



REPUBLIC OF UGANDA

# Report

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## ON UGANDA'S BUSINESS LICENCING REFORMS

Prepared by

The Business Licencing Reform Committee,  
Appointed by the Minister of Finance, Planning and Economic Development

MARCH 2012

**Volume I**

## BUSINESS LICENCING REFORM COMMITTEE

March 13<sup>th</sup>, 2012

The Hon. Minister of Finance

**Ministry of Finance, Planning and Economic Development**

P. O. Box 8147

Kampala

### **Report of Business Licencing Reform Committee (BLRC)**

In March, 2011, the Hon. Minister of Finance Planning and Economic Development appointed a high level committee to oversee the reform work under the UICP. The BLRC is chaired by me, and comprises of 15 representatives from various Government bodies and the private sector. The Committee has been supported by a secretariat of five consultants.<sup>1</sup>

Our mandate is to drive the review process of the business licencing regime in Uganda, make recommendations based on the ultimate disposition of the licences assessed, and steer implementation of agreed reforms.

In fulfilment of this mandate, I now have the honour of submitting the report of the Committee to Government for further action. It comprises of two volumes-the executive report and the report on sector analysis of business licences in Uganda.



Gerald Ssendaula  
**CHAIRMAN**

Hon. Gerald Ssendaula

**Chairman, Business Licencing Reform Committee**

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<sup>1</sup> Details of the members and secretariat staff are provided in the table on page iii below.

## BLRC Members

NAME	ORGANIZATION	DESIGNATION
Hon.Gerald Ssendawula	Chairman, Private Sector Foundation Uganda	Chairman
Ms. Irene Lugayizi	Representing Solicitor General	Vice Chairperson
Mr. Issa Sekkito	Spokesperson Kampala City Traders Association	Member
Mr. Gideon Badagawa	Executive Director, Private Sector Foundation Uganda	Member
Mr. Edward Sekabanja	Private Legal Practitioner	Member
Dr. Peter Ngategize	National Coordinator Competitiveness & Investment Climate Strategy (CICS Secretariat)	Member
Mr.Peter Elimu Elyetu	Commissioner Ministry of Trade	Member
Mr. Chris Niwandiinda	Ministry of Local Government	Member
Ms. Phoebe Lutaaya Kamyá	Director, Finance - KCCA	Member
Mr. Frank Othembi	Uganda Law Reform Commission	Member
Mr.Twebaze Bemanya	Ag. Registrar, Uganda Registration Services Bureau	Member
Mrs Jeniffer Mwijukye	Chairperson, Uganda Women Entrepreneurs Association Limited	Member
Mr. Moses Ogwapus	Ass. Commissioner Tax Policy, MFPED	Member
Mr. Lawrence Byensi	Director, Investment Facilitation and Aftercare Division, Uganda Investment Authority	Member
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## BLRC Secretariat

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## Acknowledgments

The Business Licence Reform Committee (BLRC) wishes to thank the Hon. Minister of Finance Planning and Economic Development for initiating the reform process and ensuring Government's commitment to the reforms. In addition, the BLRC is grateful to the World Bank Group for providing both the resources and technical assistance necessary to implement these reforms. In particular, the BLRC acknowledges the support of World Bank Group team comprising of; Moses Kibirige, Maria Miller, Carolyn Nshemereirwe - Ndawula, Andrea Marusic, Petter Lundkvist, Anita Nabirye - Mwandha, Patrick Banyana, and Fred Zake.

The Committee recognises the role played by the Ministry of Trade, Industry and Cooperatives (MTIC), as well as the Ministry of Local Government (MoLG) and MoFPED for initiating earlier regulatory reform.

The BLRC wishes to thank all the stakeholders who were consulted in this process including Government Ministries, Departments, Agencies (MDAs), private sector associations, businesses and local governments.

The Committee further acknowledges the support of the Private Sector Foundation (PSFU) and in particular for hosting the Secretariat and BLRC meetings. The Committee also appreciates the contribution of the Acting Manager for PSCP II, Mr. John-Marie Kyewalabye.

In a special way, the BLRC wishes to acknowledge the support of the Ministry of Finance, Planning and Economic Development and for taking the initiative to spearhead this reform process.

## List of Acronyms/Abbreviations

AB	Administrative Burdens
BLRC	Business Licence Reform
BOP	Balance of Payments
DDI	Domestic Direct Investment
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GoU	Government of Uganda
ICAS	Investment Climate Advisory Services
ICT	Information Communication Technology
IFMS	Information Financial Management Systems
LG	Local Government
MDAs	Ministries, Departments and Agencies
MoFPED	Minister of Finance Planning and Economic Development
MoLG	Ministry of Local Government
MSMEs	Micro, Small and Medium Enterprises
MTIC	Ministry of Trade, Industry and Cooperatives
NDP	National Development Plan
PSCP II	Private Sector Competitiveness Project – Phase II
PSFU	Private Sector Foundation
RBP	Regulatory Best Practices
RIA	Regulatory Impact Analysis
SCM	Standard Cost Model
SMEs	Small and Medium Sized Enterprises
TORs	Terms of Reference
UBOS	Uganda Bureau of Statistics
UEPB	Uganda Export Promotion Board
UIA	Uganda Investment Authority
UICP	Uganda Investment Climate Program
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
UTB	Uganda Tourist Board
UWA	Uganda Wildlife Authority

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# Executive Summary

## Background

- I. Uganda's economic development focus since 1990 has been to promote a Private Sector led economy. A number of initiatives have been undertaken by the Government of Uganda (GoU) to create an enabling business environment and minimise the cost of doing business in order to attract more domestic and international investments. These programs are targeting infrastructure and skills development; financial sector deepening and regulatory reform, all aimed at creating a competitive business climate.
- II. GoU is committed to improving the country's performance in the global Doing Business (DB) Report and the World Economic Forum's Global Competitiveness Index.<sup>2</sup> The 2012 DB Report ranked Uganda at 123 out of 183 economies on the overall ease of doing business, while in the 2012 Global Competitiveness rankings Uganda stood at 121 out of the 142 countries assessed.
- III. In an effort to improve Uganda's Competitiveness, the Minister of Finance, Planning and Economic Development (MoFPED) formally requested support from the Investment Climate Advisory Services (ICAS) of the World Bank Group to implement targeted regulatory reforms. In response to this request, MoFPED launched the Uganda Investment Climate Program (UICP) in November, 2010, which focuses on Business Licencing<sup>3</sup> and Tax Reforms in the first phase.
- IV. Some of the critical business licencing burdens currently faced in Uganda emanate from the multiplicity and overlap of business licences, levies, fees and permits at national and sub-national government levels.
- V. In addition, Uganda's legal and regulatory regime, like that of many developing countries, is cited as one of the biggest challenges constraining private investment and growth. Administrative and regulatory constraints impact both large firms which are typically Multinational Corporations and Small and Medium sized Enterprises (SME's) which tend to be local businesses. Reducing regulatory burdens can lead to a better business environment that encourages both local and foreign investments.
- VI. In March, 2011, the Hon. Minister of Finance Planning and Economic development appointed a high level committee to oversee the reform work under the UICP. The committee, which is titled the Business Licencing Reform Committee (BLRC), is chaired by Hon. Gerald Ssendaula and comprises of 15 representatives from various Government bodies and the private sector.<sup>4</sup> Its mandate is to spearhead the review of business licences, make recommendations on ultimate disposition of the licences and following adoption of agreed recommendations, drive implementation of agreed reforms.
- VII. The BLRC gathered information on business licences from 44 Government Ministries, Departments and Agencies (MDAs), 23 Local Governments (15 Districts and 8 Municipalities), and consulted private sector business owners, managers and associations across various sectors.
- VIII. The Committee is pleased to present its findings as outlined in a two part report. **Volume I** is an executive account of the findings and **Volume II** presents the detailed analysis of the inventory exercise and recommendations.

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<sup>2</sup> Current and potential investors rely on the global competitiveness and Doing Business reports as an indication of a country's receptivity to business. The reports can therefore influence investment decisions.

<sup>3</sup> This report has adopted the Anglophone spelling of Licence based on Uganda's English System.

<sup>4</sup> The BLRC is mandated to guide a comprehensive phased implementation of the reform of business licenses in Uganda using international best practice. Detailed Terms of Reference (TOR's) are attached in Appendix 3 for further mention.

## Main Findings

- IX. The inventory exercise identified a total of **766 licences/permits/user charges/authorizations**, issued by both Central and Local Government agencies country-wide, of which 540 are issued by 65 Government Ministries, Departments and Regulatory Agencies, while 226 are issued by Local Governments.
- X. The identified licences are issued under **87 laws and 174 regulations** (half of which were enacted before Uganda's economic liberalization in 1991).
- XI. The **total annual cost<sup>5</sup> incurred by businesses** in complying with licencing requirements is estimated at **UGX 725.73 billion representing 3.49% of GDP<sup>6</sup>**. 57% of this constitutes the actual licence fees and 43% is the administrative cost of obtaining these licences. **Agriculture, Trade (import and export), Transport & Logistics, Tourism** are the **most burdened sectors** in terms of compliance costs.<sup>7</sup>
- XII. The **trading licence** is used as a **tool for revenue generation at the Local Government level**, rather than protecting safety, health and the environment. Despite attempts to standardize local government **trading licencing fees**, actual fees charged **vary from one local government to another** especially with regard to cess on produce, cattle movement permits, charcoal and fish movement permits. As such, the **trading licence is a major cost driver of the high cost of private sector compliance to business licencing**.
- XIII. There are **overlaps** in terms of **licences, levies, fees, and permits at national and local government levels**. Several businesses require licencing approval from more than one central government agency for the same business activity and are further subjected to licencing requirements by the local governments in which they operate.
- XIV. There is **duplication** in terms of **information obligations required for licence applications** and other regulatory submissions to the various government agencies in view of the overlaps discussed above.
- XV. The **lack of coordination between government agencies and insufficient ICT solutions** to integrate and streamline administrative processes are a great hindrance to efficient regulation of business.
- XVI. Licencing **processes involve too many unnecessary administrative steps** and often require multiple interfaces with government officials, which could have the potential of encouraging corruption and rent seeking behaviour. This is further exacerbated by the general lack of information about licencing requirements and procedures.
- XVII. The **majority of central government licences are processed and issued in the Capital City**, which requires business owners to make several trips to submit required paperwork to obtain necessary licences. This increases the cost of doing business. Some agencies have attempted to set up regional offices however; inadequate resources limit their potential to operate efficiently.
- XVIII. **Licences serving a similar objective are categorised differently** across various local governments, making it difficult to assess the relevance and impact of any given licence, permit or business approval.
- XIX. The **absence of up to date business registers at the Local Government level** makes it difficult to ascertain the number of licences issued at any given time.

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<sup>5</sup> Note that this cost arises from the license fees and administrative charges related to obtaining all licenses identified by the inventory exercise. The relation to the national GDP emphasises the magnitude of the burden to compliant businesses.

<sup>6</sup> Source: Statistical Abstract, 2011 – GDP at constant prices.

<sup>7</sup> See Figure 3.0 in Section 3 of this report for the most burdened sectors.



## Main Recommendations

- XX. Out of the **766 licences** that the Committee identified, it is recommended that **45 be eliminated** because they do not serve any regulatory purpose, while **418 should be retained**, **290 streamlined**, **5 reclassified** and **8 amalgamated into 4**.<sup>8</sup>
- XXI. The above recommendations if fully implemented would lead to a **private sector cost reduction of more than 25%**.
- XXII. **Licencing should be used to serve legitimate regulatory and not revenue generating purposes** such as: protection of the environment, public safety, public security, consumer protection, competition and fair trade. For this purpose it would be more efficient to raise revenues through fiscal policy rather than licencing.
- XXIII. **Government should establish an official e-registry, which houses all information on approved business licences**. This information would minimise duplication of submission of information and excessive licencing. The e-registry would serve as the definitive repository of information on licencing requirements and delineate legally required licences in all sectors of the economy thus increasing transparency and the likelihood of compliance by the private sector. **Subsequently, it would be enhanced to serve as a virtual transactional platform for all business licences through which a licence shall be issued and renewed**.
- XXIV. There is a need to ease the processes associated with business formalization by establishing **business entry One Stop Shop by integrating business incorporation with other business registration processes such as tax, licencing and social security registration**. This will reduce the time and costs associated with starting and running a business. The One Stop Shop should employ ICT tools to enable sharing of critical information on businesses in order to avoid duplication of submissions by businesses.
- XXV. **Government should adopt a Regulatory Impact Analysis (RIA) mechanism** as a tool to promote efficient regulatory policy through an assessment of the potential economic impacts, including likely benefits, costs and effects of new or existing regulation. Given the business licencing reform, the implementation of RIA would be a logical next step to improve the quality of the flow of legislation. **The introduction of mandatory RIA in the legislative process would prevent the re-introduction of unnecessary and complicated regulations, including licences**.

## General Observation

There are issues that require broader policy considerations, which are beyond the scope of licencing reforms including local government financing/revenues, enforcement gaps, regulatory overlap, cost and inefficiencies associated with centralized services and lack of coordination between various government agencies on policy issues. These problems are particularly manifested in the agriculture, local government, fisheries, trade, health, environment, hotel and tourism sectors.

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<sup>8</sup> With respect to this reform process, the term *Elimination* refers to removal of licenses from the licensing regime, which don't serve a regulatory purpose; *Retain* means maintain the licenses in their current form; *Streamlining* on the other hand refers to putting in place alternative measures aimed at reducing the administrative burden for business; *Amalgamation* refers to bundling of licenses required for the same target group of business.

## 1.0 Background

Uganda has over 25,400 formal business establishments, 91% of which were in the category of micro, small and medium enterprises (MSMEs). Close to 73% of the total businesses in the formal sector are engaged in five key sectors, namely: health and social work (21%); trade (21%); hotels and restaurants (13%); education (9.5%) and other manufacturing (8.4%)<sup>9</sup>.

While progress has been made in key areas impacting Uganda's investment climate, opportunities for improvement remain. The cost of doing business in Uganda is still high owing to the lengthy and often unnecessary administrative procedures required for one to set up and operate a business.

Slow implementation of reforms aimed at enhancing the business environment and positioning the economy better for global competition is also a major hindrance to businesses in Uganda.<sup>10</sup>

The performance by Uganda on key business indicators that contribute to investor decisions abroad is still poor. Evidence of this is reflected in its rankings in the **World Bank Doing Business Report** (see Tables 1.0 and 1.1 below) as well as the World Economic Forum's **Global Competitiveness Report**.

**Table 1.0: Uganda's overall ranking on "Ease of Doing Business"**<sup>11</sup>

YEAR	RANK				
	UGANDA	KENYA	TANZANIA	RWANDA	BURUNDI
2012	123	102	127	45	169
2011	119	106	125	50	177

Source: World Bank Group Doing Business Reports, 2011-2012

**Table 1.1: Uganda's Performance on "Ease of Doing Business" indicators that impact on Business Licencing**

INDICATOR	2012 RANK	2011 RANK
Starting a Business	143	136
Dealing with Construction Permits	109	108
Registering Property	127	155
Trading Across Borders	158	158

Source: World Bank: Ease of Doing Business in Uganda, 2012

In the **World Economic Forum's Global Competitiveness 2011-12 Report** Uganda was ranked 121 out of 142 countries, with a score of 3.56<sup>12</sup>. The report defines competitiveness as a set of institutions, policies, and factors that determine the level of productivity of a country.<sup>13</sup> Below is a comparison of Uganda's performance with selected countries. Table 1.2 below presents the GCI rankings for selected economies in Africa that are benchmarked against Uganda.

**Table 1.2: Global Competitiveness Rankings for Selected Economies in Africa**

COUNTRY	RANK	SCORE
Uganda	121	3.56
Kenya	102	3.82
Tanzania	120	3.56
Rwanda	70	4.19
Mauritius	54	4.31
South Africa	50	4.34

Source: World Economic Forum: The Global Competitiveness Report, 2011-12, p.15

<sup>9</sup> Source: UBOS Business Register 2006/7. Other business sectors: food processing:-4.7%; financial services- 4.5%; community, social and personal services- 4.1%; transport, storage and communications- 3.6%; agriculture and forestry- 1.6%; construction-1.1%; fishing- 0.5%; mining and quarrying- 0.2%; and utilities-0.1%.

<sup>10</sup> Source: PSFU 'Platform for Action' policy document for 2011.

<sup>11</sup> The ease of doing business assessment is based on eleven standardized indicators that reflect the life of an average domestic entity. These include the time, costs, procedures and regulations affecting: 1) starting a business; 2) dealing with construction permits; 3) getting electricity; 4) registering property; 5) getting credit; 6) protecting investors; 7) paying taxes; 8) trading across borders; 9) paying taxes; 10) enforcing contracts; and 11) resolving insolvency.

<sup>12</sup> On a scale of 1-7

<sup>13</sup> World Economic Forum, The Global Competitiveness Report, 2011-12, p.4

## 2.0 Implementing Business Licencing Reforms in Uganda

Since 2000, Uganda has undertaken various interventions to enhance the business licencing regime particularly, the Regulatory Best Practices (RBP) project and the 'Ministry of Local Government, Study and Reform of Business Levies'<sup>14</sup>.

The RBP project was subsequently given a wider focus to include use of Regulatory Impact Assessment (RIA) in all policy formation and law and regulation making in Uganda. Certain capacity building activities were implemented, but did not result in the institutionalization of RIA in the legislative process.<sup>15</sup>

In November 2010, the Uganda Investment Climate Program (UICP) was officially launched by the Government to implement targeted reforms aimed at enhancing the regulatory environment for businesses to thrive.

In March, 2011, the Hon. Minister of Finance Planning and Economic development appointed a high level committee to oversee the reform work under the UICP - the Business Licencing Reform Committee (BLRC)

In the 2011/12 National Budget Speech, the Minister of Finance, Planning and Economic Development announced that a comprehensive review of business related licences was to be undertaken with a view to simplifying requirements, reducing discretionary powers, and eliminating redundant procedures. In addition, the Minister noted that the review would also address the problem of lengthy business registration processes that impose unnecessary regulatory burden, which discourage small businesses from formalising.

### 2.1. Objectives of the Business Licencing Reforms

The key objective of the business licencing reforms is **to reduce the cost of doing business and ensure that the business environment in Uganda is competitive**. The reforms are therefore aimed at:

- (i) Rationalizing and simplifying business licences in order to eliminate multiplicity and overlap for efficiency, transparency and regulation;
- (ii) Establishing an official Government of Uganda E-Registry of Business Licences making all necessary information for each licence available via a sole web portal;
- (iii) Identifying the potential revenue impact of business licencing reforms at both central and local government level and proposing solutions to mitigate any negative impacts;
- (iv) Establishing a regulatory scrutiny unit in Government and introducing efficient screening mechanisms for new business licences, including Regulatory Impact Assessments (RIA), in order to ensure that any efficiency gains arising out of business licencing reforms are not eroded by a flow of new low quality licences.

### 2.2. Private Sector and Stakeholder Consultations

Uganda since 1990 has pursued development initiatives aimed at positioning the private sector to be the driver of economic growth. However, the business community in Uganda continues to experience a number of challenges that impede growth of their enterprises. For example, new investors have expressed their frustration about difficulties in getting their businesses registered and licenced and the related costs before starting operations. It is clear therefore, that while broad policy reforms may impact somewhat on the economy, they do not actually translate into improvements in the various institutional and bureaucratic processes investors have to go through to start and operate a business in Uganda.<sup>16</sup>

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<sup>16</sup> Frank Sader, 2010, *Do "One-Stop Shops" Work?*, Foreign Investment Advisory Service (FIAS), The World Bank Group

The BLRC carried out consultations with private sector business in various sectors including Agriculture, Trade, ICT & Media, Financial Sector, Trade, Transport, Manufacturing, Processing and Small Scale Industries, Import & Export, Health, Construction & Real Estate, Hotel & Tourism. These were in the form of Focus Group Discussions (FGDs) held with business owners, managers and associations from various sectors. The objective of the FGD's was to obtain private sector perceptions about the current business licencing regime and process with respect to their ease of doing business. Below are some of the issues that were raised at the discussions:

- (i) Lack of information about licences and regulatory requirements that businesses are required to comply with. As a result businesses spend a lot of time inquiring from various sources.
- (ii) Existence of multiple licencing regimes. A lot of businesses are required to have more than one licence in order to operate.
- (iii) Lengthy application processes and licencing procedures.
- (iv) Lack of clarity about the criteria for assessing licencing fees. This is particularly the case with local government licences.

