UGANDA
DEVELOPMENT
CORPORATION
Driving Industrial Growth

STRATEGIC PLAN
2020 – 2030

“I wish to commend all those involved in the development of this Strategic Plan and implore all Ugandans and our partners to continue supporting this good cause. Together, we shall attain Vision 2040.”

Foreword

The Uganda Development Corporation was founded in the 1950s under the Uganda Development Corporation Act of 1952. It played a significant role in the country's industrialization process in the run-up to independence and post-independent Uganda, and had investments spanning agro-processing, mineral processing, and the services sector such as real estate and hotels. Its mode of operation was mainly through subsidiaries and associated companies. The political upheavals that Uganda experienced in the 1970s to mid-1980s affected UDC's investments and by the end of the 1980s, most of its subsidiaries were returning losses and had become a burden on the Treasury. As part of the wider economic recovery programme, Government undertook to liberalize the economy, thus privatizing virtually all the business interests and investments of the Corporation. This policy shift helped to set the economy on the recovery path. However, it also had some shortcomings, for example it overstated the role of private sector in Uganda in driving the economy considering its capacity has remained weak. In addition, it ignored the important role of the state in creating markets where they do not exist and/or are mal-functional.

Amelia Anne Kyambadde (MP)
Minister of Trade, Industry and Cooperatives

To address these shortcomings and drawing lessons from global development trends – especially from the emerging economies of East and South East Asia, Government decided to re-establish the Uganda Development Corporation as the Uganda's investment arm. This policy decision was undertaken under the National Industrial Policy, 2008 and now the recently developed National Industrial Development Policy (NIP), 2018. Accordingly, the Uganda Development Corporation Act 2016 was enacted and came into effect on 1st June 2016. The Act set up UDC with the primary objective of promoting and facilitating industrial and economic development of Uganda. This objective is to be met through establishing subsidiaries and associated companies; entering into public-private partnerships with any commercial, industrial or agricultural undertakings; assisting in financing and management of undertakings that promote industrial or economic development; and promoting and facilitating research into industrial development. As a way of order repositioning UDC to strategically deliver on its revitalized mandate, a 10-year strategic plan has been developed. The Plan anticipates desirable outcomes in terms of creation of employment opportunities, utilisation of local raw materials, improvement of Uganda's trade balance position, development of local entrepreneurship, balancing of the regional development through strategic and sustainable investment.

Government's commitment to industrialisation through investment under the Uganda Development Corporation remains unwavering. In pursuing this, Government will look forward to a strong partnership with the private sector, as well as strong collaboration and cooperation with other Government institutions. Implementation of this strategic plan will, therefore, be a collective effort of all key stakeholders. I wish to commend all those involved in the development of this Strategic Plan and implore all Ugandans and our partners to continue supporting this good cause. Together, we shall attain Vision 2040.

"Implementation of this Strategic Plan will call for concerted efforts; and the Corporation is prepared to play her part."

Message by the Chairman of the Board

Hamu Mugenyi
Chairperson, Board of the Corporation

The Uganda Development Corporation has been re-established by the Uganda Development Corporation Act 2016 with the primary objective of driving the country's industrial development for the economic transformation of Uganda.

This Strategic Plan has been developed as a guide for the next ten (10) years, 2019/20 – 2029/30; and is hinged on agro-manufacturing, minerals beneficiation, and strategic sector development giving priority to areas where private sector would not ordinarily invest as well as areas that attain complementarity and not competition with the private sector. It is foreseen that investments in these strategic sectors over the next ten years will drive creation of productive direct and indirect jobs, improve the trade balance position, and enhance the Uganda's capacity to benefit more from her resources.

Implementation of this Strategic Plan will call for concerted efforts; and the Corporation is prepared to play her part. We count on complementary efforts of all our stakeholders to successfully drive implementation of the Plan.

I wish to commend the team that facilitated the development of this Strategic Plan. I am proud of the Board and Management of UDC for this great oversight. I also wish to thank all those who participated in the various consultation sessions that we held during the course of developing this Plan; your contributions were invaluable.

On a special note, I wish to acknowledge the strategic guidance by the Minister of Trade, Industry and Cooperatives, Hon. Amelia Kyambadde, in the course of developing this Plan.

Now that planning is over, we should not relax but rather consolidate our efforts towards effective execution of the plan.

“Members of the Trade, Industry and Cooperatives’ Top Management were very instrumental in giving strategic direction and guidance during the drafting process; and we thank you so much.”

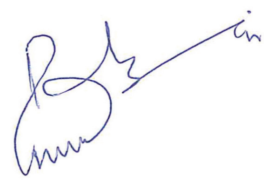
Acknowledgements

The Corporation is grateful to the drafting team that put this Strategic Plan together and drove the process, which was an interagency team comprising MTIC staff (Joshua Mutambi, Cleopas Ndorere and Joan Natwenda), UDC Board and staff (Ramathan Ggoobi, Dr. Patrick Birungi, Emmanuel Mutahunga, David Nanambi Wakyiku, Yudaya Kadondi, Pauline Among, Teo Nanyange, Louisa Akiror, David Baziwane and Herbert Bitwire) and NPA which was represented by Paul Okitoi. To the participants of the various consultations that we held, notably the Trade, Industry and Cooperatives Review Conference and the dedicated consultation session of the Plan, we are grateful for your participation and insightful ideas.

I also express our sincere gratitude to the Parliamentary Sessional Committee on Tourism, Trade and Industry for the guidance and input provided when a special dedicated retreat on the Strategic Plan was held. Members of the Trade, Industry and Cooperatives’ Top Management were very instrumental in giving strategic direction and guidance during the drafting process; and we thank you so much.

Finally, I wish to extend our gratitude to the peer reviewers who included John Bosco Kavuma (freelance strategic planning expert) and to the team that did the editorials, the Corporation is highly indebted to you for your patriotic contribution.

Dr. Patrick Birungi
Executive Director



Contents

List of Figures

List of Tables

List of Acronyms/Abbreviations

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
AU	African Union
BUBU	Buy Uganda Build Uganda
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EPA	Economic Partnership Agreement
EU	European Union
GDP	Gross Domestic Product
ICT	Information and Communication Technology
KHTL	Kigezi Highland Tea Ltd
KIS	Kalangala Infrastructure Services Ltd
MAAIF	Ministry of Agriculture, Animal Industry and Fisheries
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance, Planning and Economic Development
MTIC	Ministry of Trade, Industry and Cooperatives
NDP	National Development Plan
NEDS	National Export Development Strategy
NEMA	National Environment Management Authority
NIP	National Industrial Development Policy
NPA	National Planning Authority
NRM	National Resistance Movement
NWSC	National Water and Sewerage Corporation
RORO	Roll-on, Roll-off
SMEs	Small and Medium Enterprises
UBOS	Uganda Bureau of Statistics
UDB	Uganda Development Bank
UDC	Uganda Development Corporation
UIRI	Uganda Industrial Research Institute
UNBS	Uganda National Bureau Standards
WTO	World Trade Organization

Executive Summary

The Strategic Plan, premised on the theme "driving industrial development for the economic transformation of Uganda" covers a period of ten (10) years spanning 2019/20 – 2029/30, which is deemed to be long enough given the nature of investments UDC is expected to engage in - particularly with respect to payback periods.

The Plan is informed by the Uganda Development Corporation Act 2016 and numerous national and international policies including but not limited to Vision 2040, the National Development Plan, the National Industrial Development Policy, the National Trade Policy, the National Export Development Strategy and the Buy Uganda Build Uganda (BUBU) Policy. The East African Community (EAC) Industrialization Strategy 2012-2032, COMESA treaty, Agenda 2063 of the African Union (AU) and the Sustainable Development Goals (SDGs) offer considerable guidance.

A comprehensive situational analysis of the Ugandan economy is undertaken to provide firm grounding for the Strategic Plan. It is noted that both global and national economies favour the industrialisation of Uganda and offer direct recommendations on the sectors to invest such as agro-manufacturing, minerals and strategic sectors as well as in the structuring of the Corporation for success. These have been specifically generated from the local contextualisation of the best practices from the State Development Corporations that have been seen to have transformed their economies through 'state-led' industrialization. These include Mauritius, South Africa, Taiwan, China, Kenya and South Korea as well as the UDC, 1952-98.

The Corporation, as the investment arm of Government, seeks to be the leading driver of industrial development of the economic transformation of Uganda. This will be achieved by undertaking strategic and sustainable investments guided by the fundamental principles:

i. Creation of both direct and indirect employment, with a focus on productive jobs
ii. Utilization of local raw materials/resources to manufacture for both the domestic and international markets as stipulated by the BUBU policy
iii. Improving the trade balance position as envisaged in the National Export Development Strategy, the National Industrial Development Policy, and the National Investment Policy, among others
iv. Development of local entrepreneurship
v. Balancing regional development within the country

UDC will invest a series of unique funds that is, Venture Capital Fund, Local Firms Support Fund, Youth Innovation Fund and Fund of Funds. These funds have been structured to not only utilise Government allocated funds, but also attract alternative financing options such as grants and impact investments, debt and equity from DFIs and multilateral development banks. UDC hopes to leverage its performance track record to raise additional financing through issuing corporate bonds through the Uganda Securities Exchange (USE) as well as from dividends and interest received from subsidiaries and associated companies.

This Strategic Plan required a budget of 5.1 trillion to be able to roll out investments in the agro-manufacturing, minerals and strategic sectors that will give rise to 82,300 direct jobs, 80,300 indirect jobs and over 23,000 induced jobs within its 10-year strategic planning period.

The execution of the Strategic Plan shall be overseen by the Board of the Corporation that reports to the Minister responsible for Industry and governs the Corporation. The day-to-day management of the Corporation shall be the responsibility of the Executive Director, who reports to the Board of the Corporation. The Corporation shall undertake a multitude of performance measurement, risk assessment and audits of both UDC and the subsidiaries and associated companies to ensure that the set plans are achieve

1 Introduction

1.1 About the report

This report presents a 10-year strategic plan for Uganda Development Corporation (UDC). The strategic plan outlines the strategic objectives that the Corporation will pursue in the next ten years towards meeting its goal of driving industrial development for economic transformation of Uganda, as well as strategies (and strategic actions) to enable the realization of these objectives. The plan further outlines strategic actions and their corresponding measures that will be executed to help in attainment of set objectives. These have been well sequenced to provide a ten (10) year implementation plan with associated resource requirements (budgets), projected means of financing the plan as well as measures of success at output, outcome and impact level.

The Uganda Development Corporation (UDC) is a body corporate established under the Uganda Development Corporation Act 2016[1]. The Corporation is set up with the primary objective of promoting and facilitating industrial and economic development of Uganda. It is envisaged that the objective of the Corporation shall be met through:

i. establishment of subsidiaries and associate companies;
ii. entering into public-private partnerships with any commercial, industrial or agricultural undertakings or enterprises;
iii. using public-private partnerships, assisting in financing and management of undertakings promoting industrial or economic development; and
iv. promoting and facilitating research into industrial development.

The functions for which the Uganda Development Corporation[2] is set up are to:

i. Facilitate Government investment in strategic sectors of the economy for the purposes of industrial and economic development
ii. Promote, facilitate and implement public-private partnerships in areas related to the objective of the Corporation
iii. Enter into joint ventures or other arrangements with any domestic or foreign entity for the purposes of fulfilling the objective of the Corporation
iv. Take over the interest of Government in Amber House Limited, Embassy House, Development House, Munyonyo Commonwealth Resort, Nile Hotel Limited, Phenix Logistics, and Tri-Star Apparels Limited; and to manage, promote and facilitate the interest of Government in those entities
v. Act as one of the implementing agencies of public-private partnerships on behalf of Government
vi. Promote, finance or guarantee the financing of any undertaking in Uganda or outside Uganda, where Government is in partnership or joint venture with another entity, and
vii. Cooperate with research organizations in furtherance of the objective of the Corporation

In the execution of its functions, the Uganda Development Corporation is obliged to ensure the commercial, financial and technical soundness and viability of entities and ventures invested in, or with whom Government enters into partnership; and to follow Government Policy on industrial and economic development.

[1]UDC was originally set up by the UDC Act of 1952, wound up in 1998 and has been re-established by the UDC Act of 2016.
[2]Uganda Development Corporation Act 2016

1.2 History of the UDC, 1952 -1998[3]

Uganda Development Corporation was initially established in June 1952 by an Act of Parliament Cap. 326 of the laws of Uganda to facilitate the industrial and economic development of Uganda. This was done by promoting and assisting in the financing, management or establishment of: new undertakings; schemes for the better organisation, modernisation or/and the more efficient carrying out of any undertaking; and conducting research into the industrial and mineral potentialities of Uganda.

At its inception, UDC was initially capitalized to a tune of £5,000,000 (five million pounds sterling) which is equivalent to £140,000,000 (one hundred forty million pounds sterling) in 2019. At that time, the Corporation commenced operations with Tororo Cement Factory, the Uganda Fish Marketing Corporation and Lake Victoria Hotel. Between the early 1960s and the end of the 1970s, industrial development activities were promoted and largely financed by the Government through UDC[4]. It performed beyond expectations by turning over-all profits every year since its foundation which were all used to finance its own expansion as well as assist subsidiaries and other prospective industrialist in starting and growing own small enterprises. By 1970, UDC had become the engine of economic growth and development in Uganda with 38 Subsidiaries and 19 associated companies that consisted of among others: Lira Spinning Mills, Uganda Hotels, Nyanza Textiles, Uganda Garment Industry, Agricultural Enterprises, Kilembe Mines, Uganda Meat Packers, Uganda Fish Marketing Corporation (1969) Limited (TUFMAC), Tororo Industrial Chemicals & Fertilizers Ltd (TICAF), The Uganda Metal Products and Enameling Company Limited (TUMPECO), Uganda Consolidated Properties, Tororo Industrial Chemicals and Fertilizers, and Uganda Cement Industry. UDC is said to have employed about 24,000 persons and contributed approximately 33% of the country's total revenue.

[3]Report of a Mission Organized by the International Bank for Reconstruction and Development (IBRD – part of World Bank Group) at the Request of the Government of Uganda, 1962

[4]Economic Development and Industrial Policy in Uganda, Friedrich Ebert Stiftung, November 2017.

UDC (1952 - 98) subsidiaries can be classified into the following sectors - agriculture, minerals, construction materials, chemicals, real estate, and hospitality as shown in the figure below.

***Figure 1:* Subsidiaries and associated companies for UDC in 1950s categorized by sector**

From the illustration above, it can be noted that there was a high level of interconnectedness between the goods and services offered by subsidiaries and associated companies managed by UDC at the point of its wind up. Although these goods and services were considered not only unique in nature at that time but also interconnected which was leveraged by UDC (1952-98) to drive economic development during its era.

However, the political (and by extension social and economic) upheavals that afflicted the country in the 1970s to mid-1980s did not spare the Corporation and its investments. By the end of the 1980s, most of its investments had become a drain on the national treasury. In the context of the wider economic recovery programme (1987), privatization and liberalisation policies were pursued. This process saw virtually all the investments of UDC divested; and the Corporation eventually wound up in 1998.

The premise was that liberalisation will spur a vibrant private sector to drive economic activities in the country – hence the paradigm of "private sector-led" growth while privatisation was to help reduce public spending through divesture of 'loss-making' public enterprises. In addition, it was presumed that 'it was not business of government to do business". In other words, corporations entrusted under private enterprises would be better managed and resourced and therefore relegating the role of government solely to provision of sound macroeconomic and business environment for private sector development (policies, legislations, regulations and standards).

1.3 The Crusade for revitalising UDC

Despite numerous successes of privatisation and liberation policies, over the years the benefits have started to wane and wax. The private sector has remained weak and unable to drive business and productive activities to the magnitude envisaged to quickly usher Uganda into the Middle-Income Status espoused by the Uganda Vision 2040 and the National Development Plan. As could be expected, the private-sector driven by profit motives have not been able to invest in some sectors or economic activities that are core to Uganda's industrial and economic development, let alone the failure to create jobs at a rate commensurate with the projected growth in the labour force.

Yet looking at the history of UDC, there were times when UDC was a good steward in driving Uganda's industrial agenda. The period 1952-1970 witnessed unprecedented industrial development in Uganda. In the second National Development Plan, manufacturing as a percentage of GDP was planned to more than double in a period of 15 years. That is, it was projected to grow from 5.7% in 1966 to 11.6% in 1981. The construction of Owen Falls Dam Power dam at Jinja and creation of UDC were cited as major drivers of Uganda's industrial development then. UDC was at the helm of this industrial development. In fact, it is almost impossible to talk about Uganda's past industrial might without mentioning UDC.

Prior to the economic shutdown of the 1970s, the number of UDC subsidiaries grew substantially spanning all major sectors of the economy - ranging from agriculture to mining, hospitality and aviation, textile, metals, chemicals and real estate as well as banking. This success can be attributed to a number of factors. One, at onset UDC (1952-98) was adequately capitalised. UDC was initially capitalized to a tune of £5,000,000 (five million pounds sterling) which is equivalent to £140,000,000 (one hundred forty million pounds sterling) in 2019. Throughout the 1960s and 1970s, it was mainly financed by Government. Two, UDC enjoyed an enabling policy environment (trade policy, industrial policy and tax policy), which was supportive and/or protective of its interventions. Three, the Corporation maintain a close relationship with the subsidiaries through both provision of secretariat services and assignment of staff to offer technical supervision and oversight. These arrangements provided the Corporation with the in-depth knowledge and understanding of the subsidiaries and associated companies under their docket.

Borrowing a leaf from previous success of UDC enriched the debate and arguments for its revitalization. Moreover, most of the reasons responsible for its dismal performance were identified to be more externally than internally driven. It is obvious that the political unrest of the 1970s put toll to UDC's performance like any other investments of the time. Secondly, while initially UDC's growth was organic, nationalisation of companies rapidly increased the Corporation's portfolio beyond the internal capacity to effectively manage them.

Another incentive for the re-establishment of UDC are derived from the central role state enterprises and corporations play in driving industrial and economic development goals of other countries. Review of literature identified a number of best practices in government or publicly financed corporation playing active role in steering industrial agenda, some of which would apply as good practices for revitalisation of UDC. They include State Investment Corporation of Mauritius (SIC), National Development Fund (NDF) [5] of Taiwan, Industrial & Commercial Development Corporation (ICDC) Kenya and Industrial Development Corporation of South Africa Limited (IDC). A thorough review of these is presented under the Chapter 2 - Situational Analysis.

It was against this background that the debate for revitalisation of Uganda Development Corporation (UDC) as the investment arm of Government to support the country's industrialization and economic development strategy was rekindled. The process of re-establishing of UDC began in earnest in 2008 under the auspices of the National Industrial Policy. Consequently, the UDC Act 2016 was enacted; giving a rebirth to the UDC. UDC Board was inaugurated and a few technical staff appointed to steer the Corporation through its formation stages (morphoses) and at the same time venture into performance of the organisation (project development, attracting investments and nurturing subsidiaries).

As elaborated in the subsequent section, the successes recorded during the brief period of revitalisation of UDC, provides a beacon of hope on which to hinge and catapult the future prospects of the Corporation. Through re-capitalisation exercises, UDC is reinstating its role as a viable investment arm for nurturing, promoting and financing industrial activity in Uganda with portfolio of over five (5) supported enterprises that have been opened up for commercial production and with a string of others still in the pipeline (feasibility and pre-feasibility studies). This ten-year strategic plan will consolidate this achievement detailing UDC's roadmap towards achievement of the Uganda's industrialisation agenda.

