



PARLIAMENT OF UGANDA

REPORT OF COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE INVESTMENT CODE BILL, 2017

OFFICE OF THE CLERK TO PARLIAMENT
April 2018

REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE INVESTMENT CODE BILL, 2017

1.0 Introduction

The Investment Code Bill, 2017 was read for the first time on 16th May 2017 and referred to the Committee on Finance, Planning and Economic Development in accordance with Rule 118 of the Rules of Procedure of Parliament.

2.0 Object of the Bill

The object of the Bill is to revise, modernize and replace the Investment Code Act Chapter 92 of the Laws of Uganda and inter alia to make it conform with the Constitution; to continue in existence the Uganda Investment Authority; to redefine the functions of the Authority; to modify the composition of the Board; to provide for the registration of investors and issuing to the investors of investment certificates; to make the Authority a one stop center for coordination, promotion, facilitation and monitoring of investment and investors; to incorporate provisions relating to finance, accounting and auditing; to provide for the submission of annual reports by the Authority and to provide for other related matters.

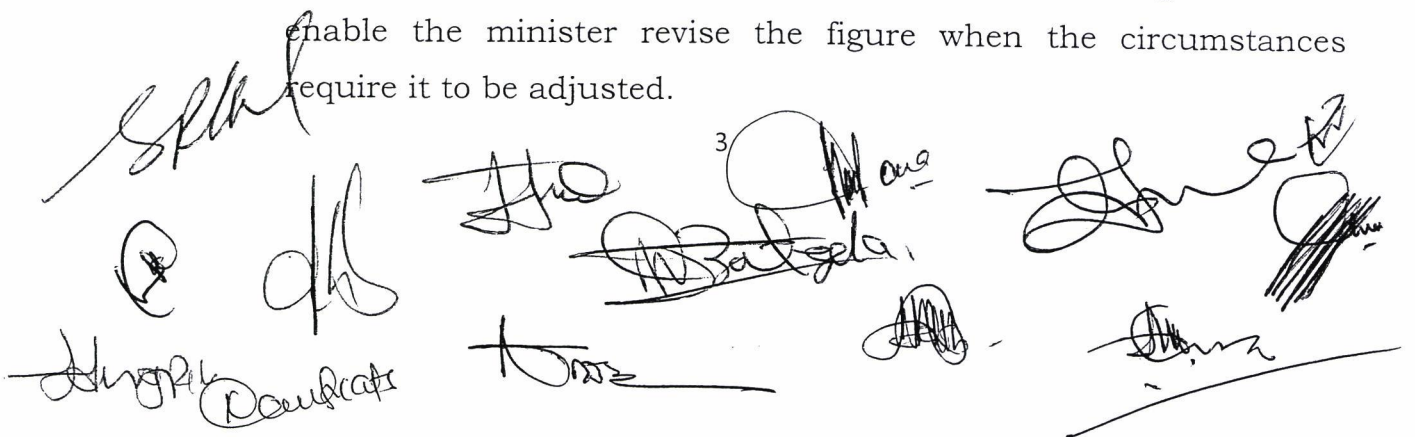
3.0 Methodology

The Committee held meetings and received memoranda from the following:

- (i) Minister of Finance, Planning and Economic Development;
- (ii) Ministry of Trade, Industry and Cooperatives;
- (iii) Uganda Investment Authority;
- (iv) Uganda Free Zones Authority;
- (v) Uganda Development Corporation;
- (vi) Uganda Manufacturers Association;

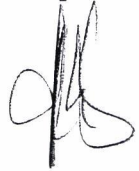
The bottom half of the page contains numerous handwritten signatures and initials in black ink. These include a large signature on the left that appears to be 'Shiraz', a signature in the center that looks like 'J. J. J.', and several other initials and signatures on the right side, including one that looks like 'd/b' and another that looks like 'Dua'. There are also some scribbles and marks scattered throughout the bottom section.