In addition, surveys were conducted with 635 private sector business entities in 23 selected Districts and Municipalities.<sup>17</sup> The objective of the surveys was to obtain information to enable the BLRC calculate the overall economic burden of Uganda's current licencing regime using the Standard Cost Model (SCM). This included the actual cost of licences, processing time and compliance cost.

### ***2.3 Cost of Private Sector Compliance to Business Licencing***

In embarking on a journey of licencing reforms it was critical to have some benchmarks in form of a baseline to monitor the progress of reforms. One international best practice measure is the calculation of Administrative Burdens (AB) on firms emanating from regulatory requirements. For this purpose, a calculation of AB using the Standard Cost Model (SCM) has been integrated in the reform.<sup>18</sup>

The SCM is an easy to use tool which has been applied in 30 countries across the globe to measure AB. It measures the manpower and financial costs to business establishments complying with the legal regulatory environment and institutional implementation setting. The SCM can also be used to calculate the costs of waiting time and assess the impact of new regulation. Although not calculating broader costs to the economy, ABs are considered a good proxy for these costs. It was thus critical for the BLRC to build capacity to be able to learn and apply it to Uganda.

The purpose of calculating the AB is to set a numerical benchmark (baseline) to set targets, monitor and measure progress of reforms in monetary terms; it is often said that what can't be measured can't be done. The sector AB estimations can help identify which sectors of the economy are most burdened so as to guide policy makers in line with country competitiveness targets.

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<sup>17</sup> The selection criterion for the 23 districts was based on historical factors, geographical location and business activity.

<sup>18</sup> See Appendix II – Standard Cost Model Methodology

## 3.0 Findings on Business Licences

### 3.1 Inventory of Business Licences

Business licences are broadly defined as “any ex-ante authorizations required for any business activity to commence and operate.” This includes all licences, authorizations, certificates, permits, levies, and fees imposed on business activities by any regulatory authority (both at central and local government levels).

The inventory was done in two phases with the first phase covering licences issued by Central Government that is, Ministries, Departments and Agencies (MDA's). The second phase covered local government licences in 23 selected offices (9 Municipalities, 14 Districts). The selection criteria took into account historical factors, geographical location and economic activity.

Based on the above definition, the inventory exercise identified a total of **766** licences/permits/user charges/authorizations that are issued by both the Central and Local Governments country-wide.

- There are **540** licences that are issued by 65 Government Ministries, Departments and Regulatory Agencies.
- There are **226** licences issued by Local Governments, *the majority of which are trade licences*.
- The licences identified were classified by sector, largely based on the National Development Plan (NDP) sectors. Table 3.0 below presents the number of licences established by the BLRC country-wide inventory exercise;

Table 3.0: Number of licences by sector

Sector	Number of Licences	Representation by percentage
Agriculture	87	10.5%
Education and sports	15	2.2%
Energy, Mining, Oil and Gas	44	5.9%
Financial Services	34	4.4%
Health Sector	82	9.6%
Housing Development, Physical Planning, Urban Development	06	1.3%
Information and Communication Media	12	4.2%
Labor and Employment	15	1.9%
Manufacturing	9	1.1%
Tourism	18	2.3%
Trade(import & Export)	87	12.2%
Transport and Logistics	87	11%
Water, Sanitation, Forestry and Environment	22	1.6%
Professional services	22	4.2%
Local Government	226	27.5%
<b>Total:</b>	<b>766</b>	<b>100%</b>

### 3.2. Analysis of Business Licences

An analysis of the inventory revealed the following:

- a. Currently, there is a multiplicity of licencing burdens in various sectors of the economy which pose a risk to the growth of businesses especially MSMEs, and may inhibit their transition from the informal to the formal sector. For example, the process of formalising a business has over 18 steps ranging from reservation of the business name to obtaining a Trade Licence. Further emphasis of this burden can be found in Table 3.1 below. There are a number of cumbersome and time consuming steps that businesses have to undergo that could either be streamlined or eliminated.

Table 3.1: Procedures for Starting a Business in Uganda

STEPS	
1	Reservation of company name at office of Registrar
2	Pay fees at the Bank
3	Obtain five necessary forms from Uganda Bookshop
4	Sign the declaration of compliance before a Commissioner for Oaths
5	Obtain requisition for bank pay-in slip and bank payment advice forms from the Uganda Registration Services Bureau
6	Make payment of registration fees at a given bank
7	File with the Registrar General
8	File with the local office of the Uganda Revenue Authority a personal inquiry form for each director, and a corporate preliminary inquiry form; receive a uniform tax identification number (TIN) and apply for VA
9	An inspector from URA inspects the business premises
10	Apply for PAYE
11	Obtain application forms for trading licence
12	The licencing officer arranges an inspection of the premises and fills out an assessment form
13	Pay the licence fee at the bank
14	Obtain the trading licence
15	File a form with the National Social Security Fund (NSSF)
16	Make a company seal

Source: Doing Business Report 2012

- b. There are overlaps in terms of licences, levies, fees, and permits at national and local government levels. Several businesses require licencing approval from more than one central government agency and are further subjected to licencing requirements by the local governments in which they operate. For instance the professional service segment is regulated by more than two bodies at any given time, which may create room for rent-seeking tendencies and unnecessary delays.
- c. There is duplication in terms of information required for licence applications and other regulatory submissions to the various government agencies. For example, the memorandum and articles of association would be required for tax registration as well as social security, which all involve a process of filling forms, submission, and follow up for each of the agencies.
- d. The lack of coordination between government agencies and lack of ICT solutions to streamline administrative process are a great hindrance to efficient regulation of business. For example, the majority of regulatory bodies are not computerised and for the few that have been electronically set up, they are not linked to one another. As a result, there are non-documented fraudulent transactions between businesses and regulators and use of false documents by business owners to obtain licences. The creation of an e-registry would significantly minimise such dealings.<sup>19</sup>

<sup>19</sup> A summary of key responses from the field exercises is provided in Appendix IV of this report for further emphasis of the burden that the current licencing regime poses to businesses in Uganda.

- e. Licencing processes involve too many unnecessary administrative processes and face to face contact with several officials, which have the potential of encouraging rent seeking behaviour. This is further exacerbated by the general lack of information about licencing requirements and procedures. For example, private sector respondents complained about issuance of receipts and the need for follow up to obtain a licence whereas the licence could be issued at payment.
- f. Most central government licences are processed and issued in Kampala, hence requiring business owners to make several trips to submit paper work and complete necessary procedures to obtain the necessary licences. This increases the cost of doing businesses. Some agencies have attempted to set up regional offices. However, inadequate resources limit their potential to operate efficiently.
- g. There is an increasing tendency to use licencing more as a tool for generating revenue rather than regulation. For this purpose it would be more efficient to raise the revenue through fiscal policy other than licencing. A key example of this is the trade licences.
- h. Micro and Small enterprises face a higher licencing burden since the majority of licences (226 out of 766) are issued by local governments, where the majority of these enterprises operate. This means that not only do they face a disproportionately higher cost of doing business, but their transition from the informal to the formal sector is significantly hindered.
- i. Despite attempts to standardize local government trading licencing fees, actual fees charged vary from one local government to another.
- j. Licences serving a similar objective are categorised differently across various local governments, making it difficult to assess the relevance and impact of any given licence, permit or business approval.
- k. The absence of up to date business registers at the Local Government's makes it difficult to ascertain the number of licences issued at any one given time.
- l. Building approvals are handled in Kampala which is also costly and time consuming. For example, a factory building in Masaka needs to obtain approvals from the district departments of Engineering, Surveys, Health, and Environment before forwarding for final approval in Kampala.

### 3.2.1 The Trading Licence

Trade Licences are issued under the Trade Licencing Act, Cap 101. The Trade Licencing Act was enacted in December 1969 and its objective was to **amend and consolidate the law relating to trading and other matters connected therewith**. The Act provides in section 8(1) that subject to subsection (2), no person shall trade in any goods or carry on any business specified in the Schedule to this Act unless he or she is in possession of a trading licence granted to him or her for that purpose under this Act. The Act is under the jurisdiction of the Ministry of Trade and Industry, which periodically revises trading licence rates and the current rates were revised in 2011 (The Trade Licencing Rates Rules SI 54/ 2011 *(to come into effect January 2013)*).

However, the Ministry of Trade and Cooperatives delegates the responsibility to enforce the law to local governments. This has resulted in a divergence of interests between the two, with the former interested in using the law to ensure trade order, while the latter uses trade licences largely to generate revenue for local governments.

The use of trade licences to generate revenue for local governments is symptomatic of a larger problem that relates to local government financing, which is outside the scope of business licencing. However, in the context of business licencing, the majority of trade licences in their current form do not serve a regulatory purpose and according to the criteria for analysing business licences should be recommended for elimination. This would translate into substantial revenue loss for local governments. In view of this, the BLRC recommends further consideration of the challenges affecting service delivery particularly, insufficient provision of financial resources from Central Government.

In analyzing the trade licences, we have made the following proposals:

- Trade licences that serve a regulatory purpose should be retained. However, local governments should enforce the regulatory aspects of those licences to ensure that they are not simply used to generate revenue. For this purpose, it may be necessary to build the capacity of local governments to deal with the regulatory aspects of those licences.
- To avoid multiplicity of licences and overlap of regulatory mandates, trade licences covering activities that are regulated by other agencies such as fishing, forestry, mining, banking, health etc should be eliminated. The regulatory and policy aspects relating to those activities should be left to the responsible regulatory bodies. However, the enforcement function should devolve to local governments. This arrangement would require collaboration and revenue sharing arrangements between the local governments and the responsible agencies.
- 3) Trade licences that serve no regulatory purpose such as bicycle licences are out rightly eliminated.

### 3.3 Licencing Laws

The inventory exercise identified a total of 87 Laws and 174 Regulations, the majority of which were enacted before Uganda's economic liberalization in 1991. Some of the problems that have been identified are:

- Several laws are outdated and are out of step with the practices of a liberalized economy;
- Poor enforcement as a result of weak enforcement and inadequate sanctions;
- Failure to operationalize some licences due to lack of enabling legal frameworks such as regulations;
- Some licencing practices are inconsistent with licencing procedures prescribed by law; and
- Multiple licences and application procedures

Table 3.2 below is an illustration of the various levels of regulatory activity that a business enterprise in the tourism sector may be subject to. From incorporation to operating, the business has to comply with 12 laws that are enforced by seven different regulatory agencies.

Table 3.2: Regulatory Requirements for a Tourism Business in Uganda

Business Sector	Activity	Regulatory Framework	Regulatory Agency
Tourism	Incorporation	-Business Names Registration Act, Cap 109 -Companies Act, Cap 110	Uganda Registration Services Bureau (URSB)
	Tour Operations	-Uganda Tourism Act, 2008 - Uganda Wild Life Act, Cap 200	Uganda Tourist Board (UTB) Uganda Wildlife Authority (UWA)
	Travel Agent	-Uganda Tourism Act, 2008	Uganda Tourist Board(UTB) Ministry of Trade, Industry & Cooperatives(MTIC)
	Hotel	-Uganda Tourism Act, 2008 -Trade Licencing Act, Cap 101	UTB
	Labour Relations	-Employment Act, 2006 -National Social Security Fund Act, Cap 222 -Occupational Health & Safety Act, 2006 -Workers Compensation Act, Cap 225	Ministry of Gender Labour & Social Development
	Tax	-Income Tax Act, Cap 340	Uganda Revenue Authority

### 3.4 Administrative Burden of Licences

The total cost incurred by businesses in complying with licencing requirements is conservatively estimated at **UGX 725.73**, representing **3.49% of GDP<sup>20</sup>**. Table 3.3 below it is apparent that the most burdened sectors are: Agriculture, Trade (import and export) and Transport and Logistics.

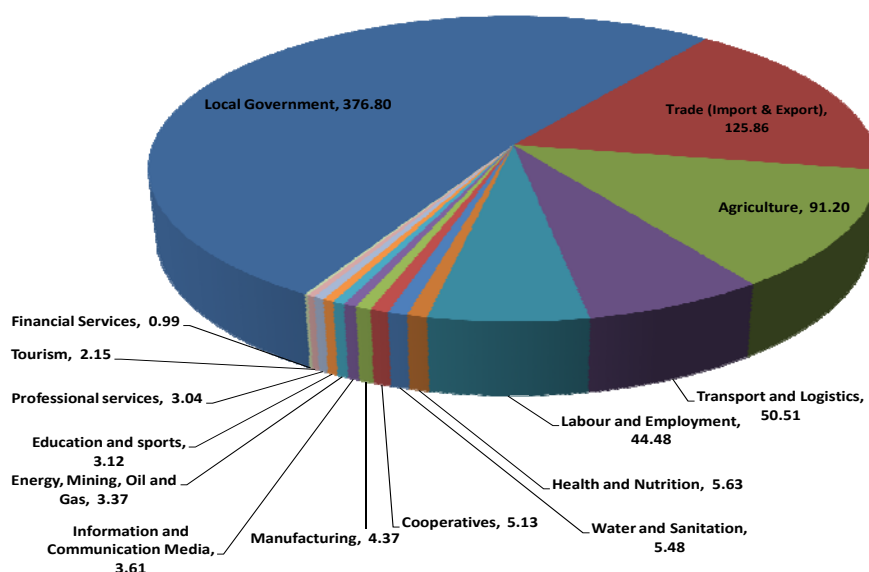
<sup>20</sup> Statistical Abstract, 2011 – GDP at factor cost



Table 3.3: Administrative Burden by Sector

Sector Code	Sector	Administrative Burden (Billions)	Sector % of Administrative Burden	% of GDP
1	Agriculture	91.20	12.6	0.44
2	Cooperatives	5.13	0.71	0.02
3	Education and sports	3.12	0.43	0.02
4	Energy, Mining, Oil and Gas	3.37	0.46	0.02
5	Financial Services	0.99	0.14	0.00
6	Health and Nutrition	5.63	0.78	0.03
7	Housing Development, Physical Planning, Urban Development		0.00	0.00
8	Information and Communication Media	3.61	0.50	0.02
9	Labour and Employment	44.48	6.13	0.21
10	Manufacturing	4.37	0.60	0.02
11	Tourism	2.15	0.30	0.01
12	Trade(import & Export)	125.86	17.34	0.61
13	Transport and Logistics	50.51	6.96	0.24
14	Water and Sanitation	5.48	0.75	0.03
15	Professional services	3.04	0.42	0.01
16	Local Government	376.80	51.9	1.8
Total:		725.73	100.0	3.49

Figure 3.0: Administrative Burden by Sector (UGX' billions)



It is apparent from the AB sector estimates that the most burdened sectors are; Trade and Cooperatives, Agriculture, Tourism, Transport and Logistics. It is important to recognize that these are critical sectors for Uganda's competitiveness and could use some regulatory reform especially the following;

- a) Uganda Registration Services Bureau (URSB) company law derived procedures. The amendments to the Company Law need to be implemented as a priority, doing so would reduce considerably the AB for the trade sector in which the URSB was analyzed.
- b) Local government procedures for obtaining trading Licences. Substantial cost reduction can result from reducing the number of steps involved in obtaining a trading licence. If a businessman has paid in the bank for a licence and has a banking slip that should be sufficient to move to the step of collecting the Licence, the process of taking the banking slip to the Municipality to get a receipt can be eliminated to reduce AB without upsetting the much misunderstood 'revenue' from licences.

- c) **Transport related movement licences for; charcoal, cattle, and fish seem to be confusing and burdensome and in some cases may be payable in more than one district for the same cargo.** When you add fiscal taxes on fuel in an already high global fuel price environment you end up with a major logistical commerce distortion that amplifies produce price inflation. Rural Household's output is transported to market at very high cost, and the returning manufactures from the processed raw materials often have a transport cost component of 40%, the exports from the agricultural sector are rendered uncompetitive.
- d) In general, it was observed that the numerous agriculture sector MDA regulators are centrally located; yet the activity is country wide rendering it inefficient from the public and private perspective. **It is thus clearly apparent that for licencing to work; the relationship between the MDA's and Local Governments will have to be quite close** in two ways;
  - I. Definition and separation of roles in conformity with existing legislation, central government would focus on policy and standard setting and local governments would implement the licencing regime. The pre-requisite is for local governments to appreciate that in some sectors like agriculture licencing and standards are critical for world market access, and should not use them as revenue generating licences. The risks are immense; at one time Uganda's exports were banned from the EU market threatening one of the most promising non-traditional exports and the ever scarce foreign exchange earnings for Uganda's BOP position, whose weakness remains a chronic macroeconomic challenge. The centre should appreciate that it is inefficient to regulate countrywide activity from the comfort of Entebbe or Kampala, yet administrative sub-national governments can be empowered and leveraged to do so. This was meant to be one of the objectives of the decentralization policy. While fiscal decentralization has remained a challenge; an effort has to be made to join the head to the body for competitive enhancing licence reform.
  - II. Regulatory activity induced public cost recovery licence fees revenue share escrow account mechanisms and agreements between Local governments and the central MDAs should be developed. They should be in conformity with existing financial management systems such as IFMS; and satisfy established national audit and evaluation mechanisms to avoid incidence of tasks and responsibilities without the resources, and the moral hazard of the collecting agency not remitting funds. An example, District Commercial Officers can be leveraged to decentralize URSB related documentation, as it is now; someone from Kotido has to come to Kampala to register a company, for an export certificate and certificate of origin for a Kabale dweller to export potatoes to Rwanda he has to come to Kampala to get it from UEPB.

In a nutshell, the discussion of licencing reform has to go hand in hand with **fiscal reform to identify indirect tax sources of finance for local governments that seem to imagine that business licencing is a solution to their revenue problems, yet it isn't.** It would be too much to hope that money collected from licences can be used to build sub-national government infrastructure, to address the public capital stock deficit that is holding back the private sector with negative impact on GDP growth its distribution and Job creating domestic investment. Some fiscal elements that need review include the Hotel tax, why only hotels? Property rates are the traditional stable sources of sub-national government revenue the world over and are often leveraged to build sub-national government infrastructure, yet in Uganda domestic residences are exempted. What should happen if central rental income tax is aggressively collected and yet its incidence is on the same property that pays rates? Is the allocation of the budget efficient for competitiveness? Most of these issues require much analytical space that is beyond the TORs of the BLRC.

## 4.0 Recommended Actions on Licences

### 4.1 *Criteria for Review of Licences*

The following criteria were used to review the licences.

- (i) **Legality of the licence.**
  - Is there sufficient legal basis for the licence?
  - Is the law outdated or complex?
- (ii) **Necessity of the licence**
  - Does this licence serve a regulatory purpose such as health, safety or environmental protection?
- (iii) **Are the procedures for the licence business friendly?**
  - Does the licence have the least impact on business activity and uses a minimum of public resources or is there a more efficient way to obtain the same result?
  - Cost of licence on doing business (Standard Cost Model analysis).

The following were the recommended actions on licences that were reviewed using the above criteria.

- I. **Licences Recommended for Retention:** This recommendation was made in respect of licences that were found to serve a regulatory purpose.
- II. **Licences Recommended for Elimination:** This recommendation was made in respect of licences that serve no legitimate regulatory purpose.
- III. **Licences Recommended for Reclassification:** This recommendation was made in respect of licences that should be converted to either levies or notifications.
- IV. **Licences Recommended for Streamlining:** This recommendation was made in respect of licences that serve a regulatory purpose but have administrative procedures that are either cumbersome or unnecessary and therefore increase the cost of doing business.
- V. **Licences Recommended for Amalgamation:** This recommendation was made in cases where it was necessary merge licences to avoid overlap and duplication of processes.

