk *breach of State obligations*. *Discrimination between foreign and domestic investors* continues to be the highest risk area for the country.

Uganda has performed moderately on three of the EIRA indicators, and it has a good score on one. It has maintained the scores from last year on the indicators *management of decision-making processes* (67) and *rule of law* (59). The score on *foresight of policy and regulatory change* has improved from 49 to 52 points. Its performance has also gone up from 37 to 42 on *regulatory environment and investment conditions*.

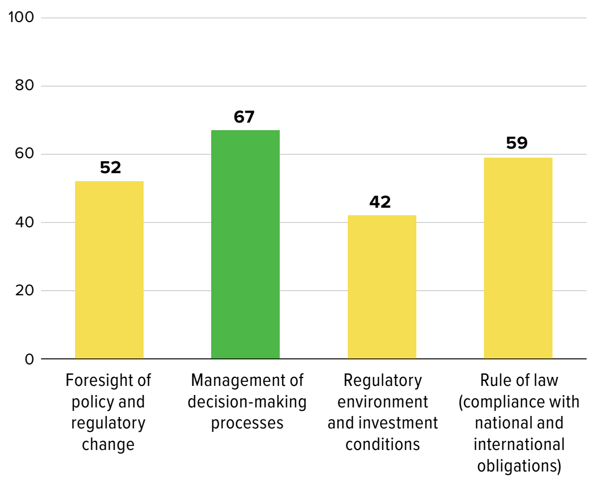
On a more detailed level, Uganda's overall sub-indicator performance is moderate. *Institutional governance* continues to be the highest-scoring indicator with 75 points. *Management and settlement of investor-State disputes* (60), *transparency* (58), *respect for property rights* (58) and *robustness of policy goals and commitments* (54) have also received the same scores as in 2018. On *communication of vision and policies*, the country's performance has moved up from 43 to 50 points. The sub-indicator *regulatory effectiveness* stands at 44. The performance on *restrictions on FDI* continues to be the lowest with 40 points.

While there are some improvements in Uganda's performance compared to 2018, further steps must be taken to build on the work done. Particular attention should be given to lowering the restrictions on FDI that are currently in effect.

RISK LEVEL



INDICATOR PERFORMANCE

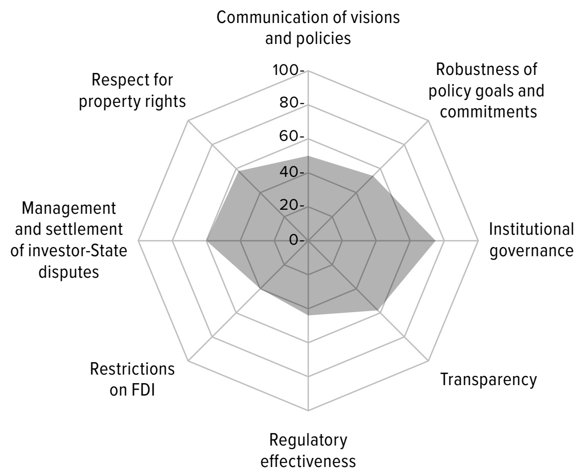


YEAR-ON-YEAR COMPARISON

RISK AREAS	2018	2019
Unpredictable policy and regulatory change	42	41
Discrimination between foreign and domestic investors	46	44
Breach of State obligations	41	41

INDICATORS	2018	2019
Foresight of policy and regulatory change	49	52
Management of decision-making processes	67	67
Regulatory environment and investment conditions	37	42
Rule of law	59	59

SUB-INDICATOR PERFORMANCE



INDICATOR 1

SCORE 52

Foresight of policy and regulatory change

QUICK FACTS

Uganda Vision 2040 (published in 2013) states the socio-economic aspirations of the country.

The Energy Policy for Uganda 2002 sets the policy framework for the energy sector. It is currently being reviewed and updated by the Government.

Uganda ratified the Paris Agreement in 2016 and submitted its first NDC.

STRENGTHS

New policies and plans have been introduced to implement the country's energy targets. For instance, the Electricity Connections Policy 2018-2027 was adopted to resolve the challenge of low connection rates that previous policies did not address sufficiently. Moreover, the Isimba Hydropower Plant was commissioned in 2019 to add 183MW to the National Grid. The project supports the Government's energy access targets. On 26 June 2018, Uganda signed a three-year NDC Partnership Plan for Climate Action in Africa. The Plan aims at creating an enabling environment for NDC implementation, coordination, prioritisation, and evaluation. It builds on and aligns the country's existing institutional arrangements and policy frameworks on energy, climate change and CO_2 reduction.

Progress on the energy sector performance indicators was monitored and reported during the EIRA assessment year. In February 2019, the Office of the Prime Minister organised the 7th Uganda Evaluation Week. The event brought together policy makers, Government officials, civil society representatives, development partners as well as monitoring and evaluation experts. In October 2018, the Government launched the Roadmap for Creating an Enabling Environment for Delivering on SDGs. Its purpose is to ensure that the SDGs' planning, financing, monitoring, evaluation and reporting are integrated within the country's institutional and policy framework.

AREAS FOR IMPROVEMENT

Efforts to update and launch some critical strategies and action plans should be expedited. At present, there are various policies, such as the Energy Policy 2002, the Mineral Policy 2001 and the Renewable Energy Policy 2007, which contain outdated targets. These need to be revised and aligned with the existing and future needs of the country.

Targets for the energy sector should be consistent with the socio-cultural values of the country. This will ensure they are workable and produce the intended results. In particular, to meet the country's rural electrification targets, the Government must design energy delivery systems that are compatible with the local conditions. While the adoption of the Electricity Connections Policy 2018-2027 is a commendable step in this direction, measures should now be taken towards its implementation.

