



Establishing Vehicle Manufacturing Capabilities in Uganda

What is the Kiira Motors Corporation?

Kiira Motors Corporation is a Presidential Initiative for Science and Technology Innovations aimed at establishing vehicle (Pickups, SUVs, Sedans, Light & Medium Duty Trucks, and Buses) manufacturing capabilities in Uganda. This is a practical step toward the transformation of Uganda into a middle income nation by 2040 through leveraging the vitality and potential of citizenry by providing a platform for intellectual application and provision of high-tech employment opportunities. Kiira Motors Corporation is committed to championing the progressive development of local capacity for Vehicle Manufacturing and Vehicle Technology Innovation, which is recognized as a key ingredient for institutionalizing a sustainable Vehicle Manufacturing industry in Uganda.

Who owns Kiira Motors Corporation?

The Kiira Motors Corporation was incorporated as a Limited Liability Company with Certificate No. 181052. The Equity Partners in Kiira Motors Corporation are Makerere University and Uganda Development Corporation on behalf of Government. Uganda Development Corporation (UDC) is an investment institution fully owned by the Government of Uganda under the Ministry of Trade Industry and Cooperatives, established to facilitate industrial and economic development by making long-term investments in strategic sectors of the economy in order to stimulate industrial and economic development and thus spur private sector growth.

Who are the project's major partners and funders?

The Kiira Motors Project is fully funded by the Government of the Republic of Uganda through the Presidential Initiative for Science and Technology. The key partners are: Kettering University in Flint, Michigan, USA; Center for Automotive Research (CAR), at Ohio State University, Columbus, Ohio; RLE International the Americas, Detroit, Michigan; ARUP, London, UK; Valmet Automotive Inc., Uusikaupunki, Finland; and Automotive Investment Holdings, Pretoria, South Africa.

What is the progress of the project?

The Project has evolved from a university extra-curricular activity into a national program for industrialization with a premise to contribute to the strategic transformation of Uganda into a middle income economy by 2040. The Kiira Motors Project is an industrial development intervention supported through the Presidential Initiative for Science and Technology Innovations. The ultimate goal is to establish Kiira Motors Corporation as an Automotive Original Equipment Manufacturer (OEM) in East and Central Africa.

- *100 Acres of land provided for the KMC Plant by Government acting through UIA. Site Located at Jinja Industrial and Business Park on Plot 701, Block 2 Kagogwa village, Mawaito Parish, Kakira Town Council*
- *Pre-Site Development Activities including: Cadastral & Topographic Survey Completed, Deed Plans Developed; Land Title; Environmental Impact Statement with NEMA; & Site Geo-Technical Analysis is WIP*
- *Key Staff Training in Vehicle Engineering & Manufacturing at Ford Motor Company Facilities in Dearborn Michigan, USA; Centre for Automotive Research Ohio State University, Ohio, USA; Kettering University, Flint, Michigan, USA (Former General Motors Institute) and Other Places*
- *The Investment Analysis Covering Market Analysis; Business Opportunity Analysis; Market Entry Product Concept Analysis; Product Feasibility (Manufacturing, Logistics, and Engineering & Facilities); Financial and Economic Impact Analysis; HR Plan and Business Implementation Strategy has been completed. The Kiira Motors Business Case was launched by the Rt. Hon. Ruhakana Rugunda, Prime Minister of the Republic of Uganda on 7th December 2015, at the Office of the President Conference Hall.*
- *The Kiira Motors Vehicle Technology Innovation Program has so far developed three concept vehicles: the Kiira EV (2011), the Kiira EV SMACK (2014) and the Kayoola Solar Bus (2016). These concept vehicles demonstrate progressive enhancement of resident capacity in vehicle engineering.*

What vehicles will be produced?

The product profile will consist of Sedans, Pick-Ups, Crossovers (Compact SUVs) and Light and Medium Duty Commercial Vehicles (Buses & Trucks) providing a complete and consistent model mix differentiated by functionality, size, performance and level of comfort while maintaining a distinct common brand profile. These vehicles will initially be Internal Combustion Engines (ICEs) – running on gasoline and diesel.

How much will these vehicles cost?

- Sedan - USD 25,000
- Crossover - USD 28,000
- Pick-up USD - 32,000

End user financing and After Sales support is a very important aspect of our business model.

Will these vehicles be safe? The Crash Ratings if Any

KMC will manufacture competitive transportation technology meeting requirements and standards for not only safety but also enhanced environmental stewardship.

Are there any Certifications or Industry Regulatory Bodies governing the automotive industry in Uganda?