### 4.2 *General Recommendations*

- a) Licencing should be used to serve legitimate regulatory and not revenue generating purposes such as: protection of the environment, public safety, public security, consumer protection, competition and fair trade.
- b) Government should establish an e-registry, where all information on regulatory requirements and licences is published. The e-registry will provide public information on licencing requirements and legally required licences in all sectors of the economy thus increasing transparency and the likelihood of compliance by the private sector.
- c) In view of the current infrastructure challenges and limited ICT coverage, Government should, as much as possible, leverage LG structures to decentralize licencing functions and ensure that regional centres are fully functional. As a co-effective measure, the centres should be integrated to handle various regulatory functions.

- d) There is a need to ease the processes associated with business formalization by integrating business incorporation with other business registration processes such as tax and social security registration. Eventually, the Government could establish a One Stop Shop to further integrate business registration and licencing since the documents required by the various regulatory agencies are similar and primarily filed with the Uganda Registration Services Bureau. This will reduce the time and costs associated with starting and running a business.
- e) Government should adopt a Regulatory Impact Analysis (RIA) mechanism as a tool to promote efficient regulatory policy through an assessment of the potential economic impacts, including likely benefits, costs and effects of new or existing regulation. Given the business licencing reform, the implementation of RIA would be a logical next step to improve the quality of the flow of legislation. The introduction of mandatory RIA in the legislative process would prevent the re-introduction of unnecessary and complicated regulations, including licences.
- f) Government should use e-governance to facilitate convenient, efficient and transparent information exchange between government agencies (Government to Government) and between regulatory agencies and business (Government to Business). This will reduce administrative procedures and improve efficiency which will ultimately reduce the cost of doing business for the entrepreneur.
- g) There are issues that require broader policy considerations that are beyond the scope of licencing reforms including local government financing/revenues, enforcement gaps, regulatory overlap, cost and inefficiencies associated with centralized services and lack of coordination between various government agencies on policy issues. These problems are particularly manifested in the agriculture, local government, fisheries, trade, health, environment, hotel and tourism sectors.

### 4.3 Recommended Actions on Licences

The inventory exercise identified 766 licences. Of these it is recommended that:

- a) **Licences Recommended for Retention:** 418 licences should be retained in their original form;
- b) **Licences Recommended for Elimination:** 45 licences serve no legitimate regulatory purpose and should be eliminated. **This would lead to a cost saving of UGX 66.8 billion representing 9.2% of the overall cost.**
- c) **Licences Recommended for Reclassification:** 5 licences should be reclassified as levies or notifications;
- d) **Licences Recommended for Streamlining:** 290 licences should be streamlined to eliminate lengthy unnecessary administrative procedures;
- e) **Licences Recommended for Amalgamation:** 8 into 4 licences should be amalgamated into 20 licences to avoid overlap and duplication of processes.

Table 4.0 below presents a summary of the key recommendations for business licences

Table 4.0: Recommendations on Business Licences

SECTOR	RECOMMENDATIONS ON LICENCES				
	Eliminate	Retain	Streamline	Reclassify	Amalgamate
Agriculture (87)	5	67	13	-	2 into 1
Tourism & Wild Life (15)	-	9	6	-	-
Trade, Commerce & Cooperatives (87)	30	47	7	3	-
Transport & Logistics (87)	1	78	9	-	-
Housing (6)	-	4	2	-	-
Energy, Mining, Oil & Gas (44)	-	29	15	-	-
Financial Services (34)	-	2	32	-	-
Manufacturing (9)	1	8	-	-	-
Health Sector (82)	-	21	60	1	-
ICT & Media (12)	-	11	1	-	-
Education (15)	-	11	4	-	-
Water, Sanitation, Forestry & Environment (22)	1	6	13	-	2 into 1
Employment, Labour & Industrial Relations(15)	-	12	3	-	-
Professional Services (22)	-	21	1	-	-
Local Government (226)	7	92	122	1	-
<b>Total 766</b>	<b>45</b>	<b>418</b>	<b>290</b>	<b>5</b>	<b>8 into 4</b>

#### 4.4 Recommended Action on Licencing Laws

The inventory process identified 87 laws under which the above licences are issued and enforced. It is recommended that:

- a) 64 Laws be reviewed and amended;
- b) 4 Laws be repealed and replaced;
- c) 18 Laws be retained; and
- d) 1 law be implemented

Table 4.1: Tabulation of Recommendations on Business Licencing Laws

SECTOR	RECOMMENDATIONS ON LAWS			
	Review & Amend	Repeal & Replace	Retain	Implement
Agriculture (10)	4	-	6	
Tourism & Wild Life (2)	2			
Trade, Commerce & Cooperatives (15)	9	1	6	
Transport & Logistics (5)	4			1
Housing (3)	3			
Energy, Mining, Oil & Gas (6)	5	-	1	-
Manufacturing (4)	2	1	1	-
Financial Services (8)	8			
Health & Nutrition (3)	3	-	-	-
ICT & Media (4)	-	2	2	-
Education (2)	1	-	1	-
Water, Sanitation & Environment (2)	2	-	-	-
Employment, Labour & Industrial Relations(3)	2	-	1	-
Professional Services (12)	12		-	
Local Government (8)	8	-	-	-
<b>Total :</b>	<b>87</b>	<b>64</b>	<b>4</b>	<b>18</b>
				<b>1</b>

## 5.0 Recommendations on Sector Licences

### 5.1 Agriculture Sector

#### 5.1.1 Introduction

The analysis in this sector covers 87 licences issued by the following regulatory authorities:

- Cotton Development Organization
- Dairy Development Authority
- Chief Fisheries Officer
- Commissioner Livestock Health and Entomology
- Uganda Coffee Development Authority
- The Agricultural Chemicals Board
- Commissioner for Agriculture
- The Minister for Agriculture
- Local Governments
- Hides and Skins

#### 5.1.2 Recommended Action on Licences issued by the Cotton Development Organization

**Legislation Analysed:**

- a) The Cotton Development Act Cap 30

There are 5 licences issued by the Cotton Development Organization, all of which were found to serve a regulatory purpose. It is recommended that 2 licences out of the 5 be retained in its current form and the rest be amalgamated in order to eradicate overlap.

##### 5.1.2.1 Licences Proposed to be Retained

- a) Registration for operating a ginnery
- b) Registration for exporting lint

##### 5.1.2.2 Licences Recommended for Amalgamation

The registration for dealing in cotton seed, the registration for dealing on seed cotton and the registration of dealing in lint cotton should all be amalgamated into one licence under one process in view of the fact that there is essentially no technical distinction between the three.

#### 5.1.3 Recommended Action on Licences issued by the Dairy Development Authority

**Legislation Analysed:**

- a) The Dairy Industry Act Cap. 85
- b) The Dairy (Marketing and Processing of Milk and Milk Products) Regulations, 2003

There are 6 licences issued by the Dairy Development Authority, all of which were found to serve a regulatory purpose. It is recommended that 2 licences out of the 6 be retained in its current form, 2 be reclassified and 2 be amalgamated in order to eradicate regulatory overlap.

##### 5.1.3.1 Licences Proposed to be Retained

- a) Registration for dealing in milk production, processing and marketing
- b) Registration for dealing in the production and marketing of dairy products

##### 5.1.3.2 Licences Proposed for Reclassification

- a) Licence for cooler operators, to offer regulatory clarity as to the activity being monitored that is the dealing in raw milk of a smaller capacity.
- b) Licence for freezer operators, to offer regulatory clarity as to the activity being monitored that is the dealing in raw milk of a larger capacity.

#### ***5.1.3.3 Licences Proposed to be Amalgamated***

The registration for processing, marketing, storage, transportation, import, export of milk and milk products or equipment and starter cultures and the Permit for milk transporters into one licence, since both licences related to milk transportation.

#### **5.1.4 Recommended Action on Licences issued by the Chief Fisheries Officer**

##### **Legislation Analysed:**

- a) The Fish Act, Cap 197
- b) The Fishing (Amendment) Rules 2002
- c) The Fish (Aquaculture) Rules 2003
- d) The Fish (Beach Management) Rules 2003
- e) The Fish (Quality Assurance) Rules 2008
- f) The Fish (Fishing) Rules 2010

There are 25 licences issued by the Chief Fisheries Officer all of which were found to serve a regulatory purpose. It is recommended that 8 licences out of the 25 be retained in its current form, 6 be streamlined and 10 be amalgamated in order to eradicate regulatory overlap and 1 be eliminated for duplication.

##### ***5.1.4.1 Licences Proposed to be Retained***

- a) Non citizen special licence
- b) Fish processing licence
- c) Licence for marketing, purchase and sale of fish
- d) Fish sanitary certificate
- e) Authorization for importation of fish and fish products
- f) Approval of establishments
- g) Approval of independent ice suppliers to the fish industry
- h) Fish movement permit.

##### ***5.1.4.2 Licences Recommended for Streamlining***

The following be streamlined in order to make the penalties for non compliance more punitive and thereby improve enforcement:

- a) Approval of aquaculture establishment
- b) Fish breeding permit
- c) Fish transfer permit
- d) Risk Assessment/ Approval of products and technology

##### ***5.1.4.3 Licences Proposed for Amalgamation***

- a) The Fish Vessel licence and the Licence for Vessels used in fisheries since both of them address the regulation of vessels;
- b) The Angling Licence and the Permit for recreational Fishing, since both of them regulate recreational activities in the fisheries sector;
- c) Fish seed production certificate and the Certificate for Aquaculture inputs (fish seed, fertilizers, hormones and antibiotics) in view of the overlap created by the broad coverage of the certificate;
- d) Certificate for importation of live fish into Uganda and the Permit for Exportation and Importation of live fish into Uganda, in view of the overlap in the case of live fish importation;



- e) Licence for the manufacture, sale and importation of fishing appliances and the Authorization of nets, since nets constitute fishing appliances.

#### **5.1.4.4 Licences Recommended for Elimination**

- a) The Approval of Authorized Landing Site, since the Registration of Beach Management Unit serves the purpose of regulating fish landing sites.

#### **5.1.5 Recommended Action on Licences issued by the Commissioner of Livestock and Entomology** **Legislation Analysed:**

- a) The Animal Breeding Act, 2001
- b) Animal Diseases Act

There are 5 licences issued by the Commissioner of Livestock and Entomology both of which serve a regulatory purpose and should be retained in their current form. However, as far as the laws are concerned, the Animal Breeding Act 2001 should be amended to delete all reference to fisheries in order to eradicate the overlap and confusion in the licencing frameworks of the animal breeding and the fisheries sub sectors.

##### **5.1.5.1 Licences Proposed to be Retained**

- a) Licence to import or export animal breeds
- b) Registration of animal genetic resources and related activities
- c) International Veterinary Health Certificate for Animal Products
- d) International Veterinary Health Certificate for Live Animals
- e) International Movement Permit for Dogs and Cats

#### **5.1.6 Recommended Action on Licences issued by the Uganda Coffee Development Authority**

##### **Legislation Analysed:**

- a) The Uganda Coffee Development Act Cap 235

There are 4 licences issued by the Uganda Coffee Development Authority, all of which serve a regulatory purpose. However, these licences were saved by this Act following the repeal of the Coffee Marketing Act. There is therefore no subsidiary legislation addressing the licence application process. A streamlining of the licences is therefore required.

##### **5.1.6.1 Licences Proposed for Streamlining**

- a) Export licence
- b) International Coffee Organization Certificate
- c) Processor Licences (Hullers 1,2,3,4)
- d) Quality Certificate

#### **5.1.7 Recommended Action on Licences issued by the Commissioner for Agriculture**

##### **Legislation Analysed:**

- a) The Agricultural Seeds and Plant Act Cap 28

There are 4 licences issued by the Commissioner for Agriculture all of which serve a regulatory purpose and should be retained in their current state.

##### **5.1.8.1 Licences Proposed to be Retained**

- a) Seed Producer Licence
- b) Seed Conditioner Licence
- c) Seed Importer and Exporter Licence

#### **5.1.9 Recommended Action on Licences issued by the Agricultural Chemicals Board**

##### **Legislation Analysed:**

- a) The Control of Agricultural Chemicals Act Cap 29
- b) The Control of Agricultural Chemicals (Registration and Control) Regulations SI 39 - 1

There are 3 licences issued by the Agricultural Chemicals Board all of which serve a regulatory purpose and should be retained in their current state.

#### **5.1.9.1 Licences Proposed to be Retained**

- a) Registration of Agricultural Chemical
- b) Registration of fumigator of agricultural chemical or commercial applicator
- c) Registration of premises

#### **5.1.10 Recommended Action on Licences issued by the Commissioner for Agriculture**

##### **Legislation Analysed:**

- a) The Sugar (Control) Act
- b) The Sugar (Control) (Prescribed Forms) Rules SI 34-1

There is 1 licence under this Act, which serves a regulatory purpose and which should be retained in its current state.

#### **5.1.10.1 Licences Proposed to be Retained**

- a) Sugar export licence

#### **5.1.11 Recommended Action on Licences issued by the Commissioner for Agriculture / Minister for Agriculture**

##### **Legislation Analysed:**

- a) The Tobacco (Control and Marketing) Act Cap 35
- b) The Tobacco (Control and Marketing) Regulations SI 35-1

There are 6 licences issued between the Commission and the Minister of Agriculture, all of which were found to serve a regulatory purpose. It is recommended that 3 licences be streamlined to offer clarity as to the licencing process and to give the licencing authority to the Commissioner, as the technical organ. 3 of the licences should be amalgamated in view of overlap.

#### **5.1.11.1 Licences Recommended for Streamlining**

- a) Declaration of tobacco growing area,
- b) Registration of tobacco grower
- c) Consent to export tobacco

#### **5.1.11.2 Licences Recommended for Amalgamation**

- a) Authorization for distribution of tobacco seed with the Registration of tobacco activity (buying tobacco, processing tobacco, operating a factory in which tobacco is processed, controlling a store used for storing tobacco, sponsoring the growing of tobacco) since the distribution of tobacco is essentially a tobacco activity;
- b) Tobacco buying licence with the Registration of tobacco activity (buying tobacco, processing tobacco, operating a factory in which tobacco is processed, controlling a store used for storing tobacco, sponsoring the growing of tobacco) since the buying of tobacco is essentially an activity.

#### **5.1.12 Recommended Action on Licences issued by Local Governments**

##### **Legislation Analysed:**

- a) The Public Health Act
- b) The Public Health (Meat) Rules, S.I 281 – 18
- c) The Public Health (Sale of Milk and Milk Products) Rules, S.I 281 - 19

There are 5 licences issued between the Commission and the Minister of Agriculture, all of which were found to serve a regulatory purpose.

#### **5.1.12.1 Licences Recommended to be Retained**

- a) Permission to Slaughter animals
- b) Permission in writing to bring animals slaughtered to town for sale
- c) Licence for premises to be used as butcheries Declaration of tobacco growing area,

#### **5.1.12.2 Licences Recommended for Elimination**

- a) Licence for premises to be used as a dairy
- b) Permit for milk sellers and persons delivering milk

### **5.1.13 Recommended Action on Licences issued by the Veterinary Officer**

#### **Legislation Analysed:**

- a) The Cattle Traders Act Cap 43
- b) The Cattle Traders Rules SI 43-2

There are 2 licences issued the Veterinary Officer both of which were found to serve a regulatory purpose. It is recommended that the 2 licences be retained in their current state.

### **5.1.14 Recommended Action on Licences on Hides and Skins**

#### **Legislation Analysed:**

- a) The Hide and Skin Trade Act, Cap. 89
- b) The Hides and Skins (Export Duty) Act, Cap. 339

There are 6 licences under the Hides and Skin trade in Uganda. The Committee recommends that 3 of these licences should be retained as they serve a regulatory purpose but that the process for obtaining the licences be streamlined. The last 3 licences discussed below are recommended for elimination.

#### **5.1.14.1 Licences Recommended for streamlining**

- a) Buyer's Licence: The procedure for obtaining the licence should be streamlined by localising the issuance of the licence such that the licence is issued by the District Veterinary officer who inspects the hide and skin in the first instance and not the commissioner livestock and entomology in Entebbe.
- b) Veterinary health Certificate: This certification has international recognition under the World Organisation for Animal Health (OIE) standards. Therefore country procedures for obtaining this certificate should be provided for in the law.
- c) Movement Permit: Inspection of hide and skin being transported needs to be effected to meet the regulatory purpose of the licence. Further, regulations regarding the issuance of the permit need to be enacted.

#### **5.1.14.2 Licences Recommended for Elimination.**

- a) Permit to export in any manner or place: Export centers ceased to exist with the liberalization of the economy; businesses may export from any region which renders this licence redundant therefore this licence should be eliminated.
- b) Export-buyer's licence: The licence is duplicative of the veterinary certificate for phyto-sanitary management of hide and skin and the role of the licence in generating statistics of the trade is better managed by the Uganda Revenue Authority; therefore no regulatory purpose is served by this licence.

- c) Returns to regional commissioner of customs and excise: The returns are not necessary as the information required should be collected by the commissioner with every export.

**Table 5.0: Tabulation of Recommendations on Business Licencing Laws**

RELEVANT ACT, LAW	Number of Licences	RECOMMENDED ACTIONS				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Cotton Development Act Cap. 30	3	-	2	3	-	-
The Dairy Industry Act Cap 80	2	-	2	-	-	-
The Dairy Industry (Marketing and Processing of Milk and Milk Products) Regulations, 2003	4	1	-	-	2	2
The Fish Act Cap 197	5	-	3	-	-	2
The Fish (Aquaculture) Rules 2003	8	-	4	-	-	4
The Fish (Beach Management) Rules 2003	2	-	2	-	-	-
The Fish (Quality Assurance) Rules 2008	6	1	4	-	-	1
The Fish (Fishing) Rules 2010	4	-	1	-	-	3
The Animal Breeding Act 2001	2	-	2	-	-	-
The National Forestry and Tree Planting Act 2003	3	-	3	-	-	-
The Uganda Coffee Development Act Cap 235	4	-	-	4	-	-
The Control of Agricultural Chemicals Act Cap 29 and the Control of Agricultural Chemicals (Registration and Control) Regulations SI 29-1	3	-	3	-	-	-
The Sugar (Control) Act Cap 34 and the Sugar (Control)(Prescribed Forms) Rules SI 34 – 1	1	-	1	-	-	-
The Tobacco (Control and Marketing) Act Cap 35	4	-	2	2	-	2
The Tobacco (Control and Marketing) Regulations SI 35-1	2	-	-	2	-	-
The Cattle Traders Act Cap 43 The Cattle Traders Rules SI 43 - 2	2	-	2	-	-	-
The Public Health Act The Public Health (Meat) Rules, S.I 281 – 18 The Public Health (Sale of Milk and Milk Products) Rules, S.I 281 - 19	5	2	3			
The Hide and Skin Trade Act, Cap. 89 The Hides and Skins (Export Duty) Act, Cap. 339	6	2	1	3		
The Animal Diseases Act The Animal Diseases (Importation of Dogs) Rules The Animal Diseases Rules The Rabies Act	3		3			
<b>Sub Total</b>	<b>67</b>	<b>5</b>	<b>47</b>	<b>13</b>	<b>-</b>	<b>2 into 1</b>
Other Regulations and Local Government Bye-Laws	20	-	20	-	-	-
<b>Total</b>	<b>87</b>	<b>5</b>	<b>67</b>	<b>13</b>	<b>-</b>	<b>2 into 1</b>

Table 5.1: Recommendations on Agriculture Sector Laws

Recommended Action	Relevant Act
Review and amend	The Cotton Development Act Cap. 30
	The Dairy (Marketing and Processing of Milk and Milk Products) Regulations 2003
	The Fish Act Cap. 197
	The Fish (Aquaculture) Rules 2003
	The Fish (Quality Assurance) Rules 2008
	The Fish (Fishing) Rules 2010
	The Uganda Coffee Development Act Cap 235
	The Tobacco (Control and Marketing) Act Cap 35
	The Tobacco (Control and Marketing) Regulations SI 35 -1
Repeal	-
Retain	The Dairy Industry Act Cap 80
	The Fish (Beach Management) Rules 2003
	The Animal Breeding Act 2001
	The National Forestry and Tree Planting Act 2003
	The Control of Agricultural Chemicals Act Cap 29
	The Control of Agricultural Chemicals (Registration and Control) Regulations SI 29-1
	The Sugar (Control) Act Cap 34
	The Sugar (Control)(Prescribed Forms) Rules SI 34 - 1
	The Cattle Traders Act Cap 43

## 5.2 Tourism, Wildlife and Hotels sector

### 5.2.1 Introduction

The analysis in this sector covers 15 licences pertaining to the following sub sectors:

- Tourism and Hotels- five licences
- Wildlife – 10 licences

### 5.2.2 Recommended Action on the Tourism and Hotel Licences

Legislation Analysed:

- a) The Uganda Tourism Act, 2008

This Act streamlines the law relating to tourism in Uganda and establishes 3 licences. However, although the Act repeals three laws that formerly regulated the Tourism and Hotels sector, it saved the 3 licences that were issued by these laws. The Committee therefore reviewed a total of 6 licences and found that 2 licences serve a regulatory purpose but needed streamlining but recommends that the other 4 licences be eliminated to boost the competitiveness of Uganda's Tourism industry.