INDICATOR 2

SCORE 67

Management of decision-making processes

QUICK FACTS

The Ministry of Energy and Mineral Development is responsible for developing and implementing policies related to the energy, minerals and petroleum sub-sectors.

The Ministry of Finance, Planning and Economic Development formulates the economic policies of the country.

A new Investment Code Act was enacted by the Parliament in 2019.

The Uganda Investment Authority (UIA) was established in 1991 as an investment promotion agency.

The Access to Information Act 2005 establishes the procedure for obtaining information from public authorities.

STRENGTHS

Inter-Ministerial consultations played a significant role in framing the country's new strategic documents. Policies have been drafted to ensure coordinated action and enhance cooperation between ministries, departments and agencies. Whereas the repealed Investment Code Act 1991 did not expressly oblige ministries and Government agencies to cooperate with the UIA, its successor makes this a legal requirement. Agencies such as the Uganda Registration Services Bureau, the Uganda Revenue Authority and the National Environment Management Authority, are already in the process of consolidating their respective registration documents into the UIA's one-stop-centre.

The website of the Parliament has been updated to reflect all the official parliamentary debates. It also provides information on the pending legislative Bills, such as the type of bill, the date it was tabled, its status, and the sponsor. During the EIRA assessment year, quarterly tariff review reports and adjustments to the methodology were published by the Electricity Regulatory Authority (ERA). It also held public hearings for the determination of the 2019 End-User Base Tariffs applicable to the different categories of electricity consumers.

AREAS FOR IMPROVEMENT

As mentioned last year, the Government may consider publishing its extractive industry contracts in line with international best practices. This will foster accountability since affected communities will be able to obtain information on the procedures for awarding exploration and production rights. They will also get an opportunity to assess the potential environmental impact of the projects, their economic benefit, and the planned allocation of revenue by the Government.

INDICATOR 3

SCORE **42**

Regulatory environment and investment conditions

QUICK FACTS

The Ministry of Energy and Mineral Development is the overarching regulator for the energy sector. The Electricity Act established the ERA to regulate the generation, transmission, distribution, sale, bulk purchase, exportation, and importation of electricity in Uganda.

The Petroleum Authority of Uganda (PAU) regulates and monitors the petroleum sub-sector. The Bio Fuels Act 2018 regulates activities related to the production and blending of biofuels.

STRENGTHS

In the last year, the ERA has undertaken significant work to streamline electricity regulation. In November 2018, it issued the Electricity Procurement and Disposal Guidelines to Companies Licensed to Generate, Transmit, and Distribute Electricity in Uganda. The Guidelines aim at helping licensees develop procurement manuals that correspond to the scale and scope of their operations. They also intend to provide a levelled platform for investment approval and verification, and ensure the recovery of investments through the electricity tariffs approved by the ERA.

The recently enacted Investment Code Act introduces a number of robust changes to the legal framework governing investments in the country. It reinforces Uganda's commitments under international agreements and aims to promote cross-border trade and business. Apart from the enactment of this Law, efforts have been made to better structure local content regulations. As per the statutory requirement of employing Ugandans in the oil and gas sector, in early 2019, the PAU launched the National Oil and Gas Talent Register. This is an online database that will act as an employment reference point in the growing oil and gas sector. On the demand side, it allows investors and Government agencies to offer employment opportunities in the industry. On the supply end, it lists individuals who meet the eligibility criteria for the listed work opportunities.

AREAS FOR IMPROVEMENT

While the ERA and the PAU enjoy certain functional and financial independence, measures may be taken to enhance this. Currently, the ERA's autonomy is subject to any policy of the Government that declares otherwise. Moreover, the salaries of PAU's Board members need to be approved by the Government. Such stipulations may compromise the decision-making powers of these authorities. Therefore, greater operational and budgetary freedom must be granted to the regulatory bodies.

The Government should expedite the adoption of the Competition Bill pending since 2004. Additionally, the prerequisites for setting up a competition commission, as envisaged under the Bill, should be met.

INDICATOR 4

SCORE **59**

Rule of law

QUICK FACTS

Uganda ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1966.

Uganda acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1992.

The Constitution of Uganda grants protection from deprivation of property.

STRENGTHS

Investors have the right to settle disputes either under the domestic law or through international arbitration. Exhaustion of local remedies depends on the provisions of the specific contract. Appeals against the decisions of the ERA may be filed before the Electricity Disputes Tribunal. Mediation may be incorporated in agreements by the parties as a mechanism for dispute resolution. Ugandan courts also adopt court-annexed mediation to settle a dispute amicably. In case the parties reach a settlement, it is recorded as a Consent Judgment.

The Investment Code Act guarantees the property rights of foreign investors. It envisages prompt payment of compensation at fair market value within a defined period. In terms of land, there are extensive provisions in the Land Acquisition Act 1965 on the determination of compensation, appeal against the compensation amount and timeframe for its payment. Uganda is a member of the African Regional Intellectual Property Organization and guarantees protection to various forms of intellectual property. The Investment Code Act prohibits conditions within agreements that restrict the use of other competitive techniques.

AREAS FOR IMPROVEMENT

An investment ombudsman may be established and entrusted with the responsibility of mediating between the parties during licensing procedures. This will provide the parties with time- and cost-effective solutions and allow investment projects to run smoothly.

The Constitution defines "public purpose" widely. This leaves room for interpretation and can create ambiguity regarding its scope of application. Therefore, it is suggested that the list of activities that constitute "public purpose" should be incorporated in the law. Moreover, the procedure for ascertaining whether an acquisition is for a public purpose activity or not and who will be the key decision makers in this process should be outlined. This will assist in providing clarity and security to investors regarding the legal regime on expropriation.