1.4 UDC Current Investment Process & Portfolio

n the execution of its functions, the Corporation is obliged to ensure the commercial, financial and technical soundness and viability of entities and ventures invested in or with whom Government enters into partnership. UDC will deliver its mandate through the setup of units under the Directorate of Investments that will run the following funds: Venture Capital Fund, Local Firms Support Fund, Youth Innovation Fund and Fund of Funds. These funds will be set up to respond to the key strategic issues within Uganda such as to curb youth unemployment, to learn from and develop local private fund managers, enhance local firm capability to serve new markets as well as invest in areas of interest such as agro-manufacturing and minerals beneficiation.

[5] www.df.gov.tw/attachement/2017國發基金會年報(英文).pdf

UDC will invest in green fields and brown fields with the long-term aim of eventual divesture of its interests in mature and ready-to-go investments. The choice to invest will be guided by the following fundamental principles to the realisation of its Vision:

i. Creation of both direct and indirect employment, with a focus on productive jobs
ii. Utilization of local raw materials/resources to manufacture for both the domestic and international markets
iii. Improving the trade balance position as envisaged in the National Export Development Strategy, the National Industrial Development Policy, and the National Investment Policy, among others
iv. Development of local entrepreneurship
v. Balancing regional development within the country

The investment process[6] is to be conducted according to the Investment Guidelines approved by the Board. The investment process will be iteratively refined to improve the speed, accuracy, and output and mitigate risk of the process. Strict requirements will be incorporated into this process; some of which include multiple appraisals by Management Committee, Investment Committee and the Board, requiring its prospective partners to demonstrate commitment through depositing the equivalent of their equity contribution on an escrow account prior to investment appraisal among the others.

UDC's investments are made through a highly interactive investment process as shown in the figure below. This figure has been developed to include strategic partnerships such as those for development, operations & management (O&M) and co-investments as well as partnerships with MDAs whose support will be required to enable the investments that UDC makes across the country.

[6] Details on the investment process can be found in the Investment Guidelines. However, elements of the investment guidelines have been utilised to enrich this section.

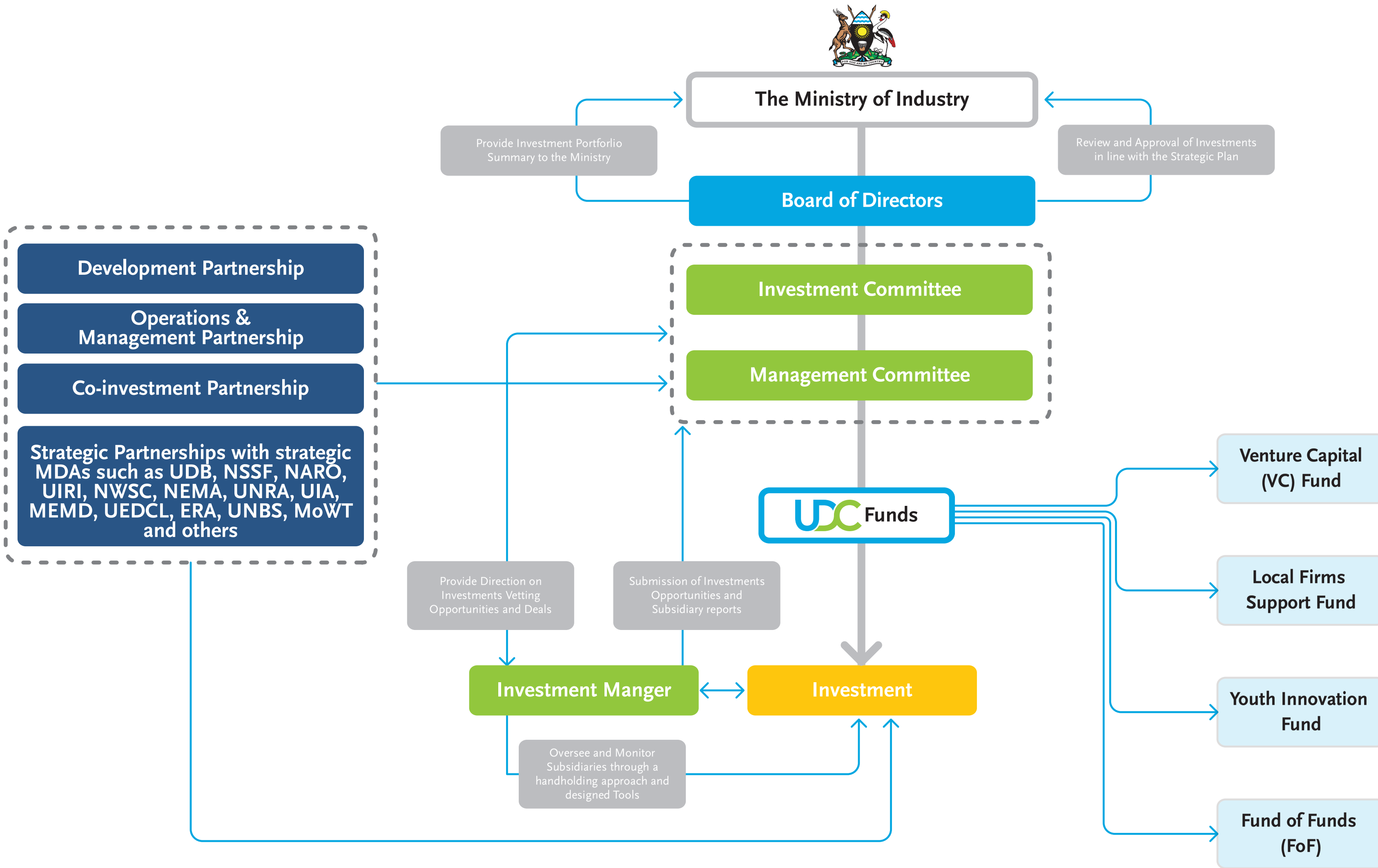


Figure 2: Interactions between UDC and its stakeholders in the investment process

1.4.1 UDC's Current Investment Portfolio

The revived Corporation's current investment portfolio (as of April 2019) is spread across two (2) main sectors:

i. Infrastructure and social services – Kalangala Infrastructure Services (KIS) etc.
ii. Agro-manufacturing/agro-based industrialization – Soroti Fruit Factory, Kigezi Highland Tea Ltd (KHTL), Atiak Sugar Factory etc.

Kalangala Infrastructure Services Ltd (KIS)

Under Infrastructure and Social Services, the Corporation is an equity partner in the Kalangala Infrastructure Services Ltd (KIS), holding substantive shareholding. The Kalangala Infrastructure Investment was conceived as a US$50 million multi-sector infrastructure project aimed at establishing a for-profit utility company to serve the population, institutions, and businesses of Bugala Island in Kalangala District. In addition to upgrading to "Class B Gravel Standard "of the 66 km main island road, the maintenance and management of which would be turned over to the Government following completion, the investment consists of ferry services, power supply, water and road. While this investment falls under the infrastructure sector, it has been categorised as a social service because of the immense economic and social benefits it has had on the populations and institutions of Kalangala district.

Soroti Fruit Factory

The Corporation has invested in the establishment of the Soroti Fruit Factory in Arapai Sub-county, Soroti District. The factory is a US$ 11.4m investment set up to process mainly oranges and mangoes to produce ready-to-drink juice and puree. It has a processing capacity of six (6) metric tons per hour for oranges and two (2) metric tons per hour for mangoes. Investment in a pineapple processing line at the factory is currently under consideration. The Corporation invested in this Unit with the fruit farmers through the Teso Tropical Fruit Farmers' Cooperative Union (TEFCU), with the Corporation owning 80% and TEFCU 20%. More fruit processing plants are planned across the country given the increased levels of fruit production and growing demand in the country. UDC's long term aim is to exit leaving the farmers with 100% ownership. Multiple partnerships have contributed to the set of this factory; of special mention is Korea International Cooperation Agency (KOICA) that provided a grant for its construction.

Kigezi Highland Tea Ltd (KHTL)

Through lease financing arrangement, the Corporation has invested in the establishment of tea factories in Kabale and Kisoro, each with a capacity of 450kgs per hour, in partnership with Kigezi Highland Tea Ltd (KHTL). Under this arrangement, KHTL provided the sites and undertook all the civil works while UDC provided the CTC equipment, electrical connections including power back-up, water connection and storage; and transportation trucks.

Atiak Sugar Factory

In partnership with Horyal Investment Holding Company Ltd (HIHC), the Corporation has invested in establishing a 1,650 tons per day sugar factory for phase 1 in Atiak District. It holds up to 32% shareholding in this first large investment in northern Uganda post-conflict. It is estimated to be able to produce 6MW of power for internal consumption and work with about 15,000 out-growers; thus, significantly contributing to the reconstruction of the region. Construction stands at over 70% completion with operations expected to commence in the next financial year 2019/20. An operational capacity of up to 5,000 tons of cane per day by phase 3 is estimated.

Table 1: **UDC's current investments and their features**

No.	Investments	Shareholdings		Investment Type
		UDC	Private sector	
1	Soroti Fruit Factory	80%	Teso Tropical Fruit Cooperative Union - 20%	Subsidiary
2	Kigezi Highland Tea Company	Lease financing		Associated company
3	Horyal Investment Holding Company Ltd (HIHC)/Atiak Sugar Factory	40%	HIHC - 60	Associated company
4	Kalangala Infrastructure Services Ltd	45.7% ordinary and convertible preference shares,	InfraCo - 54.3% ordinary and convertible preference shares, Industrial Development Corporation (IDC) -100% redeemable preference shares.	Associated company

These investments currently constitute the Corporation's asset base. There are ongoing efforts to extend the investment portfolio further into several sectors that include but not limited to agro-manufacturing, minerals, and other sectors etc.

1.4.2 UDC's Current Investment Pipeline

MINERAL PROJECTS

i. **Moroto integrated Cement/Lime/Marble Plant:** Construction will commence in the next financial year, six months from now, after completion of detailed geological, geophysical studies

ii. **Lake Victoria Sheet Glass:** Presently undergoing the licensing and technical study processes. The infrastructure requirements have not yet commenced. Construction may only start in the third year from now.

iii. **Lake Katwe Salt & Chemical Works:** Presently undergoing the licensing and technical study processes. The infrastructure requirements have not yet commenced. Construction may only start in the third year from now.

AGRO-MANUFACTURING

i. **MOLINO (grain and cereals processing):** Undergoing last stage technical evaluations, the project is anticipated to commence construction in the third year from now, with the bulk of the years in between being dedicated to concluding the financing arrangements with the Government.

ii. **Kayonza Tea factory:** Investment to finance the supply of a third tea processing line for the factory in Kanungu. Procurement (including the shipping process) will be complete within the present financial year.

iii. **Mabaale tea factory:** Investment to finance the supply of a third tea processing line for the factory in Kyenjojo. Procurement and installation of the equipment will commence in the next financial year 2019/20 - once their governance challenges are addressed.

iv. **Mango Processing Project in Nwoya District with Delight Uganda Limited.** Envisaged to be an equity partnership with UDC, the process of procuring the equipment and machinery plus other technical administrative detail is advanced and hoped to commence installation in the financial year 2019/20.

v. **Cassava-Sorghum Industrialization Project:** Presently undergoing technical studies including completion of due-diligence, structuring and negotiations, the project will assume construction/operations in the second/third year from today.

The capitalization provided for in the UDC Act 2016 and the innovative financing options shown in Chapter 3 will support the further expansion of the Corporation's investment portfolio.

1.5 Process of Developing the Strategic Plan

This Strategic Plan has been developed using an all-inclusive, consultative process. A multi-sector, multi-disciplinary taskforce was created and entrusted with responsibility for the initial design, documentation review, brainstorming as well as the development of the first draft. The draft was subjected to critical analysis and input by the Ministry of Trade, Industry and Cooperatives' (MTIC) top management and clearance by the highest political leadership. A consultation draft was then prepared and formed the basis of stakeholder consultations with key Ministries, Departments and Agencies (MDAs) of the Government, the private sector, civil society institutions with interest in national economic development issues – including the Sector Working Group/Sector Review Conference, academic institutions, and the Parliamentary Committee on Tourism, Trade and Industry.

1.6 Structure of the Plan

This Strategic Plan has been prepared to cover a period of ten (10) years. This is premised on the need for long-term perspective in all ventures undertaken by the Corporation. It is envisaged that these will propel the Corporation towards its vision to be the leading driver of industrial development for the economic transformation of Uganda. This Plan is presented in five (5) chapters covering:

i. Introduction
ii. Situational Analysis
iii. Strategic Direction and Planned Investments 2019/20 - 2029/30 (including Budget, M&E and Risk Management components)
iv. Financing
v. Organizational Structure and Governance

2 Situational Analysis

2.1 Introduction

In this chapter, the environmental factors that influence strategic positioning of UDC have been assessed. The assessment covers not only the internal but also the external environment. The external environment scans the global, regional and finally national ecosystem analysing the opportunities as well as challenges/threats they dictate to UDC. These issues have been analysed covering six (6) dimensions, namely: Political, Economic, Social, Technological, Legal and Environment/ecology – with the aid of the PESTLE tool. On the other hand, the internal environment assesses the strengths and weaknesses that are inherent within UDC.

2.2 The Global and Regional Outlook for Industrialisation

2.2.1 Opportunities from Global and Regional Environment

Demand for industrial goods and services is anticipated to grow as a result of both expansion in economic activities and population growth: According to the UN forecasts, global population will increase by about 1 billion to reach 8.5 billion by 2030. Although population growth is likely to reduce because of falling fertility, increasing life expectancy and better education for the young cohorts, the working-age population—which projects the potential for economic growth—is likely to increase. Demographers project that countries in Sub-Saharan Africa (SSA) and India will, in the period heading to 2030, enter the phase where the rise in the share of the working-age population will increase their per capita hence enabling them to achieve a demographic dividend.

Key drivers of global economic growth will change from China and Europe to include more of Sub Saharan Africa economies. In the past two (2) decades, the global economy has been driven by the rapid growth of China, India and other emerging economies. Analysts show that the drivers of economic growth, trends and strategies of the global economy are bound to change by 2030. On account of the falling birth rates and ageing populations, advanced countries particularly those in Europe and North America are expected to witness stagnation in GDP per capita growth even if the productivity per worker increases. This turnaround is projected to be even sharper in China where annual GDP per capita growth will slow down by about 3 percentage points due to demographic factors. Most importantly, experts project that, by 2030, the growth poles within the emerging economies' universe might have shifted, with both SSA and India replacing China as the fastest growing regions. With ageing populations in Europe, America, China, Taiwan, South Korea and Japan, SSA will have a unique position to fill the demand for labour. SSA will achieve a growth rate of 5.4 percent in the period up to 2030. As a result, countries in SSA will double GDP per capita although they will remain at a comparatively low level. With targeted investments through UDC, Uganda may emerge among the countries with spectacular GDP growth and increasing share of manufacturing to total exports.

Flow of capital stock to developing economies is likely to increase over the coming decade. The global economy will also experience an increase of capital stock, with fast movers such as China experiencing exponential growth reaching the levels of the US or the EU by 2030. Experts argue that some emerging economies such as China and India will reduce their investment rates at home to avoid an excessive build-up of capital. Thus, the World Bank (2013) estimates that by 2030 over one-half of the global total capital stock will be in developing economies. This trend is encouraging for organisations such as UDC that intend to undertake strategic and sustainable investment through debt, equity financing and donations.

As wages are rising in China and other Asian developing countries, it may present a golden opportunity for countries such as Uganda to develop labour-intensive products where China, India, Vietnam and other countries are losing their comparative advantages. Researchers show that China will in the years up to 2030 shed off some sectors that may become the competitive edge of Uganda in the near future. Such sectors include non-knit men's suits, radio receivers, leather footwear, non-knit women's suits, industrial printers, video displays, video recording equipment, and models and stuffed animals. This Strategic Plan spells out strategies of enabling Uganda in the identification and maximization of these opportunities offered by the changing global and regional economic trends.

The high rate of urbanisation is likely to drive industrialisation agenda as people migrate from rural to urban areas with more land being freed for agriculture to support the agro-industrialisation campaign. Demographers estimate that half of the African population will live in cities by 2030 – this urban population will offer labour to the blooming and flourishing industrial sector as well as market for finished industrial goods.

2.2.2 Obstacles/Threats by Global and Regional Environment

On the flip side, the global and regional political, economic, social, technological, legal and ecological ecosystem pose some threats and challenges that may negatively influence operations and growth of UDC. They include:

Unbalanced global trade and influx of cheap to developing economies thwarts their industrialization agenda. Developing economies continue to register unprecedent increment in imports of goods that are priced far lower than the cost recovery prices/breakeven costs if they were to be produced locally. This brings a paradox of trying to produce these goods locally (in most cases at higher cost) or swim in imports that are sometimes of poor quality.

The climate change effects are biting developing economies hard. The episodes of drought and floods are not uncommon and with negative effects towards industrialisation. Supply of raw materials has become inadequate, uncertain and unpredictable.

International migration of youths to developed countries is depriving developing economies like Uganda of its labour force. While it cannot be argued that youth are seeking better opportunities, economies like Uganda's are supposed to rely on their youth to build and participate in their industrialisation agenda.

Other global and regional issues that may have an effect on the smooth implementation of UDC include the global liberalization movement that agitate for free trade, activities of regional economic communities that tend to create restrictions imports through imposition of common external tariffs (CET) and other barriers to goods originating from outside such blocs. All the above has been analysed to influence strategy, identify risks and recommend appropriate mitigation measures

2.3 National Macroeconomic Outlook to Industrialisation

2.3.1 Opportunities rendered by the National Economy

Uganda has abundant opportunities/resource base to drive a sustainable industrialisation agenda. Compared to her partners in the region, Uganda has comparative and competitive advantage in resource-based industrialisation particularly in areas of agro-industrialisation and mineral beneficiation. Uganda's development model or theory of change as articulated in the Uganda Vision 2040, therefore aims at strengthening the fundamentals - infrastructure and human resource development - to harness the available opportunities in Agriculture, Tourism, and Minerals including Oil and Gas.

In terms of agriculture, Uganda has about 200,520 square kilometres of arable land, out of a total area of 241,550 square kilometres. By 2015 over 71 percent of the total land area was used for agriculture. That is, from 3.2 million hectares (7.9 million acres) in 1962 to 6.9 million hectares (or about 17 million acres of land) in 2015. Uganda shares the largest proportion of Lake Victoria—the world's largest freshwater lake—and the source of the River Nile, Africa's longest river. Therefore, Uganda has a sizable amount of irrigable land and abundant fresh water, a combination that makes the country a potential giant for agro-industrialisation. In addition, the amount of sunshine received is a potentially strong foundation for generation of green energy for sustainable development.

The mineral potential of Uganda cannot be overemphasized. The country boasts of a diversity of minerals ranging from surface deposits (clay, sand, limestone, marble, kaolin and sources of stone aggregate and dimension stone) to industrial minerals such as; salt, kaolin and bentonite; phosphates, vermiculite and lime to valuable metals. Uganda's valuable metals include base metals and ferroalloys, cobaltiferous pyrites, precious metals, chromium, nickel, tin, tungsten, and pegmatite minerals.

Macroeconomic Stability and resurgent economic growth:

Uganda has enjoyed relative macroeconomic stability in the period following the market reforms of early 1990s. A number of milestones have been reached in the real, fiscal, monetary and external sectors. Inflation has been contained within single-digits for much of the period after reforms, averaging 5 percent per annum. Despite economic slowdown in periods succeeding global economic crisis, Uganda's economy is rebounding and is project to grow by 6.2% in FY 2018/19 though this is below the NDP Target of 8.2%. To strengthen macroeconomic stability, among other things, Government set out to diversifying the export base and promoting labour market development; which are supportive strategies to UDC's industrialisation agenda.