#### 5.2.2.1 Licences Recommended for Streamlining

- i. Travel Agents, Tour Operators and Tour guides Licence: The committee finds that this licence serves a regulatory purpose and should therefore be retained. However, the procedures for obtaining the licence should be streamlined for better implementation as follows;
  - A single licence be retained with three grades representing the activities that a licence holder is authorised to perform at each grade.
  - Standards should be set to improve actual administration. For instance to show certification for activities to prove qualification for a higher licence.
  - The Committee also recommends the utilisation of none regulatory measures to improve service the quality of service delivery such as; consumer feedback and self-regulation.

- ii. Tourism Development levy: This levy is important to facilitate the growth of the tourism sector in Uganda. The Committee recommends that regulations should be enacted to implement the levy as the single revenue collection mechanism under the tourism and hotels subsector.

### 5.2.3 Recommended Action on the Wildlife Licences

#### Legislation Analysed:

- a) Uganda Wildlife Act, Cap. 200

The Committee reviewed 10 licences under this Act and found that the environmental impact assessment together with the wildlife use rights serve a regulatory purpose as they aim at environmental conservation, management and preservation of wildlife in Uganda and therefore should be retained. From the 10 licences, 2 licences are recommended for streamlining.

#### 5.2.3.1 Licences proposed to be retained

- a) The Environmental Impact Assessment  
 b) Class A wildlife use right-hunting, taking or killing any wild plant or animal or any domestic animal  
 c) Class B wildlife use right- authorization to farm and prepare land for cultivation  
 d) Class C wildlife use right-authority for ranching  
 e) Class D wildlife use right-trading in wildlife and wildlife products.  
 f) Class E wildlife use right-use of wildlife for educational or scientific purposes including medical experiments and developments  
 g) Class F wildlife use right-permits general extraction on wildlife conservation areas  
 h) Import, export or re-export permits

#### 5.2.3.2 Licences Recommended for Streamlining

- a) The activities regulated by the Professional hunters licence as opposed to the Professional trappers licence are not clearly stated in the law and the business community was for this reason not aware which licence they had to obtain. The Committee therefore recommends that the licences should be streamlined to clarify the specific activities that the professional hunters as opposed to the trappers perform for instance; the law should clearly state that the activities of a trapper include breeding wildlife.

Table 5.2: Recommendations on Tourism, Wildlife and Hotels Laws

Recommended Action	Relevant Act
Review and amend	The Uganda Tourism Act, 2008
Review and amend	Uganda Wildlife Act, Cap. 200

Table 5.3: Recommendations on Tourism, Wildlife and Hotels Licences

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Uganda Tourism Act, 2008	5	-	1	4	-	-
Uganda Wildlife Act, Cap. 200	10	-	8	2	-	-
<b>Sub Total</b>	<b>15</b>	<b>-</b>	<b>9</b>	<b>4</b>	<b>-</b>	<b>-</b>
Other Regulations and Local Government Bye-Laws						
<b>Total</b>	<b>15</b>		<b>9</b>	<b>4</b>	<b>-</b>	<b>-</b>

## **5.3 Trade, Commerce and Cooperatives Sector**

### **5.3.1 Introduction**

The analysis in this sector covers 87 licences pertaining to the following activities:

- Incorporation/Registration of Business
- Investment
- Commodities Exchange
- Export and Import
- Sale of Liquor
- Product Standardization
- Intellectual Property
- Hire Purchase
- Cooperative Societies

*Note*-Licences issued under the Trade Licencing Act, the Markets Act and the Shop Hours Act are analysed in the chapter on local government.

### **5.3.2 Recommended Action on Licences under the Companies Act**

**Legislation Analysed:**

- a) The Companies Act, Cap110
- b) The Stamps Act, Cap 342

The Committee reviewed 13 licences under the Companies Act and 1 licence under the Stamps Act. Of the 14 licences, the Committee recommends that 8 licences be retained as they serve a regulatory purpose, 4 licences should be made more efficient by streamlining them and 2 licences be eliminated.

#### **5.3.2.1 Licences Proposed to be Retained**

- a) Register of directors and secretaries
- b) Return of allotments
- c) Notification of registered office of a company
- d) Annual Return
- e) Registration of a company incorporated outside Uganda
- f) Registration of a prospectus
- g) Registration of resolutions
- h) Registration of Charges

The retained registration procedures are necessary as they provide information about the Company that is necessary to keep the public and prospective business partners at notice about vital company information.

#### **5.3.2.2 Licences Recommended for Streamlining**

- a) Reservation of name: The Committee recommends that an electronic registry of incorporated and registered businesses should be maintained and should be accessible by the public to conduct online searches.
- b) Registration of the Memorandum and Articles of Association; The Committee recommends the introduction of standard Memorandum and Articles of Association that are accessible to the public and introduce procedures for online submission.



- c) Certificate of Incorporation; The Committee recommends the introduction of an electronic certificate; or a Company registration number to replace the current Certificate of incorporation and facilitate online searches of the company using the registration number.
- d) Statement of nominal Capital; The Committee recommends that the current fee structure should be revised such that the fee should not be linked to the amount of nominal capital to encourage transparency among businesses in declaring their nominal capital.

#### **5.3.2.3 Licences Recommended for Elimination**

- a) Declaration of Compliance: This declaration serves no regulatory purpose. The registrar should be in position to certify that there has been such compliance by an applicant to the requirements of incorporating their business. The declaration of compliance should therefore be eliminated.
- b) Statement in lieu of prospectus: The regulatory purpose of this licence is fulfilled during registration of prospectus when the company intends to issue shares to the public therefore this licence should be eliminated.

#### **5.3.2.4 General Recommendations**

- a) The Act be reviewed and amended to bring it in line with modern company law and practice. For instance, Section 3 of the Act restricts formation of a company to at least two people. We note that the Companies Bill provides for incorporation of a one member company.
- b) Incorporation of Companies should be integrated with other business registration processes such as tax and social security registration.
- c) An e-registry system be maintained and shared with other public departments to lessen the burden on businesses for constant requests to obtain certified copies of documents already submitted to the Uganda registration services bureau.
- d) In lieu of a complete e-registry system, the registration of companies be decentralised. The Uganda registration services bureau should have offices at a regional level to enable quicker access to the bureau's services. This decentralisation may be achieved through already existing systems like the Ministry of Justice regional offices.

### **5.3.3 Recommended Action on Licences under the Investment Code Act**

#### **Legislation analysed:**

- a) The Uganda Investment Code Act, Cap. 92

This Act establishes a code to make legal provision for favourable conditions of local and foreign investments in Uganda. The Committee reviewed 7 licences, recommended the streamlining of 1 licence, the reclassification of 3 licences and the elimination of another 3 licences.

#### **5.3.3.1 Licences Recommended for Streamlining**

- a) The Investment Licence: The Committee recommends that the investment licence is maintained only as an optional certificate of registration and that the procedures should be streamlined to reduce submission of information that is already available to another regulatory authority.

#### **5.3.3.2 Licences Recommended for Reclassification**

The Committee found that 3 licences provided for in the Uganda Investment Code Act would be better regulated and managed by other regulatory authorities and therefore recommends the reclassification of these licences.

- a) Entry permit; Section 10 (7) and (8) provide the procedure for a foreign investor engaging solely in trade activities to obtain the entry permit. The Committee recommends that the entry permit should be reclassified and provided for under the immigration laws.
- b) Trade licence; Section 10 (9) of the Act provides a procedure for a foreign investor engaging solely in trade activities to obtain a Trade licence. However the Committee recommends that the Trade licence should be reclassified under the Trade (licencing) Act.
- c) Registration of agreement for the transfer of foreign technology or expertise; Section 29 and 30 provide that an agreement for transfer of foreign technology is not valid until it is registered with the Uganda Investment Authority. The Committee recommends that the licence should be reclassified for enforcement under the National Council for Science and Technology.

#### **5.3.3.3 Licences Recommended for Elimination**

- a) Certificate of Remittance
- b) Certificate of Incentives
- c) Certificate of approval to externalize funds

The certificate of remittance and the certificate of incentives are currently redundant. More so, these licences are out-dated given the liberalization of Uganda's economy and should therefore be eliminated.

The certificate of incentives serves no regulatory purpose as the concessional rates on import duty should be available to all registered businesses and not only certificate holders.

#### **5.3.4 Recommended Action on Licences Issued under the Warehouse Systems Receipts Act**

Legislation analysed:

- a) The Ware House System Receipts Act, 2006

The Act provides for the licencing of warehouses and warehouse keepers, to provide for a national system of warehouse bonding for the protection of depositors, to provide for the issue of warehouse receipts and to provide for other related matters. To meet these objectives, the Act establishes 2 licences:

- a) The Ware House Keeper Licence, and
- b) The Commodity Grader/Commodity Weigher/Commodity Sampler Licence.

The Committee found that both licences serve the regulatory purpose of the Act and consequently recommends that both licences be retained.

#### **5.3.5 Recommended Action on Export and Import Licences**

Legislation Analysed:

- a) Uganda Export Promotions Board Act, Cap. 102
- b) The External Trade Act, Cap. 88
- c) Customs Management Act, Cap 77
- d) The Customs Management (Amendment) Act, 2003
- e) The Customs Management (Export of Textiles and Apparel Articles to the United States) Regulations, 2001
- f) Uganda Export Promotions Board Act, Cap. 102

This Act provides for the establishment of the Uganda Export Promotion Board. There are 3 licences established under the Act and the Committee recommends that two of these licences should be eliminated and only one licence be retained.

#### **5.3.5.1 Licences Proposed to be Retained**

- a) Preferential Certificate of Origin: The preferential certificate of origin issued by the Export Promotions Board is necessary to meet international trade requirements under various multi-lateral agreements and should therefore be retained.

#### **5.3.5.2 Licences Recommended for Elimination**

- a) Membership Registration Certificate
- b) Levy on designated exports
- c) Both licences are based on revenue collection for the board under the Uganda Export Promotions Board Act, but serve no regulatory purpose and should therefore be eliminated.

#### **5.3.6 The External Trade Act, Cap. 88**

The Act makes provision for the regulation of external trade and other matters incidental thereto. The licences under the Act are listed below:

- a) The External trade (importation) Licence
- b) The External trade (exportation) Licence
- c) Grant of exclusive licence

The Committee finds that these licences serve a regulatory purpose of protecting the economic interests of the country by regulating trade in restricted goods and should therefore be retained.

#### **5.3.7 Customs Management Act, Cap 77**

This is an Act of the Community relating to the management and administration of customs, transfer tax and to other matters relating thereto and connected therewith.

There are 4 licences established under this Act and the Committee recommends that the licences be retained as they certify which establishments qualify to the standards of bonded ware houses and allow inspection of goods on a vessel to protect the interests of the users and the public. Below is the list of retained licences under the Act.

- a) Boarding Station Permit
- b) Warehouse Licence
- c) Certificate of Clearance
- d) Grant of Transire

#### **5.3.8 The Customs Management (Amendment) Act, 2003**

- a) Authorisation to export goods for outward processing

The Act describes outward processing to mean the procedure under which goods for home consumption may be temporarily exported for manufacturing, processing or repair abroad and includes packaging, or repackaging of goods. The Committee finds that the licence is necessary to avoid double taxation of goods manufactured or produced in Uganda and are taken out of the country for their enhancement and returned into the country to be sold again as Ugandan products and recommends that the licence be retained.

#### **5.3.9 The Customs Management (Export of Textiles and Apparel Articles to the United States) Regulations, 2001.**

The regulations require the licences below are obtained to export Apparel to the United States:

- a) Visa

- b) Certificate of Origin under the Customs Management (Export of Textiles and Apparel Articles to the United States) Regulations, 2001. The Committee found that these licences are necessary for textile exports to the United States of America under the African Growth Opportunity Act and should therefore be retained.

### **5.3.10 Recommended Action on Licences Issued under the Liquor Act**

#### **Legislation Analysed:**

- a) The liquor Act, Cap 93

The Committee recommends that all the 22 licences under this subsector should be eliminated as the provisions on the liquor licences are out dated. If these licences were enforced, they would curtail business activity without necessarily serving any regulatory purpose.

In addition, the Act introduces a multiplicity of licences strict adherence to which would mean that many of the businesses involved in any way in the sale of liquor would need more than one licence at any one time.

The Regulatory aspects relating to liquor can be dealt with under other regulations such as regulation of product quality, traffic and road safety regulation and child protection provisions.

The licencing of the sale of liquor should therefore be transferred to another law such as the Trade licencing legal regime with clear regulatory requirements of what prerequisites an applicant for the single liquor licence should comply with.

### **5.3.11 Recommended Action on Licences Issued under the Uganda National Bureau of Standards Act**

#### **Legislation Analysed:**

- a) Uganda National Bureau of Standards Act, Cap 327

The Act provides for the establishment of a National bureau of standards, the standardisation of commodities and for matters incidental ancillary thereto. The Act establishes 4 licences under this Act.

#### ***5.3.11.1 Licences Proposed to be Retained***

- a) ISO Management System Certificate
- b) Quality Mark

These licences should be retained as they serve a regulatory purpose to ensure consumer protection and promote business.

#### ***5.3.11.2 Licences Recommended for Amalgamation***

- a) Standard Mark certificate
- b) Permit For Distinctive Mark to Complying Commodities. The Standard Mark Certificate and the Permit for Distinctive Mark to Complying Commodities serve the same objective in classifying products that meet the specified standard as proof of quality and for consumer awareness. These licences should therefore be merged such that businesses only need obtain one licence and not both.

### **5.3.12 Recommended Action on the Intellectual Property Licences**

#### **Legislation Analysed:**

- a) The Trademarks Act Cap. 217
- b) The Patents Act Cap 216
- c) The Patents (Amendment) Act, 2002
- d) The Copyright and Neighbouring Rights Act, 2006

The Committee recommends that all 19 licences under the intellectual property subsector are retained as they do serve a regulatory purpose and yet are not compulsory; therefore they do not hinder the development of business activities.

The 2 licences under the Trademarks Act are necessary as they allow identification of goods as belonging to the business that owns the trademark. The business is empowered following registration to stop another from using the trademark.

Patent licences protect the ownership of an invention by a business and give an opportunity to businesses and the public to learn from an inventor how to execute their invention; with the effect that more businesses will be more knowledgeable on a new process that could increase their competitiveness. Therefore the 5 licences under the Patent laws should be retained.

There are 12 Copyright licences which serve a regulatory purpose as they seek to prevent infringement on the work of a business while providing a framework of licences through which other businesses may utilise the copyrighted material.

The procedures for obtaining all the licences in this subsector are reasonable and therefore should also be retained as they are.

### **5.3.13 Recommended Action Licences Issued under the Hire Purchase Act**

#### **Legislation Analysed:**

- a) The Hire Purchase act, No. 3, 2009

The *Hire Purchase Business Licence* serves a regulatory purpose as it regulates business that may undertake hire purchase to protect the public from losing their finances through dealing with unstable businesses.

However, the Act makes no provision for procedures or standard requirements that should be met and therefore the process of obtaining this licence currently lacks transparency. The Committee therefore recommends that the Act should therefore be amended to provide for these procedures or regulations enacted for this purpose.

### **5.3.14 Recommended Action on Licences issued under the Cooperative Societies Act**

#### **Legislation Analysed:**

- a) The Cooperative Societies Act Cap. 112

The Act consolidates the law relating to the constitution and regulation of cooperative societies. Out of 6 licences reviewed, the Committee recommends that 3 licences are retained and 3 others be eliminated.

#### ***5.3.14.1 Licences Proposed to be Retained***

- a) Primary Society Registration
- b) Registering Amendment of Byelaws
- c) Registration of Charges

The Committee found that the licences listed above are necessary to give the society legal recognition and allow regulation of the activities of cooperative societies and therefore should be retained.

#### ***5.3.14.2 Licences Recommended for Elimination***

- a) Probationary Society Registration
- b) Investment of funds approval
- c) Contributory Provident Fund Approval

The Committee found that the 3 licences above place a lot of authority on matters of the society and key decisions with the registrar.

A best practice of establishing 'Formation Committees' should be adopted to assist prospective cooperatives in analysing their viability for registration and improving their capacity to qualify for registration thereby rendering probationary society registration unnecessary.

The Formation Committees will continuously facilitate capacity building of societies such that societies are equipped with the knowledge needed to enable them make informed decisions on their investments instead of leaving that registration to the registrar. Therefore the Investment of funds approval and the Contributory Provident Fund Approval should be eliminated. Tables 5.4 and 5.5 below present a summary of the recommended actions for review of the laws and licences in the Trade and Cooperatives sector;

**Table 5.4: Recommendations on Trade & Cooperatives Sector Laws**

Recommended Action	Relevant Act, Law
Review and amend	The Companies Act, Cap 110
	The Stamps Act, Cap 342
	The Uganda Investment Code Act, Cap. 92
	Uganda Export Promotions Board Act, Cap. 102
	The External Trade Act, Cap. 88
	Customs Management Act, Cap 77
	The Customs Management (Export of Textiles and Apparel Articles to the United States) Regulations, 2001.
	Uganda National Bureau of Standards Act, Cap 327
	The Cooperative Societies Act Cap. 112
	The Hire Purchase Act, No. 3, 2009
Repeal	The liquor Act, Cap 93

**Table 5.5: Recommendations on Trade & Cooperatives Sector Licences**

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Companies Act, Cap110	13	2	9	3	-	-
The Stamps Act, Cap 342	1	-	-	1	-	-
The Uganda Investment Code Act, Cap. 92	7	3	-	1	3	-
The Warehouse Receipt System Act, 2006	2	-	2	-	-	-
Uganda Export Promotions Board Act, Cap. 102	3	2	1	-	-	-
The External Trade Act, Cap. 88	3	-	-	3	-	-
Customs Management Act, Cap 77	4	-	4	-	-	-
The Customs Management (Amendment) Act, 2003	1	-	1	-	-	-
The Customs Management (Export of Textiles and Apparel Articles to the United States) Regulations, 2001.	2	-	2	-	-	-
Uganda National Bureau of Standards Act, Cap 327	4	-	2	-	-	2 into 1
The liquor Act, Cap 93	22	22	-	-	-	-
The Patents Act Cap 216	5	-	5	-	-	-
The Copyright and Neighbouring Rights Act, 2006	12	-	12	-	-	-
The Trademarks Act Cap. 217	2	-	2	-	-	-
The hire Purchase Act, No. 3, 2009	1	-	-	1	-	-
The Cooperative Societies Act Cap. 112	6	3	3	-	-	-
<b>Total</b>	<b>87</b>	<b>30</b>	<b>47</b>	<b>7</b>	<b>3</b>	<b>-</b>

## **5.4 Transport and Logistics Sector**

### **5.4.1 Introduction**

The analysis in this sector covers 87 licences pertaining to the following subsectors;

- Road transportation
- Maritime
- Aviation
- Rail transportation

### **5.4.2 Recommended Action on the Road Transportation Sub-sector**

**Legislation Analysed:**

- a) The Traffic and Road Safety Act, Cap 361
- b) The Traffic and Road Safety (Motorcycles) Regulations, 2004 No. 30

The Act consolidates the law relating to road traffic, provides for the National Road Safety Council and the Transport Licencing Board. The Committee reviewed 21 licences issued under this Act and subsequent regulations.