Homologation is a key aspect of Product Development with specific emphasis on Safety and Environmental Protection more so in the Automotive Industry as it provides the customers with the required confidence in the associated Product and this is Key to Market Share acquisition. Uganda has a Certification Body for all good the Uganda National Bureau of Standards. KMC shall work closely with UNBS to ensure that Homologation Mechanisms for Vehicle Manufactured in Uganda are in Place.

When should we expect the first batch of Kiira Motors vehicles to hit Uganda roads?

Production starts in 2018 with 305 vehicles and production is expected to be at full capacity of 60,000 vehicles per year in 2-shifts by 2039.

What should Ugandans expect from Kiira Motors Corporation when it starts operating?

The KMC Complex is expected to contribute to the Ugandan National Government's drive to reduce poverty and bring about socio-economic transformation by creating a number of direct and indirect employment opportunities throughout the local, regional and national landscape. Employment opportunities will be created at various skill levels, and foreign exchange saved due to import substitution in the long term. From a capital investment perspective, a direct job figure of 2,985 which will be created in Jinja during construction, is expected to lead to a further 7,639 jobs throughout the economy; taking total employment during the CapEx phase to 12,671. The Direct employment by KMC is projected at approximately 2,000 jobs.

KMC shall encourage partnerships with the private sector so as enhance capacity to develop bankable projects in Uganda. Investment shall be encouraged in the adoption of

new and environmentally friendly technologies, acquisition of skills and work practices that facilitate quality improvement and adoption of recognized international codes and standards in the automotive industry.

An operational KMC will also support the creation of vital infrastructure for Uganda through creating significant demand for such services as power plants; Standard Gauge Rail; Roads; National Fiber Optics Infrastructure; among others.

The local automotive industry in particular has strong backward and forward linkages with other sectors, thereby ensuring that more value addition is occurring in the local supply chains than externally. Strong linkages will be formed with the oil refinery that is being constructed not only in terms of by – products created during the process of oil refinement that are used in the manufacture of chemicals used in the automotive industry but the vehicles themselves will use oil refined at the national refinery. The formation of robust industrial linkages is key to successful industrialization.

Overall, KMC shall provide an affordable mix of vehicle products; create employment opportunities with varied skill levels; encourage private investment opportunities in local companies providing support to the emerging automotive industry; and lead to an ultimate boost to economic development and GDP growth.

What are the benefits of buying a KIIRA Vehicle above the Imported Second Hand?

The perspectives to the buying of the Kiira Vehicle are diverse depending on the stakeholder either Government, the Buyer, the EAC etc. Focusing on the buy perhaps as implied by the question at hand Effective Production Support is very important for a Vehicle Owner, Meaningful Credit Facilities for Acquisition form the Domestic Product angle Versus Imported, and definitely the Great People of the EAC deserve First hand Products given they are First Hand Citizens of the Sovereign States in the EAC.

How will Kiira Motors survive in the current competitive market?

The KMC value proposition is premised against the two core gaps in the industry today – namely: affordable asset financing for vehicle financing and after-sales service and support. Our interventions will focus on closing these gaps as the key strategy for market share acquisition. It is important from a policy perspective that issues of technology quality especially those under pinning safety and environmental protection are addressed which will inadvertently give rise to a roadmap winning off importation of rather obsolete vehicle technology and sub-standard spare parts. Such interventions are expected to cultivate growth of new vehicle sales. Production for export to the EAC and neighboring regional economic communities is a key ingredient of the growth plan for sales.

What is the impact of Uganda's Policy that allows the importation of vehicles more than 8 years old on the sales of the KIIRA?

Policy direction is key to the establishment of the necessary Business Environment for KMC and other Actors. The hope is with policies being discussed such as the EAC CETs on Automotive and Automotive Components amongst others which shall be important in framing the Future of the EAC Automotive Manufacturing Industry.

With the current status of Uganda, do we need to make cars? Is this viable?

Holistic economic transformation requires a holistic approach. While we deal with health care and other public infrastructure, strategic investment into industrialization is key for transforming Uganda into a Middle Income Economy by 2040.

In respect of viability, the Investment Analysis has been meticulously executed and presents a viable structure for Kiira Motors Corporation.

What major challenges is the project facing and how are they dealt with?

There is need for efficiency and effectiveness in engaging development partners. Our typical processes are rather protracted and bureaucratic and do not provide a good basis for KMC to be responsive to the global automotive foresight.

Limited local value chain actors especially in auto parts manufacturing. The development of the KMC Enterprise is expected to progressively champion demand for these automotive value chain investments in not only parts but also related services.

The Policy gaps relating to automotive standards as well as related investment incentive structures will require urgent attention in a specifically tailored Government Automotive Industry Development Plan.

The need to develop a critical mass of professionals in a wide spectrum of disciplines ranging from Economics, Finance, Marketing & Sales, Law, Industrial Ergonomics, Manufacturing and Engineering to sustain the industry.