Supportive policy environment:

In addition to sound macroeconomic policies that have led to stability, Government of Uganda has also put in place enabling environment for promoting industrial growth and development to spur economic transformation. Since 2010, Uganda adopted the practice and culture of developing a long-term National Vision and National Development Plans, which spell out overall national development aspirations and priorities upon which Sectors, Ministries, Departments, Agencies (MDAs) and Local Government develop their own plans. Therefore, the Vision 2040 and NDP are the principle policy frameworks guiding Uganda's industrialisation agenda and trajectory.

The Vision 2040 aspires to attain **"transformed Ugandan economies from Peasant to modern and prosperous societies within 30 years".** To this end, industrialisation has been highlighted as the strategy to drive this social economic transformation. The industrialisation target for NDP is to promote value-added industries in agriculture and minerals. Subsequently, "revitalization of UDC to establish model agro-processing and manufacturing industries" was identified among the key strategic interventions to help realise this goal. NDP II, in particular, recognizes the weak and poorly capitalized private sector that is unable to derive this industrialisation campaign and as part of the reforms to enhance NDP II, the plan recommended strengthening of UDC to help in fast-tracking Uganda's industrialization.

Besides, the Vision 2040 and NDPs, the sector specific policies licensed to drive Uganda's industrialization agenda include: National Industrial Development Policy, the National Trade Policy, the National Export Development Strategy and the Buy Uganda Build Uganda (BUBU) Policy.

Table 2: **Prescription of Selected Industrial Sector Specific Policies and strategies**

National Industrial Development Policy: The National Industrial Development Policy envisions building the country's industrial sector into a modern, competitive and dynamic sector fully integrated into the domestic, regional and global economies through UDC. It is further envisaged that the Corporation shall provide a mechanism through which Government will intervene in areas where the private sector is unable to invest, with an intention of eventually transferring the investment to a private operator either by management contract or outright divesture.
National Export Development Strategy (NEDS): The National Export Development Strategy (NEDS) 2015/16-2019/20 identifies the existing export opportunities for the country in global markets and prioritizes increased production and value addition, including through direct Government involvement using Agencies such as UDC.
Buy Uganda Build Uganda Policy: The Buy Uganda Build Uganda (BUBU) Policy is designed to enhance the consumption of Ugandan made goods and services with a view to further bolster the economy. Successful implementation of the BUBU Policy requires sustainable and reliable supply of the requisite goods and services to meet consumer demands. The BUBU policy works conjointly with the Local Content Act (2017), that seeks to place priority of employment of Ugandans, procurement of Ugandan companies and locally sourced products. Interventions by the UDC shall play a pivotal role in this quest.

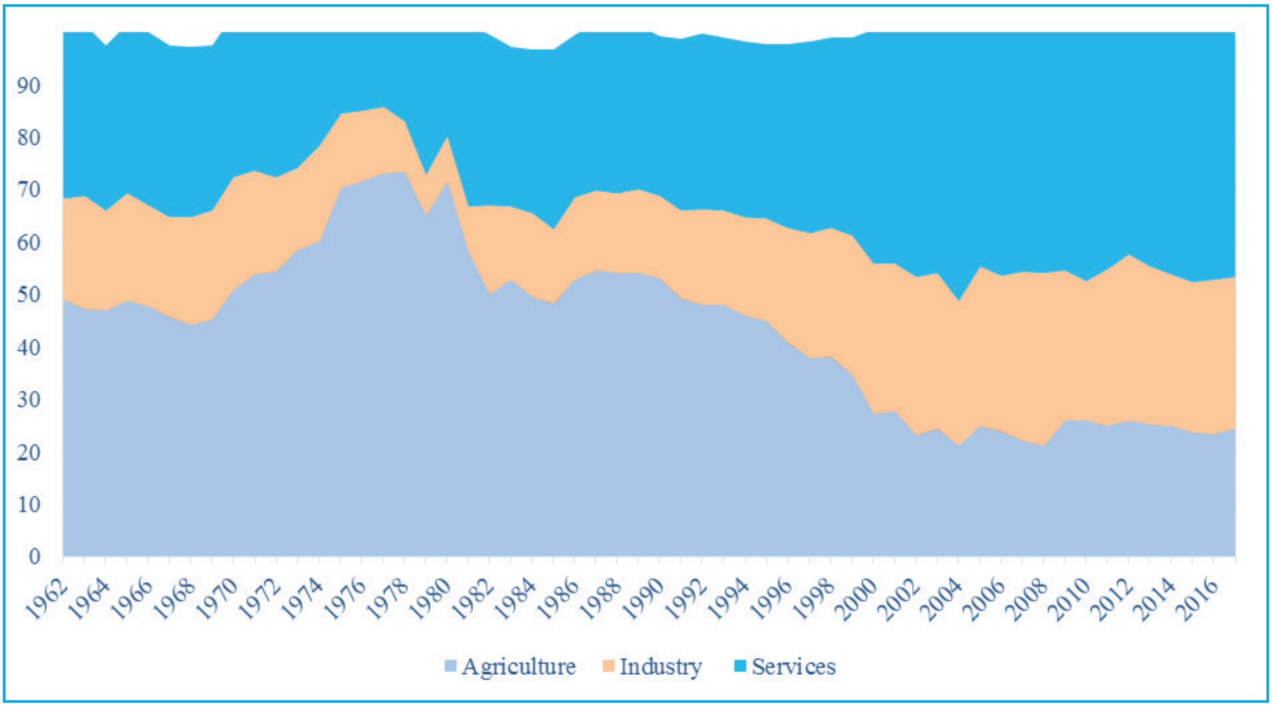
Finally, the plan is also aligned to the East African Community (EAC) Industrialization Strategy 2012-2032, COMESA treaty, Agenda 2063 of the African Union (AU) and the Sustainable Development Goals (SDGs).

2.3.2 Threats/Changes dictated by the National Economy

Low diversification of the economy: Despite impressive economic growth witnessed over the past three (3) decades, Uganda's economy remains largely factor-driven and diversified across the three (3) sectors - agriculture, industry, and services sector. Since independence, the economy has been transforming from agriculture to service and industry. The share of agriculture in GDP has generally declined from 54 percent in 1960s to about 25 percent in 2017.

Industry and services sector are not creating enough opportunities for migration of labour from agriculture. Although, the economy has experienced some changes in relative importance of sector contribution to GDP and, indeed, the predominance of agriculture sector has been overtaken by industry and services. There has been no commensurate migration of labour force from agriculture – about 76% of Uganda's working population is reported to be employed directly in agriculture and about 68% of whom are still stuck in subsistence agriculture. This scenario is illustrated in figure below.

***Figure 3:* Sectoral Contribution to Uganda's GDP 1962-2016**



Production of low value industrial products: Manufacturing sector in Uganda has remained very small, dominated by SMEs, which account for over 90 percent of the enterprises and generating over 80 percent of the manufactured output and approximately 9 percent of GDP. The sector is largely engaged in the production of low-value added goods, comprising basic consumer goods: processed foods; tobacco and beverages; non-metallic minerals and metallic fabrication; wood and wood products; chemicals and chemical products; leather and footwear; textiles and apparel; sawmilling, printing, and publishing. Heavy investments by foreign companies are more pronounced in textiles, steel mills, tanneries, bottling and brewing, and cement production. No wonder Uganda has remained a net importer of manufactured products, including very low-skill manufactures such as toothpicks, candle wax, fruit juices, bathing sponges and others.

Inadequate capacity of the private sector to create adequate private sector jobs: Given that most of the industries are operating at suboptimal capacity, their capacity to employ an increasing proportion of Ugandans has been curtailed. However, there are concerns of skills gaps – whereby the knowledge set possessed by the labour force runs short of the skillsets required by the enterprises.

Uneven distribution of industrial activity: Uganda's industry activity is characterized by concentration – just like in the past when most industries were concentrated in Jinja, Kampala and a few regional towns; even at the present the majority of industries are located in and around the capital Kampala. This leaves the rest of the country with little or no industrial activity worth the name. Given the profit motive of the private sector, distribution of industries upcountry or in unserved and underserved areas of the country will require deliberate government efforts with UDC playing anchoring and incubation roles.

Weak private sector: While the approach and focus of government to industrial development during the liberalization period have largely been on provision of good policy, strong institutions and efficient public goods and services to ensure that private sector thrives and benefits all its citizens. The Ugandan private sector has continued to be characterized by informal and poorly capitalised firms, which are not in position to contribute significantly towards the country's industrialization drive. Most of the industries operate at or below 50% capacity.

As such, UDC has been reconstituted as a response to key market failures occurring in Uganda. Government's intervention through UDC as an intervenor will improve the utilisation of raw materials, improve the value of Uganda's reports, and its current state as a net importer of manufactured products thereby creating employment, incomes and further stimulating demand and growth even in sectors where the Corporation may not be directly investing.

Huge Public Debt: Financing of UDC is mobilized from government coffers, through equity and borrowing (debt). However, the increase in Uganda public over the past decade is worrying and may jeopardize government's intentions for adequate recapitalization of UDC. For example, it is reported that Uganda's public debt reached UGX 44.67billion in FY 2017/18 from UGX 36.7 trillion in FY 2016/17.

2.4 Best Practices by State Development Corporations in Fostering Industrial and Economic Development

The design of this Strategic Plan is based on local contextualization of best practices by State Development Corporations in countries that have transformed their economies through 'state-led' industrialization. A review of best practices by State Development Corporations in fostering industrial and economic development in Mauritius, South Africa, Taiwan, China and South Korea was undertaken for purposes of drawing lessons therefrom.

State Investment Corporation (SIC) of Mauritius: SIC is the investment arm of the Government of Mauritius with an objective of providing funds for the realisation of high-growth entrepreneurial ventures and assisting businesses to industry leadership position. As of 2017, the Government of Mauritius owns 99.9% of the Corporation while the 0.1% is owned the country's development bank[7]. SIC has developed into a solid conglomerate with a strong and well-diversified portfolio of investments in all sectors of the economy. SIC invests in rapidly growing companies that focus on expanding and new markets. It has developed a thoroughly researched investment strategy that considers company and sector fundamentals to build a portfolio that can safely achieve targeted rates of return.

Industrial Development Corporation (IDC) of South Africa: IDC is a national development finance institution mandated to promote economic growth and industrial development and develop domestic industrial capacity. Over the past 5 years (2014-2018), IDC[8] has disbursed approximately USD4.3 billion of funding with 45% to Manufacturing sector and 21% to the mining sector. It develops projects in partnership with its stakeholders. IDC is committed to promoting environmentally sustainable growth and increasing sectoral diversity to boost the local production of goods. IDC also plays a critical role through its subsidiary, the Small Enterprise Finance Agency (Sefa), in promoting entrepreneurial development and growing the SME sector. The IDC's funding is generated through income from loan and equity investments and exits from mature investments, as well as borrowings from commercial banks, Development Finance Institutions (DFIs) and other lenders. IDC also supports industrial capacity development by proactively identifying and funding high-impact projects; leading the creation of viable new industries; and using diverse industry expertise to drive growth in priority sectors. Over the past five (5) years (2014-2018), IDC and its investments have created and saved 389,000 new direct and indirect jobs.

National Development Fund (NDF) of Taiwan: NDF[9] of Taiwan was set up to accelerate value-added industrial innovation and promote economic transformation and national development. NDF's portfolio is divided into multiple funds that is, direct investments, special implementation project investments, venture capture investments, loan financing, industrial and innovation fund, business angel plan and business

[7] http://www.stateinvestment.com/images/statements/Financial-statements-YR-2017.pdf; Page 3(b)

[8] www.idc.co.za/financial-results/2018-annual-report/

[9] www.df.gov.tw/attachement/2017國發基金會年報(英文).pdf

angel investment program. Their focus is investing in SMEs through Venture Capital Funds. Utilising a lean structure, it has opted to engage private sector players particularly professional management firms into co-investment. It apportions their funds into special funds with the help of private sector co-investment for special projects called the Business Angel Investment Program. Under this program, NDF has allocated USD 33 million to fund early start-ups and foreign companies with main business operations in Taiwan.

Industrial and Commercial Development Corporation (ICDC) Kenya: ICDC is a government-owned development finance and investment company in Kenya, with 65 years of experience invested in diverse sectors of the economy. Since its inception, the Corporation has incorporated various investee companies including the following; Centum Investment Company Ltd, Kenya Wine Agencies Ltd, Isuzu East Africa Ltd, Sky Foods Kenya Ltd, Development Bank of Kenya in whom it holds 89.3% shareholding, Home and Hospitality Textile Manufacturing Kenya, among others. Given its un-interrupted growth path over the years and maturity attained, ICDC takes and has no debt on its balance sheet, similarly, it does not receive any funds from the National Treasury of Kenya to finance any of its investments. ICDC's main source of capital are returns from its mature investments. In addition, it posts a dividend to the Treasury every financial year. Additionally, ICDC has structured itself for success in multiple ways such as:

- Offering product offerings beyond investment such as guarantees, technical assistance and corporate secretarial and audit services to its investees
- Setting independent companies to support its mandate such as the ICDC investment Company Limited (now CENTUM) to circumvent bureaucracies and inefficiencies as well as the Privatization unit that is responsible for the divesture/ privatization process of its mature investments[10].
- Strict requirements such as multiple appraisals by Management Committee, Investment Committee and the Board as well as requiring its prospective partners to demonstrate commitment through depositing the equivalent of their equity contribution on an escrow account prior to investment appraisal can be added to the refined investment process. These mechanisms weed out rent-seekers from the investment pipeline and process.

From the review, the emerging best-practice lessons are:

- All funds and the organisation should be adequately capitalised. Although adequate capitalization by the principal shareholder - Government is necessary, it should be supplemented by innovative financing options and structures such as through co-investments and partnerships. It is paramount that there is deliberate effort to seek out strategic partnerships for development, operations and management and co-investment as well as strong institutional linkages to support the undertaking, diversification and balance of risk of UDC's investments. In addition, UDC must invest with a long-term view of becoming financially self-sustaining or at a minimum, reduce its capital requirements and dependency on the Consolidated Fund.

- Set up of dedicated funds and Units will ensure emphasis on strategic themes of the country and UDC. For instance, there is clear focus on the development of the SME sector in South Africa through the set-up of a dedicated fund and investment unit, nurturing, handholding and capacity building as seen with the Sefa of IDC. It is also prudent to set up a business angel investment unit to work with incubation hubs dedicated to youth innovation start-ups. This guarantees dedicated investment in high impact strategic industries as well as resolving the youth unemployment issue that is rampant in Uganda.

[10] Resulting from the challenges presented faced in the ICDC/Privatization Departments (with priorities often mismatched), their laws are being reviewed to allow the ICDC divest its investments

- With a boost in capacity, the Corporation should consider investing not only through equities but also through loans, syndications, blended finance as well as support through technical assistance and management service.

- Funds should focus on new markets. It is therefore essential to encourage "export discipline" among subsidiaries as they transition to new domestic, regional and international markets.

- Through astute decision making, refined investment process and guided project management, the Corporation will be in position to successfully manage its investments. The Corporation should be in position to attract, retain and develop human resources to run the organisation. This is not limited only to the staff, but also Management and the Board as well as partners, technical operators, investment specialists that would lend specialised support to the Corporation.

- Utilising an efficient lean structure and a thorough investment process to manage subsidiaries that should work with highly-experienced specialist experts/operators to either kickstart or turn-around investments will produce the desired performance and create avenues to build the capacity of Ugandans to take on and manage these investments sustainably.

2.5 Assessment of UDC Capabilities

Having gained a deeper understanding of the global, regional and national outlook as well as best practices from State Development Corporations similar to UDC, an assessment of internal capabilities of UDC was carried out by looking at the processes, people, systems and how these are aligned to facilitate efficient and effective service delivery. In order to enable delivery of UDC's strategic plan, the organisation will leverage on existing internal capabilities while working on the weaknesses. Below are the findings of the assessment.

2.5.1 Strengths

Some of the strengths that UDC will have to capitalize on to build a highly performing institution include:

i. A strong legal and policy framework to facilitate smooth operation of the Corporation – National Industrial Policy 2008 and UDC Act 2016.
ii. Although the Corporation is still being resourced, it possesses the functional structures to enable it transform into a highly performing institution.
iii. The model of running subsidiaries and associated companies proved to have worked for the UDC 1952-98 and should be upscaled for the revitalised UDC.
iv. Government commitment to recapitalise the Corporation to the tune of UGX 500billion over the medium term. An estimated UGX 70bn is already committed per annum to the Corporation inclusive of project capital.

2.5.2 Weaknesses

The key weaknesses that the Corporation will need to work upon going forward include but not limited to the following:

i. The Corporation is yet to implement alongside a clear Strategic Plan.
ii. The Corporation has not yet developed policies, processes and procedures for its running and management of subsidiaries and associated companies.
iii. Current staffing levels are still low especially at senior management level (no directors).
iv. Alternative financing mechanisms are yet to be explored. Currently, Government of Uganda is the only assured source of funding yet given the competition for meagre resources, Government allocation has stagnated below desired levels.
v. Inadequate processes and systems for effective and efficient operations of the corporation

3 Strategic Direction and Planned Investments 2020 -2030

3.1 Vision, Mission and Values

Uganda's industrial landscape is awash with several players both from public and private sector just as there are several actors in its economic development journey. UDC envisions to become the **"leading driver of industrial development for the social and economic transformation and prosperity of Uganda".**

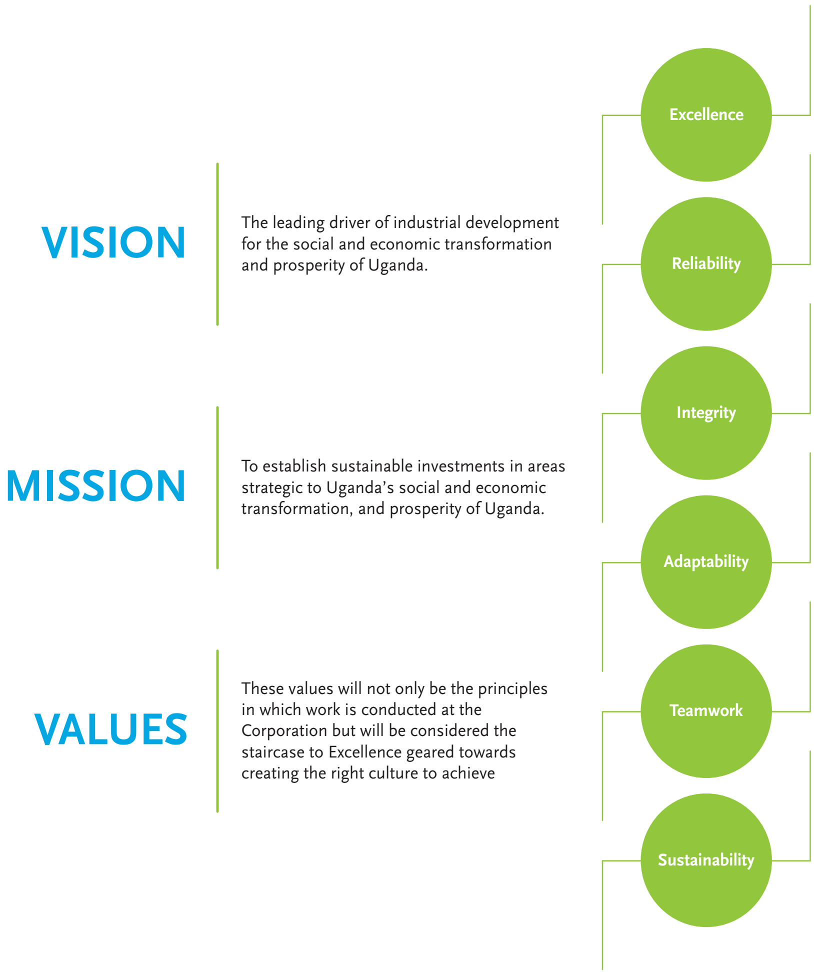
UDC's Mission derives directly from the mandate and objectives for which the Corporation was founded/revitalized. The mission of the Corporation therefore is to **"establish sustainable investments in areas strategic to Uganda's social and economic transformation, and prosperity of Uganda"**.