#### **5.4.2.1 Licences Proposed to be Retained**

The Committee recommends that 8 licences should be retained in their current form as they serve a regulatory safety purpose, maintain public order and regulate the transportation of passengers and goods. The retained licences are listed below:

- a) Motor Vehicle Registration
- b) Private Omnibus Operator's Licence
- c) Country Taxicab Operator's Licence
- d) Special Licence
- e) A Tourist Agent Vehicle Operator's Licence
- f) Permission to suspend an Operator's Licence
- g) Temporary Public Omnibus Operator's Licence
- h) Owner's Transport Vehicle Permit

#### **5.4.2.2 Licences Recommended for Streamlining**

The Committee further found 8 licences that serve a regulatory purpose yet a number of these licences are currently redundant or have inefficient and time consuming procedures.

- a) Motor Vehicle Licence: The Committee recommends that this licence be retained as it checks the road worthiness of motor vehicles but regulations should be enacted and administrative systems be established to operationalise the currently redundant licence.
- b) Dealer's Plates and Dealer's Vehicle Licence: The Committee recommends that this licence be retained as it checks the road worthiness of motor vehicles but regulations should be enacted and administrative systems be established to operationalise the currently redundant licence.
- c) Driving Permit: The Committee recommends that the procedure for obtaining this licence be harmonised under one institution preferably under the Uganda Revenue Authority.
- d) Driving School Licence: This licence has not been implemented yet but serves a regulatory safety purpose. The committee recommends that regulations & administrative systems should be established to operationalise the licence.



- e) Instructor's Licence: The licence has not been implemented yet. Section 37(4) of the Act should be reviewed to add a list of qualifying requirements of an instructor.
- f) Learner Driving Permit: The Committee recommends that the procedure for obtaining this licence be harmonised under one institution preferably under the Uganda Revenue Authority.
- g) Public Omnibus Operator's Licence: The Committee recommends a reduction in the time frame by eliminating the requirement to publish every application in the gazette save for situations like applications for competitive bidding on specific routes.
- h) A Tourist Agent Vehicle Operator's Licence: The Tourist Agents (Licencing) Act under which this licence was issued was repealed but the licence saved by the current law. Regulations should be enacted under the Uganda Tourism Act, 2008 to provide the procedure.
- i) Riding Permit: The riding permit is provided for under the Traffic and Road Safety (Motorcycles) Regulations and the procedure for obtaining it is similar to that of obtaining the driving permit. The Committee recommends that a single payment centre should be established such that the applicants for instance for a riding permit do not have to travel to and make payments at both the Uganda Revenue authority office and Face technology which are situated at different locations; inevitably extending the process.
- j) Special Licence; The Regulations also state that no motor-cycle shall carry passengers for hire or reward unless it has a special licence issued by the Transport Licencing Board (TLB). The regulations however do not prescribe the application procedure for the special licence therefore there is lack of transparency which not only delays the procedure but discourages persons from applying for this licence and should therefore be streamlined.

#### ***5.4.2.3 Licences Recommended for Amalgamation***

The Committee recommends that 4 licences be amalgamated into 2 to reduce the multiplicity of licences that regulate similar activities.

- a) The Contract Omnibus Operator's Licence and the Temporary Contract Omnibus Operator's Licence be amalgamated as both licences facilitate the transportation of passengers and goods for a limited period stated in the licence and therefore should be amalgamated into a single Contract Omnibus Operator's licence.
- b) The Town Taxicab Operator's Licence and the Rental Vehicle Operator's Licence also be amalgamated as the town taxicabs and rental vehicles usually reverse roles in practice, therefore to improve competitiveness, it works better not to restrict their businesses and grant them one licence permitting both activities.

#### ***5.4.2.4 Licence Recommended for Reclassification***

The Act provides that any person who wishes to carry goods in a goods vehicle or omnibus for reward should obtain the 'Goods Operator's Licence'. However this licence has been redundant owing to a conflict with the transit Vehicles licence issued by the Uganda Revenue Authority to regulate the same activity. The Committee recommends that the licence should be reclassified and harmonised with the Transit Vehicles licence issued by the Uganda Revenue Authority.

#### ***5.4.2.5 Licences Recommended for Elimination***

The Basic Licence provides for the carriage of passengers (reward or non- fare) and goods for a day or more and is valid for a year. The Committee recommends that this licence should be eliminated as it duplicates other licences in the Act.

### 5.4.3 Recommended Action on Licences under the Maritime Sub-sector

#### Legislation Analysed:

- a) The Inland Water Transport (Control) Act, Cap 356
- b) The Lake Victoria Transport Act, 2007
- c) The Lake Victoria Transport Maritime Safety Regulations, 2010
- d) The Lake Victoria Maritime Safety fees, 2010

The Maritime transportation subsector is regulated under two legal regimes. The first is regulation by the Inland Water Transport (Control) Act, which has controlled the carriage of goods and passengers by water within Uganda since its commencement in 1939 and establishes 3 licences that serve a regulatory purpose.

The Committee recommends that 2 of these licences be retained in their present form as they are necessary to ensure order and safety of the operators and users of inland water transport. The retained licences are:

- a) The inland water transport licence
- b) Short time licence

The third licence issued under this Act is the *Exclusive Licence*. The Committee found that this licence is necessary as it enables an investor recoup the amount invested to provide the service. However, the Committee recommends that the issuance of the licence be streamlined to contain an exit clause and that the duration of licence should be strictly enforced.

The second legal regime is under the Lake Victoria Transport Act of 2007 which was enacted by the East African Community and assented to by the Heads of State. The Act has not yet been operationalised in Uganda. However the Committee has analysed the 14 licences provided by this Act and regulations and found that they serve a regulatory purpose as they set standards for businesses involved in the maritime sector, ensure maritime safety and security of the public.

Therefore the committee recommends that all the 14 licences under the Act should be retained but that administrative systems should be established to operationalize the licences in Uganda.

### 5.4.4 Recommended Action on Licences under the Aviation Sub-sector

#### Legislation Analysed:

- a) The Civil Aviation Authority Act. Cap 354
- b) The Civil Aviation (Aerodromes) Regulations, 2007
- c) The Civil Aviation (Aircraft Registration and Marking) Regulations, 2006
- d) The Civil Aviation (Airworthiness) Regulations, 2006
- e) The Civil Aviation (Personnel Licencing) Regulations, 2006
- f) The Civil Aviation (Aerodromes) Regulations, 2007
- g) The Civil Aviation (Security) Regulations, 2007
- h) The civil aviation (air operator certification and administration) regulations, 2006
- i) The Civil Aviation (Approved Training Organisations) Regulations, 2006
- j) The Civil Aviation (Aerial Work) Regulations, 2006
- k) The Civil Aviation (Parachute Operations) Regulations, 2006.
- l) The Civil Aviation (Approved Maintenance Organisation) Regulations, 2006
- m) The Airport Service Charges Act, Cap 353

#### 5.4.4.1 Licences Proposed to be Retained

The Civil Aviation Authority Act provides for the establishment of the Civil Aviation Authority as the regulatory authority for this subsector. The Committee found 35 licences, 34 of which are provided for under the Civil Aviation Authority Act and subsequent regulations.

The committee recommends that these 34 licences should be retained as they serve a safety regulatory purpose and ensure that quality standards are met in the aviation sector; in all improving the competitiveness of the economy.

#### 5.4.4.2 Licences Recommended for Streamlining

- a) The Airport Service Charge; The Airport Service Charges Act imposes a service charge upon passengers embarking upon aircraft at airports. Section 2 of the Act states that the charge shall cost UGX 500 while the amount charged in practice is much higher and has raised complaints. The Committee found that the service charge is justifiable as a fee for the airport services rendered to passengers. Therefore the charge should be retained but the provision of the law should be streamlined to set out the payable charge.

#### 5.4.5 Recommended Action on Licences in the Rail Sub-sector

##### Legislation Analysed:

- a) The Uganda Railways Corporation Act. Cap 331

The Act provides for the establishment of the Uganda Railways Corporation; to provide for its objects and functions.

#### 5.4.5.1 Licences Proposed to be Retained

- a) Port Rates; Section 74(1) of the Act states that there shall be levied upon every vessel entering an inland waterway port other than a vessel belonging to the corporation, such port rates and charges as the corporation may determine and publish in a tariff notice. The Committee found that the Port rates are payment for a service that the corporation offers and are therefore justified and should be retained.
- b) The Committee further noted that the rail transportation subsector in Uganda is currently underdeveloped and underutilized. It is therefore a recommendation of the Committee that a legal framework should be developed to facilitate the participation of private businesses in the rail transportation sub sector.

Table 5.6: Recommendations on Transport and Logistics Laws

Recommended Action	Relevant Legislation
Review and amend	The Traffic and Road Safety Act, Cap 361
	The Traffic and Road Safety (Motorcycles) Regulations 2004 No. 30
	Traffic and Road Safety (Driving Permits) Regulations, 2005. No. 4.
	The Inland Water Transport (Control) Act. Cap 356
	The Civil Aviation (Aerodromes) Regulations, 2007
	The Civil Aviation (Aircraft Registration and Marking) Regulations, 2006 No. 50
	The Civil Aviation (Airworthiness) Regulations, 2006
	The Civil Aviation (Personnel Licencing) Regulations, 2006
	The Airport Service Charges Act, Cap 353
	The Uganda Railways Corporation Act. Cap 331

Table 5.7: Recommendations on Transport and Logistics Licences

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Traffic and Road Safety Act, Cap 361	21	1	7	8	1	-
The Traffic and Road Safety (Motorcycles) Regulations, 2004 No. 30	2	-	-	2	-	-
The Inland Water Transport (Control) Act. Cap 356	3	-	2	1	-	-
The Lake Victoria Transport Act, 2007	14	-	14	-	-	-
The Civil Aviation (Aerodromes) Regulations, 2007	3	-	3	-	-	-
The Civil Aviation (Security) Regulations, 2007	3	-	3	-	-	-
The Civil Aviation (Aircraft Registration and Marking) Regulations, 2006 No. 50	1	-	1	-	-	-
The Civil Aviation (Airworthiness) Regulations, 2006	7	-	7	-	-	-
The Civil Aviation (Approved Maintenance Organisation) Regulations, 2006	1	-	1	-	-	-
The civil aviation (air operator certification and administration) regulations, 2006	1	-	1	-	-	-
The Civil Aviation (Approved Training Organisations) Regulations, 2006	1	-	1	-	-	-
The Civil Aviation (Aerial Work) Regulations, 2006	2	-	2	-	-	-
The Civil Aviation (Personnel Licencing) Regulations, 2006	13	-	13	-	-	-
The Civil Aviation (Parachute Operations) Regulations, 2006.	2	-	2	-	-	-
The Airport Service Charges Act, Cap 353	1	-	-	1	-	-
The Uganda Railways Corporation Act. Cap 331	1	-	1	-	-	-
<b>Total</b>	<b>87</b>	<b>1</b>	<b>78</b>	<b>9</b>	<b>1</b>	<b>-</b>

## **5.5 Housing and Urban Development Sector**

### **5.5.1 Introduction:**

The analysis in this sector covers licences issued by the following regulatory authorities:

- Local Governments, and
- The Land Tribunal

### **5.5.2 Recommended action on licences issued by local authorities**

**Legislation analysed:**

- a) The Physical Planning Act, 2010,
- b) The Public Health Act, 1964 Cap 269,
- c) The Building Rules,
- d) The Drainage and Sanitation Rules,
- e) The Kampala Capital City Act, 2010
- f) The National Environment Act, Cap 153
- g) The Access to Roads Act, Cap 350
- h) The Trade (Licencing) Act, Cap 101 as amended,
- i) The Trade Licencing Rates Rules SI 2/ 2009,
- j) The Trade Licencing Rates Rules SI 2/ 2011, and
- k) The Trade Licencing Rates Rules SI 54/ 2011 (which came into effect January 2012)

There are 9 licences issued by the relevant local governments all of which were found to serve a regulatory purpose. Out of these, 4 were retained in their present form in view of a strong legal basis and clear application procedures. 4 were proposed for amalgamation for reasons that there was a lack of regulatory distinction between them. As regards the 1 licence issued by the Land Tribunal, it is proposed that the same be streamlined by establishing the licencing authority.

### **5.5.3 Retained licences**

It is recommended that the following licences be retained, albeit with improved enforcement:

- a) The Demolition Certificate;
- b) The Occupation Permit;
- c) The Occupation Permit;
- d) The Renovation Permit.

### **5.5.4 Licences recommended for streamlining**

- a) The Building Permit, to reduce processing time at the district/policy level and by according more to the technical process at the local authority level. In addition, temporary permits or letters of objective could be issued after the mandatory review by the Technical Committees. On this consideration could be given to the establishment of a Home Builders Registration Council (a model adopted in South Africa) as regulatory body, to protect the interests of housing consumers and to ensure compliance with regulated building industry standards. Every home builder and developer would be required to be a member of the Council and membership entails several safeguards which can ensure required quality standards are met, including technical and financial assessments, registration and certification, training and development and suspension or expulsion of non-compliant members. The governing board could be established in consultation with and appointed by the relevant line Minister, but remains private sector heavy, which reduces politicization in the regulatory and licencing process;
- b) The Road Cutting Permit, by actualizing the Land Tribunals that are the licencing authority in this case.

### 5.5.5 Licences recommended for amalgamation

- The Trading Licence Apartments Grade 1 and Trading Licence Apartments Grade 2 for reasons that the legal framework provides no distinction between the two,
- The Trading Licence Brick/ Block/Concrete Products Workshop Grade 1 and the Trading Licence Brick/ Block/Concrete Products Workshop Grade 2, for reasons that the legal framework provides no distinction between the two.

Table 5.8: Recommendations on Housing and Urban Development Laws

Recommended Action	Relevant Act
Review and amend	The Public Health Act, 1964 Cap 269
	The Access to Roads Act, 1969, Cap. 350
	The Trade (Licencing) Act, Cap 101

Table 5.9: Recommendations on Housing and Urban Development Licences

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Public Health Act, Cap 269	5	-	4	1	-	-
The Access to Roads Act, Cap. 350	1	-	-	1	-	-
<b>Total:</b>	<b>6</b>	<b>-</b>	<b>4</b>	<b>2</b>	<b>-</b>	<b>-</b>

## 5.6 Energy, Mining, Oil and Gas Sector

### 5.6.1 Introduction:

The analysis in this sector covers laws and licences pertaining to the following activities:

- Atomic Energy
- Mining
- Petroleum Supply
- Petroleum Exploration and Production
- Power Generation

### 5.6.2 Recommended Action on Licences under the Atomic Energy Act

Legislation Analysed:

- The Atomic Energy Act, 2008, the Atomic Energy (Ionising Radiation Protection) (Standards) Regulations (SI 143 – 1) and the International Atomic Energy Agency Transportation Rules (IAEA) (as adopted under Reg. 18 and 19 of the Regulations) Last revised in 2005 (9 licences)

There are 9 licences under the above Act, of which it is proposed that all 9 be streamlined.

#### 5.6.2.1 Licences Recommended for Streamlining

The following licences should be streamlined by developing more detailed regulations under the new Atomic Energy Act 2008, providing for, inter alia, application process timelines:

- Licence to possess or use radioactive materials or devices;
- Licence to sell, loan or deal with radioactive material or radiation devices;
- Licence to dispose of radioactive materials
- Licence to import/export radioactive materials or device
- Licence authorising administration of ionising radiation to persons
- Certificate of Compliance/Acceptance for a building
- The licence authorising an engineer or technician to install, service or maintain irradiation device or radioactive material
- Radiation Premises Licence
- Certificate of Compliance or Acceptance of a new modified radiation device or radiation premises

### 5.6.3 Recommended Action on Licences under the Mining Act

#### **Legislation Analysed:**

- a) The Mining Act, 2003, The Mining Regulations, 2004 and The National Environment Statute, 1995 (10 licences)

There are 10 licences under this subsector, of which it is proposed that 7 be streamlined and 3 be amalgamated.

##### ***5.6.3.1 Licences Recommended for Streamlining***

- a) The Prospecting Licence should be streamlined to increase the licence period for the licence.
- b) The Exploration Licence and
- c) The Retention Licence should be streamlined by amending the Mining Regulations 2004 to:
- d) stipulate the same licence application procedure as in the case of an application for a Prospecting Licence and
- e) Provide for a lighter application process for this application in view of the fact that the applicant is a known entity to the licencing authority.
- f) The Mining Licence and
- g) The Location licence should be streamlined by amending the Mining Regulations 2004 to stipulate the same licence application procedure as in the case of an application for a Prospecting Licence.
- h) The Goldsmith Licence be streamlined by amending the Mining Regulations of 2004 in order to make the regulatory considerations of this Licence more apparent. Otherwise this licence stands the risk of being eliminated for serving no regulatory purpose.
- i) The Environmental Impact Assessment should be streamlined by putting in place approval mechanisms that enable the utilization of internal information in order to reduce on the possibility of multiple submissions of the same information.

##### ***5.6.3.2 Licences Recommended for Amalgamation***

The following licences should be amalgamated into one licence with various categories, in view of the fact that all the activities regulated in these three cases are related:

- a) The mineral dealers licence;
- b) The importers licence and
- c) The Exporters

#### **5.6.4 Recommended Action on Licences under the Petroleum Supply Act**

##### **Legislation Analysed:**

The Petroleum Supply Act, 2003, The Petroleum (Marking and Quality Control) Regulations, 2009, The Petroleum (Spirit) (Licencing, Testing and Possession) Rules (149 – 1) and The Petroleum (Spirit) (Conveyance by Road) Rules (149 – 3) (7 licences)

There are 7 licences under this subsector, of which it is proposed that 1 be retained, 1 be streamlined and 5 be amalgamated.

##### ***5.6.4.1 Licences Recommended for Retention***

- a) Petroleum Construction Permit

##### ***5.6.4.2 Licences Recommended for Streamlining***

- a) The Petroleum Operating Licence should be streamlined by amending the Petroleum (Marking and Quality Control) Regulations to align the penalties in these regulations with the original penalties instituted under the Petroleum Supply Act 2003.

##### ***5.6.4.3 Licences Recommended for Amalgamation***

The following licences should be amalgamated into one licence since the distinction in licenced activities is not significantly different as to warrant separate licences.

- a) Container Licence;
- b) Underground Tank Licence;
- c) Bulk Storage Licence.

The following licences should also be amalgamated into one licence since the distinction in licenced activities is not significantly different as to warrant separate licences

- a) Licence for conveyance in tank wagon or tank trailer; and
- b) Licence for conveying more than 1,000 gallons in vehicle other than tank wagon or tank trailer.

### 5.6.5 Recommended Action on Licences under the Petroleum Exploration, Development and Production Act

#### Legislation Analysed:

- a) The Petroleum (Exploration and Production) Act, 2013

There are 7 licences under this subsector, and they are all proposed to be retained.