- (iii) The Minister in the bill is defined to mean the Minister responsible for Finance, Planning and Economic Development. The ministry may in future change given that there are three function areas mentioned in the definition. This may cause confusion in future when the ministries are renamed by government and function areas separated. This definition should be made clear so that the minister responsible is certain at all times.
- (iv) The bill defines a domestic investor as a citizen of the East African Community Partner State. However, there is need to define a domestic investor as a Ugandan citizen so that the country is able to provide incentives and develop local investment in the country.
- (v) The bill proposes to issue an investment certificate in seven (7) days if the application fulfils the stipulated requirements. However, this is not in tandem with the best practices in other countries. Seven days will defeat the purpose of the bill which is to improve the business investment climate and attract investment into the country. The number of days should be reduced to improve Uganda's business climate in the world.
- (vi) The bill prescribes the minimum capital requirements for investors to be granted an investment licensee. The minimum capital requirement is set at \$50,000 (Fifty thousand United States dollars). This will require the minister to come to Parliament every time this amount has to be revised depending on the circumstances. This amount should be put in the regulations to enable the minister revise the figure when the circumstances require it to be adjusted.


The bottom of the page contains several handwritten signatures and initials in black ink. From left to right, there is a large signature that appears to be 'SPLH', a signature that looks like 'Jho', a signature that looks like 'Batega', and a signature that looks like 'Shane'. There are also various other initials and marks, including a circled '3' and some scribbles.

Recommendation

The Committee recommends that the Investment Code Bill, 2017 be passed into law subject to the proposed amendments



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and holding an investment licence issued in accordance with this Act”

To widen the definition a foreign investor to mean a natural person who is not a citizen of Uganda or a company or a partnership in which the controlling interest is owned by a person who is not a citizen of Uganda.

““investment” means the creation or acquisition of business assets and services with a view to generate future higher value and includes the expansion, restructuring or rehabilitation of an existing business enterprise; and whose categories shall be provided for in the regulations to this Act.”

The details being deleted are matters to be included in the regulations implementing the Act.

““domestic” means a citizen of Uganda”

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(vi) In the definition of the word, “one stop centre”, by inserting the word “evaluation” immediately after the word “facilitation” in the second line of the provision.

Justification

To ensure that the “one stop Centre” is mandated to make evaluations of the investments existing in the country.

3. Clause 3

Clause 3 is amended-

- (i) In sub clause (1), by deleting the words “the primary agency of Government for the purpose of” and substituting the words “responsible for”.

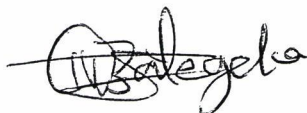
Justification

The words “responsible for” are better suited to be used in the clause

- (ii) Immediately after sub clause (2) (c), insert the following new sub clauses and the bill be renumbered:

“to publish and avail annual reports on the state of investments in the country;”

“to assess for matters of incentives, the investments’ utilization of local resources and services”



Justification








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Removal of a member of the board

(1) A member of the board may, in writing addressed to the Minister, resign his or her office.

(2) A member of the board may be removed by the Minister where -

(a) the member is absent without reasonable excuse from three consecutive meetings of the board of which he or she has had notice;

(b) the member is adjudged bankrupt by a Court of Law;

(c) the member fails, omits or neglects to carry out his or her responsibilities as a Board member;

(d) the member is convicted of an offence involving dishonesty, fraud or moral turpitude;

(e) the member is incapacitated by reason of prolonged physical or mental illness from performing his or her duties as a member; or

(f) the member is otherwise unable or unfit to discharge the functions of his or her office.

Insert a new clause immediately after clause 6 to read as follows-

Removal or suspension of Director General from office

- (1) The Minister shall on recommendation of the Board, suspend the Director General from office, pending the determination of any enquiry as to the existence of any of the grounds in subsection (2).
- (2) The Minister shall on recommendation of the Board; remove the Director General from office for;
 - (a) misconduct;
 - (b) incapacity; or
 - (c) incompetence.

Justification

To provide for the procedure and the grounds for removal of a Director General.

8. Clause 8

Clause 8 is amended-

- (i) in sub clause (3) by-
- a) by substituting for the word “ service”, the word “sector”,
 - b) the word “shall” for the word “may” and
 - c) the words “the shortest time possible” the words “reasonable time from the time of receipt of the application”.