In order to accomplish this huge task, the Corporation must nurture a high-performance culture. The values and beliefs defining such culture are summarized in six words **STAIR - E** as prescribed below.

Sustainability:	It is our commitment and responsibility for the future to invest in strategic and sustainable ventures that strikes a balance between benefit and social good.
Teamwork:	UDC espouses team spirit, togetherness and collective responsibility for all actions, their intended and unintended outcomes.
Adaptability:	UDC is flexible to take on new ideas/innovative ways of doing work and is proactive to emerging opportunities and challenges.
Integrity:	We subscribe to high ethical and moral standards. Staff are expected to conduct themselves professionally at work, in their social and private lives.
Reliability:	UDC strives to demonstrate its consistent behaviour through meeting and exceeding the expectations of our stakeholders.
Excellence:	Excellence is a key virtue charactering our undertakings and practices. We strive for perfection or near perfection in our processes and systems, as well as results.

The link between UDC's Mission, Vision and Core values is as illustrated in the figure below:

Our Vision, Mission and Values



3.2 Goal, Strategies and Strategic Objectives

The goal of UDC's 10-year strategic plan is to drive Uganda's industrial development for socio-economic transformation of the country. In accomplishing this goal, UDC will pursue three inter-dependent objectives, namely:

1. Strengthen internal capacity and processes for UDC to deliver its mandate
2. Leverage partnerships and networks to optimise resources and foster collaboration
3. Invest in strategic and sustainable investments geared to overall economic and industrial development of Uganda

The key strategies to be executed to realize these objectives are summarized in the Table below;

***Table 3:* Mapping UDC's Objectives and Strategies**

Strategic Objectives	Strategies
1. Strengthen internal capacity, processes and systems for UDC to deliver its mandate	1.1 Strengthen the governance of UDC
	1.2 Optimize resource base to deliver the mandate of UDC
	1.3 Build the investment and enterprise management competence of UDC
	1.4 Align the organisational structure and skillset to the overall strategy of UDC
	1.5 Adoption of secure technology and systems to improve investment, communication and overall operational efficiency of the Corporation
	1.6 Improve the financial management of the Corporation
	1.7 Implement strong risk management at all levels
	1.8 Develop and implement an M&E framework to monitor and report performance of this Plan
2. Leverage partnerships and networks to optimise resources and foster collaboration	2.1 Using development partnerships to co-finance the feasibility studies for potential investment projects in the minerals sector
	2.2 Utilising Operations & Management partnerships to run or turnaround UDC's investments efficiently and effectively
	2.3 Engage potential partners using co-investments (joint venture, PPPs)
	2.4 Using a Fund of Funds approach, utilize existing investment management firms in priority sectors to enable UDC become a limited partner in investment vehicles that invest in various mature Ugandan firms seeking growth capital
	2.5 Harnessing industrial and sectoral synergies to facilitate UDC investments
3. Invest in strategic and sustainable investments geared to overall economic and industrial development of Uganda	3.1 Invest in areas that have the greatest multiplier effect on the Ugandan economy, that maximize the utilization of local raw materials as well as reduce the country's trade deficit
	3.2 Enhance the capability of local firms to take advantage of both domestic and international markets
	3.3 Prioritize investments in regions that are underdeveloped
	3.4 Exit investments through channels such as stocks etc.

3.3 Strategic Actions and Priority Interventions

The strategic framework utilised in the development of this strategic plan is results chain analysis. This framework identifies specific Strategic Actions under each Strategic Objective and enlists measures/ indicators to support the actualisation of the strategic actions. Below are the Strategic Objectives and the corresponding Strategic Actions identified for each of the strategic objectives and strategies.

3.3.1 Strategic Objective 1: Strengthen internal capacity, processes and systems for UDC to deliver its mandate.

UDC will strive to strengthen their internal to be able to implement this 10-year Strategic Plan. This change will affect every arm of the organisation right from the Board to the staff in every function. It will focus on practising good corporate governance, improving UDC's investment and enterprise management competence, building capacity of internal stakeholders, improving efficiency through adoption of technology, improving financial management and operationalising risk, M&E and Internal Audit units all geared to improved overall performance and productivity.

Strategy 1.1: Strengthen the governance of UDC

Actions under Strategy 1.1:

- 1.1.1 Enhance internal policies and processes that will allow for timely delivery of service and achievement of targets
- 1.1.2 Support the proper functioning of the board through regular board development initiatives
- 1.1.3 Develop and implement a robust communication strategy that relays UDC's ability to invest on behalf of Government

Strategy 1.2: Optimize resource base to deliver the mandate of UDC

Actions under Strategy 1.2:

- 1.2.1 Evaluate portfolio of resource base to attain high absorption capacity of funds available
- 1.2.2 Put in place efficient systems and processes for deal sourcing and screening
- 1.2.3 Deploy best practice models such as prudent budgeting to achieve high performance
- 1.2.4 Utilise a well-structured subsidiary fund model to secure discrete funding to address strategic investment themes such as VCF, FoF, local firm support fund, youth innovation fund
- 1.2.5 Create innovative de-risking mechanisms to encourage co-investment

Strategy 1.3 Build the investment and enterprise management competence of UDC

Actions under Strategy 1.3:

- 1.3.1 Put in place systems and structures that support UDC's investment process
- 1.3.2 Build capacity of investment team to execute and manage investments through benchmarking visits, trainings, mentoring etc.
- 1.3.3 Set up appropriate post investment monitoring processes and tools to manage, coordinate and track subsidiaries and associated companies

Strategy 1.4: Align the organisational structure and skillset to the overall strategy of UDC

Actions under Strategy 1.4:

- 1.4.1 Conduct an Organisational Development exercise to determine the right staff complement

Strategy 1.5: Adoption of secure technology and systems to improve investment, communication and overall operational efficiency of the Corporation

Actions under Strategy 1.5:

1.5.1 Digitise processes and procedures in UDC to attain operational efficiency in communication, post-investment monitoring

1.5.2 Set up Internal and External Communication Channels

1.5.3 Build technologies to analyse data generated from UDC's investments to simplify the management reporting process

Strategy 1.6: Improve the financial management of the Corporation

Actions under Strategy 1.6:

1.6.1 Carry out robust budgeting and cost analysis within the budgeting process

1.6.2 Set up and adopt internal controls as a measure towards improved efficiency.

1.6.3 Produce timely and accurate financial reports

1.6.4 Strengthen internal audits to achieve regulatory compliance to the relevant Gov't agencies such as OPM, OAG, PPDA etc.

Strategy 1.7: Implement strong risk management at all levels

Actions under Strategy 1.7:

1.7.1 Identify, manage and mitigate risks

1.7.2 Maintain a risk register

1.7.3 Incorporate risk scoring within the investment process

Strategy 1.8: Develop and implement an M&E framework to monitor and report performance of this Plan

Actions under Strategy 1.8:

1.8.1 Operationalise a M&E framework to track the achievement of the Plan

1.8.2 Incorporate a robust M&E process to track performance of the plan

3.3.2 Strategic Objective 2: Leverage partnerships and networks to optimise resources and foster collaboration.

UDC recognises the importance of partnerships and networks in the achievement of its mandate. UDC has developed a very ambitious strategic plan that cannot be achieved in isolation. It envisages with the key development partnerships, key Operations and Management partnerships, key co-investment partnerships as well as good relations with other relevant implementation partners such as MDAs that this Strategic Plan will be achieved.

Strategy 2.1: Using development partnerships to co-finance the feasibility studies for potential investment projects in the minerals sector.

Actions under Strategy 2.1:

2.1.1 Engage in early stage investment in prefeasibility studies

2.1.2 Package prefeasibility studies into investment prospectus and reach out to potential development partners

Strategy 2.2: Utilising Operations & Management partnerships to run or turnaround UDC's investments efficiently and effectively

Actions under Strategy 2.2:

2.2.1 Identify O&M partners in UDC's priority sectors

2.2.2 Prepare management contracts that clearly state the partners' obligations to UDC's investments

2.2.3 Track and monitor performance

Strategy 2.3: Engage potential partners using co-investments (joint venture, PPPs)

Actions under Strategy 2.3:

2.3.1 Identify potential co-investment partners

2.3.2 Prepare and execute MoUs that clearly outlines the obligation of all parties

Strategy 2.4: Using a Fund of Funds approach, utilize existing investment management firms in priority sectors to enable UDC become a limited partner in investment vehicles that invest in various mature Ugandan firms seeking growth capital

Actions under Strategy 2.4:

2.4.1 Identify and select the investment firms with a track record of successfully investing in the priority sectors

2.4.2 Track and monitor disbursed funds

Strategy 2.5: Harnessing industrial and sectoral synergies to facilitate UDC investments

Actions under Strategy 2.5:

2.5.1 Align with key industrial/sectoral stakeholders (private sector and Government) to ensure that inputs/ raw materials, supporting infrastructure, skillset are in place to drive UDC's investments

2.5.2 Convene periodic stakeholder engagements for different sectors to collectively resolve market-wide constraints

Strategic Objective 3: Invest in strategic and sustainable investments geared to overall economic and industrial development of Uganda

To identify where the Corporation should concentrate her efforts in order to enable the country to tap the existing potential and increase her global market share (thereby driving the industrial and economic development of the country), the Strategic Plan has selected priority sectors that have the greatest multiplier effect on the Ugandan economy, those that maximize the utilisation of local raw materials as well as those that improve the country's trade position. The key sectors are agro-manufacturing, mineral sector and strategic investments outside agro-manufacturing and minerals sector with the planned investments as shown in the figure below.

Strategy 3.1: Invest in areas that have the greatest multiplier effect on the Ugandan economy, that maximize the utilization of local raw materials as well as reduce the country's trade deficit

Actions under Strategy 3.1:

3.1.1 Invest in value addition to Uganda's agricultural commodities - tea, coffee, cocoa, fruit, grain, cassava and cotton, sugar cane to manufacture high value products + textiles

3.1.2 Invest in the manufacture of products from Uganda's minerals - iron and steel. limestone, copper and cobalt, brine, glass and petrochemicals, marble

3.1.3 Undertake strategic investments outside agro-manufacturing and minerals sector in particularly for products considered as FMCGs

3.1.4 Take over the interest of/manage investments on behalf of Government

Figure 4: List of Planned Investments for 2019/20 - 2029/30

Agro-Manufacturing UGX 1,462 Billion	**Coffee, Cocoa & Tea Processing**	• Set up a 1,500MT/YR soluble coffee & 3,000MT/YR spray dried coffee processing plant {soluble coffee plant, inclusive of roasting, grinding and packaging • Set up a tea processing factory in Zombo/Nebbi, a 3rd line installation in Kyenjojo-Mabale, as well as in Kigezi, Ankole, Toro regions. In addition, a cocoa processing plant in Bundibugyo.
	Fruit Processing	• Set up a fruit processing factory in Luwero, Nwoya, Yumbe, Kamuli and Kayunga.
	Cotton Processing	• Set up a 25,144-spindles spinning mill, processing up to 38,000 bales of cotton. • Venture into cotton processing along the entire product value chain.
	Grain & Sugar Processing	• Set up three cereals/grain processing plants, complete with 100,000 MT cereal storage capacity; and producing, among others, flour, animal feeds, pastries
	Cassava Processing	• Set up 100MT/day cassava processing plants in Lira, Soroti, Kibuuku and Gulu to produce flour, starch and glucose.
Minerals Beneficiation UGX 1,733 Billion	**Cement, Lime & Marble**	• Construction of integrated Cement/Lime/Marble Plant in Moroto following detailed geological, geophysical studies. The infrastructure requirements have not yet commenced. Construction may only start in the third year from now.
	Sheet Glass, Copper, Iron & Steel	• Sheet Glass production around Lake Victoria following the licensing and technical study processes. Iron & Steel production
	Salt/Chemical Industry	• Salt production & Chemical Works following the licensing and technical study processes
Other Strategic Sectors UGX 1,206 Billion	**Infrastructure**	• Set up of infrastructure projects to serve the mass market including transport, power supply and water and a National Construction Company.
	Services	• The Corporation has set aside an allocation to undertake strategic investments in the services sector as they arise. Investments in this sector will prioritize the advancement of ICT and infrastructure to catalyse a vibrant Tousrism sector.

Strategy 3.2 Enhance the capability of local firms to take advantage of both domestic and international markets

Actions under Strategy 3.2:

3.2.1 Set a fund to support local firms to be competitive in the domestic and international markets with a focus on higher-valued output

3.2.2 Partner with youth innovation hubs to provide funding and capacity building for youth-led greenfield and brownfield ventures

3.2.3 Set up an enterprise recovery support fund (ERSF)

Strategy 3.3 Prioritize investments in regions that are underdeveloped

Actions under Strategy 3.3:

3.3.1 Identify areas in Uganda that need UDC's affirmative action

3.3.2 Develop and/or adopt concept notes for potential investments or strategies to increase development in these areas by investing as UDC or through partnerships with local firms

Strategy 3.4 Exit investments through channels such as stocks etc.

Actions under Strategy 3.4:

3.4.1 Divest investments through listing on stocks and other avenues

The Corporation, as the investment arm of Government, seeks to be the leading driver of industrial development of the economic transformation of Uganda. This will be achieved by undertaking strategic and sustainable investments guided by the fundamental principles that are focused towards attaining its goal. Using its strategic objectives as the lever, the majority of the early years will be spent building the internal capacity, processes and systems and partnerships of the Corporation. With increased capacity and situated partnerships, UDC will progressively scale up its investments to its desired portfolio through the implementation plan.

This Strategic Plan will be achieved with a multitude of enablers such as a refined investment process, diverse financing options, competent HR, policy alignment and strong strategic partnerships among others.

3.4 Prerequisites for the Effective Execution of the Strategic Plan

The Strategic Plan identifies conditions that are necessary for effective delivery of the Strategic Plan as well as facilitating strategic repositioning of UDC at the helm of driving Uganda's investment and industrialization agenda. These factors are in three (3) major areas namely:

(i) Enhancing autonomy of the Corporation
(ii) Strengthening capitalization of the Corporation, and
(iii) Alignment of the Corporation's structure and adequate staffing.

3.4.1 Enhancing the autonomy of the Corporation:

UDC as a development and industrial arm of government cannot transform the economy if it continues to operate in bureaucratic arrangements. In order to effectively deliver its mandate, the independence of the Corporation needs to be enhanced to act in a business-like manner. These include more autonomy in procurement, financial management and reporting. To this end, the following specific recommendations have been proposed:

3.4.2 Accelerate and front load recapitalization of UDC.

It was noted that during the 1960s and early 1970s when UDC was the epicentre of Uganda's investment and industrial mighty, the corporation was adequately resourced/capitalized. The proposal is that the current recapitalization effort of the corporation should be stepped up from the current UGX 500bn to at least UGX 2.5 trillion over the next ten (10) years. Besides, increasing the years' capitalization ceiling, there is a need to frontload capitalization of UDC in the first three (3) years.

3.4.3 Alignment of the Corporation's Structure and adequate staffing

Presently the current structure of UDC is more hierarchical and potentially bureaucratic. While this is necessary for command and control, it stifles creativity, innovation and flexibility required for sound corporate governance and management.

In addition, the corporation should attract, recruit and retain highly skilled and competent human resource with a focus on especially sciences to steer its transformation agenda. The current staffing of UDC is deficient both in numbers and quality of staff.

To this end the following preconditions are recommended for effective governance and management of the Corporation:

i. There is need to review the organization structure and create an appropriate one, which are a hybrid of functional and projectized structures allowing for creation of business divisions alongside functional units as well as project teams that cut across different directorates and departments. The new structure will stress establishment of centralized units for those services, which can be shared across different units.

ii. The new structure should enable the Corporation to have direct control and oversight lines towards its affiliated corporations and associated enterprises. The Boards of affiliated corporations and associated enterprises should have at least one representative from the Corporation whose major task will be to ensure that the Public Interests in these entities are well safeguarded and protected.

iii. Adequate resourcing of the corporation with staff of right skills and capabilities. In order to do so, the wage bill of the corporation should be enhanced to enable it offer competitive packages.

3.5 Budget for the Plan

Below is a breakdown of the budget of the Strategic Plan. The full breakdown complete with assumptions and drivers can be viewed in an annex document to this Plan.

3.5.1 Overall Budget for the Plan

The amounts allocated to achieving each of the strategic objectives of the Plan are outlined as follows:

Table 4: **Overall Budget of UDC's Strategic Plan 2019/20 – 2029/30**

Strategic Objectives	Specific Budget	Amount (UGX Bn)
Strategic Objective 1.0 Strengthen internal capacity and processes for UDC to deliver its mandate		10.00
Strategic Objective 2.0 Leverage partnerships and networks to optimise resources and foster collaboration	Partnerships for Investment Budget	5.00
Strategic Objective 3.0 Invest in strategic and sustainable investments geared to overall economic and industrial development of Uganda	Agro-Manufacturing	1,461.89
	Minerals Beneficiation	1,733.28
	Strategic sectors beyond agro and minerals	1,205.80
	Local Firms Support	241.16
	Youth Innovation Fund	48.23
	Enterprise Recovery Support Fund (ESRF)	192.93
	Govt contribution to UDC's admin & operation	70.00
	Management Fee	146.52
	OVERALL BUDGET FOR THIS STRATEGIC PLAN	**5,115.68**

* As the investment arm of Government, UDC will deploy the practice of management fee. Management Fee is a payment made by limited partners, in this case Government, to the fund managers, in this case UDC, to cover the costs of managing its investment operations. Management fee will be utilised to cover salaries, bonuses, NSSF, media & PR budget, marketing, legal, auditing, customer services, office supplies and other administrative and operation costs. The management fee has been taken as 3% of assets under management. Over the planning period, UDC will strive to move this number down to 2% with the optimisation of process and resource. UGX 139.29 bn will be the top-up for UDC to manage its desired investment portfolio. Note that Government is already contributing an estimate of 7bn towards UDC's administration and operations.