The licences are:

- a) The Reconnaissance Permit
- b) The Petroleum Exploration Licence
- c) The Petroleum Production Licence
- d) License for Placement and Operation of a facility
- e) Permit to Operate a Drill Rig
- f) Approval to Drill a well
- g) Production Permit

### 5.6.6 Recommended Action on Licences under the Electricity Act

#### Legislation analysed:

The Electricity Act, 1999, Cap 145, The Electricity (Installation Permits) Regulations, 2003 (SI 2003 - 19), The Electricity (Licence Fees) Regulations, 2003 (SI 2003 - 20), The Electricity (Licence Exemption) (Isolated Grid Systems) Order, 2007 (SI 2007 - 39), and The Electricity (Application for Permit, Licence And Tariff Review) Regulations, 2007 (SI 2007 - 60) (8 licences)

There are 8 licences under this subsector, of which it is proposed that 1 be retained and 7 be streamlined.

#### 5.6.6.1 Licences Recommended for Retention

- a) Permit to practice as an Installations Person

#### 5.6.6.2 Licences Recommended for Streamlining

The following licences should be streamlined by amending the Electricity Act, 1999:

- a) Generation licence;
- b) Transmission licence;
- c) Distribution licence;
- d) Sale licence;
- e) Export licence; and the
- f) Import licence;

This amendment should:

- i. Enhance the licencing process in order to achieve application time efficiencies; The length of time being accorded to allow for stakeholder comments on the intended application seems reasonable, as it is necessary to get the public and stakeholder buy-in and meaningful feedback for projects with high



potential social and environmental impact. However, the 30 day period for publishing the intention to apply in the Gazette, as well as the 30 day period for confirmation of a complete application seems unnecessarily long. Furthermore, the 180 day period for processing the application should be reviewed with the intention of making a significant reduction in the time allocated to this stage of processing

- ii. Revise the fees for licence applications to be proportional to the magnitude of the undertakings/projects related to this Act.
- iii. The Certificate of Exemption should also be streamlined to include permit application fees and the permit duration.

**Table 5.10: Recommendations on Energy Sector Laws**

Recommended Action	Relevant Act
Review and amend	The Atomic Energy Act, 2008
	The Mining Act, 2003
	The Petroleum Supply Act, 2003
	The Petroleum (Exploration and Production) Act, Cap 150
	The Electricity Act, 1999, Cap 145
	The Electricity (Licence Exemption) (Isolated Grid Systems) Order, 2007
Repeal	-

**Table 5.11: Recommendations on Energy Sector Licences**

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Atomic Energy Act, 2008	9	-	-	9	-	-
The Mining Act, 2003	10	-	-	7	-	-
The Petroleum Supply Act, 2003	7	-	1	1	-	-
The Petroleum (Exploration, Development and Production) Act, 2013	7	-	7	-	-	-
The Electricity Act, 1999, Cap 145	8	-	1	7	-	-
<b>Sub Total</b>	<b>37</b>	<b>-</b>	<b>2</b>	<b>27</b>	<b>-</b>	<b>-</b>
<b>Total:</b>	<b>44</b>	<b>-</b>	<b>29</b>	<b>15</b>	<b>-</b>	<b>-</b>

## **5.7 Manufacturing (Processors, Small scale Industries, Arts & Crafts) Sector**

### **5.7.1 Introduction:**

The analysis in this sector covers laws and licences pertaining to the following activities:

- Industry
- Occupational Safety and Health regulation

A number of findings and recommendations on licences paid by businesses under this sector are dealt with in the sectors below;

- |                                                                                                                                                                                      |                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <p>a) Trade &amp; Cooperatives Sector;</p> <ul style="list-style-type: none"> <li>• Business registration</li> <li>• Investment incentives</li> <li>• Import &amp; export</li> </ul> | <p>c) Agriculture;</p> <ul style="list-style-type: none"> <li>• Fisheries</li> <li>• Dairy</li> <li>• Cotton</li> <li>• Coffee</li> </ul> |
| <p>c) Local Government;</p> <ul style="list-style-type: none"> <li>• Trade licence.</li> </ul>                                                                                       |                                                                                                                                           |

### **5.7.2 Recommended Action on Licences issued under the Industrial Licencing Act Legislation Analysed:**

- a) The Industrial Licencing Act, Cap. 97

The *Industrial licence* is the only licence established under this Act. It is provided for in section 5(1) of the Act which states that, no person shall:

- i. Manufacture for sale any scheduled article; or
- ii. Erect, establish or operate any factory for the manufacture for sale of any such scheduled article, unless he or she is in possession of a licence granted for that purpose by the board under this Act.

The objective of this licence cannot be ascertained from the law and the Act does not set out any prerequisites nor criteria for obtaining this licence. The Committee therefore finds that this licence serves no regulatory purpose and recommends that it should be eliminated.

The Committee also found that the Industrial licencing Act has been silent for several years and that Industry is managed by sector associations like Uganda Manufacturers Association (UMA). The Committee therefore recommends that the Act should be reviewed to efficiently regulate industries in the economy, ensure that manufacturers have access to input and set minimum quality standards at an industry level.

### 5.7.3 Recommended Action on licences under the Occupational Safety and Health Act Legislation Analysed:

- a) The Occupational Safety and Health Act, 2006

The Committee identified 8 licences under the Occupational Safety and Health Act and recommends that the licences under this Act meet licencing requirements as their objective is to promote safety and health at workplaces, promote the construction of environmentally friendly workplaces and minimise occupational accidents in a workplace. The retained licences are listed below;

- a) Certificate of Registration of a Work Place
- b) Approval of construction
- c) Notification of use of mechanical power
- d) Hoist Notification
- e) Certificate of Examination of Steam Boiler
- f) Report of examination of a steam receiver
- g) Report of examination of an Air receiver
- h) Certificate of exemption

The challenge faced by the ministry responsible for labour is conducting all the routine inspections to ensure compliance of workplaces with the safety provisions. The labour officers are limited and yet there are workplaces are continuously established. The Committee therefore recommends that the human resource at the Department of Occupational Safety and Health should be increased to achieve efficient inspection and enforcement of the provisions of the Act.

Table 5.12: Recommendations on Manufacturing Sector Laws

Recommended Action	Relevant Act
Review and amend	The Hide and Skin Trade Act, Cap. 89
	The Hides and Skins (Export Duty) Act, Cap. 339
Repeal	The Industrial Licencing Act, Cap. 97

Table 5.13: Recommendations on Manufacturing Sector Licences

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Industrial Licencing Act, Cap. 97	1	1	-	-	-	-
The Occupational Safety and Health Act, 2006	8	-	8	-	-	-
<b>Total:</b>	<b>9</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **5.8 Financial Services sector**

### **5.8.1 Introduction:**

The analysis in this sector covers laws and 34 licences pertaining to the following activities:

- Foreign Currency Trading
- Financial Institutions
- Micro finance Institutions
- Capital Markets
- Insurance Services
- Cooperatives Societies

### **5.8.2 Recommended Action on Licences under the Foreign Currency Act**

**Legislation Analysed:**

- a) The Foreign Exchange Act 2004 and the Foreign Exchange (Forex Bureau and Money Remittance) Regulations, 2006

There are 2 licences in the above Act for which it is recommended that 1 be retained and aspects of the other be amalgamated with the first.

#### **5.8.2.1 Licences Proposed to be Retained**

- a) The Forex Bureau Licence

#### **5.8.2.2 Licences Recommended for Amalgamation**

- a) Money remittance licence

### **5.8.3 Recommended Action on Licences under the Financial Institutions Act**

**Legislation Analysed:**

- a) The Financial Institutions Act, 2004 and the Financial Institutions (Licencing) Regulations, 2005

There are 8 licences in the above Act, all of which it is recommended that they should be streamlined for the reasons stated below.

#### **5.8.3.1 Licences Recommended for Streamlining**

That the following licences for streamlining for the reason that Class 1 licence (Commercial Banks) encompasses the activities under the other classes. As a result, a Class 1 licence allows the holder to continue or discontinue lines of business related to the other classes without applying for another licence. This amounts to duplication in the legal framework. In addition, the application timelines for all the above licences should be reduced from the current position of six months and above:

- a) The Licence to transact financial institutions business (commercial bank),
- b) The Licence to transact financial institutions business (post office savings),
- c) The Licence to transact financial institutions business (merchant bank),
- d) The Licence to transact financial institutions business (mortgage bank),
- e) The Licence to transact financial institutions business (credit institution),
- f) The Licence to transact financial institutions business (acceptance house),
- g) The Licence to transact financial institutions business (discount house),
- h) The Licence to transact financial institutions business (finance house).

#### **5.8.4 Recommended Action on Licences under the Micro Finance Deposit –Taking Institutions Act**

##### **Legislation Analysed:**

- a) The Micro Finance Deposit-Taking Institutions Act, 2003 and the Micro Finance Deposit-Taking Institutions (Licencing) Regulations, 2004

There is 1 licence in the above Act, which it is recommended should be streamlined for the reasons stated below.

##### **5.8.4.1 Licences Recommended for Streamlining**

- a) The Micro Finance Deposit-Taking Institutions Licence should be streamlined to reduce the current application timeline of six months and above.

#### **5.8.5 Recommended Action on Licences under the Capital Markets Authority Act**

##### **Legislation Analysed:**

The Capital Markets Authority Act, 1996, Cap. 84, The Capital Markets (Licencing) Regulations, 1996, The Capital Markets (Licencing) (Amendment) Regulations, 2003, The Capital Markets (Establishment of Stock Exchanges) Regulations, 1996, The Collective Investment Schemes Act, 2003, The Collective Investment Schemes (Licencing) Regulations, 2003, The Collective Investment Schemes (Fees) Instrument, 2003, The Securities Central Depository Act, 2009 and the Securities Central Depositories Regulations, 2009

There are 11 licences in the above Act, all of which it is recommended that they should be streamlined for the reasons stated below.

##### **5.8.5.1 Licences Recommended for Streamlining**

- a) Approval of Stock Exchanges. The licencing criteria should be changed to prudential and risk management considerations and enable applications by profit-motivated applicants.

There is need to reduce the current process application timelines of a minimum of 45 days for the following licences:

- a) The Broker/Dealers Licence,
- b) The Broker/Dealers Representative Licence,
- c) The Investment Advisers Representative Licence; and
- d) The Investment Advisers Licence.

There is need to reduce the current process application timelines of a minimum of 6 months for the following licences:

- a) The Investment Company with Variable Capital Licence,
- b) The Unit Trust Scheme Licence,
- c) The Authorized Corporate Director Licence,
- d) The Manager Unit Trust Scheme Licence; and
- e) The Trustee Licence.

##### **The Licence to Establish and Operate a Securities Central Depository:**

There is need to reduce the licencing processing minimum timeline of 45 days and to convert the annual licence of 1 year to an approval as is the case for the approval of a stock exchange.

#### **5.8.6 Recommended Action on Licences under the Insurance Amendment Act**

##### **Legislation Analysed:**

The Insurance Amendment Act, 2011 (11 licences)

##### **5.8.6.1 Licences Recommended for Streamlining**

Following the passing of the Insurance Amendment Act of 2011, subsidiary legislation under the new Act is required to provide licence application details and strengthen the Licencing Committee as a permanent

licencing authority with distinct terms of reference. This will lead to the streamlining of the following licences as carried from the repealed law:

- a) The Insurance Licence,
- b) The Reinsurance Licence,
- c) The Health Insurance Licence,
- d) The Amalgamation Licence,
- e) The Transfer Licence,
- f) The Insurance Broker Licence,
- g) The Reinsurance Broker Licence,
- h) The Risk Manager Licence,
- i) The Loss Assessor Licence,
- j) The Insurance Surveyor Licence, and
- k) The Claims Settling Agent Licence.

**Table 5.14: Recommendations on Financial Services Sector Laws**

Recommended Action	Relevant Act
Review and amend	The Foreign Exchange Act 2004
	The Financial Institutions Act 2004
	The Micro Finance Deposit-Taking Institutions Act 2003
	The Capital Markets Authority Act 1996, Cap. 84 and the Capital Markets Amendment Act
	The Collective Investment Schemes Act 2003
	The Securities Central Depository Act 2009
	The Insurance Amendment Act 2011

**Table 5.15: Recommendations on Financial Services Sector Licences**

Relevant Act, Law	Number Of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Foreign Exchange Act 2004	2	-	1	-	-	1
The Financial Institutions Act 2004	8	-	-	8	-	-
The Micro Finance Deposit-Taking Institutions Act 2003	1	-	-	1	-	-
The Capital Markets Authority Act 1996, Cap. 84	4	-	-	4	-	-
The Collective Investment Schemes Act 2003	5	-	-	5	-	-
The Securities Central Depository Act 2009	2	-	-	2	-	-
The Insurance Amendment Act 2011	11	-	-	11	-	-
<b>Total:</b>	<b>34</b>	<b>-</b>	<b>2</b>	<b>32</b>	<b>-</b>	<b>-</b>

## 5.9 Health Sector

### 5.9.1 Introduction

The analysis in this sector covers 87 licences issued by the following regulatory authorities;

- The National Drug Authority
- The Pharmacy board
- The Medical and dental Practitioners Council
- Allied Health professionals Act
- The Nurses and Midwives Council

### 5.9.2 Recommended action on licences issued by the National Drug Authority (NDA)

Legislation Analysed:

- a) The National Drug Policy and Authority Act, Cap. 206
- b) The Pharmacy a Drugs act, Cap 280

There are 11 licences issued by the NDA of which 10 were found to serve a regulatory purpose (health and safety). However, out of the 10, only 4 will be retained in their present form as the procedures for obtaining

them is reasonable and cost effective to businesses. The procedures for another 4 of these licences will have to be streamlined to be more transparent and decrease the burden on businesses obtaining those licences. The last two are proposed for amalgamation as they serve the same regulatory purpose. Only one licence is proposed for to avoid a multiplicity of licences.

#### ***5.9.2.1 Licences Proposed to be Retained***

- a) Import licence
- b) Export licence
- c) Permission to cultivate plants yielding narcotics
- d) Certificate of registration

#### ***5.9.2.2 Licences Recommended for Streamlining***

- i. Authorisation to import drugs not on the national formulary: The procedure for obtaining this authorisation should be clearly laid out in the law so that businesses spend less time searching for procedures from colleagues and other unofficial sources.
- ii. Licenced Person licence: The criteria for determining that a 'person is fit' for this licence should be outlined in the law to promote transparency.
- iii. Return of details of pharmacy business: This licence should be streamlined to remove the requirement to file returns within 21 days of commencement of business as all the information about the business is already submitted to the authority at the time of obtaining a Licenced Seller licence. The provision should be restricted to apply to only to annual returns starting at the end of the first year of operation.
- iv. Approval of drugs & drug combinations: The law should clarify the activities that this licence regulates so that businesses are able to ascertain whether this is a licence their business should obtain for their business activities.

#### ***5.9.2.3 Licence Recommended for Amalgamation***

- a) The 'Licenced sellers' licence' and the 'Wholesale dealer licence' should be amalgamated into a single Licenced Dealer licence as they both regulate the sale of restricted drugs.

#### ***5.9.2.4 Licence Recommended for Elimination***

- 1) The 'Certificate of suitability of premises' should be eliminated as the regulatory purpose already met by Licenced Seller's licence, 'Wholesale dealers licence' and the 'Return of Details of Pharmacy Business' which licences are only valid on the premises specified on the licences.

### **5.9.3 Recommended Action on Licences issued by the Medical and Dental Practitioners Council Legislation Analysed:**

The Medical and Dental Practitioners Act. Cap 272

There are 60 licences issued by the Medical and Dental Practitioners Council of which 6 will be retained in their current form as they serve a regulatory purpose (health and public safety) .However, 52 licences are recommended for streamlining and only 1 licence will be eliminated to stop the multiplicity of licences.

#### ***5.9.3.1 Licences Proposed to be Retained***

The licences retained are necessary to facilitate the regulation of medical and dental practitioners and in turn protect the public. The licences are as follows;

- a) Health Unit Registration
- b) Full Registration Certificate
- c) Provisional registration certificate
- d) Certificate of Good Standing

- e) Private practice licence

#### **5.9.3.2 Licences Recommended for Streamlining**

- i. Temporary registration; The Act should be reviewed and amended to reflect a duration of the temporary licence and provision be made that a holder for a temporary licence of more than a specified period will qualify for full registration.
- ii. Health Unit Operational Licences; There are 52 categorisations of health units for purposes of obtaining the operational licence. Health units serve the same purpose but operational licence fees are charged according to the number of beds a unit has, location and services available at the facility. These classifications are intended to raise revenue for the council.
- iii. The Committee recommends that there is Coordination between the Medical and Dental Practitioners Council and the Local Government to merge supervision for approval of the operational licence with trade licencing regime.

#### **5.9.3.3 Licences Recommended for Elimination**

- a) The Committee recommends that the 'Special licence' should be eliminated as it duplicates licences on stockpiling, retailing or wholesaling of drugs under the National Drug Authority Act.

### **5.9.4 Recommendations on Licences Issued by the Allied Health Professionals Council**

#### **Legislation Analysed:**

The Allied Health Professionals Act, Cap. 268

There are 4 licences issued by the Allied and Health Professionals Council, of which 3 were found to serve a regulatory purpose. However, only 1 licence will be retained in it's current form and the Committee recommends that the other 2 licences be streamlined to meet business friendly regulatory standards. One licence under this Act is recommended for elimination as it serves no regulatory purpose.

#### **5.9.4.1 Retained Licence**

- a) The Allied health professional Registration certificate; The registration of allied health professionals is necessary to allow only persons that meet the standards set out in the act to register and practice as Allied Health professionals in turn protecting the health and safety of the public

#### **5.9.4.2 Licences Recommended for Streamlining**

- a) Registration of Private Allied Health Units: Section 32 (2) should be revised to state the nature of the inquiry that the Council performs before registration of a health unit. This transparency will help professionals be better prepared for the inquiry procedure in advance thereby saving on processing time.

- b) Private Practice licence

The Act should be amended to make provision for an appeal against the decision of the council to the courts of law.

#### **5.9.4.3 Licences Recommended for Elimination**

- a) The 'Special licence' be eliminated as it serves no regulatory purpose and further creates a multiplicity of licences for businesses as the activities it seeks to regulate are sufficiently regulated under the National Drug Authority Act. Consultations of the committee revealed that this licence is currently redundant.

### **5.9.5 Recommendations on Licences issued under the Nurses and Midwives Act**

#### **Legislation Analysed:**

## The Nurses and Midwives Act, Cap 274

There are 6 licences under the Nurses and Midwives Act, of which 1 licence is recommended for elimination as it serves no regulatory purpose. The other 5 licences should be retained as they serve a regulatory purpose and are intended to regulate the following activities;

- a) Set standards and regulate the establishment of maternity homes to protect health and safety of the users.
- b) Scrutinise persons qualified to offer professional service to the public.

The licences proposed to be retained are:

- i. Registration of maternity homes and nurse health units
- ii. Registration of Nurse or Midwife
- iii. Practising Certificate
- iv. Private practice.
- v. Letter of competence.

### 5.9.5.1 Licences Recommended for Elimination

- a) Special Licence (Nurses and Midwives); The Special licence serves no regulatory purpose and further creates a multiplicity of licences for businesses as the activities it seeks to regulate are sufficiently regulated under the National Drug Authority Act. Consultations of the committee revealed that this licence is currently redundant.

Table 5.16: Recommendations on Health Sector Laws

Recommended Action	Relevant Act, Law
Review and amend	National Drug Authority Act, Cap. 206
	The Medical And Dental Practitioners Act. Cap 272
	The Allied Health Professionals Act, Cap. 268
	Nurses and Midwives Act, Cap 274

Table 5.17: Recommendations on Health Sector Licences

Relevant Act	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
National Drug Authority Act, Cap. 206	10	-	3	4	-	2 into 1
The Pharmacy And Drugs Act, Cap. 280	1	-	1	-	-	-
The Medical And Dental Practitioners Act. Cap 272	61	-	11	54	-	-
The Allied Health Professionals Act, Cap. 268	4	-	1	2	-	-
Nurses and Midwives Act, Cap 274	6	-	5	-	-	-
Total:	82	-	21	60	-	-

## 5.10 Information and Communications Technology & Media Sector

### 5.10.1 Introduction:

The analysis in this sector covers laws and 12 licences pertaining to the following activities:

- Communications
- Information technology services

### 5.10.1 Recommended Action on Licences Under the Communications Act

#### Legislation Analyzed:

The Uganda Communications Act, 2013.

