



**United Nations
Conference
on Trade and
Development**

Distr.
LIMITED

TD/B/COM.2/L.24/Add.5
13 March 2007

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Commission on Investment, Technology
and Related Financial Issues
Eleventh session
Geneva, 8–14 March 2007
Agenda item 10

**DRAFT REPORT OF THE COMMISSION ON INVESTMENT,
TECHNOLOGY AND RELATED FINANCIAL ISSUES ON
ITS ELEVENTH SESSION**

Held at the Palais des Nations
from 8 to 14 March 2007

Rapporteur: Mr. Edward Brown (United Kingdom)

INVESTMENT POLICY REVIEWS: EXCHANGE OF NATIONAL EXPERIENCES

(Agenda item 5)

REPORT ON THE IMPLEMENTATION OF THE INVESTMENT POLICY REVIEW OF UGANDA

Chairperson's summary

1. The secretariat introduced the main findings of the report on the implementation of the Investment Policy Review (IPR) of Uganda, which had been completed in 2000. The report was made possible by the financial support of the Government of Italy. The general assessment was that Uganda had introduced a focused investment policy reform agenda over the period 2000–2006. There had been important achievements in certain areas, including investment promotion and banking reforms, but some key constraints and bottlenecks remained, including in the power sector and transport. It was also found that the pace of implementation of reforms had been slower than hoped, and that moving from conceptualization to realization was sometimes slow and difficult. Nevertheless, the implementation record was solid, and FDI flows had displayed an upward trend since 2006 and had become more diversified. There were also encouraging signs that reforms were continuing.

2. The delegate from the Uganda Investment Authority (UIA) stressed Uganda's progress in a number of areas in the past few years, including political stability and multiparty democracy, a welcoming attitude to investors backed by the "Team Uganda" initiative and reforms of the investment framework. Reforms had benefited domestic as well as foreign investors, and both types of investments had increased over the past few years. There had also been some very recent improvements, including the establishment of one-stop-centre facilities for investors at the UIA, progress in the establishment of multi-facility economic zones and better availability of electric power. The reform process and the implementation of the recommendations of the IPR had been led from the highest level of government, as illustrated by the Presidential Investors Round Table initiative.

3. A number of issues were pending in terms of implementation of the recommendations of UNCTAD's Investment Policy Review. Some were for the Government of Uganda to implement alone (adoption of the investment and free-zone bills), but others required further technical assistance from UNCTAD. The delegate called for UNCTAD to assist in presenting the findings of the implementation report to the President and stakeholders in Uganda, setting up monitoring and benchmarking systems for client charters in order to further strengthen the "Team Uganda" initiative, launching the Investment Gateway for Uganda, and providing help in ensuring that Uganda benefited from future investments in the mining sector.

4. Commenting on the IPR process, a delegate stressed the importance of both ownership and awareness of the recommended reforms. However helpful, recommendations would not be implemented unless there was sufficient awareness of them at the highest level of government and civil society. The need to involve all stakeholders in the IPR process was stressed, and the secretariat was commended for involving national Parliaments in a number of IPRs.

5. Many delegates emphasized the need to ensure that follow-up technical assistance was available to assist countries in implementing the recommendations of the IPRs. Countries

often lacked the capacity to implement the reforms alone, and technical assistance to implement the recommendations of the IPRs was therefore deemed essential for reforms and for the success of the IPRs. The financing mechanism for the Rwanda IPR, whereby the Government of Germany provided funding for the IPR itself and for some initial implementation-related projects, was commended and cited as an example that should be replicated for all future IPRs. Delegates also called for the strengthening and formalization of the peer review mechanism, which would allow more dynamic, substantive and interactive sessions and a more genuine exchange of views on the recommendations of the IPRs.

6. One delegate stressed that the implementation reports were valuable tools with which to assess progress in implementing reforms as well as to evaluate the impact of IPRs. A number of delegates noted that IPRs were useful for improving the investment climate and generating higher levels of investment.

7. Delegates commended Uganda for the progress it had made in reforming its investment climate over the past few years. They generally agreed with the findings of the secretariat that further reforms were needed and that progress had been slower than anticipated in certain areas. One delegate identified the reason for slower-than-expected progress as the shortage of capacity in government to implement the reforms and called on UNCTAD, other multilateral agencies and the donor community to provide increased support for capacity-building and implementation of the recommendations.

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