3.5.2 Budget Breakdown by Year

The breakdown of the overall plan budget above by year is outlined below:

***Table 5*: Plan Budget Breakdown by Year**

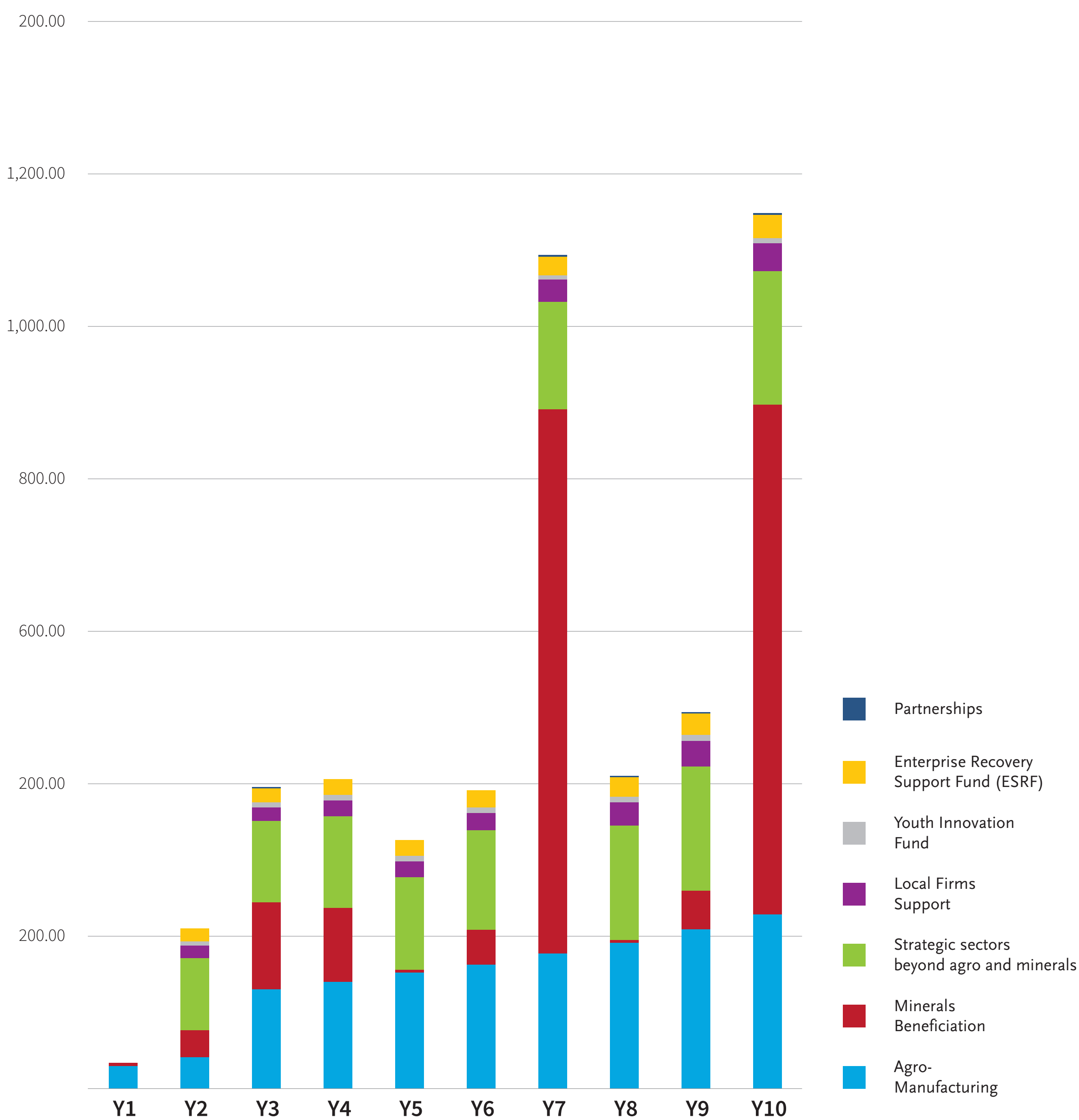
	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Agro-Manufacturing	29.02	41.84	131.06	140.98	151.80	163.66	176.75	191.37	207.98	227.42
Minerals Beneficiation	0.75	31.98	114.10	102.89	1.94	42.12	714.41	2.25	52.47	670.39
Strategic sectors beyond agro and minerals	-	98.19	105.65	113.68	122.32	131.61	141.61	152.38	163.96	176.42
Local Firms Support	-	19.64	21.13	22.74	24.46	26.32	28.32	30.48	32.79	35.28
Youth Innovation Fund	-	3.93	4.23	4.55	4.89	5.26	5.66	6.10	6.56	7.06
Enterprise Recovery Support Fund (ESRF)	-	15.71	16.90	18.19	19.57	21.06	22.66	24.38	26.23	28.23
Partnerships	-	-	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Govt contribution to management of UDC	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Management Fee	0.89	6.338	11.795	12.094	9.753	11.704	32.686	12.212	14.703	34.347
	37.66	**224.61**	**411.97**	**422.21**	**341.85**	**408.85**	**1,129.21**	**426.27**	**511.80**	**1,186.25**

The budget breakdown by activity can be found in the annex below.

3.5.3 Budget Allocation by Focus Area over 10 Years

The budget breakdown by focus area is illustrated in the graphical representation below:

Budget Allocation by Focus Area over 10 Years



3.6 Risks Associated with the Investment Plan

Risk management will be a crucial function for UDC as through this function, UDC can reduce or augment risk depending on their investment portfolio. Particular emphasis is going to be placed on the identification and mitigation of risk in the investment process.

For this very reason, the Corporation shall use Integrated Risk Management to systematically manage all levels of risks that may impede successful implementation of the Strategic Plan. Implementation of the Integrated Risk Management framework for the Strategic Plan is intended to help ensure that risks associated with the Plan are well understood and can be addressed in a methodical manner that is consistent with the approach used in addressing risks across different areas of investments by the Corporation.

In the Integrated Risk Management framework below, each risk is rated by considering the product of the probability of a risk occurring (scored out of 5) and the impact if the risk occurs (also scored out of 5). In this way, the most significant risks will be highlighted for the attention of Management, the Board, or political leadership as appropriate, including ongoing monitoring of the effectiveness of mitigation strategies. The risks identified in association with the Strategic Plan are:

Table 6: **Integrated Risk Management framework**

No.	Risk	Impact (/5)	Likelihood (/5)	Mitigation measure
1	Insufficient resource availability	4	2	• Proactive engagement in the national budgeting process; • Equity partnerships in priority investment areas; and engagement with various potential funding sources • Start the process of activating the Industrial and Economic Development Fund under section28 of the UDC Act, for purposes of industrial and economic development.
2	Cost increases/exchange rate volatility	4	5	• Provision for exchange rate movements on conclusion of individual Investment Plans/Projects
3	Changing priorities	3	3	• Regular interaction with different stakeholders to capture any movements towards change in priorities and adjusting in time as necessary
4	Procurement delays	3	3	• More rigorous procurement planning and execution • Engagement to have flexibilities under Public Procurement law to allow the Corporation to procure and dispose in a competitive manner suitable for an investment and business entity that it is without losing the core principles of transparency and value for money as envisaged under the public procurement law
5	Limited and unreliable raw material availability	4	4	• Partnership with producer groups such as Cooperatives to ensure investment through the entire value chain to assure processing/ manufacturing facilities of reliable supply of raw materials; investment in base industries with a view to increasing production and productivity
6	Inadequacy of industrial infrastructure such as adequate & reliable power in investment areas, water, transport	4	3	• Continued engagement with relevant Government Ministries, Departments and Agencies for synergized planning and execution

The risks for the overall Strategic Plan will be monitored on an ongoing basis by the respective Project/Investment Managers with quarterly risk profile reports to Management and ultimately the Board's Investment Committee for their attention.

3.7 Performance Measurement for this Plan

Performance management shall form a key element of the implementation of the Strategic Plan. Performance management shall be conducted under the direction of the Board of the Corporation and through the relevant structures of the Corporation.

3.7.1 Monitoring and Evaluation Framework

The implementation of this Strategy will be monitored and evaluated using a Monitoring and Evaluation (M&E) framework that is incorporated in the Implementation Plan. In order to improve assessment and reporting of progress on implementation of the strategic plan, an electronic Resources Tracking System will be implemented by the second year of execution of the strategy to facilitate timely capture and reporting of resource inflows as well as analysis of resource flow trends and projections. All efforts are towards the achievement of the high-level outcomes shown in the figure below with the eventual impact of driving industrial development for the economic transformation of Uganda.

FUNDAMENTAL PRINCIPLES	HIGH LEVEL OUTCOMES
Creation of both direct and indirect employment, with a focus on productive jobs	• Net employment change contributed by UDC • Increased household income • % workforce graduated in the sectors of interest
Utilization of local raw materials/resources to manufacture for both the domestic and international markets	• UDC's contribution to the increased value • Increased uptake of local raw materials • Increase in manufactured output
Improving the trade balance position as envisaged in the National Export Development Strategy, the National Industrial Development Policy, and the National Investment Policy, among others	• % percent export growth rate • Export value (% of GDP) • % imports reduced as a result of local cosumption
Development of Local entrepreneurship	• Increased capacity of firms supported incubation, Technical Assistance • Increased investment in early to mid firms
Balanced regional development	• Increased and balanced UDC regional presence

Figure 5: **High-level outcomes and measures of success**

The Monitoring and Evaluation shall be undertaken using the M&E framework that appends this Strategic Plan. This high-level M&E tool will guide key decision makers in assessing whether the Corporation is achieving its objectives over time and provide feedback on how well the organisation is implementing its strategy. Management, through a probable M&E Committee, will ensure that M&E activities and processes are undertaken on an on-going basis.

Note that the functional plans and individual performance indicators will be linked to the M&E framework to ensure that the day-to-day performance is directed towards the achievement of the strategic objectives of the Strategic Plan.

3.7.2 Monitoring and Evaluation Strategies toward astute performance

Investment performance shall be managed at three (3) levels: Project Management Effectiveness, Investment Planning Results and finally, Overall Institutional Effectiveness.

Under **Project Management Effectiveness**, there shall be very rigorous monthly project progress reporting. Monthly reports and reviews shall cover the budgets, scope, timeline and risks associated with every planned and ongoing investment within the Corporation. Investments/projects showing issues on any of these dimensions shall be required to report on causes for any deviations, mitigation measures proposed, and proposed solutions on a case by case basis. This will ensure that project or investment issues are identified as early as possible and highlighted to Senior Management for attention, decision and remedial action.

Similarly, under **Investment Planning Results**, there shall be bi-annual debriefing sessions between Management and the Board, and with key stakeholders. Such debriefings could revise the process as necessary to ensure that the planning needs of the Corporation are met. Investment planning effectiveness shall be assessed through targeted performance indicators that will be reported to the Board of the Corporation through the Investment Committee. The measures are designed to inform senior management and the Board as well as the political leadership as to whether the Strategic Plan is achieving intended effects.

The subsidiaries'/investments shall have their own Monitoring and Evaluation targets given the diverse nature of investments to be undertaken by the Corporation. These targets will be set and monitored by the Corporation in consultation with the respective Unit. The Directorate of Investments shall follow up with the individual companies and investments to ensure that the Monitoring and Evaluation processes address UDC interests and objectives.

Under **Overall Institutional Effectiveness**, there shall be an amalgamation of efforts in project management effectiveness and investment planning results as well as other internal effectiveness effort into the detailed monitoring framework. The basis of M&E will be the detailed Monitoring and Evaluation Framework for UDC strategic plan that has been truncated into the annexes below. Periodically, it will be assessed using two key tool templates as shown in the tables below:

i. **Monitoring Plan** – tool that will notify the persons responsible of the action to be monitored, the periodicity of monitoring and the source of data/ means of verification.
ii. **Evaluation Tool** – tool that will be used at the end of period – either quarterly or annually to capture the performance vis-à-vis the target to determine the trend and the corresponding remedial actions.

These tools can also be used to assign tasks to respective responsibility centres (departments or units) for both action, budgeting and formal appraisal of personnel.

Table 7: **Monitoring Plan Template**

	Description	Indicators	Responsibility Centre	Frequency	Means of Verification
Measurable after 5 years	**Impact**				
	Fundamental Principle 1				
	Fundamental Principle 2				
	Fundamental Principle 3				
	Fundamental Principle 4				
	Fundamental Principle 5				
Measurable between 3 – 5 years	**High-Level Outcomes**				
	Outcome 1. A	1			
	Outcome 1. B	1 2			
	Outcome 2. A	1 2 3			
	Outcome 3. A	1			
	Outcome 3. B	2			
	Outcome 3. C	3			
	Outcome 4. A	1 2			
	Outcome 5. A	1			
Measurable on an annual basis, broken down by quarterly and assign to responsible centre for budgeting and action	**Strategic Objectives**				
	Strategic Objective 1				
	Strategy 1.1 Action 1.1.1 Action 1.1.2				
	Strategy 1.2 Action 1.2.1 Action 1.2.2				
	Strategic Objective 2				
	Strategy 2.1 Action 2.1.1 Action 2.1.2				
	Strategy 2.2 Action 2.2.1 Action 2.2.2				
	Strategic Objective 3				
	Strategy 3.1 Action 3.1.1 Action 1.1.2				
	Strategy 3.2 Action 3.2.1 Action 3.2.2				

Table 8: **Evaluation Tool Template**

	Description	Indicators	Reporting Period	Baseline	Target (annual qtrly)	Trend & Remedial Action
Measurable after 5 years	**Impact**					
	Fundamental Principle 1					
	Fundamental Principle 2					
	Fundamental Principle 3					
	Fundamental Principle 4					
	Fundamental Principle 5					
Measurable between 3 – 5 years	**High-Level Outcomes**					
	Outcome 1. A	1				
	Outcome 1. B	1 2				
	Outcome 2. A	1 2 3				
	Outcome 3. A	1				
	Outcome 3. B	2				
	Outcome 3. C	3				
	Outcome 4. A	1 2				
	Outcome 5. A	1				
Measurable on an annual basis, broken down by quarterly and assign to responsible centre for budgeting and action	**Strategic Objectives**					
	Strategic Objective 1					
	Strategy 1.1 Action 1.1.1 Action 1.1.2					
	Strategy 1.2 Action 1.2.1 Action 1.2.2					
	Strategic Objective 2					
	Strategy 2.1 Action 2.1.1 Action 2.1.2					
	Strategy 2.2 Action 2.2.1 Action 2.2.2					
	Strategic Objective 3					
	Strategy 3.1 Action 3.1.1 Action 1.1.2					
	Strategy 3.2 Action 3.2.1 Action 3.2.2					

4 Financing

4.1 Investment Avenues

Following its revival under the National Industrial Policy 2008, Uganda Development Corporation (UDC) seeks investments that will create direct and indirect employment, increase utilization of locally produced raw materials, improve Uganda's trade position, develop local entrepreneurship and balance regional development within the country. In order to carry out its mandate, UDC through its investment Units will run the following funds: Venture Capital Fund, Local Firms Support Fund, Youth Innovation Fund and Fund of Funds.

4.1.1 Venture Capital (VC) Fund

Provision of Venture Capital is the broader mandate of UDC especially in the areas of agro-manufacturing and minerals beneficiation. The Corporation recognizes that opportunities for long-term impact, such as increased employment rates, abound in Uganda's start-up ecosystem. UDC seeks to not only provide seed capital to early stage companies but also develop green fields through the Venture Capital Fund.

It is anticipated that the Venture Capital Fund will be mainly constituted by funds from the Government of Uganda with 70% of the annual funds allocated to the VC fund.

4.1.2 Local Firms Support Fund

UDC will seek to champion leading local firms in external markets especially the preferential trading region of EAC, COMESA, the rest of Africa and beyond. Through UDC's financing, the local firms will be able to enhance their capability to compete on the regional and global market by using the financing to:

i. Increase production of high-quality goods by regional and global standards
ii. Incorporate more technology in their production process
iii. Form backward and forward linkages within their industry and utilize the economies of scale that follow.

Up to 20% of Government's annual funds to UDC will be allocated to the Local Firms Support Fund. In later years, UDC will leverage good fund performance to attract external capital from Multilateral Development Banks, Export-Import Banks and Development Finance Institutions to capitalize the Fund.

The Local Firms Support Fund will also support distressed firms to recover with a target allocation of half of its funds. This support will entail providing:

i. An effective financing plan that will stabilize the firm's cash position and
ii. The needed capital to enable the business to regain profitability.

4.1.3 Youth Innovation Fund

UDC aims to invest 5% of Government's allocated funds into the Youth Innovation Fund. UDC will also engage international foundations and impact investors for financing.

The fund will leverage the existing local innovation hubs infrastructure to identify investor-ready start-ups and co-invest in them alongside other VC firms. Start-up capital of up to US$100,000 per firm will be provided.

4.1.4 Fund of Funds

Through the Fund of Funds, UDC will invest, as a limited partner, in private equity funds that are managed by experienced investment managers. This strategy allows the UDC access to multiple fund processes that it will leverage to refine its own internal processes and practices.

UDC targets to invest 5% of Government's allocated funds to the Fund of Funds

4.1.5 Visual Presentation of UDC Financing Options

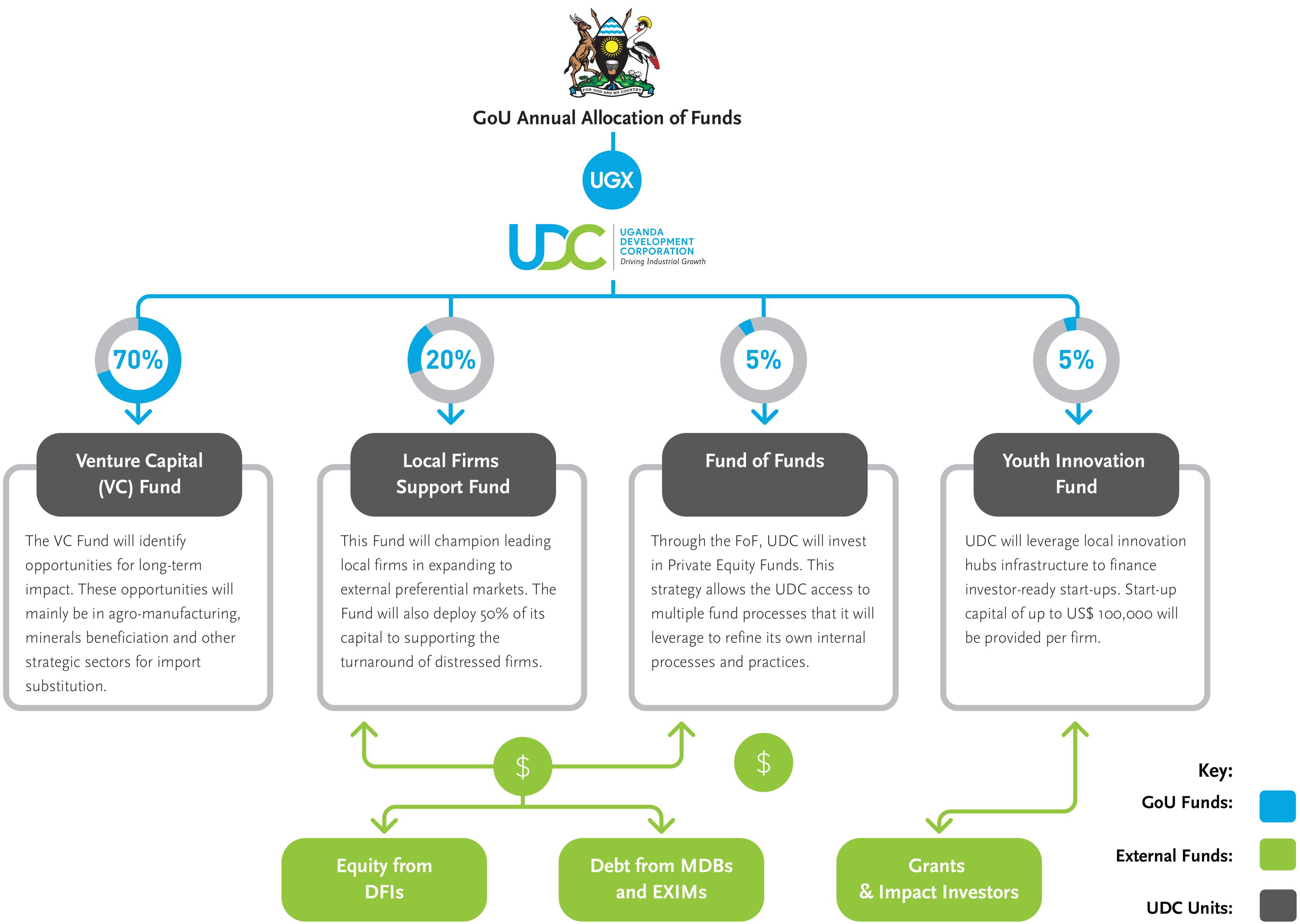


Figure 6: Visual Presentation of UDC Financing Options

4.2 Sources of Funding

In order to carry out its mandate, UDC will require financing that will come from the following sources: Government, Debt from Multilateral Development Banks (MDBs) and Export-Import Banks (EXIMs), Equity from Development Finance Institutions (DFIs), Grants and Impact Investors, Bond Issuances through Uganda Securities Exchange, Dividend and Interest Reinvestments, Subsidiary Divestitures, and the Industrial & Economic Development Fund to be created pursuant to section 28 of the UDC Act.