There are 7 licences in this sub-sector, all of which serve a regulatory purpose and are proposed to be retained.



- a) Radio Communications Licence
- b) Frequency spectrum use
- c) Telecommunications licence
- d) Postal licence
- e) License to Install Television and Radio Station
- f) Broadcasting License
- g) License for Cinematograph Theatre and Video Library

### 5.10.2 Recommended Action on Licences Under the National Information Technology Authority Uganda Act

#### Legislation Analyzed:

- a) The Uganda National Information Technology Authority Uganda Act, 2009
- b) The Electronic Signatures Act 2009

The Electronic Signatures Act 2009 provides for the regulation of the use of electronic signatures and designates the National Information Technology Authority as the Controller or authorizing agency for a licence for certification service providers.

The subsidiary legislation for this subsector should be expedited to offer clarity to the licencing and authorization requirements of the subsector. A streamlining of the framework is required.

#### 5.10.4.1 Licence Recommended for Streamlining

- a) Licence for certification service providers

Table 5.19: Recommendations on Information, Communications and Media Sector Licences

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Communications Act	7	-	9	-	-	-
The Uganda National Information Technology Authority Uganda Act 2009 The Electronic Signatures Act 2009	1	-	-	1	-	-
Sub Total:	8	2	-	1	14	-
Other regulations and local government bye-laws	4					
Total:	12	-	-	-	-	-

## 5.11 Education and Skills Development Sector

### 5.11.1 Introduction

The analysis in this sector covers 15 licences pertaining to the following levels of Education.

- Pre-primary education, Primary education and Post primary education
- Tertiary and university education

### 5.11.2 Recommended action on the Pre-primary, Primary and Post Primary Licences

#### Legislation Analysed:

- a) The Education (Pre-Primary, Primary and Post-Primary) Act, 2008

Six licences are issued under this Act and the committee found that all of them licences serve a regulatory purpose by regulating the following activities:

- i. Proper management and ownership of schools,
- ii. The quality and standard of the education institutions,

- iii. The welfare of pupils and students, and
- iv. The health and safety of pupils and teachers in emergency health situations.

Of the above, it is proposed that the following 5 licences be retained in their present form as the procedures for obtaining them meet reasonable licencing requirements:

- a) Classification of private school
- b) Permission to re-open institution
- c) Change of ownership of school approval
- d) Notification of Closure by owner
- e) Teacher Registration

The Committee recommends that the procedure for obtaining a 'Provisional permit to operate a new school' should be streamlined to decrease the onerous pre-licencing requirements by eliminating the following requirements:-

- i. LCIII letter
- ii. Reference of a local religious or opinion leader.

The Committee further recommends in respect to this licence that the number of contacts business proprietors make with central and local government officials should be reduced. In this instance, it is recommended that an Applicant submit their application form with information about the business and proposed school to the Town Clerk or Chief Administrative Officer who in turn will request the department officers to carry out inspections and obtain the following reports.

- a) District education officer's report
- b) District School Inspector's report
- c) District health Inspector's report
- d) Directorate of Education Standards report

The Committee noted that although the provisional permit is supposed to be transitional towards meeting requirements for registration of a school, it creates a hindrance for those schools that meet registration requirements upfront. The provisional permit should further be streamlined to reduce the duration of the provisional permit from two years to a year.

Regarding this subsector in general, the Committee recommends that the government should boost the human resource at the regional level to facilitate inspection of education institutions and increase sensitization on the procedures prior to actual application to register a private school.

### **5.11.3 Recommended Action on the Tertiary and University Education sub-sector**

#### **Legislation Analysed:**

- a) Universities And Other Tertiary Institutions Act, 2001 (As Amended in, 2003 and 2006)
- b) The Universities and Other Tertiary Institutions (Letters of Interim authority for Private Universities and Provisional licences for Private other Degree Awarding Institutions) Regulations, 2007
- c) Universities and Other tertiary Institutions (Quality Assurance) Regulations 2008

There are 9 licences in this sub-sector which set standards and check that Universities, tertiary institutions and their affiliates meet these standards so that they attain recognition that is equivalent to and similar institutions.

The following 8 licences should be retained in their current form as the procedures for obtaining them licences are reasonable and transparent:

- i. Permit for the letter of interim authority
- ii. Provisional licence to establish and Operate a University
- iii. Grant of Charter and Accreditation
- iv. Permit to establish Constituent Colleges and Affiliation to a Private University

- v. Provisional licence for a Tertiary Institution
- vi. Grant of Certificate of Classification and Registration
- vii. Accreditation of institutions and their academic and professional programs
- viii. Reservation of Name

Although the 'Change of Name of Institution' serves a regulatory purpose, the committee recommends that the process for obtaining this licence should be streamlined. The current procedure involves submission of an application to the National Council of Higher education (NCHE) which makes a publication of the application in the gazette and after 30 days of no objection forwards the application to the minister to issue such change of name for tertiary Institutions. For universities, the minister forwards the application to the President to grant the change of name. The Committee recommends that the change of name for both tertiary institutions and private universities be issued by the National Council of Higher Education.

**Table 5.19: Recommendations on Education and Skills Development Laws**

Recommended Action	Relevant Legislation
Review and amend	The Education (Pre-Primary, Primary And Post-Primary) Act, 2008
	Universities And Other Tertiary Institutions Act, 2001 (As Amended in, 2003and 2006)
	Universities and Other tertiary Institutions (Quality Assurance) Regulations 2008

**Table 5.20: Recommendations on Education and Skills Development Licences**

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Education (Pre-Primary, Primary & Post-Primary) Act, 2008	6	-	5	1	-	-
Universities And Other Tertiary Institutions Act, 2001 (As Amended in, 2003and 2006)	8	-	5	3	-	-
The Universities and other Tertiary Institutions Act, 2001 (Naming of Universities, other Degree Awarding Institutions, and other tertiary Institutions) Regulations, 2007	1	-	1	-	-	-
<b>Total:</b>	<b>15</b>	<b>-</b>	<b>11</b>	<b>4</b>	<b>-</b>	<b>-</b>

## **5.12 Water, Forestry, Environment, and Sanitation**

### **5.12.1 Introduction:**

The analysis in this sector covers 13 licences issued by the following licencing authorities:

- The Director of Water Development
- The Licencing Committee of the National Environment Development Authority

### **5.12.2 Recommended action on licences issued by the Director of Water Development**

**Legislation analysed:**

- a) The Water Act, Cap 152,
- b) The Water Resources Regulations (SI 152 – 1),
- c) The Water (Waste Discharge) Regulations (SI 152 – 4)

There are 7 licences issued by the Director of Water Development, 6 of which are recommended for streamlining. 1 licence is recommended for amalgamation with another issued by the National Environment Management Authority, for reasons of overlap.

#### ***5.12.2.1 Licences recommended for streamlining***

The following licences should be streamlined by prescribing specific criteria applicable to their issuance and renewal, as well as processing time lines,

- a) The Drilling Permit,
- b) The Construction Permit,
- c) The Ground Water Permit,
- d) The Easement Certificate,
- e) The Hydraulic Construction Permit, and
- f) The Surface Water Permit,

#### ***5.12.2.1 Licences recommended for amalgamation***

- a) The Waste Water Discharge Permit and the Pollution Licence in order to eradicate an overlap in the case of water pollution.

### **5.12.3 Recommended action on licences issued by NEMA**

**Legislation analyzed:**

- a) The National Environment Act, Cap 153,
- b) The National Environment (Environmental Impact Assessment) Regulations (SI 153-1),
- c) The National Environment (Waste Management) Regulations (SI 153-2),
- d) The National Environment (Wetlands, Riverbanks and Lakeshores Management) Regulations (SI 153-5),
- e) The National Environment (Noise Standards and Control) Regulations (SI No. 30, 2003)
- f) The National Environment (Certification and Professional Conduct of Environmental Practitioners) Regulations (SI No. 85, 2003)

There are 6 licences which are all recommended for streamlining.

#### ***5.12.3.1 Licences recommended for streamlining***

The following licences should be streamlined to give licencing powers and authority to technical committees and away from individuals in order to ensure the application of technical considerations in the licencing process and the eradication of potential abuse of power and corruption. In addition the streamlining should make specific provision on the licencing application time lines,

- i. The Environmental Impact Assessment
- ii. The Wetland Resource Use Permit,
- iii. The Licence for Noise in Excess of Permissible Noise Levels.
- iv. Licence for the Transportation and Storage of Waste, to offer clarity as to the application process, application timelines and licencing authority,
- v. Licence to own or operate a water treatment plant or disposal site, to make provision for specific application timelines.

#### ***5.12.3.2 Licences recommended for amalgamation***

The Waste Water Discharge Permit under the Water Act and the Pollution licence under the NEMA Act to the extent that they both relate to water pollution.

### **5.12.4 Recommended Action on Licences issued by the National Forestry Authority**

**Legislation Analysed:**

- a) The National Forestry and Tree Planting Act 2003

There are 3 licences issued by the National Forestry Authority, all of which serve a regulatory purpose and should be retained in their current form.

#### ***5.12.4.1 Licences Proposed to be Retained***

- a) Licence to cut, grow, take, work or remove any forest produce from a forest reserve

- b) Environmental impact assessment
- c) Licence for the utilization and management of a forest reserve

Table 5.21: Recommendations on Water, Environment and Sanitation Laws

Recommended Action	Relevant Act
Review and amend	The Water Act, Cap 152
	The Water Resources Regulations (SI 152 – 1)
	The Water (Waste Discharge) Regulations (SI 152 – 4)
	The National Environment Act, Cap 153
	National Environment (Noise Standards and Control) Regulations

Table 5.22: Recommendations on Water, Environment and Sanitation Licences

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Water Act Cap 152 The Water Resources Regulations SI 152-1 The Water (Waste Discharge) Regulations SI 152-4	7	-	-	6	-	1
The National Environment Act Cap 153 The National Environment (Environmental Impact Assessment) Regulations (SI 153-1) The National Environment (Waste Management) Regulations (SI 153-2) The National Environment (Wetlands, Riverbanks and Lakeshores Management) Regulations (SI 153-5) The National Environment (Noise Standards and Control) Regulations (SI No. 30, 2003) National Environment (Certification and Professional Conduct of Environmental Practitioners) Regulations (SI No. 85, 2003)	6	-	-	5	-	1
<b>Total:</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>2</b>

## 5.13 Employment, Labour and Industrial Relations

### 5.13.1 Introduction:

The analysis in this sector covers laws and 15 licences pertaining to the following activities:

- Immigration
- Employment and Labour Services

### 5.13.2 Recommended Action on Licences under the Citizenship and Immigration Control Act

#### Legislation analysed:

The Uganda Citizenship and Immigration Control Act, Cap 66 , The Uganda Citizenship and Immigration Control Regulations, 2005, The Uganda Citizenship and Immigration Control (Amendment) Act, 2009, The Uganda Citizenship and Immigration Control (Fees) Regulations, 2009 (7 licences)

There are 7 licences in this subsector of which it is proposed that 6 be retained in their current state and 1 be streamlined.

#### 5.13.2.1 Licences recommended for retention

- a) Work Permit Class B
- b) Work Permit Class C
- c) Work Permit Class E
- d) Work Permit Class F
- e) Work Permit Class G

#### 5.13.2.2 Licences Proposed for Streamlining

The Work Permit (Class D) be streamlined by amending the Uganda Citizenship and Immigration (Fees) Regulations 2009 to revise the Class D fees so as to make put them in line with the other fees in order to eliminate the possibility of the permit fees being a deterrent to business.

### 5.13.3 Recommended Action on Licences under the Employment Act

#### Legislation analysed:

The Employment Act, 2006 and the Employment (Recruitment of Ugandan Migrant Workers Abroad) Regulations, 2005 (2 licences)

There are 2 licences under this subsector, both of which are recommended for streamlining.

### 5.13.3.1 Licences recommended for Streamlining

- a) The Recruitment Permit should be streamlined by amending the Act and the regulations there under, to do the following;
  - To offer clarity as to the licencing authority ;
  - To reduce the large discretionary powers of the issuing authority, which powers may invite abuse or corruption and to make clear provisions on the circumstances that could lead to revocation of licence.
  
- b) Accreditation  
 The process of Accreditation be streamlined by amending the Act and the regulations to make provision for maximum application timelines.

Table 5.23: Recommendations on Labour Sector Laws

Recommended Action	Relevant Act
Review and amend	The Uganda Citizenship and Immigration Control (Fees) Regulations, 2009
	The Employment Act, 2006
	The Employment (Recruitment of Ugandan Migrant Workers Abroad) Regulations, 2005

Table 5.24: Recommendations on Labour Sector Licences

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Uganda Citizenship and Immigration Control Act, Cap 66	7	-	6	1	-	-
The Uganda Citizenship and Immigration Control Regulations, 2005						
The Uganda Citizenship and Immigration Control (Amendment) Act, 2009						
The Uganda Citizenship and Immigration Control (Fees) Regulations, 2009						
The Employment Act, 2006	2	-	-	2	-	-
The Employment (Recruitment of Ugandan Migrant Workers Abroad) Regulations, 2005						
<b>Sub Total:</b>	<b>9</b>	<b>-</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>-</b>
Other regulations and local government bye-laws	6	-	6	-	-	-
<b>Total:</b>	<b>15</b>	<b>-</b>	<b>12</b>	<b>3</b>	<b>-</b>	<b>-</b>

## 5.14 Professional Services Sector

### 5.14.1 Introduction

The analysis in this sector covers 22 licences pertaining to the following professions:

- Engineering professionals
- Architects
- Surveyors
  
- Accounting Professionals
- Legal professionals
- Customs Agents and forwarders

*Note-* Professional licences in the health and education sector are analyzed in those sectors.

#### **5.14.2 Recommended Action on Sector Licences**

The committee recommends that the 22 licences required of professionals under the 6 professions outlined above are necessary as they certify that the professional is committed to the practice and that they are capable of executing services as a professional. The temporary permits serve a regulatory purpose as they make provision for professionals from other countries to practice in Uganda for a limited time which increases the competitiveness of Uganda's economy.

The distinction created by the professional licences between the licence holders and the none-licensed participants in these sectors facilitates businesses in identifying who they need to employ to deliver different services that might be in the same sector. Below is the list of the 22 professional licences that the committee has retained arranged by profession.

##### ***5.14.2.1 The Engineering profession***

- a) The Engineers Registration Act. Cap 271
  - Registration of engineers
  - Temporary registration.

##### ***5.14.2.2 The Architects Profession***

- a) The Architects Registration Act. Cap 269
  - Registration certificate
  - Temporary registration
  - Practising Certificate
  - Annual subscription fee

##### ***5.14.2.3 The Surveyors Profession***

- a) The survey Act, 232,
- b) The Surveyors Registration Act, Cap 275
  - Class A Survey licence
  - Class B survey Licence
  - Registration of Surveyors
  - Temporary registration
  - Practicing certificate

##### ***5.14.2.4 The Accountants Profession***

- a) The Accountants Act, Cap 266
  - Enrollment to ICPA-U
  - Registration of a certified public accountant of Uganda CPA(U)
  - Practicing Certificate
  - Licence of practice (Associate accountant of Uganda)
  - Annual subscription fee

##### ***5.14.2.5 The Legal Profession***

- a) The Advocates Act, Cap. 267
- b) The Court Bailiffs Rules, 1987 No. 64
- c) The Advocates (Continuing Legal Education) Regulations
  - Admission and enrollment of advocates.
  - Practicing Certificate
  - Special practicing Certificate



- Continuing legal Education
- Court Bailiff licence

#### 5.14.2.6 Customs Agents and Forwarders

- The Customs Management Act, Cap 77
- The East African Customs Management Act, 2004
- Customs Agent Licence

#### 5.14.3 Analysis of Professional Licences

The criteria and procedures required to obtain the professional licences are reasonable and facilitate professionalism in the sector, however, there is an increasing cost on professionals in terms of time and transportation costs spent to submit applications at the respective professional bodies that have offices only in Kampala.

##### 5.14.3.1 Recommendation on Professional Licences

The Professional bodies should also introduce electronic submission of application and renewal forms. This will greatly reduce the burden on businesses and professionals that make several trips to the institution premises in Kampala in order to submit and follow-up on their applications.

Table 5.25: Recommendations on Professional Service Laws

Recommended Action	Relevant Legislation
Review and amend	The Engineers Registration Act. Cap 271
	The Architects Registration Act. Cap 269
	The survey Act, 232
	The Surveyors Registration Act, Cap 275
	The Accountants Act, Cap 266
	The Advocates Act, Cap. 267
	The Court Bailiffs Rules, 1987 No. 64
	The Customs Management Act, Cap 77 The East African Customs Management Act, 2004

Table 5.26: Recommendations on Professional Service Licences

Relevant Act, Law	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Engineers Registration Act. Cap 271	2	-	2	-	-	-
The Architects Registration Act. Cap 269	4	-	4	-	-	-
The survey Act, 232	2	-	2	-	-	-
The Surveyors Registration Act, Cap 275	3	-	3	-	-	-
The Accountants Act, Cap 266	5	-	5	-	-	-
The Advocates Act, Cap. 267	3	-	3	-	-	-
The Advocates (Continuing Legal education) Regulations, 2004	1	-	1	-	-	-
The Court Bailiffs Rules, 1987 No. 64	1	-	1	-	-	-
The Customs Management Act, Cap 77 The East African Customs Management Act, 2004	1	-	-	1	-	-
<b>Sub Total:</b>	<b>22</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other regulations and local government bye-laws	11		11			
<b>TOTAL:</b>	<b>33</b>	<b>-</b>	<b>32</b>	<b>1</b>	<b>-</b>	<b>-</b>

## 5.15 Local Government Sector

### 5.15.1 Introduction

The analysis in this sector covers laws and 226 licences pertaining to the following categories.

- Local Government
- Enguli manufacturing and trade.
- Public health and Nutrition
- Trade

Section 80 of the Local Government Act authorizes Local Governments to administer and collect local revenues. Results of the inventory show majority of the licences are issued by local governments, where the majority of enterprises operate.

Despite attempts to standardize local government permits, levies and fees, the actual fees charged vary from one local government to another. The absence of up to date business registers at the Local Government's makes it difficult to ascertain the number of licences issued at any one given time.

### 5.15.2 Recommended action on licences under the Local Governments

Legislation analysed:

- a) The Local Governments Act, Cap 243
- b) The Markets Act, Cap 94
- c) The Produce Protection Act, Cap 32

There are 12 licences under the Local Government Act. Seven of these licences serve a regulatory purpose although only one of these licences will be retained in its present form. The Committee has made recommendations on how to streamline the procedures for obtaining four of these licences for better efficiency. Two licences are recommended for reclassification under institutions that will supervise the regulated activities better while five licences will be eliminated as they are solely for revenue collection.

#### 5.15.2.1 Retained licences

- a) Parking Fees: the parking fee is a justified charge as it serves as payment for a service to businesses and for businesses in the transport sector.

#### 5.15.2.2 Licences recommended for Streamlining

- a) Property Tax: Property values for individual properties are currently determined by a valuer. The Committee recommends that the property rates be fixed according to the localities and further segmented according to nature of usage of the property and size of the property for instance; a separate value be attached for bungalows as opposed to a storied residency in a specific locality.
  - Secondly, a valuer be maintained at the offices of each local government administration to expedite the process of obtaining a valuation and to further inspect properties and make necessary revisions to the fixed rates within the localities.
- b) Advertisement Fees; The Local Governments Act should specify rates payable for different sizes of advertisements and clearly state the procedure for obtaining the permit.
- c) Market Fees; Market fees are justified as a payment by market vendors for using the market facility provided and maintained by the local government. Local government administrations quote the Markets Act as the legal basis upon which various market fees are charged; even though there are no regulations under the markets Act exist prescribing these fees. Therefore the Committee recommends that the fees for collection be streamlined and criteria for determining the fee should be available to the vendors.