Justification

1. The details of the capital requirements should be put in the statutory instruments and not in the principal law.
2. Sub clause (4) is deleted for the reason that a provision in a principal law cannot be amended by a statutory instrument.

10. Clause 17

Clause 17 is amended in sub clause (1) by deleting the word "seven" appearing in the third line of the clause and substituting the word "five"

Justification

Seven days is a long time to process a license given the doing business competitive index in the word which recommends licenses to be issued within shorter periods.

11. Clause 19

Clause 19 is amended by deleting sub clause (2) and the clause be renumbered.

Justification

Sub clause (1) is sufficient since the compulsory acquisition is to be done in accordance with the Constitution.

12. Clause 21

Clause 21 is amended-

- (i) by renumbering clause 21 as clause 21(1); and



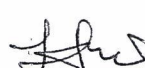


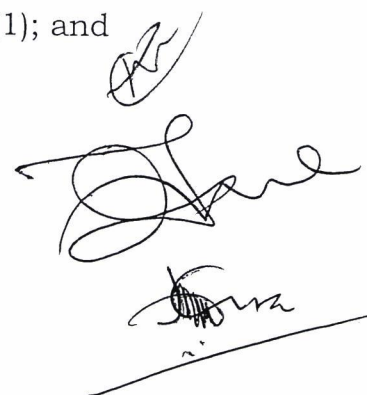


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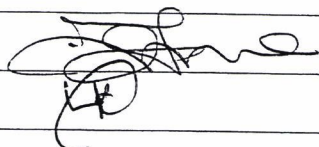


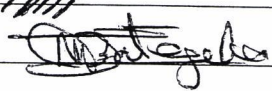

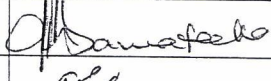

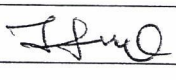
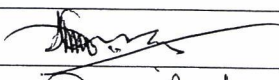
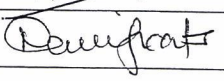

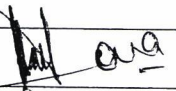
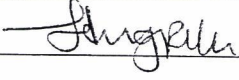


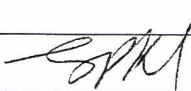






**REPORT OF THE COMMITTEE ON FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT ON THE INVESTMENT CODE BILL, 2017**

No	NAME	CONSTITUENCY	SIGNATURE
1	Hon. Musasizi Henry, CP	Rubanda East	
2	Hon. Katali Loy, V/CP	DWR Jinja	
3	Hon. Acidri James	Maracha East	
4	Hon. Lugoloobi Amos	Ntenjeru North	
5	Hon. Asiku Elly Elias	Koboko North	
6	Hon. Bategeka Lawrence N	Hoima Municipality	
7	Hon. KaluleSengo Emmanuel	Gomba East	
8	Hon. KamateekaJovah	DWR Mitooma	
9	Hon. KatotoHatwib	Katerera County	
10	Hon. Lokii John Baptist	Matheniko County	
11	Hon. Nagwomu Moses M	Bunyole East	
12	Hon. Niringiyimana James .K.	Kinkizi West	
13	Hon. Opolot Isiagi Patrick	Kachumbala County	
14	Hon. TumuramyGenensio	Kashongi County	
15	Hon. Naigaga Mariam	DWR Namutumba	
16	Hon. Ilukor Charles	Kumi county	
17	Hon. Okello Anthony	Kioga County	
18	Hon. Ayepa Michael	Labwor County	
19	Hon. WalyomuMuwanika Moses	Kagoma County	
20	Hon. Mulindwa Isaac Ssozi	Lugazi Municipality	
21	Hon. Adong Lilly	Nwoya District	
22	Hon. Mukula Francis	Agule Pallisa	
23	Hon. Kakooza James	Kabule County	
24	Hon. Bagoole John Ngobi	Luuka County	
25	Hon. Nathan Nandala-Mafabi	Budadiri West	
26	Hon. Akol Anthony	Kilak North	

27	Hon. Odonga Otto	Aruu County	
28	Hon. Luttamaguzi Semakula	Nakaseke South	
29	Hon. Akello Judith Franca	Agago District	