***Table 9:* Potential Sources of Funding**

Source	Type of Financing
Multilateral Development Banks	Debt
Development Finance Institutions	Equity
Impact Investors	Grants
Industrial & Economic Development Fund	Appropriations, Grants , Loans

4.2.1 Government of Uganda

The UDC Act 2016 provides for capitalization of the Corporation to the tune of UGX 500 Billion by the Ugandan Government, which has not yet fully materialized. The Corporation will receive funding from GoU in line with UDC Act 2016 and the Public Finance Management Act.

The government financial resources will be allocated to the four (4) funds as follows:

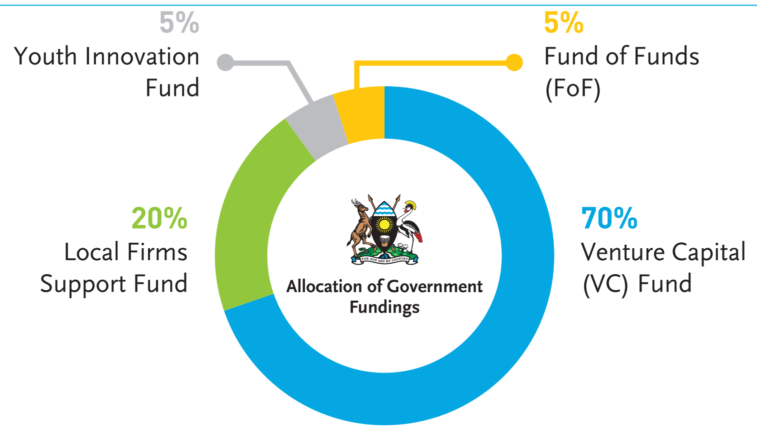


***Figure 7:* Allocation of Government of Uganda funding to various Funds**

Further, section 28 of the UDC Act creates the Industrial and Economic Development Fund "the Fund" whose function is to finance the promotion and facilitation of industrial and economic development of Uganda; finance and manage industrial and agricultural undertakings or economic developments in which the Government has interest; and, to promote and facilitate research into industrial development. UDC will seek to operationalize and capitalise the Fund, as a vehicle for the foregoing, through monies appropriated by Parliament, loans obtained by the Government, grants from donors, and other sources of funds.

4.2.2 Debt from Multilateral Development Banks (MDB) and Export-Import Banks

Investor capital that aligns with the long-term mandate of the UDC is of primary importance. This capital can be sourced through debt financing in accordance with the Public Finance Management Act.

UDC will seek debt that has favourable interest rates and tenures that it can manage without straining the Corporation's budget and cash flows. Debt financing can be obtained from Multilateral Development Banks which include but are not limited to the following.

***Table 10:* Potential Sources of Debt Financing**

Multilateral Development Banks	Debt Financing Details
African Development Bank (AfDB)	Among its various financing products, AfDB offers loans through its Africa Development Fund targeting among others the agricultural sector.
European Investment Bank	The European Investment Bank through its European Development Fund has financed projects within Sub-Saharan Africa targeting the private sector
East Africa Development Bank (EADB)	EADB's core loan activity targets medium to large scale firms with emphasis on export-oriented products.
Islamic Development Bank (IsDB)	IsDB provides financing that facilitates agriculture, science, technology and innovation to mention but a few. It provides financing that is compliant with Sharia Law
Arab Bank for Economic Development (BADEA)	BADEA provides financing that aides in the development of the private sector and enhances Trade within Africa

Debt financing will also be sourced from Export-Import Banks which will specifically finance the Local Firms Support Fund to promote exportation of Ugandan Products. The African Export Import Bank is the main Export-Import Bank in Africa.

Multilateral Development Banks	Debt Financing Details
African Export Import Bank (AFREXIM)	AFREXIM Bank offers financing products that target global trade with Africa and intra-African trade.

4.2.3 Debt and Equity from Development Finance Institutions

Development Finance Institutions (DFIs) are key partners that the Corporation will engage to access wholesale debt and equity financing. DFIs are also important for the implementation and integration of Environmental and Social Governance (ESG) policies in private equity investments in Africa. DFIs typically favour large deal sizes and government backing available in energy, infrastructure, and manufacturing projects.

Major DFIs that the Corporation will engage to finance the Local Firms Support Fund include but are not limited to.

***Table 11:* Potential Sources of Development Financing**

DFIs	Financing Details
International Finance Corporation	• IFC provides early-stage and late-stage venture capital financing through direct investments and funds. • IFC generally invests between 5% and 20% of a fund's equity. • IFC provides debt, typically for seven to 12 years
CDC Group (UK)	• CDC is the largest single investor in funds in Africa—having supported the growth of over 58 funds. • The target ticket size for funds the CDC invests in is between US$5 million – US$150 million
Norfund (Norway)	• Proparco is keen on investing in Funds that support high-growth export companies in manufacturing, food and agriculture
Development Bank of Austria	• OeEB invests in only "early stage funds" at the earliest, no "start up financing". • OeEB makes equity and debt investments of up to EUR 5.0 Million. • Maximum OeEB shareholding up to 25% of the fund volume.
EBRD	• EBRD participates in funds, which in turn invest in medium-sized companies that need to expand their business. • EBRD only invests in minority equity positions. • EBRD invests equity ranging from €2 million to €100 million. • EBRD loans usually range between €3 up to €250 million.
DEG (Germany)	• DEG issues long-term equity capital to funds that provide small and medium-sized enterprises with reliable access to equity financing. • DEG typically offers Euro or USD denominated debt with loan terms generally between 4 to 18 years.
Swedfund (Sweden)	• Swedfund invests upwards of US$ 10 Million in Funds to enable small and medium-sized enterprises, SMEs, in Sub-Saharan Africa to access growth capital and thereby expand their operations.
Japanese Bank for International Cooperation (JBIC)	• The JBIC makes equity investments in international funds alongside Japanese firms. • Priority areas include energy, transport, healthcare, waste management.
US Overseas Private Investment Corporation (OPIC)	• OPIC typically commit between US$ 5 Million and US$ 25 Million, or up to 25 percent of a fund's total capitalization.

DFIs	Financing Details
IDC Industrial Development Corporation	• IDC's role is to enhance the industrial capability of the continent, thereby boosting economic growth and industrial development. • IDC provides funding up to a maximum of R1 Billion.
UDB	• The duration for UDB's long-term loans stretches for a period from 5-10 years with grace periods ranging from 3 months to 24 months. • The National Social Security Fund (NSSF) has expressed interest in providing financing to the Corporation through UDB.
AFC AFRICA FINANCE CORPORATION	• AFC invests equity or quasi-equity capital typically ranging from US$ 10 Million to US$ 50 Million and generally seeks to take a minority stake.

4.2.4 Grants and Impact Investments

Grants are important to the Corporation as they are essentially non-repayable capital and usually impact focused. Grant funding will finance the Youth Innovation Fund. The Fund will be focused on supporting youth innovations at the idea stage, sourcing these innovations through competitions and in collaboration with local Innovation Hubs.

The funders the Corporation will engage in securing grants to finance the Youth Fund include but are not limited to.

Table 12: **Prospective Sources of Grants and Impact Investments**

Grant Funder	Financing Details
mastercard foundation	• Mastercard Foundation offers grant funding of up to US$5 Million to support innovative products, services or processes from organizations and individuals that will design, pilot and test new ideas, as well as those that aim to expand proven ideas into new geographies.
Shell Foundation	• SF supports innovators to test new technology and enterprise models that can contribute towards the SDGs, achieve financial independence and operate at scale. Focus areas include access to energy and sustainable mobility.
Bill & Melinda Gates foundation	• BMG offers grant funding of up to US$ 35 Million to support innovations in areas such as global health, financial services for the poor, and hygiene
DOEN	• Primarily through grants, DOEN Foundation supports individual and entrepreneurial organisations that are strongly focused on creating, developing and implementing innovative initiatives in clear relation to their environment.

Grant Funder	Financing Details
THE indigo TRUST	• Indigo Trust offers up to US$30,000 to funds and organizations using digital technologies to improve transparency and accountability in sub-Saharan Africa
Hivos people unlimited	• Hivos provides grants to partners and projects and experiment with other financing mechanisms such as crowdfunding and impact investing.

Impact investments have grown strongly throughout the region over the past five (5) years. Though DFIs provide the vast majority of impact capital, a number of non-DFI impact investors are active in the region, particularly in agriculture. These non-DFI impact investors include family-controlled investment groups, foundations, pension funds, banks and VC/PE Funds. The Corporation will engage this growing investor group in a bid to support youth innovations and generate a beneficial social or environmental impact alongside a financial return.

4.2.5 Corporate Bonds through USE

Leveraging its performance track record, the UDC's Units will raise additional debt financing by issuing corporate bonds through the Uganda Securities Exchange (USE). Issuances will be in accordance with Capital Markets Corporate Bond Guidelines by the Capital Markets Authority.

However, the bond issuances will only be done at the point when UDC's other investments are generating enough cash flows for the corporation to be able to meet periodic coupon payments.

4.2.6 Dividend, Interest and Divestitures from Subsidiaries

Through a reinvestment plan, the Corporation's Investment Units shall use dividends and interest received from subsidiaries and associates as another source of additional financing to fund investments.

4.3 Financing Timeline

Government allocated funds will be the Venture Capital Fund's sole source of financing for the foreseeable future. Regarding the Youth Innovation Fund, UDC will fund-raise capital from external sources in the form of Grants/Donations in the first year which will supplement the annual Government funding in the subsequent years.

The Local Firm Support Fund and Fund of Funds will be financed by 5% of GoU's annual fund allocation. In order to supplement the Government funds UDC will, during the second year, leverage its track record of investment activities and performance to fundraise additional capital from external sources in the form of Debt and Equity. In the subsequent years, the external funds raised will be invested in the Local Firm Support Fund and Fund of Funds

The financing timeline is shown in Figure 7..

UDC Funds	Year 1	Year 2	Year 3	Year 4	Year 5
Venture Capital (VC) Fund	The VC Fund will be solely financed by 70% GoU Allocation each year.				
	The VC Fund will deploy capital raised from the Government from the first year onward.				
Local Firms Support Fund	20% Annual GoU Allocation will finance the Local Firms Support Fund each year.				
		In the 2nd year, fundraising for external debt & equity financing to supplement GoU funds will begin.			
		Fund Capital raised will be deployed in the 3rd year onward			
Fund of Funds (FoF)	The FoF Fund will be financed by a 5% GoU Annual Allocation each year.				
		In the 2nd year, fundraising for external debt & equity financing to supplement GoU funds will begin.			
			Fund Capital raised will be deployed in the 3rd year onward		
Youth Innovation Fund	The Youth Innovation Fund will be financed by a 5% GoU Annual Allocation each year.				
	In the 1st year, fundraising for external grants & donations to supplement GoU funds will begin.				
		Fund Capital raised will be deployed in the 2nd year onward			

Key
Government Funding | Fundraising from external sources | Investment

Figure 8: **Timeline for the UDC's Financing Options**

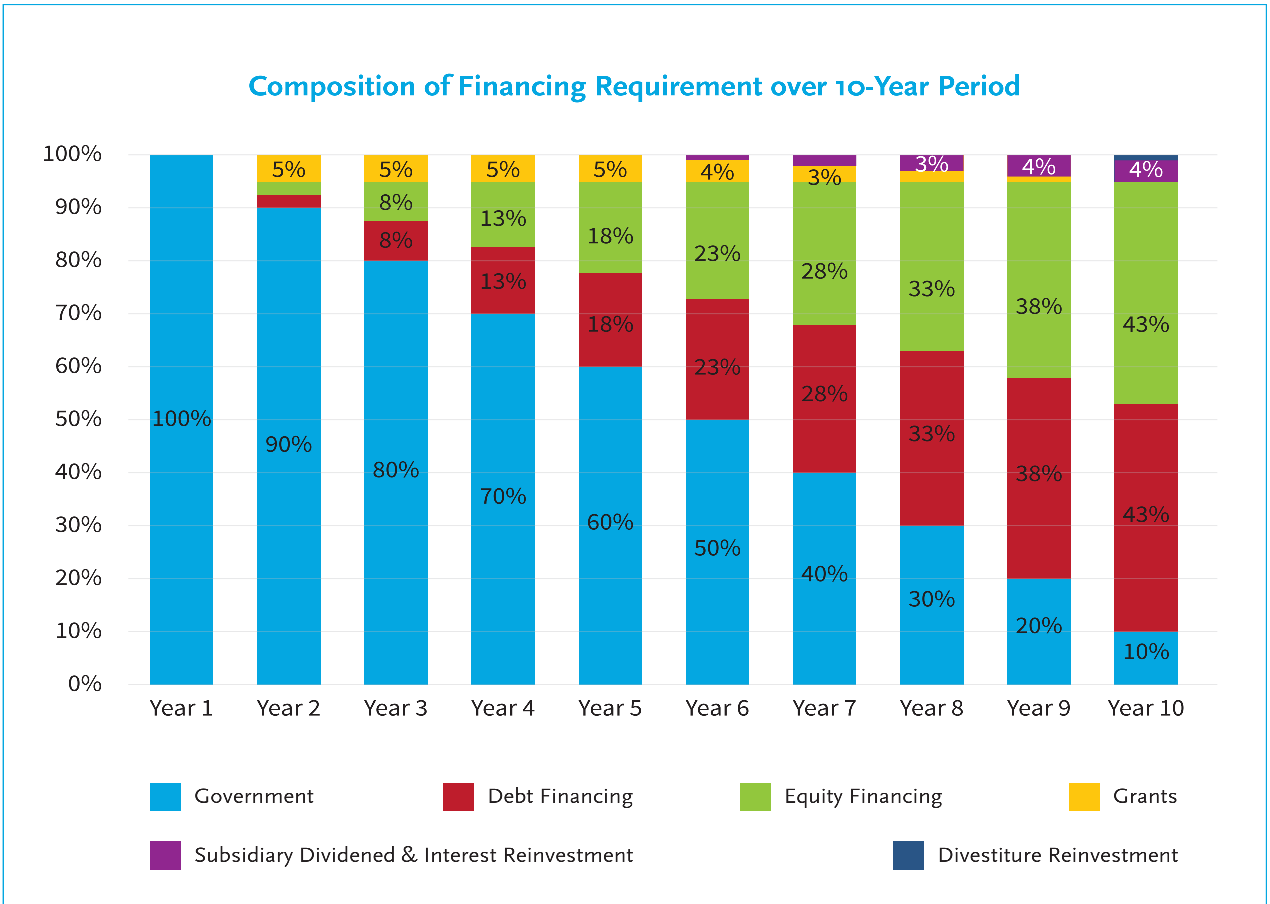


Figure 8: **Composition of Financing Requirement over 10-Year Period**

Assumptions regarding financing requirements over the 10-year period:

- Government funding will finance majority of the investments in the early years. Grant funding will provide zero-cost capital to fund youth ventures
- In later years, the Corporation will leverage its investment track record to raise equity and debt capital from MDBs and DFIs as reliance on Government funding decreases by 10% year-on-year. MDBs and DFIs will not only provide financial support (increasing by 10% year-on-year) but also technical support regarding the Corporations' operations and investment strategy leveraging their years of investing in developing economies.
- Dividend and Interest Income derived from thriving subsidiaries in later years will provide further alternative funding sources to further ease the funding burden to the Government.
- Divestitures from thriving subsidiaries typically occur 7 to 10 years after an investment is made. The capital earned from these exits will provide a further funding source to the Corporation.

5 Organizational Structure and Governance

5.1 Principles Guiding the Organizational Structure

For effective delivery on the Strategic Plan, the Corporation's organizational structure shall be guided by the following principles:

- Lean but efficient structure at UDC level, operating mainly through units under the Directorate of Investment. The structure will grow progressively with the organic growth of the investments under UDC's management or supervision.
- Strong Corporation Secretariat to provide the requisite services to both the Corporation and its Units
- HR and their performance will be linked to the bottom line through aligning performance plans to the indicators in the implementation plan
- Continuous capacity building will be a priority to ensure that the HR is equipped with the right knowledge, skills and attitudes to run the day-to-day operations of the Corporation optimally.

5.2 Structure

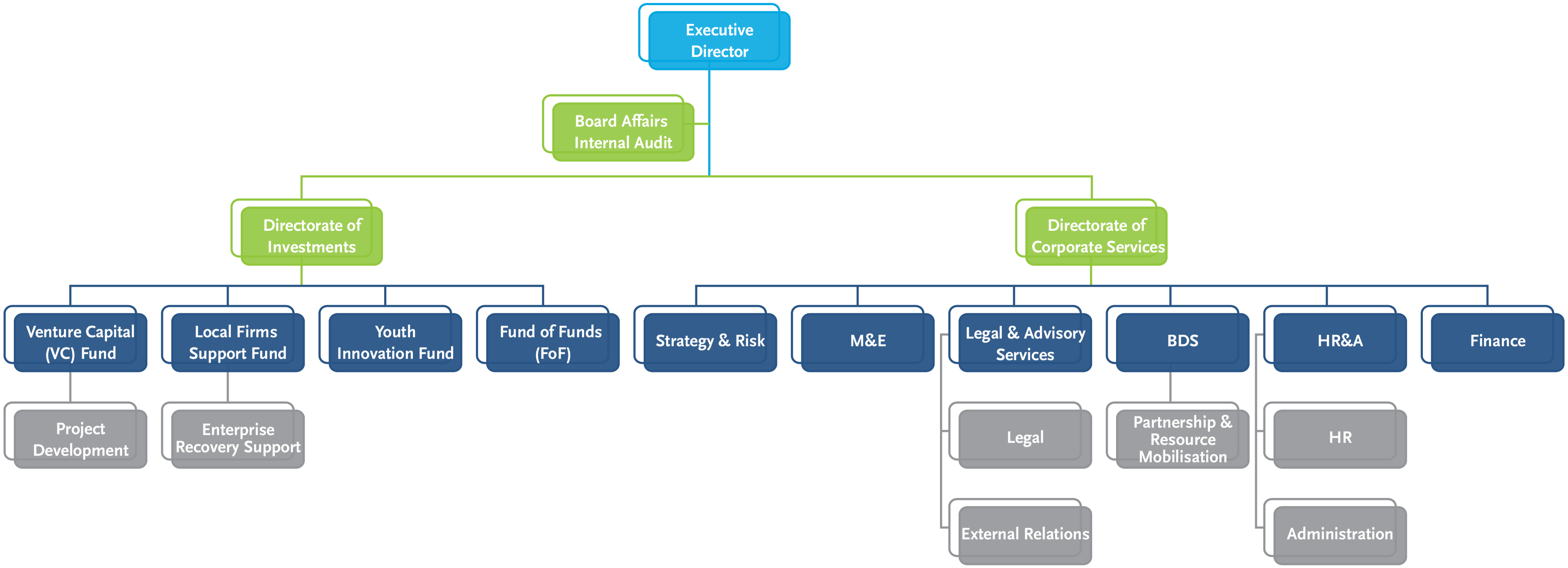


Figure 9: **Proposed High-Level Organogram for UDC**

5.2.1 Minister responsible for Industry

As provided for under the UDC Act, the Minister responsible for Trade, Industry and Commerce shall be responsible for the overall supervision of the Corporation, and thus for the execution of this Strategic Plan. The Minister is at the helm of the supervision of the Corporation and its investment units as stipulated by the Act.