- d) Local service tax; Item 5 of Part II of the Local Government (Amendment) (No. 2) Act, 2008 provides for rates for self employed artisans but the rates provided cause confusion on what rate a person earning for instance Ug. Shs. 200,000 should pay as the amount qualifies in two payment brackets. Therefore the Committee recommends that Item 5 on the rates relating to the Local service Tax should be revised to ensure that amounts payable qualify to only a single payment bracket.

#### ***5.15.2.3 Licences recommended for Reclassification***

- a) Charcoal burning Licence:
- The charcoal burning licence should be reclassified to be issued and regulated by an environmental protection body for instance; National forest Authority (NFA) or National Environmental Management Authority (NEMA). Rules prescribing the criteria used for assessments, prescribing fees and mode of payment should be enacted. Dealing in charcoal should be regulated like any other business under the trade licencing regime.
- b) User charges:
- A single business levy is recommended instead of individual payments for each service the Local Government provides.

#### ***5.15.2.4 Eliminated Licences***

- a) Graduated Tax: Graduated tax was abolished in 2005 by the private Members' Bill but is still reflected in the Act. Therefore the law should be amended to eliminate this licence.
- b) Bicycle Licence: The bicycle licence serves no regulatory purpose and is utilized only for revenue collection purposes and should therefore be eliminated.
- c) Cess on produce: Local Governments charge fees on produce brought into the market for instance beans per kilogram. Each local government charges a different rate for the same produce and at different markets which lack of transparency negatively affects doing business. The Produce Protection Act which is cited as the basis for this cess is one of the pre-liberalization laws that need to be abolished. The charges made by local governments on produce should be eliminated to improve the economy's competitiveness.
- d) Fishing licence: The fishing licence duplicates the fishing licences under the Fish Act, Cap 197 that provides for better regulation to fishing activity.
- e) Hotel tax; The Hotel industry already succumbs to several licencing regimes which are attached to regulation of the sector, service delivery or standard inspections and trading licences. This additional tax negatively impacts the competitiveness of the tourism industry.

### **5.15.3 Recommended action on licences under the Enguli Act (Manufacturing and Licencing) Act**

#### **Legislation analysed:**

- a) Enguli Act (Manufacturing and Licencing Act) Cap 86

This Act regulates the manufacture and sell of locally produced spirits. However the Act hinders the advancement of businesses as it sets out to limit the number of businesses through the licences that may be issued per year instead of setting standards and measures that should be fulfilled for a person to be involved in the enguli or jaggery business.

This law is not necessary as the regulation of enguli and jaggery may be catered for under a general law on liquor and quality of the enguli and jaggery may be certified under the Uganda National Bureau of Standards Act

for consumer protection. Therefore the Enguli (Manufacturing and Licencing) Act is an archaic law that is not necessary in the current and developing economic structure of this country. The Act and licences thereunder should be repealed and regulation on liquor consolidated with the liquor regulation regime.

The following licences are therefore recommended for elimination;

- i. The Enguli Licence
- ii. Jaggery Licence

#### **5.15.4 Recommended action on licences under the Public Health and Nutrition Category**

**Legislation analysed:**

- a) The Public Health Act, Cap 281
- b) The Food and Drugs Act Cap 278

#### **5.15.5 The Public Health Act**

The objective of this Act is to consolidate the law regarding the preservation of public health. Two licences have been identified under this Act, which serve the regulatory purpose of the Act.

- a) Nursing Home permit; The Nursing Home Permit is provided for in section 116 of the Act which states that no person shall open or keep open a nursing home, maternity home, convalescent home, private hospital, infirmary or any institution where invalids or convalescents are treated or received upon payment of fees or charges unless its premises are approved by the chief medical officer and a permit has been obtained from him or her. The Committee finds that this licence should be retained as it serves a regulatory purpose.
- b) Basement Occupation Permit; The Act provides that basements are not to be occupied as a shop, office, workshop, factory, for preparation or storage of food without written permission of the local authority. However the law does not state the standard or criteria that an applicant should meet therefore the Committee recommends that the law should be streamline to state the standard for basement occupation such that a business person need only notify the local authority that they will use a basement for a certain purpose following which the local authority may send an inspector to verify that the premises meet the required standard.

#### **5.15.6 The Food and Drugs Act**

The Food and Drugs Act provides for 'Registration of premises' with a local authority if they are to be used for;

- i. The manufacture for the purpose of sale of ice cream, or the storage of ice cream in wholesale quantities intended for sale; or
- ii. The preparation or manufacture of sausages or potted, pressed, pickled or preserved food intended for sale.

However the Act does not state the standards or criteria that should be satisfied in order to qualify for the registration. The Committee therefore recommends that the registration of premises requirement should be streamlined to set out the standards that the premises should contain as a notification of the activity to the authorities.

#### **5.15.7 Recommended action on licences under the Trade Category**

**Legislation analysed:**

- a) The Shop Hours Act, Cap 99
- b) The Trade Licencing Act, Cap 101

### 5.15.8 The Shop Hours Act

This is an Act to make provision for and in connection with the regulation of shop hours. Section 2 of the Act prescribes the hours of business during which a shop may be open for business;

- a) On a weekday, between half-past seven o'clock in the morning and eight o'clock in the evening; and
- b) On a Sunday, between nine o'clock in the morning and one o'clock in the afternoon.

The Committee found that the hours of operation of a shop restrict the doing of business and are redundant as in practice; shops countrywide are open outside the hours of operation specified in the Act which is encouraged to improve the competitiveness of Uganda's economy. The Committee therefore recommends that the Shop Hours Act is an out dated law that should be repealed.

### 5.15.9 The Trade Licencing Act

This is an Act to amend and consolidate the law relating to trading and other matters connected therewith. The Hawkers Licence and the Travelling wholesalers licence serve a trade regulation and management purpose but are recommended for streamlining as seen below.

Hawkers Licence: Section 16 of the Act provides for the grant of this licence. It states that no person shall act as a hawker unless he or she is in possession of a valid hawker's licence granted to him or her for that purpose by the licencing authority. The committee recommends that the provisions for the Hawker's licence be streamlined as follows;

- a) Section 16 (7), should be amended such that refusal to grant a licence or revocation of a licence be issued be with reasons.
- b) The procedure for applying for this licence should be streamlined such that the fee structure for payment and standard forms are provided in the law.
- c) The validity of the hawker's licence be revised to twelve calendar months from the date of issue.

Travelling wholesalers' licence; Section 20 states that no person shall act as a travelling wholesaler unless he or she is in possession of a travelling wholesalers' licence granted to him or her for that purpose under this Act. The travelling wholesalers' licence should be national and the conditions for so doing should be clearly stated in the law.

### 5.15.10 The Trade licences

As stated hereinabove, the findings reveal that the Trading licence does not satisfy the analysis criteria as it is used as a tool for revenue generation at the Local Government level, rather than protecting safety, health and the environment (therefore it does not meet the necessity criteria) In addition, procedures and complex and long, whereby the Trading licence does not meet the business friendliness criteria. As such, the Trading licence is a major cost driver of the high cost of private sector compliance to business licencing and should be eliminated. However, due to the potential revenue loss implications for Local Governments if the Trading Licences administered at the sub-national levels were to be eliminated, the BLRC recommends to initially undertake reforms aimed at simplifying and streamlining the Trading licence, while its elimination should be postponed until further review and analysis of their revenue impacts.

The analysis of trade licences covers the following activity categories:

- a) Professional Services
- b) Health and medical services
- c) Hotels and Lodges
- d) Recreation and entertainment
- e) Agencies and representative businesses
- f) Financial Institutions
- g) Education institutions

- h) Hostels
- i) Printing and publishing companies
- j) Construction companies
- k) Security, investigations and guard services
- l) Garages and workshops
- m) Others

**Legislation analysed:**

- a) The Trade (Licencing) Act Cap 101
- b) The Trade Licence Rates 2011

***5.15.10.1 Recommended action for recommendations regarding Trade licences for professional services:***

There are 8 licences under the professional services sub sector all of which are recommended for retention in the interests of trade order.

***5.15.10.2 Trade Licences recommended for streamlining***

- a) Legal firms
- b) Auditors, accountants and tax consultants
- c) Surveyors engineers and valuers
- d) Fumigation business and cleaning firms
- e) Events management
- f) Security investigation
- g) Auctioneers, court brokers and bailiffs
- h) Business Consultants

***5.15.10.3 Recommended action for recommendations regarding Trade licences for health and medical services:***

There are 7 licences under the health and medical services sub sector all of which are recommended for retention in the interests of trade order.

***5.15.10.4 Trade Licences recommended for streamlining***

- a) Health Centres
- b) Pharmacies
- c) Private hospitals
- d) Nursing Homes
- e) Maternity Homes
- f) Clinics
- g) Drug stores

***5.15.11 Recommended action for recommendations regarding Trade licences for hotels and lodges services***

There are 4 licences under the hotels and lodges services sub sector all of which are recommended for retention in the interests of trade order.

***5.15.11.1 Trade Licences recommended for streamlining***

- a) Hotels (3 stars and above)
- b) Hotels (less than 3 stars)
- c) Lodges (less than 20 rooms)
- d) Lodges (20 rooms and above)

#### **5.15.12 Recommended action for recommendations regarding Trade licences for recreation and entertainment services:**

There are 8 licences under the recreation and entertainment sub sector all of which are recommended for retention in the interests of trade order.

##### ***5.15.12.1 Trade Licences recommended for streamlining***

- a) Bars
- b) Pubs
- c) Inns
- d) Entertainment venues
- e) Theatres
- f) Disco halls and night clubs
- g) Restaurants
- h) Eating houses

#### **5.15.13 Recommended action for recommendations regarding Trade licences for agencies and representative business services**

There are 6 licences under the recreation and entertainment sub sector all of which are recommended for retention in the interests of trade order.

##### ***5.15.13.1 Trade Licences recommended for streamlining***

- a) Agencies
- b) Clearing and forwarding
- c) Manufacturers representatives
- d) Commission agents
- e) Travel and Tour agents
- f) Transport agents

#### **5.15.14 Recommended action for recommendations regarding Trade licences for financial services:**

There are 6 licences under the financial services sub sector 4 of which are recommended for retention in the interests of trade order with 2 recommended for elimination.

##### ***5.15.14.1 Trade licences recommended for streamlining***

- a) Insurance companies
- b) Money lending
- c) Savings institutions
- d) Foreign Exchange Bureau

##### ***5.15.14.2 Trade licences recommended for elimination***

- a) Banks and
- b) ATM machines (in view of the High Court ruling in the case of Stanbic Bank of Uganda Ltd and Others Vs Attorney General)

#### **5.15.15 Recommended action for recommendations regarding Trade licences for education services:**

There are 6 licences under the education services sub sector all of which are recommended for retention in the interests of trade order.

**5.15.15.1 Trade licences recommended for streamlining**

- a) Driving schools
- b) Tertiary institutions
- c) Private primary schools
- d) Private universities
- e) Day care centres and nurseries

**5.15.16 Recommended action for recommendations regarding Trade licences for hostel services:**

There are 3 licences under the hostel services sub sector all of which are recommended for retention in the interests of trade order.

**5.15.16.1 Trade licences recommended for streamlining**

- a) Hostels above 100 rooms
- b) Hostels of between 50 and 100 rooms
- c) Hostels of less than 50 rooms

**5.15.17 Recommended action for recommendations regarding Trade licences for printing and publishing services:**

There are 1 licence under the printing and publishing services sub sector which is recommended for retention in the interests of trade order.

**5.15.17.1 Trade licence recommended for streamlining**

- a) Printing and publishing

**5.15.18 Recommended action for recommendations regarding Trade licences for construction services:**

There is 1 licence under the construction services sub sector which are recommended for retention in the interests of trade order.

**5.15.18.1 Trade licence recommended for streamlining**

- a) Construction companies

**5.15.19 Recommended action for recommendations regarding Trade licences for garage and workshop services:**

There are 3 licences under the garage and workshop services sub sector which are recommended for retention in the interests of trade order.

**5.15.19.1 Trade licence recommended for streamlining**

- a) Motor Vehicle garages
- b) Motor Cycle garage services
- c) Repair shops

**5.15.20 Recommended action for recommendations regarding Trade licences for garage and workshop services:**



There are 35 licences under the “other service” category which are recommended for streamlining.

1.	Radio stations	18.	Pool tables
2.	Satellite connections	19.	Garbage collection
3.	Internet cafes	20.	Mineral dealers
4.	IT solutions	21.	Power generation
5.	Mobile Network Services providers	22.	Power distribution
6.	Casinos	23.	Private Car Park
7.	Lotteries	24.	Bakery
8.	Slot machines	25.	Butchery
9.	Photo booth	26.	Website design
10.	Car Washing Bay	27.	Herbal / Local Medicine
11.	Flower selling	28.	Imaging Company
12.	Decorator	29.	Catering
13.	Engravers	30.	Private public toilets and bathrooms
14.	Scrap dealers	31.	Funeral services,
15.	Event managers	32.	Private fire fighting
16.	Catering	33.	Car special hire services
17.	Private public toilets and bathrooms	34.	Hawkers

**Table5.27: Recommendations on Local Government Sector Laws**

Recommended Action	Relevant Legislation
Review and amend	The Public Health Act, Cap 281
	The Food and Drugs Act Cap. 278
	The Markets Act, Cap 94
	Enguli Act (Manufacturing and Licencing Act) Cap 86
	The Shop Hours Act, Cap 99
	The Produce Protection Act, Cap 32
	The Local Government Act, Cap 243
	The Trade Licencing Act, Cap 101

**Table5.28: Recommendations on Local Government Sector Licences**

Relevant Act	Number of Licences	Recommended Actions				
		Eliminate	Retain	Streamline	Reclassify	Amalgamate
The Local Government Act	21	3	-	13	-	-
Enguli Act (Manufacturing and Licencing Act) Cap 86	2	2	-	-	-	-
The Public Health Act, Cap 281	1	2	-	-	-	-
The Food and Drugs Act Cap 278	2	-	-	-	-	-
The Trade Licencing Act, Cap 101	200	-	92	198	1	4
<b>Total:</b>	<b>226</b>	<b>7</b>	<b>92</b>	<b>122</b>	<b>1</b>	<b>4 into 2</b>

*\*- Please note that the above numbers do not represent actual numbers since the licence categories can be added to on an on-going basis to capture new business activities.*

## 6.0 Conclusion

**A total of 766 licences were identified.** The **administrative burden** associated with these licences in terms of procedures and regulatory requirements associated is estimated at **UGX 725.73 billion** representing **3.49% of GDP**. The recommendations in this report will lead to a 25% reduction of the current burden faced by businesses.

In order to create a competitive business environment and improve Uganda's ranking on key investment climate indicators, **Uganda must address the constraints to doing business including rationalizing and simplifying central government level and local authority business licences in order to eliminate multiplicity and overlap making and make sure that business licences are efficient, transparent and focused on legitimate regulatory purposes such as the protection of public health, safety.**

**The reforms will not only reduce the regulatory burden on businesses, particularly MSMEs that face a disproportionately higher burden, but encourage MSMEs to transition into the formal sector.**

## Appendix I: The Standard Cost Model Methodology

The Key **input variables** to calculating the compliance cost (AB) are discussed here under:

1. **Number of steps or procedures the firm has to go through before a licence is issued, and the time required for each of the procedures.** This starts when the firm has decided to engage in a certain activity requiring a licence, and ends when the licence is finally issued.
2. It also counts any other costs a firm may have related to the application for a licence. The additional direct cost of travel to the offices of the licencing authority. Each step would culminate into a business person spending time he would have spent doing something productive that adds value to his firm's production, GDP and probably fiscal GDP derived revenue. Unofficial fees are sometimes paid to quicken the process and result from opportunities where contact exists between the licensee and the issuing authority.
3. The salary or wages of the staff involved in administrative activities necessary for processing licence applications. It can also consist of fees paid to external consultants involved in the process; like environmental consultants engaged in order to comply with the need to have an Environmental Impact Assessment.
4. **The number of businesses that are impacted by the regulation;** Even if a licence is complicated and expensive to apply for, it may not cost much to the private sector unless a certain number of firms need it. The trading licence causes a very high total administrative burden because a large part of the business population has to comply. It thus becomes important to look at it in more detail in an effort to reduce the burden from the perspective of reducing and streamlining procedures.
5. **The frequency; number of times a licence is issued annually;** it was established that a licence to transport charcoal is issued every fortnight by local governments as opposed to the Trading licence issued once a year. The higher the issuing frequency, the higher the annual burden.
6. The Licence Fee; is a direct contributor to cost and is important in developing countries. However, it should be noted that the **calculated AB is much more than what local governments and agencies collect because of the other variables above.**

The data collection process was kick started by an inventory that provided information on the population of; Licencing Agencies, Licences, procedures and in some cases the direct fees. Where licence fee information was missing it was obtained from Non Tax Revenue report of the MoFPED, thus enabling the obtaining of data for input variables; 1, 5 and 6 above:

This was followed by focus Stakeholder Group Discussions and a private sector survey that targeted all sectors of the economy as detailed in the National Development Plan. This provided information on additional costs such as; transport to municipality offices, wages and time spent complying with steps in the licence application process. **The survey provided data inputs for the variables 2 and 3 above.**

The most **challenging aspect of the SCM** was to estimate the number of regulated entities (**the number of businesses that are impacted by a specific licence (variable 4)**); some MDAs provided the numbers and the rest were expert estimates aided by the Uganda Bureau of Statistics (UBOS)' statistical abstract 2011, The Bank of Uganda annual report for the financial sector, the Census of Business establishments, and the census of microfinance institutions for Cooperatives.

**General assumptions applying to all sectors are;**

1. Insurance Costs of 10%, the amount that companies have to contribute to the National Social Security Fund (NSSF) on behalf of all their employees.
2. Overhead costs at **66% of salary costs**, this is mainly due to a severe infrastructure and utility deficit high cost operating environment.
3. Hours per month are based on an 8-5 work day with one hour break 5 days a week, amounts to 160 hours per month.

## Appendix II: Terms of Reference of the BLRC

### TERMS OF REFERENCE OF THE BUSINESS LICENCING COMMITTEE OF THE UGANDA INVESTMENT CLIMATE PROGRAM (UICP)

The terms of reference of the Committee in brief shall be:

- a) Review laws, regulations and other legal instruments relating to business licences;
- b) Identify individual licences which are required for carrying out business in Uganda;
- c) Review and carry out an assessment on the justification of the continuation of individual business licences;
- d) Make specific recommendations as to which licences should be retained, have their conditions of issue amended, or abolished, taking into account their necessity, efficiency of the licencing process and budgetary effects;
- e) Assess the implications on Government revenue of the phasing out of each business licence; and
- f) Prepare draft legislative instruments, based on the recommendations made and submit them to the Ministry of Finance, Planning and Economic Development for consideration of inclusion into the budgetary process;

In the performance of its functions, the Committee:

- a) Shall hold such number of meetings as the Committee shall consider necessary for the proper discharge of its functions;
- b) Liaise and consult with Government Ministries, public bodies and the private sector in order to collect the required information;
- c) May carry out or cause to be carried out such studies or research as may inform the Committee on its mandate;
- d) Subject to the foregoing, the Committee shall have the powers necessary or expedient for the proper execution of its mandate, including the power to regulate its procedure.
- e) The Committee shall have a technical secretariat (the Secretariat), based in Kampala with the Head of the Secretariat providing secretarial services to the Committee.
- f) The Committee shall be deemed to have commenced work in March 2011.
- g) The Committee shall prepare and present its final report to the Minister of Finance, Planning and Economic Development by 31 December 2011.

#### **NOTE:**

*A more detailed TOR shall be drawn, discussed and agreed upon by the appointed committee.*

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