5.2.2 Board of the Corporation

The operations of the Corporation shall be governed by a Board of the Corporation constituted in line with the UDC Act. The Board will report to the Minister as defined in the Act. The specific functions, responsibilities and duties of the Board of the Corporation are:

a) Adoption of strategic plans and policies; monitoring the operational performance; establishing policies, processes and procedures that ensure integrity of the Corporation's internal controls; and risk management
b) Ensuring that the strategies adopted promote the objectives, functions and sustainability of the Corporation
c) Approving the key decisions along the investment process as well as the supreme supervision of the separate boards of the investee companies

5.2.3 UDC Secretariat

The Corporation will be headed by the Executive Director who reports to the Board of Directors. The role of the Executive Director shall be to:

a) Implement the policies and programmes in line with this Strategic Plan and the mandate of the Corporation and
b) Design and implement a mechanism for effective supervision of the subsidiaries or associated companies invested in by the Corporation and keep the Board apprised of the operations of the investee companies

The Corporation shall comprise of two (2) Directorates that will be headed by a Director who reports to the Executive Director and is supported by Managers of the unique functions, namely:

i. Directorate of Investments
ii. Directorate of Corporate Services

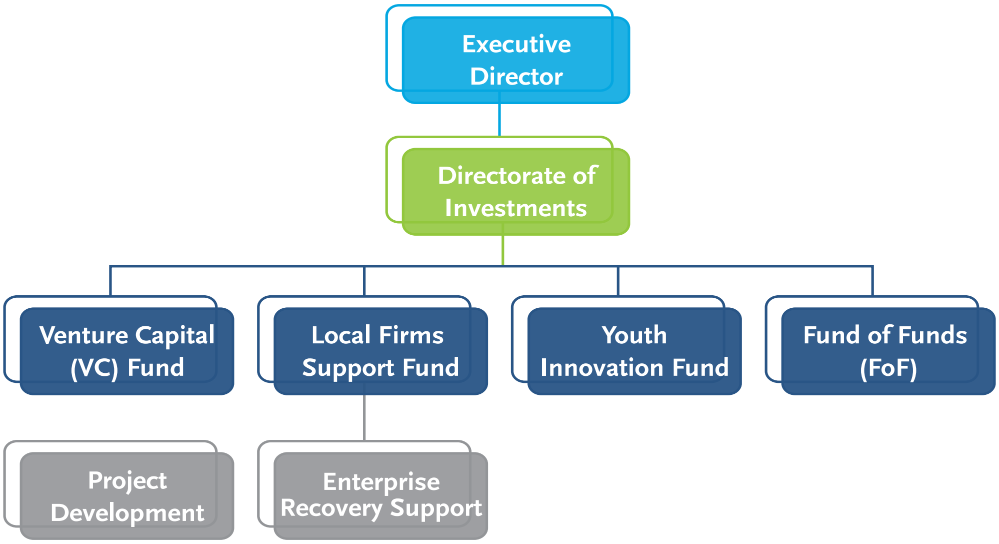


***Figure 10* High-Level Organisation Structure of the Directorate of Investments**

The Directorate of Investments shall be responsible for initiating and reviewing investment ideas/proposals, developing investment proposals, conducting and reviewing necessary studies, and engaging potential investment partners. The Directorate shall also be responsible for appraising proposed investments, forecasting investment climate/outlook, and the supervision with UDC investee companies. The Directorate will be divided into separate units/funds that is, Venture Capital fund (that also includes project development unit), Local firms support fund (that also includes an enterprise recovery support unit set up to offer bespoke support to distressed firms), Youth Innovation Fund and the Fund of Funds.

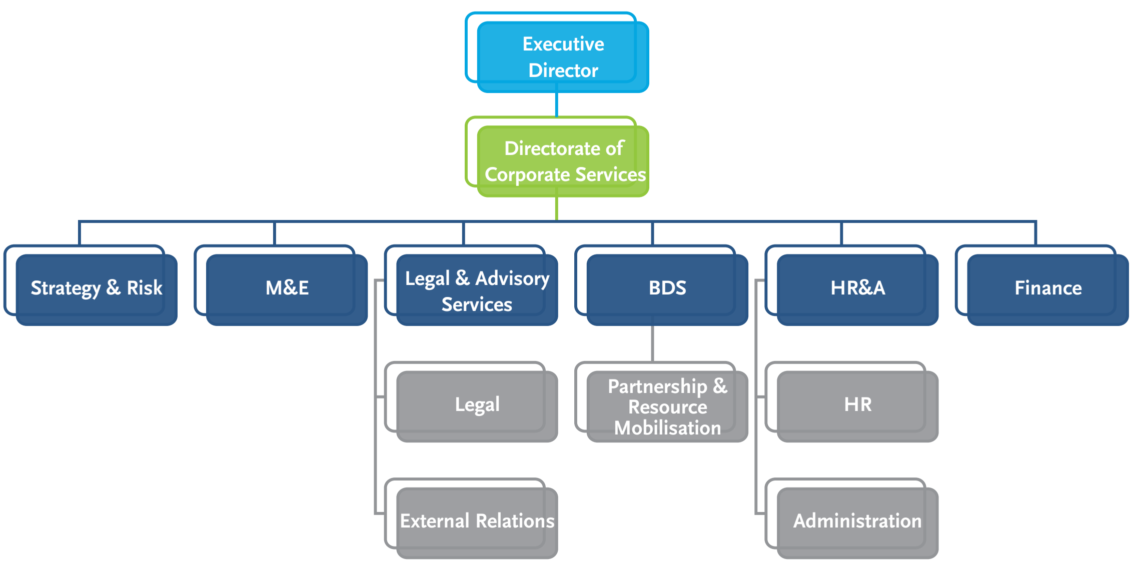


***Figure 11:* High-Level Organisation Structure of the Directorate of Corporate Services**

On the other hand, the Directorate of Corporate Services will have all units that enable UDC undertake its investments. This Directorate will also offer secretariat services to the investee companies. These units that is, Strategy & Risk, M&E, Legal & Corporate Affairs, Business Development Services (including a sub-unit of Partnerships and Resource Mobilisation), HR & Administration, and Finance.

The Corporation shall have an independent unit for internal audit and shall be audited in accordance with Section 27 of the UDC Act 2016. The audit of investee companies shall be undertaken by external auditors engaged by shareholders, but each such company must have an internal audit unit. The Corporation shall also have an independent Board Affairs that like Internal Audit will be reporting directly to the Board of the Corporation.

5.3 Recommendations for the Structure

The creation of the recommendations for the organisational structure have been informed by the list of actions as detailed in the Implementation Plan as well as best practices from investment firms, other development co-operations and the UDC (1952-98).

5.3.1 Organisational Development for the UDC

An Organisational Development (OD) exercise, as known as an Institutional Review, analyses a firm's structures, systems, processes and functions to ensure that they are properly aligned and effective in implementing the 10-year Strategic Plan with the following specific objectives:

- Improved performance through strategic and output orientation.
- Improved human resources management across the organisation.
- A functional organisational structure that ensures efficiency and effectiveness in the operations of the Corporation.

This four-stage process commences with an in-depth understanding of the organisation derived from engaging management in the high-level work mapping exercise to capture the critical business processes as-is and how they link towards the new strategic direction. It is then followed by an organisation review and gap analysis aimed at ensuring that the organisation has been set up to be effective and efficient in delivering the strategy. It will need to specifically assess the extent to which the current roles, power positions, reporting relationships, communication processes, and performance speak to the new UDC strategic direction. This must be followed up with a Job Analysis and Evaluation to ascertain the daily tasks and responsibilities of every jobholder to develop the more suitable job description and specification for each role with the appropriate pay ranges and structure as described by a benchmarking exercise. With all this information, a few options of functional structures can be developed that reflect the right job titles, reporting relations, span of control and staffing levels for review by Management. Upon approval of Management and Board, change management can commence to ensure that the transition is smooth for all parties.

Inception

- Inception Meeting
- Literature Review
- High-Level Work Mapping
- Second Level Mapping Sessions

Institutional Review and Gap Analysis

- Clarification of strategic direction and investment projects
- Diagnostic Review of existing structures, policies and procedures
- Complete work mapping
- Development of a broad organisation structure

Job Analysis and Evaluation

- Job Evaluation
- Pay Range and Structure Determination

Design and Implementation of new Organisation Structure

- Detailed critique of old structure
- Design of new structure options
- Propose accompanying improvement measures
- Design implementation map
- Change Management and Transition Management Training

***Figure 12:* The Four Staged Organisational Development exercise**

While a high-level organisation structure has been created, it is prudent to conduct an Organisational Development exercise as stipulated under the Strategic Objective 1 to develop the right UDC structure that will deliver this Plan.

5.3.2 Lean Structure

UDC desires to utilise a lean but efficient functional structure. To execute best-in-class investment and enterprise management, UDC will need to hire highly skilled and competent staff as well as engage in continual capacity building to adequately manage the planned investments. This process can be hastened by the following:

Hiring experienced technicians/investment managers to run and maintain the investments: These investment managers can be seconded to support the set up or turnaround of UDC investments until a time when they are self-reliant. Learning from one investment can also be shared with another if these experienced technicians take a hands-on approach. Using automated processes or systems, we will also ensure that tracking and reporting is seamless and less time-consuming.

Hiring an experienced and highly skilled operator to support the setting up of the investment: Experience cannot be substituted. An operator will bring the experience of day-to-day running of that investment. Their knowledge will not only guide strategic decisions but also reduce the number of errors made during the process of investment. They are also well positioned to nurture and build capacity of new staff, preferably youth to take on the investments. These temporary placements allow for daily real-time support and management that UDC is not in position to offer. The Board could also be strengthened by the presence of an experienced, highly skilled operator.

Co-opting investment fund managers of stellar performance and track record in managing investments in Africa, preferably East Africa as part of this committee: With members like this, the investment decisions will be greatly improved. A combination of an experienced Investment Committee (IC) member as well as the use of unanimous vote on investment decisions will ensure that UDC is protected from investments that would otherwise be detrimental to its overall goal.

5.3.3 Subsidiaries and Associated Companies' Reporting & Management

UDC's mode of investments will be through subsidiaries and associated companies. The abundance of subsidiaries and associated companies will present a complex landscape for management. There will be essential to maintain balance to ensure that the demands of UDC's mission and the goals of the individual units are collectively met.

Below are the strategies that will be employed to ensure smooth effective management of UDC's subsidiaries and associated companies:

Formation of Separate Boards for Subsidiaries: As part of the investment process, companies will be mandated to set up separate Boards with healthy representation from the Corporation. The separate boards of investee companies are charged with the cardinal role of ensuring sustainability and profitability of such entities. These separate boards will also allow for localised control but will still be required to follow through with the similar governance principles by UDC.

Approval levels and Decision making: The boards of investee companies shall report to the Board of the Corporation through the Executive Director - with clear lines of authority established. Appraisal, approvals and decision making will be taken through a series of levels. It commences with a management committee that might constitute technical persons/staff, then to the investment committee and lastly to the Board. It would be prudent to allow the management committee to decide on investments below a certain threshold that have been pre-approved by the Board.

Ensure consistent, quality information with enterprise management technologies and systems: In order to meet the needs of UDC and the investee companies, there is need for access to reliable accurate investee company information. Use of technologies and systems such as ERPs allow for coordination for details such as tracking the investment life cycle, appointments, registrations and compliance aspects and performance reports. This centralised source for data, information and research provides real-time source of evidence essential for decision making. It will also foster collaborations between functions within the investee companies, the investee companies and with the UDC.

.

6 Appendices

6.1 Index

6.2 Monitoring & Evaluation Framework – Impact and Outcome Level

Fundamental Principles	Desired Outcome	High Level Outcome Indicators
Creation of both direct and indirect employment, with a focus on productive jobs	Lower unemployment rate	Net employment change contributed by UDC
	Improved standard of living	Increased household income
		% workforce graduated in the sectors of interest
Utilization of local raw materials/resources to manufacture for both the domestic and international markets	Higher-output value chains	UDC's contribution to the increased value
		Increased uptake of local raw materials
		Increase in manufactured output
Improving the trade balance position as envisaged in the National Export Development Strategy, the National Industrial Development Policy, and the National Investment Policy, among others	Improved export performance of goods and services	% percent export growth rate
	Improved value of the Ugandan Shilling	Export value (% of GDP)
	Reduced contribution of imports to overall consumption	% imports reduced as a result of local consumption
Development of local entrepreneurship	Increased number and growth of local firms	Increased investment in start-up firms
		Increased capacity of firms supported incubation, TA, market access, technology
Balancing regional development within the country	Increased and balanced UDC regional presence	Proportion of subregions with UDC presence

6.3 Monitoring & Evaluation Framework – Output Level

Below is the excerpt of the full monitoring & evaluation framework that captures the key actions and output indicators that will be used to develop yearly operational plans for the Corporation.

Strategies	Actions	Output indicators	Responsibility Centre	Frequency of Monitoring
Strategic Objective 1.0 Strengthen internal capacity and processes for UDC to deliver its mandate				
1.1 Strengthen the governance of UDC	1.1.1 Enhance internal policies and processes that will allow for timely delivery of service and achievement of targets	Essential policies - Board Charter, Committee Charters, Investment Policy and Guidelines, Risk Policy, Operational Policies - HR, Finance, IT, Asset Management, Inventory Management set in place and implemented	Board Affairs	Annually
				Annually
	1.1.2 Support the proper functioning of the board through regular board development initiatives	Diverse board maintained (diversity is loosely defined on the basis of gender, age, sector, experience and skillset etc.)	Board Affairs	Annually
		# of board training / development initiatives conducted to improve their capability	Board Affairs	Annually
		Comprehensive review and appraisal of Board Members	Board Affairs, external Board specialist	Annually
	1.1.3 Develop and implement a robust communication strategy that relays UDC's ability to invest on behalf of Government	Brand recognition and value	Corporate Affairs	Quarterly
		Visibility and relevance in the market	Investment, Finance	

1.2 Optimize resource base to deliver the mandate of UDC	1.2.1 Evaluate portfolio of resource base to attain high absorption capacity of funds available	% absorption capacity	Finance	Quarterly
	1.2.2 Put in place efficient systems and processes for deal sourcing and screening	Quick deal screening process implemented as part of the investment process	Investment, Finance, Legal	Quarterly
		# of deals graduating up the pipeline	Investment, Finance, Legal	Quarterly
	1.2.3 Deploy best practice models such as prudent budgeting to achieve high performance	Cost-to-assets under management ratio of 3% - 4% of total asset base not exceeding 100 bn, and 3% of incremental asset base over 100 bn	Investment Manager, Internal Audit	Annually
	1.2.4 Utilise a well-structured subsidiary fund model to secure discrete funding to address strategic investment themes such as VCF, FoF, local firm support fund, youth innovation fund	Subsidiaries set up and funded to address the strategic investment themes	Legal, Fund Manager, Fund Review Committee	Quarterly
	1.2.5 Create innovative de-risking mechanisms to encourage co-investment	Number of co-investments attained that utilise de-risking mechanisms (such as loss guarantees, intermediation) to increase investment partner engagement	Investment, Finance, Legal	Annually
1.3 Build the investment and enterprise management competence of UDC	1.3.1 Put in place systems and structures that support UDC's investment process	Improved investment processes- due diligence, timeliness, information quality, risk management, governance	Investment, Board Affairs, Internal Audit	Quarterly
	1.3.2 Build capacity of investment team to execute and manage investments through benchmarking visits, trainings, mentoring etc.	# of staff trained in professional courses such as PMP, CFA, CAIA, ACCA, Economic Investment appraisal, IAM etc.	HR&Admin	Monthly
		# of staff trained in both technical skills	HR&Admin	Quarterly
				Quarterly
		# of capacity building activities conducted	HR&Admin, Investment, Legal	Monthly

	1.3.3 Set up appropriate post investment monitoring processes and tools to manage, coordinate and track subsidiaries and associated companies	Policies, processes, procedures and plans in place and fully implemented;	Investment, M&E, IA, Board Affairs	Annually
1.4 Align the organisational structure and skillset to the overall strategy of UDC	1.4.1 Conduct an Organisational Development exercise to determine the right staff complement	Complete staff complement	ED's office, HR	Monthly
1.5 Adoption of secure technology and systems to improve investment, communication and overall operational efficiency of the Corporation	1.5.1 Digitise processes and procedures in UDC to attain operational efficiency in communication, post-investment monitoring	% automation of processes using an ERP	ICT, Operations	Quarterly
		% of functions utilised ICT systems	ICT, Operations	Quarterly
		One-point access to data, information and research set up	ICT, Operations	Quarterly
	1.5.2 Set up Internal and External Communication Channels	Internal and external channels to ensure smooth communication in and out of UDC	ICT, Corporate Affairs	Monthly
	1.5.3 Build technologies to analyse data generated from UDC's investments to simplify the management reporting process	% reduction in turnaround time	ICT, Operations, M&E, Investment Manager	Monthly
		% reduction in data errors	ICT, Operations, M&E, Investment Manager	Monthly
1.6 Improve the financial management of the Corporation	1.6.1 Carry out robust budgeting and cost analysis within the budgeting process	Annual comprehensive organisational budget developed and approved ahead of the financial year	Finance, Head Budgets	Quarterly
		Documented budget revision process in place	Finance, Head Budgets	Quarterly

	1.6.2 Set up and adopt internal controls as a measure towards improved efficiency.	High-level controls exist such as segregation of duty, monthly bank reconciliations, variance analysis reporting – and are performed in a timely manner and with the appropriate level of review;	Finance, Internal Audit	Monthly
		Improved compliance to internal control systems	Finance, Internal Audit	Monthly
		Financial Control systems in place and implemented	Finance Director	Monthly
	1.6.3 Produce timely and accurate financial reports	Timely and accurate financial reports for Management, Board and respective stakeholders	Finance, Internal Audit	Quarterly
	1.6.4 Strengthen internal audits to achieve regulatory compliance to the relevant Gov't agencies such as OPM, OAG, PPDA etc.	Satisfactory performance review reports	Finance, Internal Audit	Quarterly
		Unqualified external audit reports	Finance, Internal Audit	Quarterly
1.7 Implement strong risk management at all levels	1.7.1 Identify, manage and mitigate risks	Routine risk identification process and report	Risk Manager, Internal Audit	Monthly
	1.7.2 Maintain a risk register	Risk register regularly reviewed, updated and reported to the Board	Risk Manager, Internal Audit	Monthly
	1.7.3 Incorporate risk scoring within the investment process	Risk mitigation plan reviewed, updated and reported	Risk Manager, Internal Audit	Monthly
1.8 Develop and implement an M&E framework to monitor and report performance of this Plan	1.8.1 Operationalise a M&E framework to track the achievement of the Plan	M&E framework and system in place	M&E	Monthly
	1.8.2 Incorporate a robust M&E process to track performance of the plan	M&E process reviewed and maintained that reports regular performance of the Corporation	M&E, Internal Audit	Monthly

Strategies	Actions	Output indicators	Persons	Frequency of Monitoring
Strategic Objective 2.0 Leverage partnerships and networks to optimise resources and foster collaboration				
2.1 Using development partnerships to co-finance the feasibility studies for potential investment projects in the minerals sector	2.1.1 Engage in early stage investment in prefeasibility studies	# of prefeasibility studies done	Investment Manager -minerals & manufacturing, Project Manager, Finance, Legal and Economist	Annually
	2.1.2 Package prefeasibility studies into investment prospectus and reach out to potential development partners	# of development partners / co-project sponsors attracted to participate in feasibility and technical studies	Investment Manager -minerals & manufacturing, Project Manager, Finance, Legal and Economist	Annually
2.2 Utilising Operations & Management partnerships to run or turnaround UDC's investments efficiently and effectively	2.2.1 Identify O&M partners in UDC's priority sectors	# of identified O&M partners per priority sector	Legal, Procurement, In charge Resource Mobilisation	Annually
	2.2.2 Prepare management contracts that clearly state the partners' obligations to UDC's investments	% compliance to the executed management contract	Legal, Investment Manager	Annually
	2.2.3 Track and monitor performance	% use of the performance measurement and monitoring tool	M&E, Investment Manager	Quarterly
		# management and annual audited reports	Finance, M&E	Quarterly
		# monitoring visits per year	Project Manager, M&E	Quarterly
	2.3.1 Identify potential co-investment partners	# investments using JV, PPPs, and other co-investments per priority sector	Legal, In charge Resource Mobilisation	Annually
	2.3.2 Prepare and execute MoUs that clearly outlines the obligation of all parties	# of investments under UDC managed using co-investments	Legal, Investment Manager	Annually

2.4 Using a Fund of Funds approach, utilize existing investment management firms in priority sectors to enable UDC become a limited partner in investment vehicles that invest in various mature Ugandan firms seeking growth capital	2.4.1 Identify and select the investment firms with a track record of successfully investing in the priority sectors	# of identified and selected private investment firms	Fund Manager, In charge Resource Mobilisation	Quarterly
	2.4.2 Track and monitor disbursed funds	# management and annual audited reports	Finance, M&E	Quarterly
		# monitoring visits per year	Project Manager, M&E	Quarterly
		# number of investments within 2 years	M&E, Investment Manager	Quarterly
2.5 Harnessing industrial and sectoral synergies to facilitate UDC investments	2.5.1 Align with key industrial/sectoral stakeholders (private sector and Government) to ensure that inputs/ raw materials, supporting infrastructure, skillset are in place to drive UDC's investments	Execution of MOUs with all key stakeholders resulting in collaborations that are beneficial to UDC investments	Legal	Annually
		% of projects that are actualised without delay arising from activities that are the mandate of other MDALGs	Management; External Relations - Gov	Annually
	2.5.2 Convene periodic stakeholder engagements for different sectors to collectively resolve market-wide constraints		Management; External Relations - Gov	Quarterly

Strategies	Actions	Output indicators	Persons	Frequency of Monitoring
Strategic Objective 3.0 Invest in strategic and sustainable investments geared to overall economic and industrial development of Uganda				
3.1 Invest in areas that have the greatest multiplier effect on the Ugandan economy, that maximize the utilization of local raw materials as well as reduce the country's trade deficit	3.1.1 Invest in value addition to Uganda's agricultural commodities - tea, coffee, cocoa, fruit, grain, cassava and cotton, sugar cane to manufacture high value products + textiles	# of feasibility studies and business plans	Investment Manager - Agric with private sector, Finance, Economist, Legal, relevant MDAs	Annually
		Pieces of land acquired	Investment Manager, supported by respective LG, MoLHUD	Annually
		# of technical studies done (masterplan, geo-technical, ESIA)	Investment Manager supported by DGSM, MEMD, NEMA, MGLSD	Annually
		Investments in core infrastructure requirements (water, power, roads)	Infrastructure Specialist, NWSC, NEMA, ERA, UEDCL, UNRA, respective LG	Annually
		# of civil works for the industrial building	Project Manager, Respective LG	Annually
		# sets of machinery acquired for the corresponding investments	Investment Manager, Technical Operator/Expert, Procurement supported by PPDA, UNBS, MoWT	Annually
		# of commissioned investments	Project Manager, M&E	Annually
		# of persons directly hired by these investments	HR & Admin Manager	Quarterly
		# indirect jobs	Project Manager, HR & Admin, M&E	Quarterly
		#induced jobs	Project Manager, HR & Admin, M&E	

	3.1.2 Invest in the manufacture of products from Uganda's minerals - iron and steel. limestone, copper and cobalt, brine, glass and petrochemicals, marble	# of pre-feasibility studies done	Investment Manager - mineral & manufacturing' Finance, Economist, Legal	Annually
		# of feasibility studies (Engineering Feasibility Study-Geological, Geo-physical, Geo-chemical, Mining and extraction plan, geo-technical plan)	Investment Manager - mineral with support of the relevant MDAs	Annually
		Pieces of land acquired for factory sites	Investment Manager, supported by respective LG, MoLHUD	Annually
		No of ESIAs carried out	Investment Manager supported by DGSM, MEMD, NEMA, MGLSD	Annually
		No of Technical Reviews (FEED & FID)		
		Pieces of mining area/land acquired	Investment Manager supported by DGSM, MEMD, NEMA, MGLSD	Annually
		Investments in core infrastructure requirements (water, power, roads)	Infrastructure Specialist, NWSC, NEMA, ERA, UEDCL, UNRA, respective LG	Annually
		# civil works done	Project Manager, Respective LG	Annually
		# sets of machinery acquired for the corresponding investments	Investment Manager, Technical Operator/Expert, Procurement supported by PPDA, UNBS, MoWT	Annually
		# of commissioned investments	Project Manager, M&E	Annually
		# of persons directly hired by these investments	HR & Admin Manager	Quarterly
		# indirect jobs	Project Manager, HR & Admin, M&E	Quarterly
		# induced jobs	Project Manager, HR & Admin, M&E	Quarterly

	3.1.3 Undertake strategic investments outside agro-w and minerals sector in particularly for products considered as FMCGs	No. of strategic investments outside the agro-manufacturing and minerals sector.	Project Manager, M&E	Annually
	3.1.4 Take over the interest of / manage investments on behalf of Government	No. of existing properties acquired and presently managed by UDC (as stipulated by the law - in Amber House Limited, Embassy House, Development House, Munyonyo Commonwealth Resort, Nile Hotel Limited, Phenix Logistics, and Tri-Star Apparels Limited)	Manager, Legal Advisory with relevant MDAs, private sector	Annually
		No. of managed investments handled on project-by-project basis	Project Manager (with Mergers & Acquisitions (M&A) expertise), M&E	Annually
3.2 Enhance the capability of local firms to take advantage of both domestic and international markets	3.2.1 Set a fund to support local firms to be competitive in the domestic and international markets with a focus on higher-valued output	Fully fledged local firms support fund raising	Local Firm Fund Manager with the support of MTIC, MoFPED	Quarterly
		No. of local firms invested and supported to compete in domestic and international markets (Technical Assistance, market access, technology, financing)	Fund Manager supervising a multifunctional team comprising of an Investment Manager, Project Manager, PR & Comms, Training & Devt (HR), Finance	Quarterly
	3.2.2 Partner with youth innovation hubs to provide funding and capacity building for youth-led greenfield and brownfield ventures	Fully fledged youth innovation fund raising	Fund Manager, M&E	Quarterly
		No. of startups invested and supported to compete in domestic and international markets (Technical Assistance, market access and linkages, technology, financing)	Fund Manager, Investment Manager, M&E	Annually
	3.2.3 Set up an enterprise recovery support fund (ERSF	No. of distressed firms supported by the ESRF	Fund Manager, Investment Manager, M&E	Annually
3.3 Prioritize investments in regions that are underdeveloped	3.3.1 Identify areas in Uganda that need UDC's affirmative action	# of investments undertaken in each of the identified regions	Economist, Investment Manager, private sector	Quarterly

	3.3.2 Develop and/or adopt concept notes for potential investments or strategies to increase development in these areas by investing as UDC or through partnerships with local firms	% of successful concept notes developed and/or adopted that satisfactorily fulfil the investment guidelines	Investment Manager with Investment Analysts; Economist as well as private sector	Quarterly
3.4 Exit investments through channels such as stocks etc.	3.4.1 Divest investments through listing on stocks and other avenues	No. of investments divested particularly through listing on USE	Investment Manager with Investment Analysts; Economist as well as private sector	Quarterly

6.4 Budget Breakdown by Activity

This budget has been developed through the costing key activities and strategies for this Strategic Plan. Note that Budget for Strategic Objective 1 and 2 are covered by Management Fee (3% of assets under management).

Strategies	Actions	Output indicators	Budget (Ushs bn)
Strategic Objective 1.0 Strengthen internal capacity and processes for UDC to deliver its mandate			
3.1 Strengthen the governance of UDC	1.1.1 Enhance internal policies and processes that will allow for timely delivery of service and achievement of targets	Essential policies - Board Charter, Committee Charters, Investment Policy and Guidelines, Risk Policy, Operational Policies - HR, Finance, IT, Asset Management, Inventory Management set in place and implemented	0.0
	1.1.2 Support the proper functioning of the board through regular board development initiatives	Diverse board maintained (diversity is loosely defined on the basis of gender, age, sector, experience and skillset etc.)	0.0
		# of board training / development initiatives conducted to improve their capability	0.0
		Comprehensive review and appraisal of Board Members	0.0
	1.1.3 Develop and implement a robust communication strategy that relays UDC's ability to invest on behalf of Government	Brand recognition	0.0
		Visibility and relevance in the market	0.0

1.2 Optimize resource base to deliver the mandate of UDC	1.2.1 Evaluate portfolio of resource base to attain high absorption capacity of funds available	Quick deal screening process implemented as part of the investment process	0.0
	1.2.2 Put in place efficient systems and processes for deal sourcing and screening	# of deals graduating up the pipeline	0.0
	1.2.3 Deploy best practice models such as prudent budgeting to achieve high performance	Cost-to-assets under management ratio of 3% - 4% of total asset base not exceeding 100 bn, and 2% of incremental asset base over 100 bn	0.0
	1.2.4 Utilise a well-structured subsidiary fund model to secure discrete funding to address strategic investment themes such as VCF, FoF, local SME fund, angel investment	Subsidiaries set up and funded to address the strategic investment themes	0.0
	1.2.5 Create innovative de-risking mechanisms to encourage co-investment	Number of co-investments attained that utilise de-risking mechanisms to increase investment partner engagement	0.0
1.3 Build the investment and enterprise management competence of UDC	1.3.1 Put in place systems and structures that support UDC's investment process	Improved investment processes- due diligence, timeliness, information quality, risk management, governance	0.0
	1.3.2 Build capacity of investment team to execute and manage investments through benchmarking visits, trainings, mentoring etc.	# of staff trained in professional courses such as PMP, CFA, CAIA, ACCA, Economic Investment appraisal, IAM etc.	0.0
		# of staff trained in both technical skills	0.0
		# of capacity building activities conducted	0.0
	1.3.3 Set up appropriate post investment monitoring processes and tools to manage, coordinate and track subsidiaries and associated companies	Policies, processes, procedures and plans in place and fully implemented;	0.0
1.4 Align the organisational structure and skillset to the overall strategy of UDC	1.4.1 Conduct an Organisational Development exercise to determine the right staff complement	Complete staff complement	0.0

1.5 Adoption of secure technology and systems to improve investment, communication and overall operational efficiency of the Corporation	1.5.1 Digitise processes and procedures in UDC to attain operational efficiency in communication, post-investment monitoring	% automation of processes	0.0
		% of functions utilised ICT systems	0.0
		One-point access to data, information and research set up	0.0
	1.5.2 Set up Internal and External Communication Channels	Internal and external channels to ensure smooth communication in and out of UDC	0.0
	1.5.3 Build technologies to analyse data generated from UDC's investments to simplify the management reporting process	% reduction in turnaround time	0.0
		% reduction in data errors	0.0
1.6 Improve the financial management of the Corporation	1.6.1 Carry out robust budgeting and cost analysis within the budgeting process	Annual comprehensive organisational budget developed and approved ahead of the financial year	0.0
		Documented budget revision process in place	0.0
	1.6.2 Set up and adopt internal controls as a measure towards improved efficiency.	High-level controls exist such as segregation of duty, monthly bank reconciliations, variance analysis reporting – and are performed in a timely manner and with the appropriate level of review;	0.0
		Improved compliance to internal control systems	0.0
		Financial Control systems in place and implemented	0.0
	1.6.3 Produce timely and accurate financial reports	Timely and accurate financial reports for Management, Board and respective stakeholders	0.0
	3.6.4 Strengthen internal audits to achieve regulatory compliance to the relevant Gov't agencies such as OPM, OAG, PPDA etc.	Satisfactory performance review reports	0.0
		Unqualified external audit reports	0.0
1.7 Implement strong risk management at all levels	1.7.1 Identify, manage and mitigate risks	Routine risk identification process and report	0.0
	1.7.2 Maintain a risk register	Risk register regularly reviewed, updated and reported to the Board	0.0
	1.7.3 Incorporate risk scoring within the investment process	Risk mitigation plan reviewed, updated and reported	0.0

1.8 Develop and implement an M&E framework to monitor and report performance of this Plan	1.8.1 Operationalise a M&E framework to track the achievement of the Plan	M&E framework and system in place	0.0
	1.8.2 Incorporate a robust M&E process to track performance of the plan	M&E process reviewed and maintained that reports regular performance of the Corporation	0.0
Strategic Objective 2.0 Leverage partnerships and networks to optimise resources and foster collaboration			
Strategies	**Actions**	**Output indicators**	**Budget (Ushs bn)**
2.1 Using development partnerships to co-finance the feasibility studies for potential investment projects in the minerals sector	2.1.1 Engage in early stage investment in prefeasibility studies	# of prefeasibility studies done	0.0
	2.1.2 Package prefeasibility studies into investment prospectus and reach out to potential development partners	# of development partners / co-project sponsors attracted to participate in feasibility and technical studies	0.0
2.2 Utilising Operations & Management partnerships to run or turnaround UDC's investments efficiently and effectively	2.2.1 Identify O&M partners in UDC's priority sectors	# of identified O&M partners per priority sector	0.0
	2.2.2 Prepare management contracts that clearly state the partners' obligations to UDC's investments	% compliance to the executed management contract	0.0
	2.2.3 Track and monitor performance	% use of the performance measurement and monitoring tool	0.0
		# management and annual audited reports	0.0
		# monitoring visits per year	0.0
2.3 Engage potential partners using co-investments (joint venture, PPPs)	2.3.1 Identify potential co-investment partners	# investments using JV, PPPs, and other co-investments per priority sector	0.0
	2.3.2 Prepare and execute MoUs that clearly outlines the obligation of all parties	# of investments under UDC managed using co-investments	0.0
2.4 Using a Fund of Funds approach, utilize existing investment management firms in priority sectors to enable UDC become a limited partner in investment vehicles that invest in various mature Ugandan firms seeking growth capital	2.4.1 Identify and select the investment firms with a track record of successfully investing in the priority sectors	# of identified and selected private investment firms	0.0
	2.4.2 Track and monitor disbursed funds	# management and annual audited reports	0.0
		# monitoring visits per year	0.86
		# number of investments within 2 years	0.0

2.5 Harnessing industrial and sectoral synergies to facilitate UDC investments	2.5.1 Align with key industrial/sectoral stakeholders (private sector and Government) to ensure that inputs/raw materials, supporting infrastructure, skillset are in place to drive UDC's investments	Execution of MOUs with all key stakeholders resulting in collaborations that are beneficial to UDC investments	0.0
		% of projects that are actualised without delay arising from activities that are the mandate of other MDALGs	0.0
Strategic Objective 3.0 Invest in strategic and sustainable investments geared to overall economic and industrial development of Uganda			
Strategies	**Actions**	**Output indicators**	**Budget (Ushs bn)**
3.1 Invest in areas that have the greatest multiplier effect on the Ugandan economy, that maximize the utilization of local raw materials as well as reduce the country's trade deficit	3.1.1 Invest in value addition to Uganda's agricultural commodities - tea, coffee, cocoa, fruit, grain, cassava and cotton, sugar cane to manufacture high value products + textiles	# of feasibility studies and business plans	52.21
		Pieces of land acquired	24.31
		# of technical studies done (masterplan, geo-technical, ESIA)	22.64
		Investments in core infrastructure requirements (water, power, roads)	
		# of civil works for the industrial building	434.09
		# sets of machinery acquired for the corresponding investments	928.64
		# of commissioned investments	
		# of persons directly hired by these investments	
		# indirect jobs	
		#induced jobs	

	3.1.2 Invest in the manufacture of products from Uganda's minerals - iron and steel. limestone, copper and cobalt, brine, glass and petrochemicals, marble	# of pre-feasibility studies done	
		# of feasibility studies (Engineering Feasibility Study-Geological, Geo-physical, Geo-chemical, Mining and extraction plan, geo-technical plan)	6.72
		Pieces of land acquired for factory sites	36.32
		No of ESIAs carried out	0.00
		No of Technical Reviews (FEED & FID)	0.00
		Pieces of mining area/land acquired	108.97
		Investments in core infrastructure requirements (water, power, roads)	
		# civil works done	385.97
		# sets of machinery acquired for the corresponding investments	1193.30
		# of commissioned investments	
		# of persons directly hired by these investments	
		# indirect jobs	
		# induced jobs	
	3.1.3 Undertake strategic investments outside agro-manufacturing and minerals sector in particularly for products considered as FMCGs	No. of strategic investments outside the agro-manufacturing and minerals sector.	1205.80
	3.1.4 Take over the interest of / manage investments on behalf of Government	No. of existing properties acquired and presently managed by UDC (as stipulated by the law - in Amber House Limited, Embassy House, Development House, Munyonyo Commonwealth Resort, Nile Hotel Limited, Phenix Logistics, and Tri-Star Apparels Limited)	
		No. of managed investments handled on project-by-project basis	

.2 Enhance the capability of local firms to take advantage of both domestic and international markets	3.2.1 Set a fund to support local firms to be competitive in the domestic and international markets with a focus on higher-valued output	Fully fledged local firms support fund raising	241.16
		No. of local firms invested and supported to compete in domestic and international markets (Technical Assistance, market access, technology, financing)	
	3.2.2 Partner with youth innovation hubs to provide funding and capacity building for youth-led greenfield and brownfield ventures	Fully fledged youth innovation fund raising	
		No. of start-ups invested and supported to compete in domestic and international markets (Technical Assistance, market access and linkages, technology, financing)	48.23
	3.2.3 Set up an enterprise recovery support fund (ERSF)	No. of distressed firms supported by the ESRF	192.93
3.3 Prioritize investments in regions that are underdeveloped	3.3.1 Identify areas in Uganda that need UDC's affirmative action	# of investments undertaken in each of the identified regions	
	3.3.2 Develop and/or adopt concept notes for potential investments or strategies to increase development in these areas by investing as UDC or through partnerships with local firms	% of successful concept notes developed and/ or adopted that satisfactorily fulfil the investment guidelines	
3.4 Exit investments through channels such as stocks etc.	3.4.1 Divest investments through listing on stocks and other avenues	No. of investments divested particularly through listing on USE	

UGANDA DEVELOPMENT CORPORATION

Driving Industrial Growth

5th Floor Soliz House,
Plot 23, Lumumba Avenue,
P.O. Box 7042, Kampala, (U)
T +256 414 258 204
E info@udc.go.ug
W www.udc.go.ug